



SERIAL SYSTEM LTD

Company Registration No.: 199202071D

(Incorporated in Singapore on 22 April 1992)

Unaudited Third Quarter and Nine Months Financial Statement Announcement for the Period Ended 30 September 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF- YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	The Group			Year-To-Date		
		3Q2016 US\$'000	3Q2015 US\$'000		30/09/2016 US\$'000	30/09/2015 US\$'000	
Sales		346,266	321,127	8%	1,057,634	892,484	19%
Cost of sales		(321,742)	(298,134)	8%	(985,878)	(823,743)	20%
Gross profit		24,524	22,993	7%	71,756	68,741	4%
Gross profit margin		7.1%	7.2%	-0.1 pt	6.8%	7.7%	-0.9 pt
Other income:							
Other operating income		3,665	2,217	65%	10,316	7,021	47%
Expenses:							
Distribution		(12,124)	(11,832)	2%	(37,407)	(35,160)	6%
Administrative		(3,119)	(2,814)	11%	(9,532)	(8,981)	6%
Finance		(2,288)	(1,982)	15%	(6,644)	(4,834)	37%
Other		(5,035)	(4,614)	9%	(19,232)	(12,604)	53%
Total expenses		(22,566)	(21,242)	6%	(72,815)	(61,579)	18%
		5,623	3,968	42%	9,257	14,183	-35%
Share of results of associated companies (after income tax)		(107)	(734)	85%	(3,764)	(1,281)	-194%
Profit before income tax	1	5,516	3,234	71%	5,493	12,902	-57%
Income tax expense	2	(1,666)	(1,036)	61%	(4,545)	(2,722)	67%
Profit after income tax		3,850	2,198	75%	948	10,180	-91%
Attributable to:							
Equity holders of the Company		3,789	2,182	74%	510	10,008	-95%
Non-controlling interests		61	16	281%	438	172	155%
		3,850	2,198	75%	948	10,180	-91%

Notes :

1. Profit before income tax

	The Group						
	Third Quarter			Year-To-Date			
	3Q2016	3Q2015	%	30/09/2016	30/09/2015	%	
US\$'000	US\$'000	US\$'000		US\$'000			
Profit from operations is arrived at after charging/(crediting) :-							
a.	Depreciation and amortisation	930	701	33	2,867	2,097	37
b.	Amortisation of distribution rights	2	276	-99	2	1,081	-100
c.	Impairment losses on goodwill arising from acquisition of subsidiaries	225	180	25	875	540	62
d.	Negative goodwill arising from acquisition of subsidiaries	-	-	NM	(345)	-	NM
e.	Loss on remeasuring previously held equity in an associated company	-	-	NM	449	-	NM
f.	Gain on sale of business	-	(240)	NM	-	(1,840)	NM
g.	(Gain)/loss on dilution of interests in an associated company	-	20	NM	(369)	(42)	779
h.	Loss/(gain) on disposal of property, plant and equipment	1	(13)	-108	12	(13)	-192
i.	Property, plant and equipment written off	-	25	NM	-	25	NM
j.	Gain on sale of financial assets, available-for-sale	(1,417)	-	NM	(2,984)	-	NM
k.	Gain on sale of financial assets, at fair value through profit or loss	-	-	NM	-	(80)	NM
l.	Fair value loss/(gain) on financial assets, at fair value through profit or loss	20	(90)	-122	57	(92)	-162
m.	Allowance for impairment losses on trade receivables	92	52	77	362	119	204
n.	Allowance for inventory obsolescence	1,260	125	908	3,482	762	357
o.	Write-off of inventories	35	112	-69	144	115	25
p.	Currency translation loss/(gain) (net)	322	(446)	-172	2,325	(1,058)	-320
q.	Currency translation reserve realised to income statement upon repayment of inter-company long term loans	-	173	NM	1,092	252	333
r.	(Gain)/loss on derivative financial instruments	(40)	502	108	175	896	-80
s.	Fair value loss on derivative financial instruments	-	487	NM	-	9	NM
t.	Dividend income received from financial assets, available-for-sale	-	-	NM	(153)	(147)	4
u.	Interest income	(292)	(76)	284	(779)	(177)	340
2. Income tax expense							
	Under/(over) provision in preceding financial years	3Q2016	3Q2015		30/09/2016	30/09/2015	
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
	- Current income tax	2,346	27	8,589	3,150	19	16,479
	- Deferred income tax	(2,400)	-	NM	(2,400)	-	NM
		(54)	27	300	750	19	3,847

The under provision of tax expense in preceding years for YTD3Q2016 was mainly attributable to tax provision by the Group's 91% owned subsidiary, Serial Microelectronics (Shenzhen) Co., Ltd ("SMSZ"). A corresponding estimated tax recoverable from Hong Kong's Inland Revenue Department of US\$2.4 million has been accrued under SMSZ's holding company, Serial Microelectronics (HK) Limited (a 91% owned subsidiary of the Group) being relief from double taxation under the Double Taxation Agreement between Hong Kong and China.

NM – Not Meaningful

1(a)(ii) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

	Third Quarter		The Group	Year-To-Date		
	3Q2016	3Q2015		30/09/2016	30/09/2015	
	US\$'000	US\$'000		US\$'000	US\$'000	
Net profit after income tax	3,850	2,198	75%	948	10,180	-91%
Other comprehensive income for the period:						
Items that will not be reclassified subsequently to profit or loss:						
Share of associated company's other comprehensive income	9	19	-53%	46	244	-81%
	9	19	-53%	46	244	-81%
Items that may be reclassified subsequently to profit or loss:						
Net gain/(loss) on fair value changes on financial assets, available-for-sale	1,248	(1,782)	170%	8,587	(1,204)	813%
Fair value gain on financial assets, available-for-sale reclassified to profit or loss	(1,114)	-	NM	(2,418)	-	NM
Share of associated company's other comprehensive income	12	-	NM	24	-	NM
Currency translation differences	611	(4,632)	113%	2,232	(5,937)	138%
	757	(6,414)	112%	8,425	(7,141)	218%
Other comprehensive income/(loss) for the period	766	(6,395)	112%	8,471	(6,897)	223%
Total comprehensive income/(loss) for the period	4,616	(4,197)	210%	9,419	3,283	187%
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	4,741	(4,163)	214%	9,498	2,943	223%
Non-controlling interests	(125)	(34)	-268%	(79)	340	-123%
	4,616	(4,197)	210%	9,419	3,283	187%

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.

	The Group		The Company	
	30/09/2016 US\$'000	31/12/2015 US\$'000	30/09/2016 US\$'000	31/12/2015 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	57,985	64,048	678	1,745
Trade and other receivables	214,955	179,357	12,185	10,385
Inventories	155,441	135,743	-	-
Financial assets, at fair value through profit or loss	1,275	1,331	-	-
Other current assets	2,805	2,106	466	50
	432,461	382,585	13,329	12,180
Non-current assets				
Financial assets, at fair value through profit or loss	13	13	-	-
Loans and receivables	820	1,000	46,051	42,570
Financial assets, available-for-sale	8,731	2,654	-	-
Investments in associated companies	18,146	18,729	6,792	6,792
Investments in subsidiaries	-	-	64,926	64,926
Property, plant and equipment	37,557	34,853	347	393
Investment properties	5,198	7,320	-	-
Intangible assets	15,034	15,894	531	544
Other assets	1,116	1,411	-	-
Deferred income tax assets	3,087	662	-	-
	89,702	82,536	118,647	115,225
Total Assets	522,163	465,121	131,976	127,405
LIABILITIES				
Current liabilities				
Trade and other payables	183,092	139,467	10,334	5,832
Current income tax liabilities	3,385	3,236	437	498
Borrowings	192,752	181,438	2,343	2,262
	379,229	324,141	13,114	8,592
Non-current liabilities				
Other payable	-	-	6,076	4,481
Borrowings	17,186	20,584	9,373	10,743
Defined benefit plans liabilities	1,058	814	-	-
Deferred income tax liabilities	194	198	-	-
	18,438	21,596	15,449	15,224
Total Liabilities	397,667	345,737	28,563	23,816
Net Assets	124,496	119,384	103,413	103,589

	The Group		The Company	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
	US\$'000	US\$'000	US\$'000	US\$'000
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	72,648	72,648	72,648	72,648
Treasury shares	(736)	(736)	(736)	(736)
Capital reserve	1,312	1,276	180	180
Defined benefit plans reserve	(557)	(557)	-	-
Fair value reserve	4,816	(1,353)	-	-
Revaluation reserve	59	59	-	-
Other reserve	(718)	(718)	-	-
Currency translation reserve	1,285	(1,498)	17,589	17,589
Retained earnings	42,671	46,680	13,732	13,908
	120,780	115,801	103,413	103,589
Non-controlling interests	3,716	3,583	-	-
Total Equity	124,496	119,384	103,413	103,589

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

Amount repayable in one year or less, or on demand

30/09/2016		31/12/2015	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
US\$'000	US\$'000	US\$'000	US\$'000
3,409	189,343	3,216	178,222

Amount repayable after one year

30/09/2016		31/12/2015	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
US\$'000	US\$'000	US\$'000	US\$'000
13,868	3,318	15,274	5,310

Details of any collateral

- a) A US\$14.6 million (S\$20 million) four-year term loan with an outstanding balance amounting to US\$11.7 million (31 December 2015: US\$13.0 million) taken up by the Company with a bank is secured with 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.
- b) A US\$0.5million (MYR2.2 million) ten-year term loan taken up in 3Q2016 by a wholly owned Malaysia subsidiary, Serial Microelectronics Sdn. Bhd. to part finance the acquisition of a property in Malaysia, is secured by a first legal mortgage of the property and guarantee by a subsidiary of the Group.
- c) Bank borrowing of US\$3.7 million (31 December 2015: US\$3.7 million) taken by a wholly owned Taiwan subsidiary, Serial Investment (Taiwan) Inc., to part finance the acquisition of a property in Taiwan is secured by a first legal mortgage of the property.
- d) Bank borrowing of US\$1.3 million (31 December 2015: US\$1.7 million) taken by a 98.2% South Korea subsidiary, Serial Microelectronics Korea Limited (become a wholly owned subsidiary on 7 October 2016), to part finance the acquisition of a property in South Korea is secured by a first legal mortgage of the property.
- e) Finance lease liabilities of US\$0.06 million (31 December 2015: US\$0.06 million) are secured on the Group's motor vehicles acquired under finance lease agreements.

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

	Third Quarter		Year-To-Date	
	3Q2016	3Q2015	30/09/2016	30/09/2015
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before income tax	5,516	3,234	5,493	12,902
Adjustments for:				
Amortisation of computer software license costs	77	73	230	212
Amortisation of distribution rights	2	276	2	1,081
Depreciation of property, plant and equipment	853	628	2,637	1,885
Loss/(gain) on disposal of property, plant and equipment	1	(13)	12	(13)
Property, plant and equipment written off	-	25	-	25
Impairment losses on goodwill arising from acquisition of subsidiaries	225	180	875	540
Loss/(gain) on dilution of interests in an associated company	-	20	(369)	(42)
Negative goodwill arising from acquisition of subsidiaries	-	-	(345)	-
Loss on remeasuring previously held equity in an associated company	-	-	449	-
Gain on sale of business	-	(240)	-	(1,840)
Gain on sale of financial assets, available-for-sale	(1,417)	-	(2,984)	-
Gain on sale of financial assets, at fair value through profit or loss	-	-	-	(80)
Fair value loss/(gain) on financial assets, at fair value through profit or loss	20	(90)	57	(92)
Fair value loss on derivative financial instruments	-	487	-	9
Provision for severance benefits	119	117	355	330
Dividend income received from financial assets, available-for-sale	-	-	(153)	(147)
Interest income	(292)	(76)	(779)	(177)
Interest expense	2,288	1,982	6,644	4,834
Share of results of associated companies	107	734	3,764	1,281
Operating cash flow before working capital changes	7,499	7,337	15,888	20,708
Changes in working capital				
Trade and other receivables	6,670	(18,332)	(24,980)	(1,677)
Inventories	(27,088)	(12,364)	(11,324)	(27,362)
Other current assets	433	398	(513)	2,317
Other assets (non-current)	292	537	295	664
Trade and other payables	17,332	4,486	34,332	3,677
Cash from/(used in) operations	5,138	(17,938)	13,698	(1,673)
Income tax paid	(3,833)	(250)	(6,207)	(1,635)
Net cash provided by/(used in) operating activities	1,305	(18,188)	7,491	(3,308)

	Third Quarter		Year-To-Date	
	3Q2016	3Q2015	30/09/2016	30/09/2015
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Payments for intangible assets (computer software license costs)	(41)	(47)	(172)	(272)
Payments for intangible assets (distribution rights)	(57)	-	(57)	-
Payments for property, plant and equipment	(1,569)	(330)	(2,408)	(1,217)
Proceeds from disposal of property, plant and equipment	3	10	66	10
Proceeds from sale of financial assets, available-for-sale	1,460	-	3,080	-
Proceeds from sale of financial assets, at fair value through profit or loss	-	-	-	864
Proceeds from sale of business	-	240	-	1,840
Payment for acquisition of additional interests in a subsidiary from a non-controlling interest	-	-	-	(18)
Net cash inflow on acquisition of subsidiaries	-	-	2,233	3,901
Payments for acquisition of interests in an associated company	-	(2,219)	-	(3,165)
Payments for acquisition of additional interests in an associated company	-	(88)	(4,996)	(127)
Payments for financial assets, at fair value through profit or loss	-	-	-	(754)
Payments for financial assets, available-for-sale	-	(150)	(6)	(2,730)
Dividend received from an associated company	-	149	154	309
Dividend received from financial assets, available-for-sale	-	-	153	147
Interest received	281	102	728	239
Net cash provided by/(used in) investing activities	77	(2,333)	(1,225)	(973)
Cash flows from financing activities				
Payment for investment in a subsidiary by non-controlling interests	-	-	40	-
Dividend paid	(1,183)	(2,221)	(4,519)	(7,202)
Dividend paid to non-controlling interests	-	-	-	(440)
Proceeds from bank borrowings	210,435	197,983	594,922	526,874
Repayment of bank borrowings	(219,847)	(174,174)	(587,694)	(475,281)
Repayment of other borrowings	(6,555)	(15,000)	(9,520)	(21,787)
Repayment of finance lease liabilities	-	(1)	(10)	(16)
Interest paid	(2,145)	(1,566)	(5,926)	(4,515)
Net cash (used in)/provided by financing activities	(19,295)	5,021	(12,707)	17,633
Net (decrease)/ increase in cash and cash equivalents held	(17,913)	(15,500)	(6,441)	13,352
Cash and cash equivalents at the beginning of the period	75,862	86,999	64,048	58,297
Effect of currency translation on cash and cash equivalents	36	(1,073)	378	(1,223)
Cash and cash equivalents at the end of the period	57,985	70,426	57,985	70,426

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.

Consolidated Statement of Changes in Equity

← 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
Balance at 1 January 2016	72,648	(736)	1,276	(557)	(1,353)	59	(718)	(1,498)	46,680	115,801	3,583	119,384
Total comprehensive income/(loss) for the period	-	-	19	-	6,760	-	-	3,974	(6,559)	4,194	28	4,222
Investment in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	-	-	40	40
Balance at 31 March 2016	72,648	(736)	1,295	(557)	5,407	59	(718)	2,476	40,121	119,995	3,651	123,646
Total comprehensive income/(loss) for the period	-	-	17	-	(725)	-	-	(2,009)	3,280	563	18	581
One-tier tax-exempt final cash dividend for year 2015	-	-	-	-	-	-	-	-	(3,336)	(3,336)	-	(3,336)
Balance at 30 June 2016	72,648	(736)	1,312	(557)	4,682	59	(718)	467	40,065	117,222	3,669	120,891
Total comprehensive income for the period	-	-	-	-	134	-	-	818	3,789	4,741	(125)	4,616
One-tier tax-exempt interim cash dividend for year 2016	-	-	-	-	-	-	-	-	(1,183)	(1,183)	-	(1,183)
Investment in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	-	-	172	172
Balance at 30 September 2016	72,648	(736)	1,312	(557)	4,816	59	(718)	1,285	42,671	120,780	3,716	124,496

Consolidated Statement of Changes in Equity [cont'd]

	← Attributable to equity holders of the Company →												
	Share capital	Treasury shares	Capital reserve	Defined benefit plans reserve	Fair value reserve	Revaluation reserve	Other reserve	Currency translation reserve	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interests	Total equity	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2015	72,648	(736)	1,015	(367)	-	59	(715)	4,283	42,847	119,034	3,200	122,234	
Total comprehensive income/(loss) for the period	-	-	210	-	-	-	-	(1,175)	3,055	2,090	216	2,306	
Investment in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	-	-	244	244	
Acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	(3)	-	-	(3)	(16)	(19)	
Balance at 31 March 2015	72,648	(736)	1,225	(367)	-	59	(718)	3,108	45,902	121,121	3,644	124,765	
Total comprehensive income/(loss) for the period	-	-	15	-	578	-	-	(348)	4,771	5,016	158	5,174	
One-tier tax-exempt final cash dividend for year 2014	-	-	-	-	-	-	-	-	(4,981)	(4,981)	-	(4,981)	
Dividend paid to a non-controlling interest	-	-	-	-	-	-	-	-	-	-	(440)	(440)	
Balance at 30 June 2015	72,648	(736)	1,240	(367)	578	59	(718)	2,760	45,692	121,156	3,362	124,518	
Total comprehensive income for the period	-	-	19	-	(1,782)	-	-	(4,582)	2,182	(4,163)	(34)	(4,197)	
One-tier tax-exempt interim cash dividend for year 2015	-	-	-	-	-	-	-	-	(2,221)	(2,221)	-	(2,221)	
Adjustment to investment in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6)	(6)	
Balance at 30 September 2015	72,648	(736)	1,259	(367)	(1,204)	59	(718)	(1,822)	45,653	114,772	3,322	118,094	

Statement of Changes in Equity - Company

	Share capital	Treasury shares	Capital reserve	Currency translation reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2016	72,648	(736)	180	17,589	13,908	103,589
Total comprehensive income for the period	-	-	-	-	436	436
Balance at 31 March 2016	72,648	(736)	180	17,589	14,344	104,025
Total comprehensive income for the period	-	-	-	-	876	876
One-tier tax-exempt final cash dividend for year 2015	-	-	-	-	(3,336)	(3,336)
Balance at 30 June 2016	72,648	(736)	180	17,589	11,884	101,565
Total comprehensive income for the period	-	-	-	-	3,031	3,031
One-tier tax-exempt interim cash dividend for year 2016	-	-	-	-	(1,183)	(1,183)
Balance at 30 September 2016	72,648	(736)	180	17,589	13,732	103,413
Balance at 1 January 2015	72,648	(736)	180	17,589	13,092	102,773
Total comprehensive income for the period	-	-	-	-	554	554
Balance at 31 March 2015	72,648	(736)	180	17,589	13,646	103,327
Total comprehensive income for the period	-	-	-	-	585	585
One-tier tax-exempt final cash dividend for year 2014	-	-	-	-	(4,981)	(4,981)
Balance at 30 June 2015	72,648	(736)	180	17,589	9,250	98,931
Total comprehensive income for the period	-	-	-	-	1,116	1,116
One-tier tax-exempt interim cash dividend for year 2015	-	-	-	-	(2,221)	(2,221)
Balance at 30 September 2015	72,648	(736)	180	17,589	8,145	97,826

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 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 ordinary shares issued since the end of the financial period ended 30 June 2016.

There were no purchase, sale, transfer, disposal, cancellation and use of treasury shares since the end of the financial year ended 31 December 2015.

There were no outstanding share options as at 30 September 2016 (30 September 2015: Nil).

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 the end of the immediately preceding year.

	<u>30/09/2016</u>	<u>31/12/2015</u>
Total number of issued shares	905,787,914	905,787,914
Total number of treasury shares	(9,946,000)	(9,946,000)
Total number of issued shares excluding treasury shares	<u>895,841,914</u>	<u>895,841,914</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Please refer to 1(d)(ii)

1(e) 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 Third Quarter and Nine Months Financial Statements for the period ended 30 September 2016 to be false or misleading.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements have not been audited nor reviewed by the Company's 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 has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to paragraph 4 above.

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.

The Group				
Third Quarter		Year-To-Date		
3Q2016	3Q2015	30/09/2016	30/09/2015	
Based on the weighted average number of ordinary shares in issue (in US\$); and	0.42 cent	0.25 cent	0.06 cent	1.12 cents
On a fully diluted basis (in US\$)	0.42 cent	0.25 cent	0.06 cent	1.12 cents

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 895,841,914 (3Q2015/Year-To-Date 30/09/2015: 895,841,914).

Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period of 895,841,914 (3Q2015/Year-To-Date 30/09/2015: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

There were no potential dilutive shares for the financial period ended 30 September 2016 and 30 September 2015.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
 (a) current financial period reported on; and
 (b) immediately preceding financial year.

The Group		The Company		
30/09/2016	31/12/2015	30/09/2016	31/12/2015	
Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on (in US\$)	13.90 cents	13.33 cents	11.54 cents	11.56 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.**

Income Statement

Results for YTD3Q2016

The Group recorded turnover of US\$1.06 billion for the nine months ended 30 September 2016 ("YTD3Q2016"), an increase of 19% compared to the same period last year ("YTD3Q2015").

Turnover for the electronic components distribution business increased 13% to US\$898.2 million, driven mainly by higher contributions from the Group's operations in Hong Kong, South East Asia and India, and Taiwan. Turnover from Hong Kong and Taiwan increased 29% and 7% respectively on higher demand on their product lines from new and existing customers. Turnover from South East Asia and India rose 19%, boosted by higher sales to existing and new customers in India and the Philippines.

The Group's consumer products distribution business generated total revenue of US\$156.3 million versus turnover of US\$94.6 million in YTD3Q2015. The increase was mainly due to contributions from newly consolidated Achieva Technology group (which became a wholly own subsidiary on 27 January 2016) as well as newer subsidiaries, PT. Achieva Technology Indonesia and Swift-Value Business Pte Ltd.

Overall gross profit margin declined to 6.8% in YTD3Q2016 from 7.7% in YTD3Q2015, due mainly to increased sales of lower-margin products in Singapore, Hong Kong and Taiwan. The Group's lower-margin consumer products distribution business also accounted for the drop in overall gross profit margin. Total expenses as a percentage of turnover remained at 6.9% in YTD3Q2016 versus YTD3Q2015.

The Group generated a net profit after tax ("NPAT") of US\$0.5 million in YTD3Q2016, compared to NPAT of US\$10.0 million in YTD3Q2015. The decline was mainly due to higher share of losses from associated companies, higher allowances for inventory obsolescence and currency translation losses.

Results for 3Q2016

The Group recorded turnover of US\$346.3 million for the third quarter ended 30 September 2016 ("3Q2016"), an increase of 8% from US\$321.1 million a year earlier ("3Q2015").

Turnover for the electronic components distribution business grew 19% to US\$318.8 million, driven mainly by increased contributions from Hong Kong and China on higher demand of their product lines from new and existing customers. Turnover from Taiwan, South Korea, and South-East Asia and India declined 14%, 10% and 2% respectively on lower sales of their product lines.

Turnover for the consumer products distribution business declined 48% to US\$26.8 million. This was mainly due to lower sales of their product lines by Swift-Value Business Pte Ltd and Serial I-Tech group. The decrease was mitigated by higher sales from PT. Achieva Technology Indonesia and contributions from newly consolidated Achieva Technology group.

Overall gross profit margin declined marginally to 7.1% in 3Q2016 from 7.2% in 3Q2015, mainly due to increased market competition in Hong Kong and Taiwan.

Other operating income increased by US\$1.4 million or 65%, mainly due to a US\$1.4 million gain on the sale of available-for-sale financial assets, and higher office rental income, finance income and product rebates earned. The increase was partly offset by lower advertising and promotion funds, and the absence of both currency translation gains and gain on sale of business in 3Q2016 compared to 3Q2015.

Administrative expenses increased by US\$0.3 million or 11% mainly due to higher office rental, donations, property taxes and maintenance costs, and bank finance charges.

Finance expenses increased by US\$0.3 million or 15%, mainly due to higher utilisation of trade facilities by the Group's Hong Kong and Singapore electronic components distribution subsidiaries to fund increased working capital requirements.

Other operating expenses increased by US\$0.4 million or 9% mainly due to higher allowances for inventory obsolescence, depreciation expenses and currency translation losses. The increase was mitigated by lower amortisation of distribution rights and absence of loss/fair value loss on derivative financial instruments in 3Q2016 compared to 3Q2015.

The Group's share of losses in associated companies in 3Q2016 amounted to US\$0.1 million mainly due to losses incurred by 29.03%-owned Bull Will Co., Ltd ("Bull Will").

Total expenses as a percentage of turnover declined to 6.5% in 3Q2016 from 6.6% in 3Q2015 as the Group improved operational and cost efficiencies. The Group reported a net profit after tax of US\$3.8 million compared to US\$2.2 million in 3Q2015, an increase of 74% mainly due to increased gross profit on higher sales and higher other operating income. The Group's net margin improved to 1.1% from 0.7% in 3Q2015.

Balance sheet

Trade and other receivables increased by US\$35.6 million mainly attributable to increased trade receivables in the Group's Hong Kong electronic components distribution subsidiary in line with its higher sales. Newly consolidated Achieva Technology group and Serial Factoring (Thailand) Co., Ltd also accounted for the increase in trade and other receivables. Lower trade receivables at Swift-Value Business Pte Ltd ("Swift-Value"), due to lower sales, mitigated the overall increase in the Group's trade and other receivables. Average turnover days for trade receivables declined to 50 in YTD3Q2016 from 53 in FY2015, mainly due to the non-recourse factoring arrangement.

Inventories increased by US\$19.7 million mainly due to higher purchases by the Group's Hong Kong subsidiary and inventories of newly consolidated Achieva Technology group. This was partially offset by lower inventory holding mainly in the Group's Singapore and Korea electronic components distribution subsidiaries as well as Swift-Value in anticipation of lower sales in the fourth quarter of 2016.

Financial assets, available-for-sale increased by US\$6.1 million mainly due to a fair value gain of US\$6.2 million (recognised in equity as "Fair value reserve") from the Group's investment in Unitron Tech Co., Limited ("Unitron"), an entity listed on the Korean Securities Dealers Automated Quotations (KOSDAQ) of the Korean Exchange on 2 February 2016. The Group disposed partial interest in Unitron amounting to US\$0.1 million in YTD3Q2016 and recognised a net profit of US\$3.0 million for the period.

Investments in associated companies decreased by US\$0.6 million in YTD3Q2016, mainly due to the de-recognition of an amount of US\$2.0 million when Achieva Technology group became a subsidiary of the Group on 27 January 2016 and share of net losses and reserves from associated companies totalling US\$3.6 million. The decrease was partly offset by an increase in investment of US\$5.0 million in SPL Holdings (Australia) Pty Ltd, which raised the Group's equity interest in SPL Holdings from 20% to 27.34%.

Property, plant and equipment increased by US\$2.7 million mainly due to the reclassification of an amount of US\$2.5 million from investment properties as the Group converted the third floor of its 8 Ubi View, Serial System Building, Singapore for its own use, and the acquisition of a Malaysia property amounting to US\$0.8 million by the Group's wholly-owned subsidiary, Serial Microelectronics Sdn. Bhd. Additions in plant and equipment of US\$1.6 million and currency translation gain of US\$0.4 million also contributed to the increase in YTD3Q2016. The increase was partially offset by depreciation on property, plant and equipment of US\$2.6 million during the period.

Investment properties decreased by US\$2.1 million mainly due to the reclassification of US\$2.5 million to property, plant and equipment. The decrease was partially offset by movement in currency translation reserves amounting to about US\$0.4 million.

Trade and other payables increased by US\$43.6 million mainly attributable to higher trade payables at the Group's electronic components distribution subsidiaries especially Hong Kong due to higher purchases, and newly consolidated Achieva Technology group. The increase was partially offset by lower trade payables at Swift-Value due to lower purchases. Average payment days for trade payables remained at 33 in YTD3Q2016 and in FY2015 respectively.

Borrowings increased by US\$7.9 million due to higher bank borrowings by the Group's electronic components distribution subsidiaries, especially Hong Kong and Singapore, for increased working capital requirements and bank borrowings arising from newly consolidated Achieva Technology group. The increase in borrowings was partially offset by net repayment of borrowings by Swift-Value in YTD3Q2016.

Currency translation reserve increased by US\$2.8 million mainly due to an amount of US\$1.1 million realised upon repayment of inter-company long-term loans and an amount of US\$0.6 million realised upon the de-recognition of investment in associated companies following the additional acquisition of the remaining 51% equity interests in Achieva Technology group. Increase in value in the Group's investments in South Korea and Singapore arising from the weakening of the United States Dollar against these subsidiaries' functional currencies, namely Korean Won and Singapore Dollar also contributed to the increase. The overall increase in currency translation reserve was partially offset by weakening of Chinese Renminbi against the United States Dollar in the Group's China subsidiary.

9. 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.

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 global semiconductor industry, which the Group is a part of, is showing signs of a turnaround after months of sluggish sales. According to data from the Semiconductor Industry Association (“SIA”) published in October 2016, worldwide semiconductor sales rose 3.5% to US\$28 billion in August this year from July, marking the highest month-on-month growth since May 2013.

Compared to the same month last year, global semiconductor sales edged up 0.5% in August 2016, the first year-on-year increase since June 2015. Within Asia, global semiconductor sales in August 2016 grew 3.1% on a month-on-month basis in China, 4.8% in Japan and 2.7% in the rest of Asia-Pacific, according to SIA.

The improvement, if sustained, bodes well for the Group, which will continue to explore opportunities to expand into higher-value business segments, such as enterprise cloud solutions, mobile devices and automotives. It will also seek to further streamline its recently consolidated subsidiaries and improve synergies across its entire global distribution network.

Barring unforeseen circumstances, the Group expects to perform better in 2H2016 compared to 1H2016.

11. Dividend

a) Current Financial Period Reported On

Any dividend declared (recommended) 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.

No dividend was declared for the third quarter ended 30 September 2016.

13. Interested person transactions.

Pursuant to Rule 907 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”), the Board would like to announce the following Interested Person Transactions (“IPTs”) for Year-To-Date 3Q2016 as follows:

Name of Interested Person	Aggregate value of all IPTs during Year-To-Date 3Q2016 (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual) US\$’000	Aggregate value of all IPTs during Year-To-Date 3Q2016 conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) US\$’000
Derek Goh Bak Heng	806*	Not applicable

*Included in the IPT is an amount of US\$797,000 relating to the acquisition of a Penang property (“Acquisition”) by the Group’s wholly owned subsidiary, Serial Microelectronics Sdn. Bhd. from Gogain Development Sdn Bhd (In Liquidation) (“Gogain”) Gogain is a company which Derek Goh Bak Heng is a director and a 50% shareholder. Details on this IPT are disclosed in the Company’s “Unaudited Second Quarter and Half Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2016” announced on 5 August 2016.

14. 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.

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

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

BY ORDER OF THE BOARD

Dr Derek Goh Bak Heng
Executive Chairman/Group CEO
11 November 2016