

Serial System 1Q2015 NPAT Rises 45% Outpacing Revenue Growth of 23% to US\$3.1M; Expects 1H2015 Performance To Exceed That of 1H2014

US\$'000	1Q2015	1Q2014	Change (%)
Sales	261,760	212,360	23
Gross Profit	21,694	19,045	14
Gross Profit Margin (%)	8.3	9.0	(0.7 pt)
Net Profit After Tax (Attributable to shareholders)	3,055	2,110	45
Net Profit Margin (%)	1.2	1.0	0.2 pt
EPS on fully diluted basis (US cent) ⁽¹⁾	0.34	0.24	42
NAV per share (US cents) ⁽²⁾	31/3/2015: 13.93	31/12/2014: 13.64	2

(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 (1Q2014: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares

(2) Net asset value per share are computed based on existing issued share capital as at the end of the financial periods ended 31 March 2015 and the immediately preceding financial year ended 31 December 2014

Singapore, 29 April 2015 – Singapore Exchange Mainboard-listed **Serial System Ltd** (“**Serial System**” or the “**Group**”) announced today its net profit after tax (“NPAT”) for the January-to-March 2015 financial period (“**1Q2015**”) rose 45% to US\$3.1 million, outpacing revenue growth of 23% to US\$261.8 million over the same period.

The largest SGX-listed electronics components distributor said that in addition to sustained growth from its core markets in Hong Kong and China, the Group is gaining momentum in other regional markets, recording a 40% revenue growth in South Korea due to higher demand and new customers.

Sales in North Asia – which accounted for 85% of 1Q2015 Group turnover – grew 18% as compared to 1Q2014. Hong Kong and China sales increased by 20% and 5% respectively, whilst South Korea and Taiwan recorded higher sales of 40% and 8% respectively. Japan sales, however, posted a 43% decline in turnover due to stiffer market competition.

Turnover in South-East Asia and India increased 6% in 1Q2015, as a result of increased contribution from new product lines.

Serial I-Tech Group, acquired on 31 December 2014 as part of the Group’s extension into finished consumer products, accounted for a maiden contribution of US\$15.2 million of the Group’s turnover in 1Q2015.

Gross profit for 1Q2015 increased 14% to US\$21.7 million from US\$19.0 million in tandem with higher sales. Gross profit margin declined to 8.3% from 9.0% in 1Q2014 due to higher sales of lower-margin products in South-East Asia, stiff market competition in South Korea and Taiwan and inclusion of the newly acquired Serial I-Tech Group, which currently has lower margin.

Other operating income in 1Q2015 increased by 24% as compared to 1Q2014, mainly due to higher currency translation gain.

NPAT for 1Q2015 rose 45% to US\$3.1 million from US\$2.1 million in 1Q2014 due to higher sales and other operating income as well as improved operational and cost efficiencies. Net margin improved to 1.2% in 1Q2015 from 1.0% in 1Q2014.

The Group's total expenses as a percentage of turnover declined to 7.4% in 1Q2015 from 8.1% in 1Q2014 due to its continued efforts to drive operational efficiencies and Group-wide economies of scale.

As part of the Group's effort to reduce financial risks through non-recourse factoring arrangements by its Hong Kong and Singapore subsidiaries, average turnover days for trade receivables in 1Q2015 decreased to 57 days from 67 days in FY2014.

Fully diluted earnings per share for 1Q2015 (based on a share capital base of 895,841,914 shares) was 0.34 U.S. cent as compared to 0.24 U.S. cent in 1Q2014 (895,841,914 shares). Net asset value per share increased to 13.93 U.S. cents as at 31 March 2015 from 13.64 U.S. cents as at 31 December 2014.

Serial System's Executive Chairman and Chief Executive Officer, Dr. Derek Goh, said, "We continue to pursue our three-pronged strategy to grow our top-line as well as strive to improve margins. At the same time, we remain committed to extend our value proposition to include finished consumer products and to position ourselves as a solution provider to source and distribute finished consumer products to our customers."

In FY2014, Serial System acquired a 100%-equity stake in Serial I-Tech Group and a 49%-equity stake in Achieva Technology Pte Ltd Group ("Achieva Technology Group"). Subsequently in 1Q2015, it acquired a 70%-equity stake in Hydra & Thermal Pte. Ltd. and entered into a conditional sales and purchase agreement to acquire the entire Swift Value Business Pte. Ltd. These acquisitions are part of the Group's strategy to extend its distribution value chain as well as expand into new geographies.

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

The Group continues to pursue organic growth of its core electronic components business as well as further improve operational and financial efficiencies through initiatives such as non-recourse factoring arrangements. It is also exploring opportunities in mergers and acquisitions to enhance shareholders' value over the longer term.

Traditionally, the first quarter of the financial year is the weakest due to the festive period. With an encouraging performance in 1Q2015, the Board of Directors is reasonably confident, barring any unforeseen circumstances, 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.

End

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 their suppliers and customers. Today, Serial 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 include Texas Instruments, ON Semiconductor, Avago Technologies, TE Connectivity, Advanced Micro Devices and OSRAM Opto Semiconductors.

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