



SERIAL SYSTEM LTD

Company Registration No.: 199202071D
(Incorporated in Singapore on 22 April 1992)

Unaudited First Quarter Financial Statement Announcement for the Period Ended 31 March 2015

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 First Quarter		
		1Q2015 US\$'000	1Q2014 US\$'000	
Sales		261,760	212,360	23%
Cost of sales		(240,066)	(193,315)	24%
Gross profit		21,694	19,045	14%
Gross profit margin		8.3%	9.0%	-0.7pt
Other operating income		1,539	1,243	24%
Expenses:				
Distribution		(10,933)	(9,890)	11%
Administrative		(3,067)	(2,760)	11%
Finance		(1,308)	(948)	38%
Other		(4,120)	(3,592)	15%
Total expenses		(19,428)	(17,190)	13%
		3,805	3,098	23%
Share of results of associated companies (after income tax)		(138)	(90)	53%
Profit before income tax	1	3,667	3,008	22%
Income tax expense	2	(645)	(948)	-32%
Profit after income tax		3,022	2,060	47%
Attributable to:				
Equity holders of the Company		3,055	2,110	45%
Non-controlling interests		(33)	(50)	-34%
		3,022	2,060	47%

Notes :

1. Profit before income tax

	The Group First Quarter		
	1Q2015	1Q2014	
	US\$'000	US\$'000	%
Profit from operations is arrived at after charging/(crediting) :-			
a. Depreciation and amortisation	666	732	-9
b. Amortisation of distribution rights	402	430	-7
c. Impairment losses on goodwill arising from acquisition of subsidiaries	180	180	-
d. Gain on disposal of property, plant and equipment	-	(1)	NM
e. Gain on dilution of interests in an associated company	(31)	(7)	343
f. Fair value loss/(gain) on financial assets, at fair value through profit or loss	11	(4)	-375
g. Allowance for impairment losses on trade receivables	33	34	-3
h. Write back of allowance for impairment losses on other receivables	-	(10)	NM
i. Allowance for inventory obsolescence	560	85	559
j. Write-off of inventories	3	14	-79
k. Currency translation gain (net)	(455)	(209)	118
l. Loss/(gain) on derivative financial instruments	130	(43)	-402
m. Fair value gain on derivative financial instruments	(150)	-	NM
n. Interest income	(29)	(26)	12

2. Income tax expense

	1Q2015	1Q2014	
	US\$'000	US\$'000	%
(Over)/under provision in preceding financial years			
- Current income tax	(8)	136	106
- Deferred income tax	-	42	NM
	(8)	178	104

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

	The Group First Quarter		
	1Q2015 US\$'000	1Q2014 US\$'000	
Profit after income tax	3,022	2,060	47%
Other comprehensive income/(loss) for the period:			
Items that will not be reclassified subsequently to profit or loss:			
Share of associated company's other comprehensive income	210	-	NM
	210	-	NM
Items that may be reclassified subsequently to profit or loss:			
Net loss on fair value changes on financial asset, available-for-sale	-	(763)	NM
Currency translation differences	(926)	(1,101)	16%
	(926)	(1,864)	50%
Other comprehensive loss for the period	(716)	(1,864)	62%
Total comprehensive income for the period	2,306	196	1,076%
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	2,090	462	352%
Non-controlling interests	216	(266)	181%
	2,306	196	1,076%

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	
	31/3/2015 US\$'000	31/12/2014 US\$'000	31/3/2015 US\$'000	31/12/2014 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	87,921	58,297	3,222	2,420
Trade and other receivables	147,730	184,661	13,655	15,278
Inventories	110,414	98,599	-	-
Financial assets, at fair value through profit or loss	1,248	1,259	-	-
Other current assets	2,649	4,968	167	67
	349,962	347,784	17,044	17,765
Non-current assets				
Financial assets, at fair value through profit or loss	13	13	-	-
Loans and receivables	1,000	1,000	40,655	40,625
Financial assets, available-for-sale	1,323	1,324	-	-
Investments in associated companies	17,382	17,373	6,682	6,682
Investments in subsidiaries	-	-	53,558	53,558
Property, plant and equipment	36,952	37,862	304	336
Investment properties	7,599	7,660	-	-
Intangible assets	8,904	9,472	496	521
Other assets	1,960	1,966	-	-
Deferred income tax assets	753	750	-	-
	75,886	77,420	101,695	101,722
Total Assets	425,848	425,204	118,739	119,487

	The Group		The Company	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade and other payables	130,763	120,351	4,724	5,221
Current income tax liabilities	3,172	3,344	275	186
Borrowings	152,772	171,897	5,866	6,783
	286,707	295,592	10,865	12,190
Non-current liabilities				
Other payable	-	-	4,547	4,524
Borrowings	13,489	6,550	-	-
Defined benefit plans liabilities	716	656	-	-
Deferred income tax liabilities	171	172	-	-
	14,376	7,378	4,547	4,524
Total Liabilities	301,083	302,970	15,412	16,714
Net Assets	124,765	122,234	103,327	102,773
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	1,225	1,015	180	180
Defined benefit plans reserve	(367)	(367)	-	-
Revaluation reserve	59	59	-	-
Other reserve	(718)	(715)	-	-
Currency translation reserve	3,108	4,283	17,589	17,589
Retained earnings	45,902	42,847	13,646	13,092
	121,121	119,034	103,327	102,773
Non-controlling interests	3,644	3,200	-	-
Total Equity	124,765	122,234	103,327	102,773

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

Amount repayable in one year or less, or on demand

31/3/2015		31/12/2014	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
US\$'000	US\$'000	US\$'000	US\$'000
6,875	145,897	7,787	164,110

Amount repayable after one year

31/3/2015		31/12/2014	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
US\$'000	US\$'000	US\$'000	US\$'000
5,523	7,966	5,716	834

Details of any collateral

- a) A US\$14.6 million (S\$20 million) four years term loan with an outstanding balance amounting to US\$5.9 million (31 December 2014: US\$6.8 million) taken up by the Company with a bank is secured with the following:
 - a first legal mortgage of 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) Bank borrowing of US\$4.1 million (31 December 2014: US\$4.1 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.
- c) Bank borrowing of US\$2.4 million (31 December 2014: US\$2.5 million) taken by a 98.2% Korean subsidiary, Serial Microelectronics Korea Limited to part finance the acquisition of a property in South Korea is secured by a first legal mortgage of the property.
- d) Finance lease liabilities of US\$0.07 million (31 December 2014: US\$0.05 million) are secured on the Company and 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.

	First Quarter	
	1Q2015	1Q2014
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before income tax	3,667	3,008
Adjustments for:		
Amortisation of computer software license costs	54	64
Amortisation of distribution rights	402	430
Depreciation of property, plant and equipment	612	668
Gain on disposal of property, plant and equipment	-	(1)
Impairment losses on goodwill arising from acquisition of subsidiaries	180	180
Gain on dilution of interests in an associated company	(31)	(7)
Fair value gain on derivative financial instruments	(150)	-
Fair value loss/(gain) on financial assets, at fair value through profit or loss	11	(4)
Provision for severance benefits	113	94
Interest income	(29)	(26)
Interest expense	1,308	948
Share of results of associated companies	138	90
Operating cash flow before working capital changes	6,275	5,444
Change in working capital		
Trade and other receivables	37,674	(19,232)
Inventories	(11,555)	(167)
Other current assets	2,303	334
Other assets (non-current)	6	(314)
Trade and other payables	10,004	10,586
Cash from/(used in) operations	44,707	(3,349)
Income tax paid	(795)	(1,441)
Net cash provided by/(used in) operating activities	43,912	(4,790)

	First Quarter	
	1Q2015	1Q2014
	US\$'000	US\$'000
Cash flows from investing activities		
Payments for intangible assets (computer software license costs)	(42)	(52)
Payments for property, plant and equipment	(191)	(312)
Proceeds from disposal of property, plant and equipment	-	15
Payment for acquisition of additional interests in a subsidiary from a non-controlling interest	(19)	-
Payments for acquisition of a subsidiary, net of cash acquired	(531)	-
Dividends received from an associated company	160	-
Interest received	54	21
Net cash used in investing activities	(569)	(328)
Cash flows from financing activities		
Payment for investment in a subsidiary by non-controlling interests	-	32
Proceeds from bank borrowings	141,756	143,321
Repayment of bank borrowings	(147,226)	(130,081)
Repayment of other borrowings	(6,787)	-
Repayment of finance lease liabilities	(8)	(14)
Interest paid	(1,201)	(907)
Net cash (used in)/provided by financing activities	(13,466)	12,351
Net increase in cash and cash equivalents held	29,877	7,233
Cash and cash equivalents at the beginning of the period	58,297	40,548
Effect of currency rate changes on cash and cash equivalents	(253)	(221)
Cash and cash equivalents at the end of the period	87,921	47,560

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 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 a non-controlling interest	-	-	-	-	-	-	(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
Balance at 1 January 2014	72,648	(736)	180	(424)	(894)	-	(410)	6,025	31,051	107,440	2,522	109,962
Total comprehensive income/(loss) for the period	-	-	-	-	(763)	-	-	(885)	2,110	462	(266)	196
Investment in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	-	-	-	32	32
Balance at 31 March 2014	72,648	(736)	180	(424)	(1,657)	-	(410)	5,140	33,161	107,902	2,288	110,190

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 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
Balance at 1 January 2014	72,648	(736)	180	17,589	12,139	101,820
Total comprehensive income for the period	-	-	-	-	312	312
Balance at 31 March 2014	72,648	(736)	180	17,589	12,451	102,132

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 year ended 31 December 2014.

There were no purchase, sale, transfer, disposal, cancellation and use of treasury shares since the end of the financial year ended 31 December 2014.

There were no outstanding share options as at 31 March 2015 (31 December 2014: 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.

	31/3/2015	31/12/2014
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	895,841,914	895,841,914

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 First Quarter Financial Statements for the period ended 31 March 2015 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 2014 except as described in section 5 below.

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.

The Company's wholly owned subsidiary, SCE Enterprise Pte. Ltd. ("SCE"), changed its functional currency from Singapore dollars ("S\$") to United States dollars ("US\$") at the beginning of the financial year (with effect from 1 January 2015). The reason for the change is to measure its transactions using the currency of the primary economic environment where majority of the existing and new loans and investments are mainly transacted in US\$. Accordingly, SCE changed its functional currency from S\$ to US\$ and this change has been applied prospectively.

As a result of the change in functional currency, SCE has also changed its presentation currency of the financial statements from S\$ to US\$ and this change has been applied retrospectively. The comparative figures of SCE's previous financial statements for the corresponding period of the immediately preceding financial year were measured using S\$ which was the functional currency then, and re-presented in the current financial statements in US\$.

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	
	First Quarter	
	1Q2015	1Q2014
Based on the weighted average number of ordinary shares in issue (in US\$); and	0.34 cent	0.24 cent
On a fully diluted basis (in US\$)	0.34 cent	0.24 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 895,841,914 (1Q2014: 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 (1Q2014: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

There were no potential dilutive shares for the financial period ended 31 March 2015 and 31 March 2014.

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.

Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on (in US\$)

The Group		The Company	
31/3/2015	31/12/2014	31/3/2015	31/12/2014
13.93 cents	13.64 cents	11.53 cents	11.47 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

The Group's turnover for the first quarter ended 31 March 2015 ("1Q2015") rose 23% to US\$261.8 million as compared to the corresponding quarter a year ago ("1Q2014"). Turnover in North Asia grew 18% when compared to 1Q2014. Hong Kong and China sales increased by 20% and 5% respectively, whilst Taiwan grew by 8% mainly due to higher sales to existing and new customers. Sales in South Korea rose 40% attributable to higher demand by a customer in an existing product line and addition of new customers in 1Q2015. Japan sales, however, posted a 43% decline in turnover due to stiffer market competition resulting in lower sales to existing customers for 1Q2015. North Asia accounted for 85% of the Group's turnover in 1Q2015 as compared to 83% in 1Q2014. Turnover in South-East Asia and India increased by 6% mainly due to contribution from new product lines.

The Group's newly acquired Serial I-Tech Group (acquired on 31 December 2014) contributed US\$15.2 million or approximately 6% to the Group's turnover in 1Q2015.

The Group's gross profit margin declined to 8.3% from 9.0% in 1Q2014. The decline was mainly contributed by South-East Asia's higher sales of lower-margin products and increased market competition in South Korea and Taiwan. Newly added Serial I-Tech Group with lower-margin business also contributed to the lower gross profit margin earned in 1Q2015.

The Group reported net profit after tax of US\$3.1 million, an increase of 45% as compared to US\$2.1 million in 1Q2014, mainly due to increased gross profit from higher sales, higher other operating income earned and benefits from continued operational and cost efficiencies.

Other operating income increased by US\$0.3 million or 24% when compared to 1Q2014, mainly due to higher currency translation gain of US\$0.25 million.

Distribution expenses increased 11% when compared to 1Q2014 mainly due to increase in staff costs contributed by Serial I-Tech Group and higher freight and transportation costs from increased sales. Administrative expenses increased 11% when compared to 1Q2014 mainly due to higher factoring and bank charges incurred by the Group's Hong Kong subsidiary and higher office rental costs contributed by Serial I-Tech Group. Finance expenses increased 38% when compared to 1Q2014 mainly due to higher utilisation of factoring arrangements and trade facilities by the Group's Hong Kong and Singapore subsidiaries respectively to finance increased sales and higher working capital requirements. The higher finance expenses included interest expense on a term loan taken by a Singapore subsidiary to partially finance the acquisition of Serial I-Tech Group. Other operating expenses increased 15% when compared to 1Q2014 mainly due to higher staff costs contributed by Serial I-Tech Group and higher allowance for inventory obsolescences.

The Group's share of losses in associated companies increased to US\$138,000 in 1Q2015 from US\$90,000 in 1Q2014. The Group's 20% equity interests in Australian industrial laundry company, SPL Holdings (Australia) Pty Ltd contributed profit of US\$141,000 in 1Q2015. This profit was offset by a US\$202,000 and a US\$77,000 share of loss on the Group's 28.45%-owned associated company, Bull Will Co., Ltd and 49%-owned associated company, Achieva Technology Pte Ltd Group, respectively.

Total expenses as a percentage of turnover declined to 7.4% in 1Q2015 from 8.1% in 1Q2014 as the Group continues to improve operational and cost efficiencies. The Group's net margin improved to 1.2% this quarter from 1.0% in 1Q2014.

Balance sheet

Trade and other receivables decreased by about US\$36.9 million mainly due to non-recourse factoring arrangements undertaken by the Group's Hong Kong and Singapore subsidiaries in 1Q2015. Average turnover days for trade receivables as a result decreased to 57 days in 1Q2015 from 67 days in FY2014.

Inventories increased by US\$11.8 million due to higher purchases by the Group's Hong Kong and Singapore subsidiaries as a result of an increase in their average monthly sales.

Trade and other payables increased by US\$10.4 million due to higher purchases by the Group's Hong Kong, Singapore and South Korea subsidiaries and longer average payment days to certain suppliers. Average payment days for trade payable increased to 39 days in 1Q2015 from 33 days in FY2014.

Borrowings decreased by US\$12.2 million mainly due to non-recourse factoring arrangements undertaken by the Group's Hong Kong subsidiary, resulting in lower trade finance bank borrowings to fund its increased sales and higher working capital requirements in 1Q2015. The decrease was also attributable to the repayment of US\$6.8 million by the Group to Serial I-Tech Group's previous shareholder, GSH Corporation Limited in 1Q2015. The decrease in borrowings was negated by bank borrowing of US\$6.8 million (31 December 2014: Nil) taken by a Singapore subsidiary to partially finance the acquisition of Serial I-Tech Group.

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 has been 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.

According to US-based Semiconductor Equipment and Materials International (SEMI), the global semiconductor industry is headed for sustained growth, riding on demand from both the equipment and materials market. The industry grew at a robust 10% to reach US\$336 billion last year and is poised for continued growth on the back of the proliferation of mobile devices, tablet computers and the “Internet of Things”, where integrated circuits and chips are embedded in everyday products.

Capitalising on growth opportunities, the Group continues to pursue organic growth of its core electronic components distribution business through the expansion of its product line, customer base and distribution network. It announced on 9 February 2015 that its wholly owned subsidiary, Serial Microelectronics Pte Ltd, has been appointed as a distributor by Fairchild Semiconductor for all its products and solutions in Greater China, South-East Asia and India. As semiconductor foundries and component manufacturers are increasingly drawn to Serial System’s extensive coverage of the Asia Pacific market and strong established network, the Group has been able to continue expansion of its product portfolio and driving up its top-line growth.

Concurrently, the Group is extending its distribution value chain through the addition of finished consumer products. In FY2014, it has acquired a 100%-equity stake in Serial I-Tech Group and a 49%-equity stake in Achieva Technology Pte Ltd Group and in 1Q2015, it has acquired a 70%-equity stake in Hydra & Thermal Pte. Ltd., which is involved in the distribution of finished lifestyle and consumer electronic products. It has also on 13 March 2015 entered into a conditional sales and purchase agreement to acquire the entire Swift Value Business Pte. Ltd. Besides expanding into new geographies, the Group intends to leverage on its established distribution network and strong customer and supplier relationships to position itself as a solution provider to source and distribute finished consumer products to its customers.

The Group has also commenced the integration and streamlining of operations in Serial I-Tech Group, Achieva Technology Pte Ltd Group and Hydra & Thermal Pte. Ltd.; restructuring the logistics and administrative processes to increase efficiency and achieve lower costs so as to reap economies of scale and turn these entities profitable.

One of the key initiatives planned and undertaken in FY2014 has been to enter into non-recourse factoring arrangements with banks for the Hong Kong and Singapore subsidiaries. This has helped lower average turnover days for trade receivables to 57 days in 1Q2015 from 67 days in FY2014. By continuing to pursue such initiatives across the Group, Serial System will work towards Group-wide improvements in operational and financial efficiencies.

The Group continues to explore opportunities in mergers and acquisitions to add long-term value to its shareholders.

Traditionally, the first quarter of the financial year is the weakest quarter due to the festive period. With a good set of 1Q2015 results, barring any unforeseen circumstances, the Board of Directors is reasonably confident that the financial performance for HY2015 in terms of both revenue and gross profit on a year-on-year basis would be better than that of HY2014.

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/recommendeded, a statement to that effect.

No dividend was declared for the quarter ended 31 March 2015.

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 a negative statement on the Interested Person Transactions (“IPTs”) for 1Q2015 as follows:

Name of Interested Person	Aggregate value of all IPTs during 1Q2015 (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 1Q2015 conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) US\$’000
Nil	Nil	Not applicable

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 mandate from shareholders has been obtained for IPTs.

BY ORDER OF THE BOARD

Dr. Derek Goh Bak Heng
Executive Chairman/Group CEO
29 April 2015