

Serial System's 3Q2016 Net Profit Up 74%; Sales in First 9 Months of 2016 Just Below Record High Full-Year Revenue of US\$1.22B Achieved in 2015

<i>US\$'000</i>	3Q2016	3Q2015	Change (%)
Sales	346,266	321,127	8
Gross Profit	24,524	22,993	7
Gross Profit Margin (%)	7.1	7.2	(0.1) pt
Net Profit After Tax <i>(Attributable to shareholders)</i>	3,789	2,182	74
Net Profit Margin (%)	1.1	0.7	0.4 pt
EPS - fully diluted <i>(US cents)</i>	0.42	0.25	68
NAV per share <i>(US cents)</i>	13.90	13.33*	4

*As at 31 December 2015

Singapore, 11 November 2016 – Serial System Ltd (“**Serial System**” or the “**Group**”) reported today its best quarterly net profit so far this year as its electronic components distribution business generated higher sales and its associate companies narrowed their losses in the three months to 30 September 2016 (“**3Q2016**”).

The SGX Mainboard-listed distributor of electronic components and consumer products also benefited in 3Q2016 from a gain from the partial sale of an investment in Unitrontech Co., Ltd. (“**Unitrontech**”), which distributes automotive semiconductors and display panel products. Unitrontech listed on the Kosdaq board of the Korean Exchange in February 2016.

The Group achieved a net profit of US\$3.8 million in 3Q2016, up 74% from the same period last year (“**3Q2015**”). It made a net profit of US\$3.3 million in the second quarter and a net loss of US\$6.6 million in the first three months of 2016.

Overall revenue in 3Q2016 increased 8% to US\$346.3 million, driven mainly by higher distribution sales of electronic components in Hong Kong and China. The electronic components distribution business generated total revenue of US\$318.8 million in 3Q2016. This was 19% more than in 3Q2015.

The increase offset a 48% decline in revenue to US\$26.8 million at the consumer products distribution business, which was dragged down by lower sales at Swift-Value Business Pte Ltd and Serial I-Tech group. Products distributed by these two wholly owned subsidiaries include printer accessories, watches, camera lens and mobile devices.

The Group's share of losses in associate companies narrowed to US\$0.1 million in 3Q2016 from S\$0.7 million in 3Q2015. The losses in 3Q2016 stemmed mainly from Bull Will Co Ltd (“**Bull Will**”), which manufactures magnetic components used in electronic products. Serial

System has a 29.03% stake in Bull Will.

The Group's fully diluted earnings per share for 3Q2016 came in at 0.42 US cent compared to 0.25 US cent for 3Q2015. Net asset value per share as at 30 September 2016 was 13.90 US cents, up from 13.33 US cents as at 31 December 2015.

For the nine months to 30 September 2016, the Group generated total revenue of US\$1.06 billion, 19% more than for the same period last year. The increase came from higher sales at both the electronic components and consumer products distribution businesses. The result is just slightly less than its 2015 full-year revenue of US\$1.22 billion, which is the highest in the history of Serial System.

The Group made a net profit of S\$0.5 million in the first nine months of 2016, down from S\$10.0 million a year earlier. The decline was mainly due to its first-quarter performance, which was hit by losses at Bull Will, allowances for obsolete inventory and currency translation losses.

The Group will continue to pursue opportunities to expand into higher-value business segments, such as enterprise cloud solutions, mobile devices and automotives. In this respect, as announced on 9 September 2016, it formed a joint venture with Unitrontech to distribute Micron Technology Inc's memory chips to the automotive market in China. Serial System, through its 91%-owned subsidiary, Serial Microelectronics (HK) Limited, owns 45% of the joint venture.

Dr Derek Goh, Serial System's Executive Chairman and CEO, said: "We delivered a credible set of results in the third quarter in the face of strong competition. While the operating environment remains challenging, we still see growth potential in certain segments and markets, such as China's automotive industry. We will also continue to streamline our consumer products distribution business to further improve operational efficiency and better manage costs."

Barring unforeseen circumstances, the Group expects its overall performance in the second half of 2016 to be better than the first half's.

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Issued on behalf of the Group by WeR1 Consultants Pte Ltd.

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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 its suppliers and customers. Today, Serial System has one of the largest distribution networks in Asia, with 58 offices and 10 warehouses throughout Asia Pacific. It also has a wide customer base of more than 6,000, spanning a diverse range of industries such as consumer electronics, household appliances, industrial, telecommunications, electronic manufacturing services, automotive and medical. Its major suppliers for electronic components distribution include Texas Instruments, ON Semiconductor, Avago Technologies, Broadcom, 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 include Hewlett-Packard, Apple, Tamron, Fujifilm, Marumi, Nixon, Fossil, Luxa2 and Corum.

Serial System's ability to align itself with 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