

SUNRIGHT LIMITED
(Company Reg. No. 197800523M)

Half Year Financial Statements Announcement for the financial period ended 31 January 2018

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		%
	31/1/2018	31/1/2017	Change
Revenue	78,342	70,100	12%
Other items of income:			
Interest income	598	564	6%
Dividend income	25	20	25%
Gain on disposal of investment securities held for trading	-	15	(100%)
Fair value gain on investment securities held for trading	173	-	NM
	79,138	70,699	12%
Items of expenses:			
Fair value loss on investment securities held for trading	-	(101)	(100%)
Raw materials and consumables used	(17,253)	(15,969)	8%
Changes in inventories of finished goods and work-in-progress	37	621	(94%)
Employee benefits expense	(26,264)	(25,153)	4%
Depreciation of property, plant and equipment	(13,263)	(10,687)	24%
Operating lease expense	(848)	(819)	4%
Finance costs	(665)	(388)	71%
Other operating expenses	(12,457)	(11,485)	8%
Profit before tax	8,425	6,718	25%
Income tax expense	(1,302)	(929)	40%
Profit for the period	7,123	5,789	23%
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss)	5,957	(2,328)	NM
Other comprehensive income for the period, net of tax	5,957	(2,328)	NM
Total comprehensive income for the period	13,080	3,461	NM
Profit attributable to:			
Owners of the Company	3,271	2,367	38%
Non-controlling interests	3,852	3,422	13%
	7,123	5,789	23%
Total comprehensive income attributable to:			
Owners of the Company	6,155	1,398	NM
Non-controlling interests	6,925	2,063	NM
	13,080	3,461	NM
Earnings per share attributable to owners of the Company (cents)			
- Basic	2.66	1.93	38%

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 tax:

(Write-down)/write-back of inventories
 Impairment loss on trade receivables
 Exchange (loss)/gain, net
 Net gain on disposal of property, plant and equipment

Group		
S\$'000		%
31/1/2018	31/1/2017	Change
(37)	24	NM
(1)	(2)	(50%)
(91)	129	NM
26	70	(63%)

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	
	31/1/2018	31/7/2017	31/1/2018	31/7/2017
ASSETS				
Non-current assets				
Property, plant and equipment	82,228	79,717	833	936
Investment in subsidiaries	-	-	13,480	13,480
Deferred tax assets	248	249	-	-
Total non-current assets	82,476	79,966	14,313	14,416
Current assets				
Investment securities held for trading	3,569	3,047	471	496
Inventories	6,975	5,975	-	-
Prepayments	1,932	1,215	131	164
Tax recoverables	209	199	-	-
Trade and other receivables	35,093	36,027	3,792	3,844
Cash and short-term deposits	72,922	68,195	20,297	20,635
Total current assets	120,700	114,658	24,691	25,139
Total assets	203,176	194,624	39,004	39,555
EQUITY AND LIABILITIES				
Equity				
Share capital	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)	49,162	46,259	(3,072)	(3,305)
Other reserves	(1,598)	(4,482)	155	155
Total equity attributable to owners of the Company	83,291	77,504	32,810	32,577
Non-controlling interests	60,235	53,744	-	-
Total equity	143,526	131,248	32,810	32,577
Non-current liabilities				
Loans and borrowings	15,689	12,518	407	301
Loans from subsidiaries	-	-	107	102
Defined benefit obligations	1,115	1,033	-	-
Deferred tax liabilities	1,848	1,848	1,848	1,848
Total non-current liabilities	18,652	15,399	2,362	2,251
Current liabilities				
Trade and other payables	24,004	34,510	1,381	2,310
Loans and borrowings	16,363	13,348	2,369	2,340
Provisions	21	22	-	-
Income tax payable	610	97	82	77
Total current liabilities	40,998	47,977	3,832	4,727
Total equity and liabilities	203,176	194,624	39,004	39,555

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

Amount repayable in one year or less, or on demand

As at 31/1/2018		As at 31/7/2017	
Secured	Unsecured	Secured	Unsecured
S\$3,333,000	S\$13,030,000	S\$2,747,000	S\$10,601,000

Amount repayable after one year

As at 31/1/2018		As at 31/7/2017	
Secured	Unsecured	Secured	Unsecured
S\$2,229,000	S\$13,460,000	S\$2,376,000	S\$10,142,000

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\$3,091,000 (31/7/2017: S\$3,212,000).

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 31/1/2018	As at 31/1/2017
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before tax	8,425	6,718
Adjustments for:		
Interest income	(598)	(564)
Net gain on disposal of property, plant and equipment	(26)	(70)
Depreciation of property, plant and equipment	13,263	10,687
Property, plant and equipment written off	-	12
Write-down/(write-back) of inventories	37	(24)
Impairment loss on trade receivables	1	2
Dividend income	(25)	(20)
Net fair value (gain)/loss on investment securities held for trading	(173)	101
Net gain on disposal of investment securities held for trading	-	(15)
Finance costs	665	388
Unrealised exchange loss	48	48
Operating cash flows before changes in working capital	21,617	17,263
Increase in inventories	(1,037)	(987)
Decrease/(increase) in prepayments and receivables	1,793	(5,567)
Decrease in payables	(10,675)	(1,708)
Cash flows generated from operations	11,698	9,001
Income taxes paid	(816)	(593)
Net cash flows generated from operating activities	10,882	8,408
Cash flows from investing activities:		
Interest received	598	564
(Decrease)/increase in short-term deposits with maturity more than three months	(159)	551
Dividends received from investment securities held for trading	25	20
Purchases of property, plant and equipment	(9,643)	(13,989)
Proceeds from disposal of property, plant and equipment	28	349
Purchases of investment securities held for trading	(178)	(216)
Proceeds from disposal of investment securities held for trading	-	289
Net cash flows used in investing activities	(9,329)	(12,432)
Cash flows from financing activities:		
Interest paid	(665)	(388)
Proceeds from term loans	12,873	7,697
Repayment of term loans	(7,481)	(4,691)
Repayment of obligations under finance leases	(815)	(492)
Dividends paid on ordinary shares	(368)	(246)
Dividends paid to non-controlling interests	(470)	(217)
Net cash flows from financing activities	3,074	1,663
Net increase/(decrease) in cash and cash equivalents	4,627	(2,361)
Effect of exchange rate changes on cash and cash equivalents	(59)	(114)
Cash and cash equivalents at beginning of period	45,430	50,574
Cash and cash equivalents at end of period	49,998	48,099

Notes:

During the financial period ended 31 January 2018, the Group generated S\$10,882,000 and S\$3,074,000 from its operating activities and financing activities respectively, and used S\$9,329,000 in its investing activities. These resulted in a net increase of S\$4,627,000 in the Group's cash and cash equivalents as compared to 31 January 2017.

Cash and cash equivalents as at 31 January 2018 comprised of the following:

	Group	
	S\$'000	
	31/1/2018	31/1/2017
Cash at banks and on hand	17,607	17,490
Bank deposits	55,315	46,174
Cash and short-term deposits	72,922	63,664
Less: Bank deposits with maturity more than three months	(22,924)	(15,565)
Cash and cash equivalents	49,998	48,099

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 2018

	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 2017	131,248	77,504	35,727	46,259	(17,072)	11,730	860	53,744
Profit for the period	7,123	3,271	-	3,271	-	-	-	3,852
Other comprehensive income for the period, net of tax	5,957	2,884	-	-	2,884	-	-	3,073
Total comprehensive income for the period	144,328	83,659	35,727	49,530	(14,188)	11,730	860	60,669
Dividends paid on ordinary shares	(802)	(368)	-	(368)	-	-	-	(434)
As at 31 January 2018	143,526	83,291	35,727	49,162	(14,188)	11,730	860	60,235
The Company								
As at 1 August 2017	32,577	32,577	35,727	(3,305)	-	155	-	-
Profit for the period	601	601	-	601	-	-	-	-
Total comprehensive income for the period	33,178	33,178	35,727	(2,704)	-	155	-	-
Dividends paid on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
As at 31 January 2018	32,810	32,810	35,727	(3,072)	-	155	-	-

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
Profit for the period	5,789	2,367	-	2,367	-	-	-	3,422
Other comprehensive income for the period, net of tax	(2,328)	(969)	-	-	(969)	-	-	(1,359)
Total comprehensive income for the period	122,980	71,742	35,727	39,634	(16,209)	11,730	860	51,238
Dividends paid on ordinary shares	(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	-	-
Profit for the period	573	573	-	573	-	-	-	-
Total comprehensive income for the period	31,783	31,783	35,727	(4,099)	-	155	-	-
Dividends paid on ordinary shares	(246)	(246)	-	(246)	-	-	-	-
As at 31 January 2017	31,537	31,537	35,727	(4,345)	-	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 2018 and 31 January 2017.

There were neither treasury shares nor share option outstanding as at 31 January 2018 and 31 January 2017.

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 31/1/2018	As at 31/7/2017
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 2017.

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 2017. 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	
31/1/2018	31/1/2017
2.66 cents	1.93 cents

* The basic earnings per share was based on the profit for the period attributable to owners of the Company S\$3,271,000 (2017: S\$2,367,000) and the weighted average number of 122,806,000 (2017: 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	
31/1/2018	31/7/2017
67.8 cents	63.1 cents

Company	
31/1/2018	31/7/ 2017
26.7 cents	26.5 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 performance

The Group's revenue increased by S\$8.2 million or 12%, from S\$70.1 million in the previous corresponding period, to S\$78.3 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 higher by S\$1.9 million or 12%, from S\$15.3 million to S\$17.2 million, mainly due to higher revenue.

Employee benefits expense was higher by S\$1.1 million or 4%, mainly due to higher staff compensation and headcount, to support the increased revenue.

Depreciation was higher by S\$2.6 million or 24%, from S\$10.7 million to S\$13.3 million, as additional machinery and test equipment were commissioned for use in the production.

Other operating expenses were higher by S\$1.0 million or 8%, primarily due to higher expenses on repair and maintenance and utilities, by S\$0.6 million and S\$0.4 million respectively, to support the increased revenue.

Consequently, the Group reported higher profit before tax of S\$8.4 million, in the current financial period, from S\$6.7 million in the previous corresponding period, representing an increase of S\$1.7 million or 25%.

Review of financial position

Non-current assets increased by S\$2.5 million, from S\$80.0 million as at 31 July 2017, to S\$82.5 million as at 31 January 2018. This was mainly due to a translation effect of a stronger Ringgit Malaysia against the Singapore Dollar and capital expenditure of S\$4.1 million and S\$11.8 million respectively; offset by depreciation charge of S\$13.3 million.

Current assets were higher by S\$6.0 million, from S\$114.7 million to S\$120.7 million. Primary reasons were: (i) higher cash and short-term deposits, by S\$4.7 million, which represented the net surplus cash generated from operations; and (ii) higher inventories by S\$1.0 million, due to increase in raw materials and work-in-progress. These were offset by a decrease in trade and other receivables, by S\$0.9 million, following improved collections.

Non-current liabilities were higher by S\$3.3 million, from S\$15.4 million to S\$18.7 million, primarily resulting from higher loans and borrowings of S\$3.2 million, to finance capital expenditure.

Current liabilities decreased by S\$7.0 million, from S\$48.0 million to S\$41.0 million. This was mainly attributable to lower trade and other payables by S\$10.5 million, after settlement of machinery and test equipment purchases, of S\$7.8 million; and lower accrued operating expenses by S\$2.6 million. These were offset by higher loans and borrowings of S\$3.0 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

World-wide semiconductor revenue was estimated to reach USD419 billion in 2017, representing an upward revision of 22.2% growth from 2016, on the back of a strong growth in the memory market. In 2018, revenue is projected to grow at 7.5%, to USD451 billion.

Global economy is estimated to grow to 3.9% in 2018, from 3.7% in 2017.

The Group expects to benefit from positive industry growth and an improving world economy, that is increasingly undergoing digitalisation.

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 31 January 2018 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: 12 March 2018