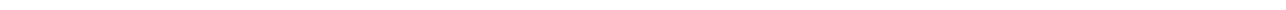


Company Registration Number: 199202071D

**SERIAL SYSTEM LTD  
(Incorporated in Singapore)  
AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED  
30 JUNE 2022**



**SERIAL SYSTEM LTD**  
(Incorporated in Singapore)  
**AND ITS SUBSIDIARIES**

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**SERIAL SYSTEM LTD  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		<b>The Group</b>		
		<b>6 months ended 30 June 2022 US\$'000</b>	6 months ended 30 June 2021 US\$'000	Increase/ (Decrease) %
	Note			
<b>Sales</b>	5	<b>462,768</b>	438,288	6%
<b>Cost of sales</b>	6	<b>(422,876)</b>	(403,357)	5%
<b>Gross profit</b>		<b>39,892</b>	34,931	14%
<b>Gross profit margin</b>		<b>8.6%</b>	8.0%	<i>0.6 pt</i>
<b>Other income</b>		<b>3,688</b>	6,286	-41%
Interest income	5	<b>1,167</b>	1,254	-7%
Other operating income	5	<b>2,521</b>	5,032	-50%
<b>Expenses:</b>				
Distribution	6	<b>(21,575)</b>	(21,097)	2%
Administrative	6	<b>(4,775)</b>	(4,068)	17%
Finance	7	<b>(3,364)</b>	(2,589)	30%
Other:				
Loss allowance on trade and other receivables	6	<b>(421)</b>	(290)	45%
Other operating	6	<b>(12,182)</b>	(5,875)	107%
<b>Total expenses</b>		<b>(42,317)</b>	(33,919)	25%
		<b>1,263</b>	7,298	-83%
Share of results of associated companies (after income tax)		<b>(36)</b>	(294)	-88%
<b>Profit before income tax</b>	6	<b>1,227</b>	7,004	-82%
Income tax expense	9	<b>(815)</b>	(542)	50%
<b>Profit after income tax</b>		<b>412</b>	6,462	-94%
<b>Attributable to:</b>				
Equity holders of the Company		<b>384</b>	5,837	-93%
Non-controlling interests		<b>28</b>	625	-96%
		<b>412</b>	6,462	-94%
<b>Earnings per share attributable to equity holders of the Company:</b>				
Basic		<b>0.04 cent</b>	0.65 cent	-94%
Diluted		<b>0.04 cent</b>	0.65 cent	-94%

**SERIAL SYSTEM LTD  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>The Group</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	<b>6 months ended 30 June 2021 US\$'000</b>
<b>Net profit after income tax</b>	<b>412</b>	<b>6,462</b>
<b>Other comprehensive income/(loss):</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Share of associated company's other comprehensive (loss)/income	<b>(505)</b>	125
Gain on revaluation of property, plant and equipment	-	34
	<b>(505)</b>	159
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Share of associated companies' other comprehensive loss	<b>(105)</b>	(9)
Currency translation differences	<b>(2,725)</b>	(1,292)
	<b>(2,830)</b>	(1,301)
<b>Other comprehensive loss for the period</b>	<b>(3,335)</b>	(1,142)
<b>Total comprehensive (loss)/income for the period</b>	<b>(2,923)</b>	5,320
<b>Attributable to:</b>		
Equity holders of the Company	<b>(2,829)</b>	4,879
Non-controlling interests	<b>(94)</b>	441
	<b>(2,923)</b>	5,320

**SERIAL SYSTEM LTD  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

	Note	The Group		The Company	
		30 June	31 December	30 June	31 December
		2022	2021	2022	2021
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		42,392	50,963	690	1,068
Trade and other receivables	13	200,319	169,649	33,209	36,071
Inventories	14	150,470	133,688	-	-
Financial assets, at fair value through profit or loss	15	3,328	10,715	-	-
Other current assets		13,422	8,600	623	397
		<b>409,931</b>	<b>373,615</b>	<b>34,522</b>	<b>37,536</b>
<b>Non-current assets</b>					
Income tax recoverable		1,667	1,667	-	-
Loans and other receivables		-	-	36,754	38,093
Financial assets, at fair value through profit or loss	15	7,114	7,481	-	-
Investments in associated companies		7,969	8,736	1,217	1,217
Investments in joint ventures		-	-	-	-
Investments in subsidiaries		-	-	57,255	57,255
Property, plant and equipment	16	31,865	33,980	351	384
Investment properties	17	6,745	7,187	-	-
Intangible assets	18	3,377	3,343	9	14
Other assets		1,191	787	1,020	600
Deferred income tax assets		987	1,001	-	-
		<b>60,915</b>	<b>64,182</b>	<b>96,606</b>	<b>97,563</b>
<b>Total assets</b>		<b>470,846</b>	<b>437,797</b>	<b>131,128</b>	<b>135,099</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	19	115,590	89,387	9,633	10,810
Current income tax liabilities		1,328	1,383	-	-
Borrowings	20	187,035	167,430	11,522	5,293
		<b>303,953</b>	<b>258,200</b>	<b>21,155</b>	<b>16,103</b>
<b>Non-current liabilities</b>					
Other payables		-	-	15,673	16,232
Borrowings	20	10,060	16,778	1,071	6,272
Defined benefit plans liabilities		474	395	-	-
Deferred income tax liabilities		1,021	1,029	479	479
		<b>11,555</b>	<b>18,202</b>	<b>17,223</b>	<b>22,983</b>
<b>Total liabilities</b>		<b>315,508</b>	<b>276,402</b>	<b>38,378</b>	<b>39,086</b>
<b>NET ASSETS</b>		<b>155,338</b>	<b>161,395</b>	<b>92,750</b>	<b>96,013</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	21	72,648	72,648	72,648	72,648
Treasury shares		(70)	(70)	(70)	(70)
Capital reserve		2,302	2,665	518	518
Defined benefit plans reserve		328	328	-	-
Fair value reserve		(742)	(742)	-	-
Revaluation reserve		266	198	-	-
Other reserve		(1,667)	(1,457)	-	-
Currency translation reserve		2,496	5,204	-	-
Retained earnings		69,407	71,997	19,654	22,917
		<b>144,968</b>	<b>150,771</b>	<b>92,750</b>	<b>96,013</b>
Non-controlling interests		10,370	10,624	-	-
<b>TOTAL EQUITY</b>		<b>155,338</b>	<b>161,395</b>	<b>92,750</b>	<b>96,013</b>

**SERIAL SYSTEM LTD  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

The Group	Attributable to equity holders of the Company											
	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Defined benefit plans reserve US\$'000	Fair value reserve US\$'000	Revaluation reserve US\$'000	Other reserve US\$'000	Currency translation reserve US\$'000	Retained earnings US\$'000	Total attributable to equity holders of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>Balance at 1 January 2022</b>	<b>72,648</b>	<b>(70)</b>	<b>2,665</b>	<b>328</b>	<b>(742)</b>	<b>198</b>	<b>(1,457)</b>	<b>5,204</b>	<b>71,997</b>	<b>150,771</b>	<b>10,624</b>	<b>161,395</b>
Profit for the period	-	-	-	-	-	-	-	-	384	384	28	412
Other comprehensive income/(loss):												
Share of associated companies' other comprehensive loss	-	-	(363)	-	-	68	(210)	(105)	-	(610)	-	(610)
Currency translation differences	-	-	-	-	-	-	-	(2,603)	-	(2,603)	(122)	(2,725)
Other comprehensive income/(loss) for the period, net of tax	-	-	(363)	-	-	68	(210)	(2,708)	-	(3,213)	(122)	(3,335)
Total comprehensive income/(loss) for the period	-	-	(363)	-	-	68	(210)	(2,708)	384	(2,829)	(94)	(2,923)
Distributions to owners:												
One-tier tax-exempt final cash dividend for year 2021	-	-	-	-	-	-	-	-	(2,974)	(2,974)	-	(2,974)
Total distributions to owners	-	-	-	-	-	-	-	-	(2,974)	(2,974)	-	(2,974)
Others:												
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(160)	(160)
Total others	-	-	-	-	-	-	-	-	-	-	(160)	(160)
<b>Balance at 30 June 2022</b>	<b>72,648</b>	<b>(70)</b>	<b>2,302</b>	<b>328</b>	<b>(742)</b>	<b>266</b>	<b>(1,667)</b>	<b>2,496</b>	<b>69,407</b>	<b>144,968</b>	<b>10,370</b>	<b>155,338</b>
Balance at 1 January 2021	72,648	(736)	1,276	337	(742)	175	(1,665)	7,278	63,063	141,634	10,104	151,738
Profit for the period	-	-	-	-	-	-	-	-	5,837	5,837	625	6,462
Other comprehensive income/(loss):												
Share of associated companies' other comprehensive loss	-	-	139	-	-	(14)	-	(9)	-	116	-	116
Gain on revaluation of property, plant and equipment transferred to investment property	-	-	-	-	-	34	-	-	-	34	-	34
Currency translation differences	-	-	-	-	-	-	-	(1,108)	-	(1,108)	(184)	(1,292)
Other comprehensive income/(loss) for the period, net of tax	-	-	139	-	-	20	-	(1,117)	-	(958)	(184)	(1,142)
Total comprehensive income/(loss) for the period	-	-	139	-	-	20	-	(1,117)	5,837	4,879	441	5,320
Distributions to owners:												
One-tier tax-exempt final cash dividend for year 2020	-	-	-	-	-	-	-	-	(743)	(743)	-	(743)
Total distributions to owners	-	-	-	-	-	-	-	-	(743)	(743)	-	(743)
Others:												
Acquisition of additional interests in subsidiaries from non-controlling interests	-	-	-	-	-	-	(61)	-	-	(61)	(380)	(441)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(110)	(110)
Total others	-	-	-	-	-	-	(61)	-	-	(61)	(490)	(551)
Balance at 30 June 2021	72,648	(736)	1,415	337	(742)	195	(1,726)	6,161	68,157	145,709	10,055	155,764

**SERIAL SYSTEM LTD  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

<b>The Company</b>	Share capital	Treasury shares	Capital reserve	Retained earnings	Total equity
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Balance at 1 January 2022</b>	<b>72,648</b>	<b>(70)</b>	<b>518</b>	<b>22,917</b>	<b>96,013</b>
Total comprehensive loss for the period	-	-	-	<b>(289)</b>	<b>(289)</b>
One-tier tax-exempt final cash dividend for year 2021	-	-	-	<b>(2,974)</b>	<b>(2,974)</b>
<b>Balance at 30 June 2022</b>	<b>72,648</b>	<b>(70)</b>	<b>518</b>	<b>19,654</b>	<b>92,750</b>
Balance at 1 January 2021	72,648	(736)	180	24,359	96,451
Total comprehensive loss for the period	-	-	-	(103)	(103)
One-tier tax-exempt final cash dividend for year 2020	-	-	-	(743)	(743)
Balance at 30 June 2021	72,648	(736)	180	23,513	95,605

**SERIAL SYSTEM LTD  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	The Group	
	6 months ended 30 June 2022 US\$'000	6 months ended 30 June 2021 US\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	1,227	7,004
Adjustments for:		
Amortisation of computer software license costs	36	52
Depreciation of property, plant and equipment	1,456	1,415
Property, plant and equipment written off	-	9
Gain on disposal of property, plant and equipment	(13)	(30)
Fair value loss/(gain) on financial assets, at fair value through profit or loss (listed equity securities)	859	(294)
Gain on sale of financial assets, at fair value through profit or loss	(3)	(30)
Dividend income from financial assets, at fair value through profit or loss	(12)	(10)
Gain on disposal of interests in an associated company	(68)	-
Gain on dilution of interests in an associated company	(10)	(9)
Fair value loss/(gain) on derivative financial instruments	184	(1,002)
Provision for defined benefit plans liabilities	127	132
Interest income	(1,167)	(1,254)
Interest expense	3,364	2,589
Share of results of associated companies	36	294
Operating cash flow before working capital changes	6,016	8,866
<b>Changes in working capital</b>		
Trade and other receivables	(36,503)	(15,023)
Financial assets, at fair value through profit or loss	7,387	(6,503)
Inventories	(20,129)	11,156
Other current assets	(5,075)	(1,351)
Other assets (non-current)	(403)	(555)
Trade and other payables	32,898	(23,650)
Cash used in operations	(15,809)	(27,060)
Income tax paid	(840)	(579)
<b>Net cash used in operating activities</b>	<b>(16,649)</b>	<b>(27,639)</b>
<b>Cash flows from investing activities</b>		
Payments for intangible assets (computer software license costs)	(113)	(15)
Payments for property, plant and equipment	(637)	(458)
Proceeds from disposal of property, plant and equipment	13	163
Proceeds from sale of financial assets, at fair value through profit or loss	46	156
Proceeds from disposal of interests in an associated company	179	-
Payments for financial assets, at fair value through profit or loss	(866)	(1,886)
Dividend received from an associated company	21	-
Dividend received from financial assets, at fair value through profit or loss	12	10
Interest received	1,167	1,254
<b>Net cash used in investing activities</b>	<b>(178)</b>	<b>(776)</b>



**SERIAL SYSTEM LTD  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>The Group</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	<b>6 months ended 30 June 2021 US\$'000</b>
<b>Cash flows from financing activities</b>		
Payment for acquisition of additional interests in subsidiary from non-controlling interest	-	(440)
Dividend paid to shareholders of the Company	(2,974)	(743)
Dividend paid to non-controlling interest	(160)	(110)
Proceeds from bank borrowings	326,745	220,163
Proceeds from other borrowings	4,180	9,725
Repayment of bank borrowings	(308,497)	(205,387)
Repayment of other borrowings	(6,483)	(11,506)
Principal payments of lease liabilities	(673)	(634)
Interest paid	(3,107)	(2,591)
<b>Net cash from financing activities</b>	<b>9,031</b>	<b>8,477</b>
<b>Net decrease in cash and cash equivalents held</b>	<b>(7,796)</b>	<b>(19,938)</b>
Cash and cash equivalents at the beginning of the period	50,177	63,950
Effect of currency translation on cash and cash equivalents	(753)	(142)
<b>Cash and cash equivalents at the end of the period</b>	<b>41,628</b>	<b>43,870</b>
Reconciliation:		
<b>Cash and cash equivalents per statement of financial position</b>	<b>42,392</b>	<b>44,659</b>
Less : Pledged fixed deposits	(764)	(789)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>41,628</b>	<b>43,870</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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**1. General information**

Serial System Ltd (the “Company”) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is as follows:

8 Ubi View #05-01  
Serial System Building  
Singapore 408554

The Company is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

These condensed interim financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the Group are:

- (a) Distribution of electronic components;
- (b) Distribution of consumer products, information technology, computer peripherals, parts, software and related products;
- (c) Hospitality and healthcare solutions;
- (d) Assembly and distribution of medical devices and ethylene oxide sterilization, and manufacturing of medical disposables and surgical supplies;
- (e) Provision of managed print services and the administrative, maintenance and distribution of copiers and printers, toners and papers;
- (f) Project financing in the form of leasing, hire purchase, factoring and loan;
- (g) Trading and distribution of consumer goods;
- (h) Research and experimental development on biotechnology, life and medical science, and trading and distribution of scientifically proven healthy food products;
- (i) Communications and power line construction;
- (j) Investment holding and trading;
- (k) Rental of investment properties;
- (l) Manufacture, sale and leasing of industrial and security robots and automated guided vehicles, and provision of artificial intelligence and robotic solutions and services for security, delivery and mobility applications, and provision of security services and management of commercial and industrial estates;
- (m) Retail sale of beverages; and
- (n) Manufacturing and retail sale of organically grown healthy products

**2. Basis of preparation**

**2.1 Statement of compliance**

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States dollar (US\$), which is the Company’s functional and presentation currency. All values are rounded to the nearest thousand (US\$’000) except when otherwise indicated

**2.2. New and amended standards adopted by the Group**

The Group has adopted new and revised SFRS(I) and interpretations of SFRS(I) applicable to the Group which are effective for the financial year beginning 1 January 2022. These are not expected to have a material impact on the Group’s condensed interim financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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**2. Basis of preparation** (continued)

2.3. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited annual financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**4. Segment information**

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Management considers the business from both a geographic and business segment perspective. The Group has three reportable segments, as described below, which are the Group's strategic business units based on different products ranges targeting at different market channels.

- Electronic components distribution
- Consumer products distribution
- Other businesses

Operating segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the operating segments. The operating segments are formed by aggregating across the results of the Group's entities whose principal activities fall within the same operating segment as listed above. Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Performance is measured based on sales, gross profit and profit after tax, as included in the internal management reports that are reviewed by the Group's CEO and CFO on a monthly basis. These criteria are used to measure performance as management believes that such information are the most relevant in evaluating the results of each entity within the same operating segment. Inter-segment transactions are determined on an arm's length basis.

**SERIAL SYSTEM LTD  
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**4. Segment information (continued)**

4.1 Operating segments

<b>The Group</b>	<b>Electronic components distribution US\$'000</b>	<b>Consumer products distribution US\$'000</b>	<b>Other businesses US\$'000</b>	<b>Inter-segment eliminations US\$'000</b>	<b>Total US\$'000</b>
<b>1 January 2022 to 30 June 2022</b>					
Sales – external	<b>442,350</b>	<b>25,091</b>	<b>3,434</b>	<b>(8,107)</b>	<b>462,768</b>
Segment results - operating profit/(loss)	<b>5,708</b>	<b>(2,057)</b>	<b>(201)</b>	-	<b>3,450</b>
Unallocated gain	<b>10</b>	-	-	-	<b>10</b>
Finance income	<b>231</b>	<b>174</b>	<b>1,272</b>	<b>(510)</b>	<b>1,167</b>
Finance costs	<b>(2,873)</b>	<b>(449)</b>	<b>(552)</b>	<b>510</b>	<b>(3,364)</b>
Share of results of associated companies (after income tax)	<b>96</b>	<b>17</b>	<b>(149)</b>	-	<b>(36)</b>
Profit before income tax					<b>1,227</b>
Income tax expense					<b>(815)</b>
Profit after income tax					<b>412</b>
Segment assets	<b>442,965</b>	<b>41,054</b>	<b>54,004</b>	<b>(76,133)</b>	<b>461,890</b>
Investments in associated companies	<b>1,532</b>	<b>2,206</b>	<b>4,231</b>	-	<b>7,969</b>
Deferred income tax assets					<b>987</b>
Consolidated total assets					<b>470,846</b>
Segment liabilities	<b>127,561</b>	<b>15,520</b>	<b>49,116</b>	<b>(76,133)</b>	<b>116,064</b>
Borrowings	<b>155,229</b>	<b>23,295</b>	<b>18,571</b>	-	<b>197,095</b>
Current and deferred income tax liabilities					<b>2,349</b>
Consolidated total liabilities					<b>315,508</b>
Capital expenditure on computer software license costs	-	-	<b>113</b>	-	<b>113</b>
Capital expenditure on property, plant and equipment	<b>569</b>	<b>43</b>	<b>25</b>	-	<b>637</b>
Investment in financial assets, at fair value through profit or loss	<b>210</b>	-	<b>656</b>	-	<b>866</b>
Amortisation of computer software license costs	<b>29</b>	-	<b>7</b>	-	<b>36</b>
Depreciation of property, plant and equipment	<b>983</b>	<b>167</b>	<b>306</b>	-	<b>1,456</b>
Fair value loss on financial assets, at fair value through profit or loss	<b>741</b>	-	<b>302</b>	-	<b>1,043</b>
Gain on sale of financial assets, at fair value through profit or loss	<b>(3)</b>	-	-	-	<b>(3)</b>
Loss allowance on trade receivables	<b>143</b>	-	<b>278</b>	-	<b>421</b>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**4. Segment information (continued)**

4.1 Operating segments (continued)

The Group	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Inter-segment eliminations US\$'000	Total US\$'000
1 January 2021 to 30 June 2021					
Sales – external	404,592	36,784	5,212	(8,300)	438,288
Segment results - operating profit	7,518	1,032	74	-	8,624
Unallocated gain	-	-	9	-	9
Finance income	250	198	1,259	(453)	1,254
Finance costs	(2,126)	(325)	(591)	453	(2,589)
Share of results of associated companies (after income tax)	(34)	(9)	(251)	-	(294)
Profit before income tax					7,004
Income tax expense					(542)
Profit after income tax					6,462
Segment assets	353,451	43,073	58,413	(73,482)	381,455
Investments in associated companies	1,425	2,657	2,752	-	6,834
Deferred income tax assets					973
Consolidated total assets					389,262
Segment liabilities	89,244	15,370	50,090	(73,482)	81,222
Borrowings	109,434	22,481	18,548	-	150,463
Current and deferred income tax liabilities					1,813
Consolidated total liabilities					233,498
Capital expenditure on computer software license costs	15	-	-	-	15
Capital expenditure on property, plant and equipment	355	55	48	-	458
Investment in financial assets, at fair value through profit or loss	36	-	1,850	-	1,886
Amortisation of computer software license costs	51	-	1	-	52
Depreciation of property, plant and equipment	952	153	310	-	1,415
Fair value loss/(gain) on financial assets, at fair value through profit or loss	89	-	(383)	-	(294)
Gain on sale of financial assets, at fair value through profit or loss	(30)	-	-	-	(30)
Loss allowance on trade receivables	40	48	202	-	290

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**4. Segment information (continued)**

**4.2 Geographical segments**

The geographical segments comprised six broad primary geographic areas, namely: South East Asia and India [consisting of Singapore (the home and principal operating country of the Group), Malaysia, Thailand, Philippines, Indonesia, Vietnam and India], Hong Kong, China, South Korea, Taiwan and Japan which reflect the current business process and monitoring in these primary geographic business segments in which the Group operates in.

All geographic locations, except Japan, are engaged in the electronic components distribution business.

Consumer products distribution (which include provision of managed print services and the administrative, maintenance and distribution of copiers and printers) are located in South East Asia and India (comprising mainly Singapore, Malaysia, Thailand and Indonesia) and Japan.

Other businesses in South East Asia and India (mainly Singapore, Malaysia and Thailand), Taiwan and China include investment holding and trading, rental of investment properties, hospitality and healthcare solutions, assembly and distribution of medical devices and ethylene oxide sterilization, project financing, trading and distribution of fast-moving consumer goods, communications and power line construction, manufacturing, sale and leasing of industrial and security robots and automated guided vehicles, and provision of artificial intelligence and robotic solutions and services for security, delivery and mobility applications and retail sale of beverages.

Sales are based on the geographical area in which the entities are located. Non-current assets are shown by the geographical area where the assets are located.

	Sales		Non-current assets*	
	6 months ended 30 June 2022	6 months ended 30 June 2021	30 June 2022	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>				
South East Asia and India	<b>108,703</b>	117,074	<b>10,796</b>	11,550
Hong Kong	<b>208,435</b>	200,501	<b>6,060</b>	6,081
China	<b>85,780</b>	63,897	<b>14,818</b>	15,834
South Korea	<b>28,173</b>	26,949	<b>4,090</b>	4,541
Taiwan	<b>30,931</b>	28,436	<b>9,004</b>	8,956
Japan	<b>746</b>	1,431	<b>77</b>	2
South East Asia and India - Associated company	-	-	<b>5,194</b>	5,532
Taiwan - Associated company	-	-	<b>1,532</b>	1,879
United States of America - Associated company	-	-	<b>1,243</b>	1,325
<b>Total</b>	<b>462,768</b>	438,288	<b>52,814</b>	55,700

\* Non-current assets exclude financial assets, at fair value through profit or loss and deferred income tax assets.

**5. Revenue**

	<b>The Group</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	6 months ended 30 June 2021 US\$'000
Sales of goods	<b>462,768</b>	438,288
Other operating income	<b>2,521</b>	5,032
Interest income	<b>1,167</b>	1,254
	<b>466,456</b>	444,574
Performance obligations satisfied at a point in time		
Sales of goods:		
- electronic components	<b>434,273</b>	396,481
- consumer products	<b>25,063</b>	36,111
- others	<b>3,189</b>	5,448
	<b>462,525</b>	438,040
Performance obligations satisfied over time		
Service rendered	<b>243</b>	248
	<b>462,768</b>	438,288

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**5. Revenue (continued)**

	<b>The Group</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	<b>6 months ended 30 June 2021 US\$'000</b>
Other operating income:		
Commission and service income	<b>972</b>	835
Rebate income from suppliers	<b>900</b>	1,178
Warehouse management and rental income	<b>163</b>	67
Gain on sale of financial assets, at fair value through profit or loss	<b>3</b>	30
Fair value gain on financial assets, at fair value through profit or loss		
- listed equity securities	-	294
Fair value gain on derivative financial instruments	-	1,002
Dividend income from financial assets, at fair value through profit or loss	<b>12</b>	10
Write-back of allowances for inventory obsolescence	-	792
Government grants received	<b>183</b>	406
Gain on disposal of interests in an associated company	<b>68</b>	-
Gain on dilution of interests in an associated company	<b>10</b>	9
Gain on disposal of property, plant and equipment	<b>13</b>	30
Sundry income	<b>197</b>	379
Total other operating income	<b>2,521</b>	5,032
Interest income:		
- project financing, factoring and leasing	<b>1,137</b>	1,154
- bank balances	<b>30</b>	36
- loan to a joint venture	-	64
Total interest income	<b>1,167</b>	1,254



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**6. Profit before income tax**

	<b>The Group</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	<b>6 months ended 30 June 2021 US\$'000</b>
This is arrived at after charging:		
Amortisation of computer software license costs*	<b>36</b>	52
Depreciation of property, plant and equipment*	<b>1,456</b>	1,415
Property, plant and equipment written off*	-	9
Fair value loss on financial assets, at fair value through profit or loss*		
- listed equity securities	<b>859</b>	-
- derivative financial instruments	<b>184</b>	-
Loss allowance on trade receivables (third parties)*	<b>421</b>	290
Inventories:		
- cost of inventories recognised as an expense (included in 'cost of sales')	<b>422,859</b>	403,339
- write-off of inventories*	<b>298</b>	67
- allowances for inventory obsolescence*	<b>1,027</b>	-
Cost of services (included in 'cost of sales')	<b>17</b>	18
Employee benefits expense	<b>17,795</b>	17,050
Rental expense - operating leases (short term lease)	<b>887</b>	1,168
Freight and handling charges	<b>2,954</b>	3,320
Travelling and transportation expenses	<b>800</b>	759
Sales commission expense	<b>2,894</b>	1,835
Foreign exchange loss (net)*	<b>3,656</b>	268
Other expenses (included in distribution, administrative and other operating expenses)	<b>5,686</b>	5,097
<b>Total cost of sales, distribution, administrative and other operating expenses</b>	<b>461,829</b>	434,687

\* Included in "other operating expenses"

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**7. Finance expense**

	<b>The Group</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	6 months ended 30 June 2021 US\$'000
Interest expense:		
Bank borrowings	<b>757</b>	674
Trust receipts	<b>1,333</b>	807
Factoring	<b>731</b>	607
Lease liabilities	<b>91</b>	40
Loan from an associated company	<b>24</b>	42
Loan from a substantial shareholder of the Company	<b>82</b>	25
Others	<b>346</b>	394
	<b>3,364</b>	2,589

**8. Related party transactions**

A related party is a person or entity who is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity and (b) an entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and (viii) the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**8.1 Sales and purchases of goods and services**

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

	<b>The Group</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	6 months ended 30 June 2021 US\$'000
With associated companies:		
Sales of goods to associated companies	<b>302</b>	11
Purchases of goods from an associated company	<b>7</b>	7
Rental received from an associated company	<b>38</b>	38
Interest expense paid to an associated company	<b>24</b>	42
With directors and substantial shareholder:		
Service fees paid to an entity associated with a Director of the Company	<b>10</b>	43
Purchases of goods from an entity which a director/shareholder of a subsidiary is a director and shareholder of the entity	<b>-</b>	290
Sales of goods to an entity which a director of a subsidiary is a director and shareholder	<b>11</b>	-
Interest expense paid to a substantial shareholder of the Company	<b>82</b>	25

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**8. Related party transactions** (continued)

8.1 Sales and purchases of goods and services (continued)

Sales and purchases of goods and services were carried out on commercial terms and conditions as agreed between the parties.

8.2 Share options granted/exercised by Directors of the Company

There were no share options granted to or exercised by Directors of the Company during the financial period ended 30 June 2022 and 31 December 2021. There were no outstanding share options granted to the Directors of the Company as at 30 June 2022 and 31 December 2021.

**9. Income tax expense**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual profit. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>The Group</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	6 months ended 30 June 2021 US\$'000
Tax expense attributable to profit is made up of:		
Current income tax – Singapore	<b>75</b>	163
Current income tax – Foreign	<b>916</b>	456
	<b>991</b>	619
Deferred income tax	<b>(56)</b>	(42)
	<b>935</b>	577
(Over)/under provision in preceding financial years		
Current income tax	<b>(119)</b>	(34)
Deferred income tax	<b>(1)</b>	(1)
Total	<b>815</b>	542

**10. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2022 and 31 December 2021:

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2022 US\$'000</b>	31 December 2021 US\$'000	<b>30 June 2022 US\$'000</b>	31 December 2021 US\$'000
Financial assets at amortised cost:				
Cash and bank balances	<b>42,392</b>	59,963	<b>690</b>	1,068
Trade and other receivables, loans and other receivables	<b>200,319</b>	169,649	<b>69,963</b>	74,164
Deposits	<b>3,472</b>	5,527	<b>1,020</b>	600
Total	<b>246,183</b>	226,139	<b>71,673</b>	75,832
Financial liabilities at amortised cost:				
Trade and other payables	<b>115,590</b>	89,387	<b>25,306</b>	27,042
Borrowings	<b>197,095</b>	184,208	<b>12,593</b>	11,565
Total	<b>312,685</b>	273,595	<b>37,899</b>	38,607

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**11. Dividends paid**

	<b>The Group and the Company</b>	
	<b>6 months ended 30 June 2022 US\$'000</b>	<b>6 months ended 30 June 2021 US\$'000</b>
Ordinary dividends paid:		
One-tier tax-exempt final cash dividend of 0.45 SGD cent (0.33 USD cent) per share paid in respect of the financial year ended 31 December 2021	<b>2,974</b>	-
One-tier tax-exempt final cash dividend of 0.11 SGD cent (0.08 USD cent) per share paid in respect of the financial year ended 31 December 2020	-	743
<b>Total</b>	<b>2,974</b>	<b>743</b>

**12. Net assets value**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on (in US\$)	<b>16.02 cents</b>	16.66 cents	<b>10.25 cents</b>	10.61 cents

Net assets value per ordinary share as at 30 June 2022 and 31 December 2021 are calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 904,841,914.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**13. Trade and other receivables**

	The Group		The Company	
	30 June 2022 US\$'000	31 December 2021 US\$'000	30 June 2022 US\$'000	31 December 2021 US\$'000
Trade receivables:				
Third parties	194,212	165,182	-	-
Subsidiaries	-	-	6,180	5,704
	194,212	165,182	6,180	5,704
Loss allowance	(6,136)	(6,046)	(257)	(257)
Net trade receivables	188,076	159,136	5,923	5,447
Other receivables:				
Third parties	12,476	10,240	446	447
Loss allowance	(2,248)	(2,248)	(42)	(42)
	10,228	7,992	404	405
Due from:				
Subsidiaries	-	-	28,256	31,847
Associated companies	2,530	2,276	1,781	1,781
Joint ventures	2,642	3,547	-	-
	5,172	5,823	30,037	33,628
Loss allowance	(3,157)	(3,302)	(3,155)	(3,409)
	2,015	2,521	26,882	30,219
Net other receivables	12,243	10,513	27,286	30,624
Total	200,319	169,649	33,209	36,071

The Group has an unconditional right to consideration in exchange for goods or services that it has transferred to its customers. Accordingly, the Group has no contract asset as defined in SFRS(I) 15 and records the amounts of consideration as trade receivables for its sales arrangements with the customers.

The Group generally grants a credit period that ranges from 0 to 90 days to its customers. Trade receivables are recognised initially at the amounts of consideration that are unconditional unless they contain significant financing components, of which they will be recognised at fair value. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit exposure to an individual counterparty is restricted by credit limit that is approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective head of operation, and finance department and at the Group level by the corporate finance and management team.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables amounting to US\$2,237,000 (31 December 2021: US\$2,365,000) are mitigated because these are secured by properties and inventories. The Group is not permitted to sell or repledge the properties in the absence of default.

The Group purchased credit insurance to reduce credit risk from extension of credit to the majority of its customers in the electronic components distribution business and certain customers in the consumer products distribution business.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**14. Inventories**

	<b>The Group</b>	
	<b>30 June 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>
	Finished goods	149,605
Work in progress	15	30
Raw materials	850	919
<b>Total</b>	<b>150,470</b>	<b>133,688</b>

During the financial period, the Group made allowances for inventory obsolescence amounting to US\$1,027,000 (30 June 2021: write-back of allowances for inventory obsolescence amounting to US\$792,000).

**15. Financial assets, at fair value through profit or loss**

	<b>The Group</b>	
	<b>30 June 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>
	Classified as:	
Current	3,328	10,715
Non-current	7,114	7,481
	<b>10,442</b>	<b>18,196</b>
Comprised:		
Listed equity securities:		
- Singapore	512	478
- South Korea	723	1,113
- Taiwan	804	1,304
	<b>2,039</b>	<b>2,895</b>
Unlisted equity securities:		
- Singapore	359	-
- Sweden	801	620
	<b>1,160</b>	<b>620</b>
Preference shares:		
- Singapore	555	469
- Thailand	1,925	1,925
- United States	100	100
	<b>2,580</b>	<b>2,494</b>
Convertible bonds – Singapore and United States	1,335	1,374
Trade receivables	3,328	10,715
Derivative receivables – Singapore	-	98
	<b>4,663</b>	<b>12,187</b>
<b>Total</b>	<b>10,442</b>	<b>18,196</b>

**16. Property, plant and equipment**

During the financial period, the Group acquired property, plant and equipment amounting to US\$1,074,000 (30 June 2021: US\$1,665,000), of which US\$437,000 (30 June 2021: US\$1,207,000) was related to right-of-use assets. Cash payment of US\$637,000 (30 June 2021: US\$458,000) was made to purchase property, plant and equipment.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**17. Investment properties**

	<b>The Group</b>	
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>US\$'000</b>	US\$'000
Beginning of financial period	<b>7,187</b>	5,543
Transfer from property, plant and equipment	-	1,025
Revaluation gain arising from the transfer	-	38
Fair value gain	-	427
Currency translation differences	<b>(442)</b>	154
End of financial period	<b>6,745</b>	7,187

**17.1 Valuation**

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use value using the Direct Market Comparison Method and if required, adjusted with appropriate adjustments, such as location, date of transaction and size of property. Changes in fair values are recognised in the consolidated statement of profit or loss.

**18. Intangible assets**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June</b>	31 December	<b>30 June</b>	31 December
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>US\$'000</b>	US\$'000	<b>US\$'000</b>	US\$'000
Goodwill arising from acquisition of subsidiaries	<b>3,084</b>	3,126	-	-
Computer software license costs	<b>293</b>	217	<b>9</b>	14
Total	<b>3,377</b>	3,343	<b>9</b>	14

As at 30 June 2022, goodwill arising from acquisition of subsidiaries comprised those arising from the Group's electronic components distribution subsidiary in Hong Kong amounting to US\$1,656,000 (31 December 2021: US\$1,656,000) and the Group's other businesses' subsidiary in Singapore amounting to US\$1,428,000 (31 December 2021: US\$1,470,000). No impairment charges was made during the financial period (30 June 2021: Nil).

The Group acquired computer software license costs with cash payment amounting to US\$113,000 (30 June 2021: US\$15,000) during the financial period.

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**19. Trade and other payables**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>	<b>30 June 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>
Current				
Trade payables – Third parties	<b>90,681</b>	66,063	-	-
Other payables and accrued operating expenses	<b>22,709</b>	19,929	<b>1,550</b>	1,396
Contract liabilities	<b>1,093</b>	2,389	-	-
Derivative financial instruments	<b>95</b>	-	-	-
Due to subsidiaries	-	-	<b>6,256</b>	7,591
Due to an associated company	<b>1,012</b>	1,006	<b>1,008</b>	1,004
Financial guarantee contracts	-	-	<b>819</b>	819
<b>Total</b>	<b>115,590</b>	89,387	<b>9,633</b>	10,810

**20. Borrowings**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>	<b>30 June 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>
Amount repayable within one year or on demand:				
Secured	<b>34,101</b>	27,979	<b>7,928</b>	1,594
Unsecured	<b>152,934</b>	139,451	<b>3,594</b>	3,699
Amount repayable after one year:				
Secured	<b>3,268</b>	8,816	<b>1,071</b>	6,272
Unsecured	<b>6,792</b>	7,962	-	-
<b>Total</b>	<b>197,095</b>	184,208	<b>12,593</b>	11,565

**20.1 Details of any collateral**

- (i) A term loan of the Company amounting to US\$5,751,000 (31 December 2021: US\$5,918,000) which is payable on 31 May 2023, is secured on the following:
- a first legal mortgage on the leasehold land and building ('Mortgaged Property') held by a wholly owned Singapore subsidiary, Serial Investment Pte Ltd;
  - an assignment of all rights and benefits relating to the Mortgaged Property;
  - an assignment of all rights, title interest and benefits in tenancy agreements, relating to the Mortgaged Property;
  - an assignment of all rights and benefits under the insurance policies taken in relation to the Mortgaged Property; and
  - joint and several guarantees of certain subsidiaries of the Group.
- (ii) Bank borrowing of US\$245,000 (31 December 2021: US\$287,000) taken by a wholly owned Malaysia subsidiary, Serial Microelectronics Sdn. Bhd., to part finance the acquisition of a freehold building in Malaysia is secured by a first legal mortgage of the property and guarantee by a subsidiary of the Group.
- (iii) Bank borrowings of US\$9,287,000 (31 December 2021: US\$8,615,000) taken by two Taiwan subsidiaries, wholly owned Serial Investment (Taiwan) Inc. and 95.5% owned Serial Microelectronics Inc., to part finance the acquisition of a freehold building in Taiwan and for working capital are secured by a first legal mortgage of the property.
- (iv) Bank borrowing of US\$5,073,000 (31 December 2021: US\$5,567,000) taken by a wholly owned South Korea subsidiary, Serial Microelectronics Korea Limited for working capital, is secured by a first legal mortgage of its freehold land and building in South Korea.



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**20. Borrowings (continued)**

20.1 Details of any collateral (continued)

- (v) Bank borrowing of US\$13,732,000 (31 December 2021: US\$12,843,000) taken by a 91.0% owned China subsidiary, Serial Microelectronics (Shenzhen) Co., Ltd for working capital, is secured by a first legal mortgage of its leasehold buildings in China.
- (vi) Bank borrowing of US\$3,175,000 (31 December 2021: US\$1,846,000) taken by the Company is secured by a security deposit of US\$1,020,000 (31 December 2021: US\$600,000) placed with the financial institution.
- (vii) Other borrowings of Nil (31 December 2021: US\$1,568,000) due to a third party, taken by a 46.4% owned China subsidiary, Newstone Technology (Shenzhen) Company Limited is secured on trade receivable of the subsidiary.
- (viii) Lease liabilities of US\$73,000 (31 December 2021: US\$102,000) of the Company and US\$107,000 (31 December 2021: US\$151,000) of the Group are secured on office equipment and motor vehicles acquired under leasing agreements.

20.2 Loan compliance

The Group regularly monitors its compliance with the covenants and is up to date with the scheduled repayments of the borrowings. As at 30 June 2022, the Group complied with covenants entered with various banks. As at 31 December 2021, the Group breached certain covenants with certain banks, which have the right to call for the immediate repayment of the outstanding borrowings of US\$2,824,000. The Group obtained waiver from compliance from the relevant bank for borrowings of US\$2,824,000 subsequent to 31 December 2021.

**21. Share capital**

	Issued number of shares		Total share capital	
	Share capital '000	Treasury shares '000	Share capital US\$'000	Treasury shares US\$'000
<b>The Group and The Company</b>				
<b>2022</b>				
<b>At 1 January 2022 and 30 June 2022</b>	<b>905,788</b>	<b>(946)</b>	<b>72,648</b>	<b>(70)</b>
2021				
At 1 January 2021	905,788	(9,946)	72,648	(736)
Placement of treasury shares	-	9,000	-	666
At 31 December 2021	905,788	(946)	72,648	(70)

There were no ordinary shares issued since the end of the financial period ended 31 December 2021.

There were no outstanding share options as at 30 June 2022 (31 December 2021: Nil).

There were no purchase, sale, transfer, disposal, cancellation and use of treasury shares and subsidiary holdings during the six months ended 30 June 2022.

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**22. Review**

The condensed interim statements of financial position of Serial System Ltd and its subsidiaries as at 30 June 2022 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

**23. 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.**

	<b>Half Year Ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
Based on the weighted average number of ordinary shares in issue (in US\$); and	<b>0.04 cent</b>	0.65 cent
On a fully diluted basis (in US\$)	<b>0.04 cent</b>	0.65 cent

Earnings per ordinary share on existing issued share capital are computed based on the weighted average number of shares in issue during the period of 904,841,914 (1H2021: 895,841,914).

Earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue during the period of 904,841,914 (1H2021: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

There were no potential dilutive ordinary shares for the financial period ended 30 June 2022 and 30 June 2021.

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24. **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.**

**Consolidated Statement of Profit or Loss**

The Group recorded turnover of US\$462.8 million for the six months ended 30 June 2022 ("1H2022"), an increase of 6% compared to US\$438.3 million for the same period last year ("1H2021").

Turnover for the electronic components distribution business increased by 10% to US\$434.3 million mainly due to higher sales across all regions. Hong Kong and China experienced higher demand for semiconductor chips, particularly in the industrial, renewable energy, artificial intelligence and automotive market segments as customers replaced old applications and ramped up inventories. Chip suppliers shifted production capacity from the weaker consumer markets into these segments to meet the increased demand, easing earlier shortages. China's lockdown restrictions have pushed customers and suppliers to shift some of their production and allocation from China into Southeast Asia, boosting the latter's semiconductor market. Turnover in South Korea and Taiwan also improved, mainly due to higher demand for certain product lines in the industrial and automotive segments.

Turnover for the consumer products distribution business declined 31% to US\$25.1 million, mainly due to lower demand for computers, computer peripherals, and video graphics cards in Malaysia, as consumer demand for such products dampened due to gradual cessation of work-from-home measures and reopening of international borders. The decrease was mitigated by higher sales in the Thailand market as the Group onboarded more product lines in 1H2022.

Turnover for other businesses decreased by 37% to US\$3.4 million, mainly due to lower sales in the Group's trading and distribution of fast-moving consumer goods in Singapore.

Overall gross profit margin ("GPM") increased 0.6 percentage points to 8.6% from 8.0% in 1H2021, mainly due to higher margins achieved by the electronic components and consumer products distribution business divisions, driven by the global chip shortage.

Other operating income decreased by US\$2.5 million or 50% to US\$2.5 million. The lower income in 1H2022 was mainly due to a fair value gain on derivative financial instruments of US\$1.0 million recorded in 1H2021, and write-back of allowances for inventory obsolescence of US\$0.8 million in 1H2021 and a fair value gain on financial assets, at fair value through profit or loss (quoted equity securities) of US\$0.3 million in 1H2021 as opposed to allowances for inventory obsolescence of US\$1.0 million and a fair value loss on financial assets, at fair value through profit or loss (quoted equity securities) of US\$0.9 million included in Other Operating Expenses in 1H2022. Lower rebates from suppliers of US\$0.3 million and lower pandemic relief-related government grants of US\$0.2 million received by the Group in 1H2022 further contributed to the decline in other operating income.

In line with the increase in sales, distribution expenses increased by US\$0.5 million or 2% to US\$21.6 million, mainly due to higher staff and related costs and sales commission associated with the electronic components distribution business. Lower trade credit insurance charges, freight and handling and storage charges partially offset the increase in distribution expenses in 1H2022.

Administrative expenses increased by US\$0.7 million or 17% to US\$4.8 million. The increase was mainly due to higher staff-related costs and bank and financing charges associated with the electronic components distribution business.

Finance expenses increased by US\$0.8 million or 30% to US\$3.4 million. The increase was mainly due to higher interest rates across all trade facilities in 1H2022 compared with 1H2021 and an increase in borrowings associated with the electronic components distribution business.

Other operating expenses increased by US\$6.3 million or 107% to US\$12.2 million. The increase was mainly due to higher net foreign exchange loss of US\$3.4 million attributed to depreciation of the Chinese Renminbi and Japanese Yen against United States Dollar, higher staff and related costs of US\$0.7 million, allowances for inventory obsolescence of US\$1.0 million and fair value loss on financial assets, at fair value through profit and loss (quoted equity securities) of US\$0.9 million in 1H2022.

**Consolidated Statement of Profit or Loss** (continued)

The Group's associated companies contributed to a lower loss of US\$36,000 as compared to US\$294,000 in 1H2021 mainly due to share of profit of US\$96,000 from 15.92% owned associated company, Bull Will Co., Ltd in 1H2022 versus share of loss of US\$34,000 in 1H2021 and lower share of loss from 19.90% owned associated company, Otsaw Digital Pte. Ltd. in 1H2022.

The Group reported a net profit after tax of US\$0.4 million in 1H2022 as compared to a net profit after tax of US\$5.8 million in 1H2021, despite higher sales and higher gross profit margin earned, mainly due to higher net foreign exchange loss of US\$3.4 million, allowances for inventory obsolescence of US\$1.0 million in 1H2022 as opposed to a write-back in 1H2021 of US\$0.8 million and a fair value loss on financial assets, at fair value through profit or loss (quoted equity securities) of US\$0.9 million in 1H2022 as opposed to a fair value gain of US\$0.3 million in 1H2021. As a result, total expenses as a percentage of turnover increased to 9.1% in 1H2022 from 7.7% in 1H2021.

**Statements of Financial Position**

Trade and other receivables increased by US\$30.7 million (net of factored trade receivables), mainly attributed to the higher sales achieved by the Group's electronic components distribution subsidiaries. Average turnover days for trade receivables increased to 71 in 1H2022 from 65 in FY2021.

Inventories increased by US\$16.8 million mainly due to higher purchases by the Group's Hong Kong and China, and Singapore electronic components distribution subsidiaries in anticipation of higher sales and higher inventories held by the Group's consumer products distribution subsidiary in Thailand in anticipation of increased sales from addition of new product lines. Reduction in demand in the Group's consumer products distribution subsidiary in Malaysia also contributed to the higher inventories in 1H2022.

Financial assets, at fair value through profit or loss (current assets) decreased by US\$7.4 million, mainly due to the reduction in reclassification from trade receivables by US\$7.4 million to US\$3.3 million (FY2021: reclassification from trade receivables of US\$5.1 million). This was due to lower utilisation of the Group's non-recourse factoring bank facilities by the Group's Singapore and Hong Kong electronic components distribution subsidiaries in 1H2022 when compared to FY2021.

Other current assets increased by US\$4.8 million, mainly due to advances for purchases made to suppliers by the Group's Hong Kong electronic components distribution subsidiary.

Property, plant and equipment decreased by US\$2.1 million, mainly due to currency translation loss of US\$1.4 million and depreciation charges amounting to US\$1.5 million in 1H2022. The decline was partially offset by additions of US\$1.1 million to property, plant and equipment.

Trade and other payables increased by US\$26.2 million. The increase was mainly attributed to increase in purchases by the Group's Hong Kong and China, and Singapore electronic components distribution subsidiaries. This was partially offset by lower trade payables in the Group's Singapore consumer products distribution subsidiary. Average payment days for trade payables increased to 34 in 1H2022 from 30 in FY2021.

Borrowings increased by US\$12.9 million, mainly due to additional borrowings by the Group's Hong Kong and Taiwan electronic components distribution subsidiaries and Singapore consumer products distribution subsidiary to finance an increase in working capital requirements. The Company's non-current portion of a secured term loan, expiring on 31 May 2023, amounting to US\$5.9 million as at 31 December 2021 was reclassified to current borrowings as at 30 June 2022. Included in the Company's current borrowings was an interest-bearing loan amounting to S\$5.0 million (US\$3.6 million) [31 December 2021: S\$5.0 million (US\$3.7 million)] from the Company's substantial shareholder, Mr Goi Seng Hui.

Currency translation reserve decreased by US\$2.7 million mainly due to a decrease in the value of the Group's investments in its South Korea, Singapore and Thailand subsidiaries, arising from the strengthening of the United States Dollar against these subsidiaries' functional currencies of Korean Won, Singapore Dollar and Thailand Baht.

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

No forecast or prospect statement was previously issued in respect of the current reporting period.

- 26. 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 Group has continued to see improvements to its top line, reflecting the successful execution of its growth strategies. The Group's extensive network across the region proved to be a significant value add for customers and suppliers affected by border closures and travel restrictions within China, which were implemented as part of the nation's "Dynamic Zero" policy to curb the spread of COVID-19.

That said, the Group expects the global chip shortage since late 2020 to ease, as semiconductor chip manufacturers and suppliers, combined with earlier stockpiling of chips by customers, could result in a softening of short-term demand. The decline will be partially offset by the cyclical uptick in manufacturing activities in the coming months. The Group is confident its electronic components distribution business will continue its long-term uptrend, given the rise of technologies such as 5G infrastructure, IoT, artificial intelligence, electric and autonomous vehicles etc. that will require higher-quality chips capable of greater processing power and memory storage.

On the consumer products distribution front, business momentum is expected to recover gradually as new products begin to be launched in the later half of the year. The Group will continue to expand its range of products, while strengthening its network in Southeast Asia and Japan.

The operating environment is expected to grow increasingly challenging, as rising interest rates and inflation will put pressure on operating costs, increase currency volatilities, and impact consumer demand. Meanwhile, prolonged geopolitical tensions could result in supply chain disruptions. In response, the Group will continue to implement its growth strategies to grow revenue and capture new opportunities in the countries it operates.

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**27. Dividend**

**a) Current Financial Period Reported On**

Any dividend declared (recommended) for the current financial period reported on? Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in SGD cents)	0.11 cent per ordinary share
Optional:- Dividend Rate (in %)	
Par value of shares	Not applicable
Tax Rate	One-Tier Tax-exempt

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

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in SGD cents)	0.22 cent per ordinary share
Optional:- Dividend Rate (in %)	
Par value of shares	Not applicable
Tax Rate	One-Tier Tax-exempt

**c) Date payable**

Date of proposed interim dividend payment will be announced at a later date.

**d) Books closure date**

Notice of books closure date will be announced at a later date.

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

Not applicable.

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**29. Interested person transactions**

Pursuant to Rule 907 of the Listing Manual of the SGX-ST (the "Listing Manual"), the Board of Directors of the Company would like to announce the following Interested Person Transactions ("IPTs") for 1H2022 as follows:

**1H2022**

Name of interested person	Nature of relationship	Aggregate value of all IPTs during <u>1H2022</u> (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all IPTs during <u>1H2022</u> conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
		<b>US\$'000</b>	<b>US\$'000</b>
Goi Seng Hui	Substantial shareholder of the Company	<b>82</b>	<b>Not applicable</b>

The Company entered into a loan agreement of S\$5,000,000 (US\$3,594,000) with Mr. Goi Seng Hui, a substantial shareholder of the Company, on 23 May 2022. The loan bears interest at 5.0% per annum and is repayable to Mr. Goi Seng Hui on 22 May 2023.

**30. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under SGX Listing Manual Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No general mandate from shareholders has been obtained for IPTs.

**31. 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 of the SGX-ST.

**32. Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Company confirms to the best of their knowledge that nothing has come to their attention which may render the unaudited half year interim financial results for the period ended 30 June 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**Mr. Derek Goh Bak Heng**  
Group CEO  
13 August 2022