

**Serial System 1H2015 NPAT Up 10% to US\$7.8M; Newly
Acquired Consumer Products Business Contributed
US\$44.1M To Overall Sales; Interim Dividend Rises To 0.35
Singapore Cent From 0.30 Singapore Cent**

US\$'000	2Q2015	2Q2014	Change (%)	1H2015	1H2014	Change (%)
Sales	309,597	262,924	18.0	571,357	475,284	20.0
Gross Profit	24,054	22,582	7.0	45,748	41,627	10.0
Gross Profit Margin (%)	7.7	8.6	(0.9 pt)	8.0	8.8	(0.8) pt
Net Profit After Tax (Attributable to shareholders)	4,771	5,011	(5.0)	7,826	7,121	10.0
Net Profit Margin (%)	1.5	1.9	(0.4 pt)	1.4	1.5	(0.1) pt
EPS on fully diluted basis (US cent) ⁽¹⁾	0.53	0.55	(3.6)	0.87	0.79	10.1
NAV per share (US cents) ⁽²⁾	30/6/2015: 13.90			31/12/2014: 13.64		

(1) Earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares during the period of 895,841,914 (2Q2014/1H2014: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares

(2) Net asset value per share is computed based on the existing issued share capital as at the end of the financial period ended 30 June 2015 and the immediate preceding financial year ended 31 December 2014

Singapore, 5 August 2015 – SGX Mainboard-listed Serial System Ltd (“Serial System” or the “Group”) announced today that its net profit after tax (“NPAT”) for the half year ended 30 June 2015 (“1H2015”) increased 10% to US\$7.8 million from US\$7.1 million in 1H2014, driven by increased sales and a one-time gain from a business disposal.

Revenue in 1H2015 rose 20% to US\$571.4 million from US\$475.3 million a year ago, on the back of a 11% revenue growth in the Group’s core electronic components distribution business. Serial I-Tech group and Swift-Value Business Pte. Ltd., the Group’s consumer products business, acquired on 31 December 2014 and 4 May 2015 respectively, contributed 8% or US\$44.1 million to overall sales.

The Group’s total expenses as a percentage of revenue declined to 7.1% in 1H2015 from 7.5% in 1H2014 due to continued efforts to improve operational and cost efficiencies.

Revenue for the second quarter ended 30 June 2015 (“2Q2015”) rose 18% to US\$309.6 million from US\$262.9 million in 2Q2014.

For the electronic components distribution business, revenue in North Asia grew 10%, driven by higher sales in Hong Kong and China to new and existing customers. Revenue in South Korea rose 47% on higher demand in an existing product line and contributions from new customers. This mitigated the sales slowdown in Taiwan and Japan due to stiffer market competition.

Revenue in South-East Asia and India for the electronic components distribution business declined 8% in 2Q2015, mainly due to keener market competition in Singapore and Thailand, as well as lower demand for an existing product line. However, this was mitigated by increased sales from new customers in the Philippines and India.

For the consumer products business, Swift-Value contributed sales of US\$16.0 million, representing 5% of the Group's 2Q2015 turnover, while sales from Serial I-Tech group amounted to US\$12.9 million, or 4% of Group's 2Q2015 revenue.

Gross profit margin fell to 7.7% in 2Q2015 from 8.6% in 2Q2014, due to mainly increased sales of lower-margin products in South Korea and stiff competition in Taiwan. Given their lower-margin business, Serial I-Tech group and Swift-Value also accounted for the drop in overall gross profit margin.

Serial System reported NPAT of US\$4.8 million for 2Q2015, a decline of 5% from US\$5.0 million in 2Q2014 mainly due to lower gross profit margin achieved as operating expenses grew in tandem with higher sales and share of losses of its associated companies in 2Q2015 as compared to share of profit in 2Q2014.

The Board of Directors has proposed an interim dividend of 0.35 Singapore cent per ordinary share, up from the 0.30 Singapore cent declared a year ago.

Fully diluted earnings per share for 2Q2015 (based on a share capital base of 895,841,914 shares) was 0.53 U.S. cent, compared to 0.55 U.S. cent in 2Q2014 (895,841,914 shares). Net asset value per share increased to 13.90 U.S. cents as at 30 June 2015 from 13.64 U.S. cents as at 31 December 2014.

Serial System Executive Chairman and Chief Executive Officer, Dr. Derek Goh, said, "We remain committed to our three-pronged strategy of growing our topline, improving internal efficiencies and widening our geographical reach. We are also growing our consumer products business as we position ourselves as a comprehensive solutions provider to source for and distribute consumer products."

The Group will continue to expand its consumer products business, which it expects double-digit revenue growth in 2H2015 versus 1H2015. Serial System will also continue to integrate and streamline the other companies it acquired in recent months, including Achieva Technology Pte Ltd group and Hydra & Thermal Pte. Ltd., with an eye on lowering operating costs, improving operational efficiencies and turning them profitable.

The Group is actively working to strengthen its financial management and operating efficiency and is reasonably confident, barring unforeseen circumstances, of sustaining its performance in the quarters ahead.

End

Issued on behalf of the Group by WeR1 Consultants Pte Ltd

Media & Investor Contact Information

WeR1 Consultants Pte Ltd

**Serial System Ltd**

8 Ubi View #05-01 Serial System Building

Singapore 408554

Tel: (65) 6510 2408 | Fax: (65) 6510 2407

38A Circular Road, Singapore 049394

Tel: (65) 6737 4944 | Fax: (65) 6737 4944

Frankie Ho – frankieho@wer1.netSheryl Sim - sheryl@wer1.net**About Serial System Ltd**

Established in 1988 and listed on the SGX Main Board since July 2000, Serial System has developed a synergistic global network that is built on strong partnerships with their suppliers and customers. Today, Serial System has one of the largest distribution networks in Asia, with fifty-eight offices and ten warehouses located throughout Asia Pacific. It also has a wide customer base of more than 6,000, spanning across a diverse range of industries such as consumer electronics, household appliances, industrial, telecommunication, electronic manufacturing services, automotive and medical. Its major suppliers for electronic components distribution business include Texas Instruments, ON Semiconductor, Avago Technologies, TE Connectivity, Advanced Micro Devices and OSRAM Opto Semiconductors, Fairchild Semiconductor, Analog Devices, BCD Semiconductor, Elo Touch Solutions and Fingerprints. Its major suppliers for consumer products distribution business include Hewlett-Packard, Apple, Tamron, Fujifilm, Marumi, Titan, Nixon, Fossil, Luxa² and Corum.

Serial System's ability to align to the goals of its customers and suppliers makes it highly responsive to their needs. In meeting their engineering and supply chain needs, Serial System has become their integral component to success.

For more information please visit us at www.serialsystem.com