



SERIAL SYSTEM LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199202071D)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Serial System Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) was placed on the Watch-List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 3 March 2016 pursuant to Rule 1311(2) of the SGX-ST Listing Manual.

Pursuant to Rule 1313(2) of the Listing Manual, the board of directors of the Company (the “**Board**”) wishes to provide an update of the efforts made to meet the Minimum Trading Price (“**MTP**”) exit criterion as set out in Rule 1314(2) of the Listing Manual.

Update on Unaudited Financial Performance and Financial Position

The Group recorded an unaudited net profit of US\$3.3 million for the second quarter ended 30 June 2016 (“2Q2016”) versus a net loss of US\$6.6 million for the first quarter ended 31 March 2016 (“1Q2016”). The profit achieved by the Group in 2Q2016 was attributable to higher revenue and gross profit earned, higher other operating income earned, as well as reduction in net currency translation losses, allowance for inventory obsolescence and lower share of losses of associated companies in 2Q2016 when compared to 1Q2016.

2Q2016 net profit however decline by 31% when compared to the same period last year (“2Q2015”), mainly due to drop in gross profit margin and higher increase in finance expenses and other operating expenses.

Please refer to the unaudited financial statements for the second quarter and half year ended 30 June 2016 released via SGXNET on 5 August 2016 for more details on the latest update on the Group’s results and financial position.

Update on Future Direction

The Board will continue to review the options available to the Company to meet the MTP exit criterion amidst rising competition and uncertainty in the global economy.

Overall, the Group expects to fare better in 2H2016 compared to 1H2016 as it presses ahead with efforts to further streamline the operations of its consumer products distribution subsidiaries and integrate them with its other subsidiaries in order to achieve better synergies across its global distribution network.

The Board is monitoring the situation closely and will continue to explore all options to exit the MTP Watch-List within 36 months from 3 March 2016. The Company will keep shareholders informed of the outcome of the Board’s review.

BY ORDER OF THE BOARD

Dr. Derek Goh Bak Heng
Executive Chairman and Group Chief Executive Officer

5 August 2016