

SUNRIGHT LIMITED
(Company Reg. No. 197800523M)

Half Year Financial Statements Announcement for the financial period ended 31 January 2017

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		%
	31/1/2017	31/1/2016	Change
Revenue	70,100	64,349	9%
Other items of income:			
Interest income	564	453	25%
Dividend income	20	27	-26%
Gain on disposal of held for trading investment securities	15	-	NM
	70,699	64,829	9%
Other items of expenses:			
Fair value loss on held for trading investment securities	(101)	(32)	NM
Raw materials and consumables used	(14,569)	(14,799)	-2%
Changes in inventories of finished goods and work-in-progress	621	(110)	NM
Employee benefits expense	(25,153)	(21,886)	15%
Depreciation of property, plant and equipment	(10,687)	(9,884)	8%
Operating lease rentals	(819)	(942)	-13%
Finance costs	(388)	(626)	-38%
Other operating expenses	(12,885)	(11,248)	15%
Profit before taxation	6,718	5,302	27%
Income tax expense	(929)	(865)	7%
Profit for the period	5,789	4,437	30%
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss	(2,328)	(3,390)	-31%
Other comprehensive income for the period, net of tax	(2,328)	(3,390)	-31%
Total comprehensive income for the period	3,461	1,047	NM
Profit attributable to:			
Owners of the Company	2,367	1,809	31%
Non-controlling interests	3,422	2,628	30%
	5,789	4,437	30%
Total comprehensive income attributable to:			
Owners of the Company	1,398	(22)	NM
Non-controlling interests	2,063	1,069	93%
	3,461	1,047	NM
Earnings per share attributable to owners of the Company (cents)			
- Basic	1.93	1.47	31%

Notes:

- i. 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 profit before taxation:

	Group		
	S\$'000		%
	31/1/2017	31/1/2016	Change
Write-back/(write-down) of inventories	24	(543)	NM
(Impairment loss)/reversal of impairment on trade receivables	(2)	342	NM
Exchange gain, net	129	414	-69%
Net gain on disposal of property, plant and equipment	70	25	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	
	31/1/2017	31/7/2016	31/1/2017	31/7/2016
ASSETS				
Non-current assets				
Property, plant and equipment	65,851	59,145	280	358
Investment in subsidiaries	-	-	13,480	11,843
Deferred tax assets	425	432	-	-
Total non-current assets	66,276	59,577	13,760	12,201
Current assets				
Investment securities	1,765	1,971	507	573
Inventories	6,032	5,021	-	-
Prepayments	1,117	994	115	63
Trade and other receivables	34,642	30,238	3,330	3,627
Fixed deposits	46,174	47,971	16,000	15,300
Cash and bank balances	17,490	18,719	3,859	5,885
Total current assets	107,220	104,914	23,811	25,448
Total assets	173,496	164,491	37,571	37,649
EQUITY AND LIABILITIES				
Equity				
Share capital	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)	39,388	37,267	(4,345)	(4,672)
Other reserves	(3,619)	(2,650)	155	155
Total equity attributable to owners of the Company	71,496	70,344	31,537	31,210
Non-controlling interests	51,021	49,175	-	-
Total equity	122,517	119,519	31,537	31,210
Non-current liabilities				
Loans and borrowings	5,816	4,002	33	23
Loans from subsidiaries	-	-	106	101
Long term payables	132	190	-	-
Deferred tax liabilities	4,170	4,170	2,129	2,129
Total non-current liabilities	10,118	8,362	2,268	2,253
Current liabilities				
Trade and other payables	26,237	23,309	1,334	1,803
Loans and borrowings	14,154	13,144	2,360	2,316
Provisions	17	24	-	-
Provision for taxation	453	133	72	67
Total current liabilities	40,861	36,610	3,766	4,186
Total equity and liabilities	173,496	164,491	37,571	37,649

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

Amount repayable in one year or less, or on demand

As at 31.1.2017		As at 31.7.2016	
Secured	Unsecured	Secured	Unsecured
S\$2,417,000	S\$11,737,000	S\$1,552,000	S\$11,592,000

Amount repayable after one year

As at 31.1.2017		As at 31.7.2016	
Secured	Unsecured	Secured	Unsecured
S\$1,089,000	S\$4,727,000	S\$1,328,000	S\$2,674,000

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\$2,242,000 (31.7.2016: S\$1,880,000).

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 31.1.2017	As at 31.1.2016
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before taxation	6,718	5,302
Adjustments:		
Depreciation of property, plant and equipment	10,687	9,884
Interest income	(564)	(453)
Gain on disposal of property, plant and equipment	(70)	(25)
Property, plant and equipment written off	12	10
(Write-back)/write-down of inventories	(24)	543
Impairment loss/(reversal of impairment) on trade receivables	2	(342)
Dividend income	(20)	(27)
Net fair value loss on held for trading investment securities	101	32
Gain on disposal of held for trading investment securities	(15)	-
Finance costs	388	626
Currency realignment	(1,493)	(1,670)
Operating cash flows before changes in working capital	15,722	13,880
Increase in debtors	(4,529)	(152)
Increase in inventories	(987)	(282)
Decrease in creditors	(1,319)	(1,634)
Cash flows generated from operations	8,887	11,812
Income taxes paid	(593)	(342)
Interest paid	(388)	(626)
Interest received	564	368
Net cash flows generated from operating activities	8,470	11,212
Cash flows from investing activities:		
Short-term deposits with maturity more than 3 months	551	(987)
Dividend received from investment securities	20	27
Purchase of property, plant and equipment	(13,989)	(1,833)
Proceeds from disposal of property, plant and equipment	349	25
Purchase of held for trading investment securities	(216)	-
Proceeds from disposal of held for trading investment securities	289	-
Net cash flows used in investing activities	(12,996)	(2,768)
Cash flows from financing activities:		
Proceeds from term loans	7,697	1,051
Repayment of term loans	(4,691)	(7,607)
Repayment of obligations under finance leases	(492)	(515)
Dividends paid to non-controlling interests	(217)	(220)
Dividends paid to owners of the Company	(246)	(491)
Net cash flows generated/(used in) from financing activities	2,051	(7,782)
Net (decrease)/increase in cash and cash equivalents	(2,475)	662
Cash and cash equivalents at beginning of period	50,574	58,657
Cash and cash equivalents at end of period	48,099	59,319

Notes:

During the financial period ended 31 January 2017, the Group generated S\$8,470,000 and S\$2,051,000 from its operating activities and financing activities respectively, and used S\$12,996,000 in its investing activities. These resulted in a net decrease of S\$2,475,000 in the Group's cash and cash equivalents as compared to 31 July 2016.

Cash and cash equivalents as at 31 January 2017 comprised of the following:

	Group	
	S\$'000	
	31.1.2017	31.1.2016
Cash and bank balances	17,490	18,380
Fixed deposits	46,174	47,789
	63,664	66,169
Less: Fixed deposits with maturity more than 3 months	(15,565)	(6,624)
Less: Bank overdrafts	-	(226)
	48,099	59,319

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 2017

	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
The Group								
As at 1 August 2016	119,519	70,344	35,727	37,267	(15,240)	11,730	860	49,175
Total comprehensive income for the period	3,461	1,398	-	2,367	(969)	-	-	2,063
Dividends paid	(463)	(246)	-	(246)	-	-	-	(217)
As at 31 January 2017	122,517	71,496	35,727	39,388	(16,209)	11,730	860	51,021
The Company								
As at 1 August 2016	31,210	31,210	35,727	(4,672)	-	155	-	-
Total comprehensive income for the period	573	573	-	573	-	-	-	-
Dividend paid	(246)	(246)	-	(246)	-	-	-	-
As at 31 January 2017	31,537	31,537	35,727	(4,345)	-	155	-	-

Statement of changes in equity for financial period ended 31 January 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
The Group								
As at 1 August 2015	119,669	72,243	35,727	36,599	(12,551)	11,730	738	47,426
Total comprehensive income for the period	1,047	(22)	-	1,809	(1,831)	-	-	1,069
Transfer to statutory reserve fund	-	-	-	(120)	-	-	120	-
Dividends paid	(711)	(491)	-	(491)	-	-	-	(220)
As at 31 January 2016	120,005	71,730	35,727	37,797	(14,382)	11,730	858	48,275
The Company								
As at 1 August 2015	29,864	29,864	35,727	(6,018)	-	155	-	-
Total comprehensive income for the period	513	513	-	513	-	-	-	-
Dividend paid	(491)	(491)	-	(491)	-	-	-	-
As at 31 January 2016	29,886	29,886	35,727	(5,996)	-	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 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 2017 and 31 January 2016.

There were neither treasury shares nor share option outstanding as at 31 January 2017 and 31 January 2016.

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 31/1/2017	As at 31/7/2016
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 2016.

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 2016. The adoption of these standards and interpretations did not have any material 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

Earnings per ordinary share *

Group	
31/1/2017	31/1/2016
1.93 cents	1.47 cents

* The basic earnings per share was based on the profit for the period attributable to owners of the Company S\$2,367,000 (2016: S\$1,809,000) and the weighted average number of 122,806,000 (2016: 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	
31/1/2017	31/7/2016
58.2 cents	57.3 cents

Company	
31/1/2017	31/7/ 2016
25.7 cents	25.4 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\$5.8 million or 9 %, from S\$64.3 million in the previous corresponding period, to S\$70.1 million for the current half year. This increase was attributed to higher revenue in the burn-in, testing and electronic manufacturing services segment.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, were lower by S\$1.0 million or 6%, from S\$14.9 million to S\$13.9 million, mainly due to lower revenue in the distribution segment.

Employee benefits expense was higher by S\$3.3 million or 15%, mainly due to adjustments to wage rates, higher staff compensation to support the increased revenue, improved staff welfare, and training and skills upgrading to raise productivity and production efficiency.

Depreciation was higher by S\$0.8 million or 8%, from S\$9.9 million to S\$10.7 million, as additional machinery and test equipment were purchased during the current financial period.

Other operating expenses were higher by S\$1.6 million or 15%, primarily due to higher expenses on repair and maintenance and utilities, by S\$0.9 million and S\$0.3 million respectively, to support the increased revenue; and lower exchange gain of S\$0.3 million, arising from lower net USD receivables.

Consequently, the Group reported higher profit before tax of S\$6.7 million, in the current financial period, from S\$5.3 million in the previous corresponding period, representing an increase of S\$1.4 million or 27%.

Review of statement of financial position

Non-current assets increased by S\$6.7 million, from S\$59.6 million as at 31 July 2016, to S\$66.3 million as at 31 January 2017, mainly due to additional machinery and test equipment.

Current assets were higher by S\$2.3 million, from S\$104.9 million to S\$107.2 million, primarily because of higher trade and other receivables by S\$4.4 million, as a result of higher revenue; and increased inventories of S\$1.0 million, offset by lower fixed deposits and cash and bank balances of S\$3.0 million, as some funds were used to finance capital expenditure.

Non-current liabilities were higher by S\$1.8 million, from S\$8.4 million to S\$10.1 million, resulting from higher loans and borrowings to finance the purchase of machinery and test equipment.

Current liabilities increased by S\$4.3 million, from S\$36.6 million to S\$40.9 million, largely attributable to (i) higher trade and other payables by S\$2.9 million, as a result of slower payments and increased accrued operating expenses; and (ii) higher loans and borrowings of S\$1.0 million to finance capital expenditure.

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 was estimated to reach USD339.7 billion in 2016, representing an overall improvement of 1.5% from 2015, on the back of continued inventory replenishment and improved demand and pricing. Growth of 7.2% is forecasted in 2017, with revenue projected to reach USD364.1 billion.

The world-wide automotive integrated circuit market remains strong. Revenue is forecasted to grow at 7%, from USD21.5 billion in 2016 to USD23.0 billion in 2017.

In light of the positive industry outlook and our strategic focus on the high growth segments of the semiconductor industry, the Group is well-poised to ride on growing opportunities.

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/recommended, 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 31 January 2017 to be false or misleading in any material respect.

15. 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.

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: 14 March 2017