



SERIAL SYSTEM LTD

(Company Registration Number: 199202071D)
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED
30 JUNE 2025**

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**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		The Group		
		6 months ended 30 June 2025 US\$'000	6 months ended 30 June 2024 US\$'000	Change %
	Note			
Sales	5	392,664	374,716	5
Cost of sales	6	(360,055)	(346,856)	4
Gross profit		32,609	27,860	17
Gross profit margin		8.3%	7.4%	0.9 pt
Other income		5,071	4,109	23
Interest income	5	582	904	-36
Other operating income	5	4,489	3,205	40
Expenses				
Distribution	6	(19,962)	(17,797)	12
Administrative	6	(4,697)	(4,721)	-1
Finance	7	(5,274)	(6,467)	-18
Other:				
Loss allowance on trade and other receivables	6	(96)	-	NM
Other operating	6	(5,958)	(8,752)	-32
Total expenses		(35,987)	(37,737)	-5
		1,693	(5,768)	NM
Share of results of associated companies (after income tax)		(29)	72	NM
Profit/(loss) before income tax	6	1,664	(5,696)	NM
Income tax expense	9	(237)	(495)	-52
Profit/(loss) after income tax		1,427	(6,191)	NM
Attributable to:				
Equity holders of the Company		810	(5,180)	NM
Non-controlling interests		617	(1,011)	NM
		1,427	(6,191)	NM
Earnings/(loss) per share attributable to equity holders of the Company:				
Basic	23	0.09 cent	(0.57) cent	NM
Diluted	23	0.09 cent	(0.57) cent	NM

NM – Not meaningful

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group	
	6 months ended 30 June 2025 US\$'000	6 months ended 30 June 2024 US\$'000
Net profit/(loss) for the period	1,427	(6,191)
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss:		
Share of associated companies' other comprehensive income/(loss)	2	(17)
	2	(17)
Items that may be reclassified subsequently to profit or loss:		
Share of associated companies' other comprehensive loss	(31)	(21)
Currency translation differences	4,956	(1,921)
	4,925	(1,942)
Other comprehensive income/(loss) for the period, net of tax	4,927	(1,959)
Total comprehensive income/(loss) for the period	6,354	(8,150)
Attributable to:		
Equity holders of the Company	5,247	(7,398)
Non-controlling interests	1,107	(752)
	6,354	(8,150)

**SERIAL SYSTEM LTD
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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		The Group		The Company	
		30 June	31 December	30 June	31 December
		2025	2024	2025	2024
Note		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
		38,701	38,312	989	771
Cash and cash equivalents					
Trade and other receivables	13	177,477	174,019	40,767	37,308
Inventories	14	119,527	122,259	-	-
Financial assets, at fair value through profit or loss	15	4,854	9,676	-	-
Other current assets		11,013	5,388	531	341
		351,572	349,654	42,287	38,420
Non-current assets					
		-	-	23,458	27,776
Loans and other receivables					
Financial assets, at fair value through profit or loss	15	21,757	20,373	-	-
Investments in associated companies		2,696	2,752	1,413	1,413
Investment in joint venture		-	-	-	-
Investments in subsidiaries		-	-	63,591	63,591
Property, plant and equipment	16	27,375	27,086	458	555
Investment properties	17	7,108	6,463	-	-
Intangible assets	18	3,464	3,314	17	24
Other assets		1,102	962	-	-
Deferred income tax assets		1,620	1,524	-	-
		65,122	62,474	88,937	93,359
Total assets		416,694	412,128	131,224	131,779
LIABILITIES					
Current liabilities					
		110,017	104,440	13,286	10,619
Trade and other payables	19				
Current income tax liabilities		575	588	-	-
Borrowings	20	153,863	168,926	-	9,573
		264,455	273,954	13,286	20,192
Non-current liabilities					
		-	-	14,523	14,364
Other payables					
Borrowings	20	10,638	3,028	6,278	-
Defined benefit plans liabilities		291	210	-	-
Deferred income tax liabilities		1,567	1,547	864	864
		12,496	4,785	21,665	15,228
Total liabilities		276,951	278,739	34,951	35,420
NET ASSETS		139,743	133,389	96,273	96,359
EQUITY					
Capital and reserves attributable to equity holders of the Company					
		72,648	72,648	72,648	72,648
Share capital	21				
Treasury shares	21	(70)	(70)	(70)	(70)
Capital reserve		1,604	1,602	518	518
Defined benefit plans reserve		446	446	-	-
Fair value reserve		(742)	(742)	-	-
Revaluation reserve		227	227	-	-
Other reserve		2,771	2,771	-	-
Currency translation reserve		4,774	339	-	-
Retained earnings		50,887	50,077	23,177	23,263
		132,545	127,298	96,273	96,359
Non-controlling interests		7,198	6,091	-	-
TOTAL EQUITY		139,743	133,389	96,273	96,359

**SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES**

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										Non-controlling interests US\$'000	Total equity US\$'000
	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		
The Group												
Balance at 1 January 2025	72,648	(70)	1,602	446	(742)	227	2,771	339	50,077	127,298	6,091	133,389
Profit for the period	-	-	-	-	-	-	-	-	810	810	617	1,427
Other comprehensive income/(loss):												
Share of associated companies' other comprehensive loss	-	-	2	-	-	-	-	(31)	-	(29)	-	(29)
Currency translation differences	-	-	-	-	-	-	-	4,466	-	4,466	490	4,956
Other comprehensive income for the period, net of tax	-	-	2	-	-	-	-	4,435	-	4,437	490	4,927
Total comprehensive income for the period	-	-	2	-	-	-	-	4,435	810	5,247	1,107	6,354
Balance at 30 June 2025	72,648	(70)	1,604	446	(742)	227	2,771	4,774	50,887	132,545	7,198	139,743
Balance at 1 January 2024	72,648	(70)	1,610	388	(742)	237	(1,862)	2,965	49,561	124,735	7,098	131,833
Loss for the period	-	-	-	-	-	-	-	-	(5,180)	(5,180)	(1,011)	(6,191)
Other comprehensive income/(loss):												
Share of associated companies' other comprehensive loss	-	-	(8)	-	-	(8)	-	(22)	-	(38)	-	(38)
Currency translation differences	-	-	-	-	-	-	-	(2,180)	-	(2,180)	259	(1,921)
Other comprehensive loss for the period, net of tax	-	-	(8)	-	-	(8)	-	(2,202)	-	(2,218)	259	(1,959)
Total comprehensive loss for the period	-	-	(8)	-	-	(8)	-	(2,202)	(5,180)	(7,398)	(752)	(8,150)
Others:												
Fair value accounting for investment in subsidiaries by non-controlling interests upon completion of reverse takeover	-	-	-	-	-	-	782	(134)	-	648	1,128	1,776
Acquisition of additional interests in subsidiaries from non-controlling interest	-	-	-	-	-	-	72	-	-	72	(1,226)	(1,154)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(205)	(205)
Total others	-	-	-	-	-	-	854	(134)	-	720	(303)	417
Balance at 30 June 2024	72,648	(70)	1,602	388	(742)	229	(1,008)	629	44,381	118,057	6,043	124,100

**SERIAL SYSTEM LTD
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
The Company					
Balance at 1 January 2025	72,648	(70)	518	23,263	96,359
Total comprehensive loss for the period	-	-	-	(86)	(86)
Balance at 30 June 2025	72,648	(70)	518	23,177	96,273
 Balance at 1 January 2024	 72,648	 (70)	 518	 20,950	 94,046
Total comprehensive loss for the period	-	-	-	(680)	(680)
Balance at 30 June 2024	72,648	(70)	518	20,270	93,366

**SERIAL SYSTEM LTD
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	6 months ended 30 June 2025 US\$'000	6 months ended 30 June 2024 US\$'000
Cash flows from operating activities		
Profit/(loss) before income tax	1,664	(5,696)
Adjustments for:		
Amortisation of computer software license costs	37	32
Amortisation of trademark and know-how	2	2
Depreciation of property, plant and equipment	1,114	1,425
Gain on disposal of property, plant and equipment	(38)	(2)
Fair value gain on financial assets, at fair value through profit or loss	(235)	(217)
Gain on sale of financial assets, at fair value through profit or loss	(15)	(163)
Dividend income from financial assets, at fair value through profit or loss	(26)	(20)
(Gain)/loss on dilution of interests in an associated company	(1)	1
Fair value accounting loss on reverse takeover of investment in subsidiaries	-	245
Fair value (gain)/loss on derivative financial instruments	(19)	25
Provision for defined benefit plans liabilities	161	355
Interest income	(582)	(904)
Interest expense	5,274	6,467
Share of results of associated companies	29	(72)
Operating cash flow before working capital changes	7,365	1,478
Changes in working capital		
Financial assets, at fair value through profit or loss	4,850	2,255
Trade and other receivables	2,200	(3,030)
Inventories	5,374	13,078
Other current assets	(5,324)	(1,485)
Other assets (non-current)	(32)	(291)
Trade and other payables	(29)	19,359
Cash from operations	14,404	31,364
Income tax paid	(286)	(645)
Net cash generated from operating activities	14,118	30,719
Cash flows from investing activities		
Payments for computer software license costs	(85)	-
Payments for property, plant and equipment	(106)	(197)
Proceeds from disposal of property, plant and equipment	135	2
Payments for investments in financial assets, at fair value through profit or loss	-	(1,232)
Proceeds from sale of financial assets, at fair value through profit or loss	54	381
Dividend received from financial assets, at fair value through profit or loss	26	20
Net cashflow on reverse takeover of subsidiaries	-	165
Interest received	575	908
Net cash generated from investing activities	599	47

**SERIAL SYSTEM LTD
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	6 months ended 30 June 2025 US\$'000	6 months ended 30 June 2024 US\$'000
Cash flows from financing activities		
Dividend paid to non-controlling interests of subsidiaries	-	(205)
Subscription of compliance placement shares (net of expenses) in a subsidiary by non-controlling interests	-	1,715
Payment for acquisition of additional interests in subsidiaries from non-controlling interest	-	(1,154)
Proceeds from bank borrowings	342,038	365,002
Proceeds from other borrowings	8,228	11,558
Repayment of bank borrowings	(345,577)	(387,033)
Repayment of other borrowings	(14,856)	(13,448)
Principal payments of lease liabilities	(438)	(746)
Interest paid	(4,862)	(6,431)
Pledged fixed deposits	-	196
Net cash used in financing activities	(15,467)	(30,546)
Net (decrease)/increase in cash and cash equivalents held	(750)	220
Cash and cash equivalents at the beginning of the period	38,312	36,233
Effect of currency translation on cash and cash equivalents	1,139	(681)
Cash and cash equivalents at the end of the period	38,701	35,772
Reconciliation:		
Cash and cash equivalents per statement of financial position	38,701	36,419
Less: Pledged fixed deposits	-	(647)
Cash and cash equivalents per consolidated statement of cash flows	38,701	35,772

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Serial System Ltd (the “Company”) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is as follows:

8 Ubi View #05-01
Serial System Building
Singapore 408554

The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

These condensed interim financial statements as at and for the six months ended 30 June 2025 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the Group are:

- (a) Distribution of electronic components;
- (b) Distribution of consumer products, information technology, computer peripherals, parts, software and related products;
- (c) Provision of managed print services and the administrative, maintenance and distribution of copiers and printers, toners and papers;
- (d) Distribution of 3D printers and filaments;
- (e) Hospitality and healthcare solutions;
- (f) Assembly and distribution of medical devices and ethylene oxide sterilization;
- (g) Project financing in the form of leasing, hire purchase, factoring and loan;
- (h) Trading and distribution of fast-moving consumer goods;
- (i) Communications and power line construction;
- (j) Investment holding and trading; and
- (k) Rental of investment properties.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited annual financial statements for the year ended 31 December 2024.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States dollar (US\$), which is the Company’s functional and presentation currency. All values are rounded to the nearest thousand (US\$’000) except when otherwise indicated.

2. Basis of preparation (continued)

2.2. New and amended standards adopted by the Group

The following are the amendments to SFRS(I)s, that took effect from financial year beginning on or after 1 January 2025:

Amendments to SFRS(I) 1-21 *The Effect of Changes in Foreign Exchange Rates: Lack of Exchangeability*

The adoption of the above amendments to SFRS(I) did not have a material impact on the condensed interim financial statements.

2.3. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited annual financial statements as at and for the year ended 31 December 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Management considers the business from both operating and geographical segment perspective. The Group has three reportable segments, as described below, which are the Group's strategic business units based on different product ranges targeting at different market channels:

- Electronic components distribution
- Consumer products distribution
- Other businesses

Operating segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the operating segments. The operating segments are formed by aggregating across the results of the Group's entities whose principal activities fall within the same operating segment as listed above. Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Performance is measured based on sales, gross profit and profit after tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer and Chief Financial Officer on a monthly basis. These criteria are used to measure performance as management believes that such information are the most relevant in evaluating the results of each entity within the same operating segment. Inter-segment transactions are determined on an arm's length basis.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Segment information (continued)

4.1 Operating segments

The Group	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Inter-segment eliminations US\$'000	Total US\$'000
6 months ended 30 June 2025					
Sales – external	342,854	56,447	4,326	(10,963)	392,664
Segment results – operating profit/(loss)	5,986	(685)	1,083	-	6,384
Unallocated gain	1	-	-	-	1
Finance income	231	219	518	(386)	582
Finance expense	(3,998)	(962)	(700)	386	(5,274)
Share of results of associated companies (after income tax)	26	(55)	-	-	(29)
Profit/(loss) before income tax	2,246	(1,483)	901	-	1,664
Income tax expense					(237)
Profit after income tax					1,427
Segment assets	362,910	66,655	69,481	(86,668)	412,378
Investments in associated companies	1,438	1,258	-	-	2,696
Deferred income tax assets					1,620
Consolidated total assets					416,694
Segment liabilities	101,113	42,826	53,037	(86,668)	110,308
Borrowings	129,616	21,185	13,700	-	164,501
Current and deferred income tax liabilities					2,142
Consolidated total liabilities					276,951
Capital expenditure on property, plant and equipment	58	34	97	-	189
Capital expenditure on computer software license costs	56	29	-	-	85
Amortisation of computer software license costs	33	3	1	-	37
Amortisation of know-how and trademark	1	-	1	-	2
Depreciation of property, plant and equipment	595	108	411	-	1,114
Fair value (gain)/loss on financial assets, at fair value through profit or loss	(319)	-	84	-	(235)
Gain on sale of financial assets, at fair value through profit or loss	(15)	-	-	-	(15)
Fair value gain on derivative financial instruments	(19)	-	-	-	(19)
Recovery of trade bad debts previously written off	(33)	-	-	-	(33)
Loss allowance on trade receivables (third parties)	4	3	20	-	27
Loss allowance on non-trade receivables (associated company)	-	-	69	-	69
Cost of inventories	304,719	53,725	1,597	-	360,041
Employee benefits expense	12,830	1,692	1,468	-	15,990

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Segment information (continued)

4.1 Operating segments (continued)

The Group	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Inter-segment eliminations US\$'000	Total US\$'000
6 months ended 30 June 2024					
Sales – external	364,120	39,889	3,521	(32,814)	374,716
Segment results – operating profit/(loss)	749	(1,893)	940	-	(204)
Unallocated loss	(1)	-	-	-	(1)
Finance income	174	309	932	(511)	904
Finance expense	(5,156)	(1,086)	(736)	511	(6,467)
Share of results of associated companies (after income tax)	31	41	-	-	72
(Loss)/profit before income tax	(4,203)	(2,629)	1,136	-	(5,696)
Income tax expense					(495)
Loss after income tax					(6,191)
Segment assets	352,813	49,954	59,181	(84,042)	377,906
Investments in associated companies	1,490	1,309	-	-	2,799
Deferred income tax assets					1,405
Consolidated total assets					382,110
Segment liabilities	94,557	26,247	50,413	(84,042)	87,175
Borrowings	130,725	21,697	16,524	-	168,946
Current and deferred income tax liabilities					1,889
Consolidated total liabilities					258,010
Capital expenditure on property, plant and equipment	15	130	382	-	527
Amortisation of computer software license costs	24	-	8	-	32
Amortisation of trademark and know-how	1	-	1	-	2
Depreciation of property, plant and equipment	976	113	336	-	1,425
Fair value (gain)/loss on financial assets, at fair value through profit or loss	(316)	-	99	-	(217)
Gain on sale of financial assets, at fair value through profit or loss	(163)	-	-	-	(163)
Fair value loss/(gain) on derivative financial instruments	107	(82)	-	-	25
Fair value accounting loss on reverse takeover of investment in subsidiaries	-	245	-	-	245
(Reversal of loss allowance)/loss allowance on trade receivables (third parties)	8	-	(59)	-	(51)
Cost of inventories	308,550	37,295	990	-	346,835
Employee benefits expense	12,602	1,315	1,299	-	15,216

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Segment information (continued)

4.2 Geographical segments

The geographical segments comprised six broad primary geographic areas, namely: Southeast Asia and India [consisting of Singapore (the home and principal operating country of the Group), Malaysia, Thailand, Philippines, Vietnam, Indonesia and India], Hong Kong, China, South Korea, Taiwan and Japan which reflect the current business process and monitoring in these primary geographic business segments in which the Group operates in.

All geographic locations, except Japan, are engaged in the electronic components distribution business.

Consumer products distribution business is located in Southeast Asia and India (comprising mainly Singapore, Malaysia, Thailand, Philippines, Vietnam and Indonesia) and Japan.

Other businesses in Southeast Asia and India (mainly Singapore, Malaysia and Thailand) and Taiwan include, hospitality and healthcare solutions, assembly and distribution of medical devices and ethylene oxide sterilization, project financing in the form of leasing, hire purchase, factoring and loan, trading and distribution of fast-moving consumer goods, communications and power line construction, investment holding and trading, and rental of investment properties.

Sales are based on the geographical area in which the entities are located. Non-current assets are shown by the geographical area where the assets are located.

	Sales		Non-current assets ⁽¹⁾	
	6 months	6 months	30 June	31 December
	ended 30	ended 30	2025	2024
	June 2025	June 2024	US\$'000	US\$'000
The Group	US\$'000	US\$'000		
Southeast Asia and India	101,776	103,403	10,881	10,644
Hong Kong	171,343	163,107	2,685	3,141
China	74,952	68,026	11,956	11,828
South Korea	24,119	20,736	4,076	3,800
Taiwan	15,736	17,101	9,419	8,373
Japan	4,738	2,343	32	39
Southeast Asia and India - Associated company	-	-	1,258	1,306
Taiwan - Associated company	-	-	1,438	1,446
Total	392,664	374,716	41,745	40,577

Note:

⁽¹⁾ Non-current assets exclude financial assets, at fair value through profit or loss and deferred income tax assets

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

5. Revenue

	The Group	
	6 months ended 30 June 2025 US\$'000	6 months ended 30 June 2024 US\$'000
Sales of goods and services	392,664	374,716
Other operating income	4,489	3,205
Interest income	582	904
	397,735	378,825
Performance obligations satisfied at a point in time		
Sales of goods:		
- Electronic components	332,018	331,915
- Consumer products	56,401	39,704
- Others	4,100	2,903
	392,519	374,522
Performance obligations satisfied over time		
Services rendered	145	194
Total sales of goods and services	392,664	374,716
Other operating income:		
Commission and service income	651	1,121
Rebate income from suppliers	923	1,212
Warehouse management and rental income	59	68
Gain on disposal of property, plant and equipment	38	2
Fair value gain on financial assets, at fair value through profit or loss:		
- listed equity securities	235	217
- derivative financial instruments	19	-
Gain on sale of financial assets, at fair value through profit or loss	15	163
Dividend income from financial assets, at fair value through profit or loss	26	20
Gain on dilution of interests in an associated company	1	-
Recovery of trade bad debts previously written off	33	-
Reversal of loss allowance on trade receivables	-	51
Write-back of allowances for inventory obsolescence	811	-
Government grants received	37	48
Foreign exchange gain (net)	1,453	-
Sundry income	188	303
Total other operating income	4,489	3,205
Interest income:		
Project financing, factoring and leasing	475	716
Bank balances	107	188
Total interest income	582	904

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

6. Profit/(loss) before income tax

	The Group	
	6 months ended 30 June 2025 US\$'000	6 months ended 30 June 2024 US\$'000
This is arrived at after charging:		
Amortisation of computer software license costs*	37	32
Amortisation of trademark and know-how*	2	2
Depreciation of property, plant and equipment*	1,114	1,425
Fair value loss on financial assets, at fair value through profit or loss:		
- derivative financial instruments*	-	25
Loss on dilution of interests in an associated company*	-	1
Fair value accounting loss on reverse takeover of investment in subsidiaries*	-	245
Loss allowance:		
- trade receivables (third parties)*	27	-
- non-trade receivables (associated company)*	69	-
Inventories:		
- cost of inventories recognised as an expense (included in 'cost of sales')	360,041	346,835
- allowances for inventory obsolescence*	-	10
- write-off of inventories*	35	1
Cost of services (included in 'cost of sales')	14	21
Employee benefits expense	15,990	15,216
Rental expense - operating leases (short term lease)	925	770
Freight and handling charges	1,988	1,720
Travelling and transportation expenses	922	962
Sales commission expense	3,442	2,054
Foreign exchange loss (net)*	-	3,069
Other expenses (included in distribution, administrative and other operating expenses)	6,162	5,738
Total cost of sales, distribution, administrative and other operating expenses	390,768	378,126

* Included in "other operating expenses"

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7. Finance expenses

	The Group	
	6 months	6 months
	ended 30	ended 30
	June 2025	June 2024
	US\$'000	US\$'000
Interest expenses:		
Bank borrowings	898	978
Trust receipts	2,520	2,903
Factoring	1,533	1,894
Lease liabilities	65	73
Loan from an associated company	37	37
Loan from a substantial shareholder of the Company	73	93
Others	148	489
Total	5,274	6,467

8. Related party transactions

A related party is a person or entity who is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity and (b) an entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and (viii) the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

8.1 Sales and purchases of goods and services

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

	The Group	
	6 months	6 months
	ended 30	ended 30
	June 2025	June 2024
	US\$'000	US\$'000
With associated companies:		
Sales of goods to an associated company	13	5
Purchases of goods from an associated company	3	4
Rental received from an associated company	33	34
Interest expense paid to an associated company	37	37
With director and substantial shareholder:		
Service fees paid to an entity associated with a Director of the Company	6	-
Service fees paid to an entity associated with an Ex-Director of the Company ⁽¹⁾	-	7
Interest expense paid to a substantial shareholder of the Company ⁽²⁾	73	93

Sales and purchases of goods and services were carried out on commercial terms and conditions as agreed between the parties.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

8. Related party transactions (continued)

Notes:

⁽¹⁾ The Director has ceased to be a Director of the Company on 30 April 2024. The service fees for the six months ended 30 June 2024 were for the period from 1 January 2024 to 30 April 2024.

⁽²⁾ The Company entered into a loan agreement of S\$5,000,000 (US\$3,682,000) with Mr. Goi Seng Hui on 23 May 2024. The loan bore interest at 5.0% per annum and has been fully repaid on 22 May 2025.

8.2 Share options granted to/exercised by Directors of the Company

There were no share options granted to or exercised by Directors of the Company during the financial period ended 30 June 2025 and financial year ended 31 December 2024. There were no outstanding share options granted to the Directors of the Company as at 30 June 2025 and 31 December 2024.

9. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual profit. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	6 months ended 30 June 2025 US\$'000	6 months ended 30 June 2024 US\$'000
Tax expense attributable to profit is made up of:		
Current income tax – Singapore	132	80
Current income tax – Foreign	101	226
	233	306
Deferred income tax	(1)	2
	232	308
Under/(over) provision in preceding financial periods:		
Current income tax	9	51
Deferred income tax	(4)	136
Total	237	495

10. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2025 and 31 December 2024:

	The Group		The Company	
	30 June 2025 US\$'000	31 December 2024 US\$'000	30 June 2025 US\$'000	31 December 2024 US\$'000
Financial assets at amortised cost:				
Cash and bank balances	38,701	38,312	989	771
Trade and other receivables, loans and other receivables	177,477	174,006	64,225	65,084
Deposits	1,644	1,476	-	-
Total	217,822	213,794	65,214	65,855
Financial liabilities at amortised cost:				
Trade and other payables	109,937	104,440	27,809	24,983
Borrowings	164,501	171,954	6,278	9,573
Total	274,438	276,394	34,087	34,556

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

11. Dividends paid

No dividends were paid during the financial periods ended 30 June 2025 and 30 June 2024.

12. Net assets value

	The Group		The Company	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Net assets value per ordinary share based on the existing issued share capital as at the end of the period reported on (in US\$)	14.65 cents	14.07 cents	10.64 cents	10.65 cents

Net assets value per ordinary share as at 30 June 2025 and 31 December 2024 are calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 904,841,914.

13. Trade and other receivables

	The Group		The Company	
	30 June 2025 US\$'000	31 December 2024 US\$'000	30 June 2025 US\$'000	31 December 2024 US\$'000
Trade receivables:				
Third parties	175,474	175,104	-	-
Subsidiaries	-	-	11,535	9,988
	175,474	175,104	11,535	9,988
Loss allowance	(8,951)	(8,890)	(19)	(19)
Net trade receivables	166,523	166,214	11,516	9,969
Other receivables:				
Third parties	11,704	8,594	465	444
Loss allowance	(2,248)	(2,248)	(42)	(42)
	9,456	6,346	423	402
Derivative financial instruments	-	13	-	-
	9,456	6,359	423	402
Due from:				
Subsidiaries	-	-	32,490	30,608
Associated companies	2,716	2,590	301	292
Joint venture	2,757	2,613	-	-
	5,473	5,203	32,791	30,900
Loss allowance	(3,975)	(3,757)	(3,963)	(3,963)
	1,498	1,446	28,828	26,937
Net other receivables	10,954	7,805	29,251	27,339
Total	177,477	174,019	40,767	37,308

The Group has an unconditional right to consideration in exchange for goods or services that it has transferred to its customers. Accordingly, the Group has no contract asset as defined in SFRS(I) 15 and records the amounts of consideration as trade receivables for its sales arrangements with the customers.

The Group generally grants a credit period that ranges from 0 to 90 days to its customers. Trade receivables are recognised initially at the amounts of consideration that are unconditional unless they contain significant financing components, of which they will be recognised at fair value. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

13. Trade and other receivables (continued)

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit exposure to an individual counterparty is restricted by credit limit that is approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective heads of operation, and finance department and at the Group level by the corporate finance and management team.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables amounting to US\$2,369,000 (31 December 2024: US\$2,060,000) is mitigated because these are secured by properties and personal guarantee. The Group is not permitted to sell or repledge the properties in the absence of default.

The Group purchases credit insurance to reduce credit risk from extension of credit to the majority of its customers in the electronic components distribution business and certain customers in the consumer products distribution business.

The Group's trade receivables include note receivables amounting to US\$1,908,000 (31 December 2024: US\$8,509,000) which mature within six months from 30 June 2025 (31 December 2024: six months from 31 December 2024).

The Group's and the Company's other receivables (including amounts due from subsidiaries, associated companies and joint venture) are considered to have low credit risk as there is no significant increase in the risk of default on the receivables since initial recognition. The loss allowance is measured at an amount equal to 12-month expected credit loss which reflects the low credit risk of the exposures, except for amounts of US\$6,223,000 (31 December 2024: US\$6,005,000), of the Group and amounts of US\$4,005,000 (31 December 2024: US\$4,005,000) of the Company, which are measured based on lifetime expected credit loss in line with the significant change in credit risk of the debtors. In addition, the Group's other receivables of US\$1,575,000 (31 December 2024: US\$1,575,000) are further secured by property collateral and a personal guarantee.

14. Inventories

	The Group	
	30 June 2025 US\$'000	31 December 2024 US\$'000
Finished goods	118,006	121,048
Work in progress	331	43
Raw materials	1,190	1,168
Total	119,527	122,259

During the financial period, the Group wrote back allowances for inventory obsolescence amounting to US\$811,000 (30 June 2024: provided allowances for inventory obsolescence of US\$10,000).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

15. Financial assets, at fair value through profit or loss

	The Group	
	30 June 2025 US\$'000	31 December 2024 US\$'000
Current	4,854	9,676
Non-current	21,757	20,373
	26,611	30,049
Comprised:		
Current		
Trade receivables ⁽¹⁾	4,854	9,676
Non-current		
Listed equity securities:		
Singapore	125	148
South Korea	1,097	816
Taiwan	635	607
	1,857	1,571
Unlisted equity securities:		
Singapore	391	368
Cayman Islands	12,507	11,736
	12,898	12,104
Preference shares:		
Singapore	5,077	4,759
Thailand	1,925	1,925
	7,002	6,684
Derivative receivables – Singapore	-	14
	-	14
	21,757	20,373
Total	26,611	30,049

Note:

⁽¹⁾Trade receivables which are subjected to factoring agreements arrangement with banks to obtain bank financing are categorised under “Financial assets, at fair value through profit or loss” as they do not meet the criteria of trade receivables for measurement at either amortised cost or fair value through other comprehensive income under the SFRS(I) 9, as the objective of the Group’s business model is achieved by selling these assets to banks.

16. Property, plant and equipment

During the financial period, the Group acquired property, plant and equipment amounting to US\$189,000 (30 June 2024: US\$527,000), of which US\$83,000 (30 June 2024: US\$330,000) were related to right-of-use assets. Cash payments of US\$106,000 (30 June 2024: US\$197,000) were made to purchase property, plant and equipment.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

17. Investment properties

	The Group	
	30 June	31 December
	2025	2024
	US\$'000	US\$'000
Beginning of financial period	6,463	6,423
Additions	-	316
Fair value gain	-	61
Currency translation differences	645	(337)
End of financial period	7,108	6,463

17.1 Valuation

Investment properties are carried at fair value, determined annually by independent professional valuers based on the investment properties' highest-and-best use value using the Direct Market Comparison Method and if required, with appropriate adjustments, taking into consideration factors, such as location, date of transaction and size of property. Changes in fair values are recognised in the consolidated statement of profit or loss.

18. Intangible assets

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Goodwill arising from acquisition of subsidiaries	3,215	3,119	-	-
Computer software license costs	219	166	17	24
Trademark and know-how	30	29	-	-
Total	3,464	3,314	17	24

Goodwill arising from acquisition of subsidiaries comprised those arising from the Group's electronic components distribution subsidiaries in Hong Kong and China amounting to US\$1,656,000 (31 December 2024: US\$1,656,000) and the Group's other businesses' subsidiary in Singapore amounting to US\$1,559,000 (31 December 2024: US\$1,463,000). No impairment charges was made during the financial period (30 June 2024: Nil).

During the financial period ended 30 June 2025, the Group acquired computer software license costs amounting to US\$85,000 (30 June 2024: Nil).

19. Trade and other payables

	The Group		The Company	
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	US\$'000	US\$'000	US\$'000	US\$'000
Current				
Trade payables – third parties	85,260	84,162	-	-
Other payables and accrued operating expenses	17,458	15,654	1,108	817
Contract liabilities	6,206	3,611	-	-
Derivative financial instruments	80	-	-	-
Due to subsidiaries	-	-	10,651	8,275
Due to an associated company	1,013	1,013	1,013	1,013
Financial guarantee contracts	-	-	514	514
Total	110,017	104,440	13,286	10,619

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

20. Borrowings

	The Group		The Company	
	30 June 2025 US\$'000	31 December 2024 US\$'000	30 June 2025 US\$'000	31 December 2024 US\$'000
Amount repayable within one year or on demand:				
Secured	25,620	29,869	-	5,891
Unsecured	128,243	139,057	-	3,682
	153,863	168,926	-	9,573
Amount repayable after one year:				
Secured	9,525	1,608	6,278	-
Unsecured	1,113	1,420	-	-
	10,638	3,028	6,278	-
Total	164,501	171,954	6,278	9,573

20.1 Details of any collateral

- (i) A term loan of the Company amounting to US\$6,278,000 (31 December 2024: US\$5,891,000) which was re-financed to be payable on 31 May 2027, is secured by 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.
- (ii) Bank borrowing of US\$75,000 (31 December 2024: US\$102,000) due by a wholly owned Malaysia subsidiary, Serial Microelectronics Sdn. Bhd., to partially finance the acquisition of its freehold building in Malaysia is secured by a first legal mortgage of the property.
- (iii) Bank borrowing of US\$3,519,000 (31 December 2024: US\$3,264,000) due by a wholly owned Taiwan subsidiary, Serial Investment (Taiwan) Inc., to partially finance the acquisition of its freehold building in Taiwan and for working capital is secured by a first legal mortgage of the property. In addition, bank borrowing of US\$2,927,000 (31 December 2024: US\$1,580,000) due by Serial Investment (Taiwan) Inc. for working capital, is secured by cash security deposit of US\$755,000 (31 December 2024: US\$642,000) placed with the financial institution.
- (iv) Bank borrowing of US\$7,216,000 (31 December 2024: US\$5,995,000) due by a wholly owned South Korea subsidiary, Serial Microelectronics Korea Limited for working capital, is secured by a first legal mortgage of its freehold land and building in South Korea.
- (v) Bank borrowing of US\$15,130,000 (31 December 2024: US\$14,645,000) due by a 91.0%-owned China subsidiary, Serial Microelectronics (Shenzhen) Co., Ltd for working capital, is secured by a first legal mortgage of its leasehold buildings in Shenzhen, Shanghai and Beijing, China.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

20. Borrowings (continued)

20.2 Loan compliance

The Group regularly monitors its compliance with the covenants and is up to date with the scheduled repayments of the borrowings. As at 30 June 2025, the Group complied with covenants entered with various banks, except for certain banks, which have the right to call for immediate repayment of the outstanding borrowings of US\$7,141,000 (31 December 2024: US\$7,586,000), included in current borrowings. As at the date of this report, the borrowings of US\$3,827,000 have been repaid and the bank has not called for any immediate repayment for the remaining amount of US\$3,314,000. The Group's subsidiaries have been servicing the repayment of the borrowings and its interests as and when they fall due and the utilisation of the borrowing facilities continues as usual as at the date of this report.

21. Share capital and treasury shares

	Issued number of shares		Total share capital	
	Share capital '000	Treasury shares '000	Share capital US\$'000	Treasury shares US\$'000
The Group and The Company				
2025				
At 1 January 2025 and 30 June 2025	905,788	(946)	72,648	(70)
2024				
At 1 January 2024 and 31 December 2024	905,788	(946)	72,648	(70)

There were no ordinary shares issued since the end of the financial year ended 31 December 2024.

There were no outstanding share options as at 30 June 2025 and 31 December 2024.

There were no purchase, sale, transfer, disposal, cancellation and use of treasury shares and subsidiary holdings during the six months ended 30 June 2025.

OTHER INFORMATION

22. Review

The condensed interim statements of financial position of Serial System Ltd and its subsidiaries as at 30 June 2025 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six month period then ended and certain explanatory notes have not been audited or reviewed by the auditors.

23. Earnings/(loss) 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.

	Half Year Ended	
	30 June 2025	30 June 2024
Based on the weighted average number of ordinary shares in issue (in US\$); and	0.09 cent	(0.57) cent
On a fully diluted basis (in US\$)	0.09 cent	(0.57) cent

Earnings/(loss) per ordinary share on existing issued share capital are computed based on the weighted average number of shares in issue during the six months ended 30 June 2025 of 904,841,914 (30 June 2024: 904,841,914).

Earnings/(loss) per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue during the six months ended 30 June 2025 of 904,841,914 (30 June 2024: 904,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

There were no potential dilutive ordinary shares for the financial periods ended 30 June 2025 and 30 June 2024.

OTHER INFORMATION

24. **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.

Condensed Interim Consolidated Statement of Profit or Loss

The Group recorded turnover of US\$392.7 million for the six months ended 30 June 2025 ("1H2025"), an increase of 5% compared to US\$374.7 million for the same period last year ("1H2024").

Turnover for the electronic components distribution business increased marginally by 0.03% to US\$332.0 million in 1H2025. Hong Kong and China recorded higher sales in the household appliances, automotive and mobile sectors, benefiting from the Chinese government's consumer goods trade-in initiative, and increase in demand for AI-related products. South Korea also recorded higher sales from increase in demand from a product line to existing and new customers in the automotive sector. These increases were substantially offset by lower sales recorded under Southeast Asia and India, mainly due to End-Of-Life of a product by supplier and surplus inventories held by the related customers, and reduction in sales to a customer, impacted by financial challenges faced by our supplier. Taiwan also reported lower sales due to sluggish domestic and export demand for its customers' products.

Turnover for the consumer products distribution business increased by 42% to US\$56.4 million in 1H2025, driven by strong sales in Malaysia, particularly in gaming, computing, data center, and AI-related product lines, and Thailand, supported by expansion in its range of computer peripherals. Sales of 3D printers and accessories by a Singapore subsidiary declined as its products faced intense market competition.

Turnover for other businesses increased by 37% to US\$4.2 million in 1H2025 mainly attributed to higher revenue from the hospitality and healthcare solutions and medical devices assembly and distribution businesses.

Overall gross profit margin increased by 0.9 percentage point to 8.3% from 7.4% in 1H2024. The improvement was attributed to higher margin achieved by the electronic components distribution business as the Group focused its sales on higher-margin products and customers. The consumer products distribution business in Malaysia also posted higher margin in 1H2025 from better product margin in the gaming, computing, data center, and AI-related segments. However, other regions in the consumer products distribution business recorded lower margin due to intense market competition in a challenging operating environment.

Other operating income increased by US\$1.3 million or 40% to US\$4.5 million in 1H2025. The increase was mainly due to net foreign exchange gain of US\$1.5 million and write-back of allowances for inventory obsolescence amounting to US\$0.8 million, as opposed to net foreign exchange loss of US\$3.1 million and allowances for inventory obsolescence of US\$0.01 million recorded under "Other Operating Expenses" in 1H2024. These increases were partially offset by lower commission and service income earned of US\$0.5 million, lower rebate income earned from suppliers of US\$0.3 million and lower gain on sale of financial assets, at fair value through profit or loss of US\$0.1 million in 1H2025.

Interest income decreased by US\$0.3 million or 36% to US\$0.6 million in 1H2025, mainly due to lower project financing and factoring income earned by the Group's Thailand subsidiaries from reduction in government-related projects in 1H2025.

Distribution expenses increased by US\$2.2 million or 12% to US\$20.0 million in 1H2025, mainly due to higher sales commission expense, freight and handling charges, storage charges, staff and related costs and trade credit insurance cost associated with the electronic components distribution business.

Administrative expenses decreased marginally by US\$0.02 million or 1% to US\$4.7 million in 1H2025, mainly due to lower office rental and utility costs and donation expense. The decrease was substantially offset by higher professional and statutory fees arising from the Group's Singapore Exchange Catalyst-listed, Serial Achieva Limited.

Finance expenses decreased by US\$1.2 million or 18% to US\$5.3 million in 1H2025, mainly due to overall lower interest rates this period as compared to 1H2024.

Other operating expenses decreased by US\$2.7 million or 31% to US\$6.1 million in 1H2025. The decrease was mainly due to foreign exchange gain (net) of US\$1.5 million recorded under "Other Operating Income" as opposed to foreign exchange loss (net) of US\$3.1 million in 1H2024 and lower depreciation charges on property, plant and equipment of US\$0.3 million. These decreases were partially offset by higher staff and related costs of US\$0.6 million and loss allowance on trade and non-trade receivables of US\$0.1 million provided in 1H2025.

Condensed Interim Consolidated Statement of Profit or Loss (continued)

The Group's associated companies contributed net loss of US\$29,000 as compared to net profit of US\$72,000 in 1H2024. The Group shared loss of US\$55,000 from 15.90%-owned PT Sentral Mitra Informatika Tbk (1H2024: profit of US\$41,000), partially offset by share of profit of US\$26,000 from 13.53%-owned Bull Will Co., Ltd. (1H2024: profit of US\$31,000).

The Group reported net profit of US\$0.8 million in 1H2025, as compared to net loss of US\$5.2 million in 1H2024. The improvement in results was mainly attributable to foreign exchange gain (net) of US\$1.5 million as opposed to foreign exchange loss (net) of US\$3.1 million in 1H2024, write-back of allowances for inventory obsolescence of US\$0.8 million and lower finance expenses of US\$1.2 million in 1H2025.

Condensed Interim Statements of Financial Position

Trade and other receivables increased by US\$3.5 million (net of factored trade receivables) to US\$177.5 million as at 30 June 2025. The Group's Hong Kong and China, and South Korea electronic components distribution subsidiaries and Thailand consumer products distribution subsidiary recorded higher trade receivables in line with higher sales. This was substantially offset by reduction in trade receivables due to payment from its customer of the Group's Singapore consumer products distribution subsidiary which has ceased its business during 1H2025. Other receivables increased by US\$3.2 million mainly due to higher value-added tax receivables by the Group's China electronic components distribution subsidiary and Thailand consumer products distribution subsidiary in 1H2025. Average turnover days for trade receivables increased to 81 in 1H2025 from 78 in FY2024.

Inventories decreased by US\$2.7 million to US\$119.5 million as at 30 June 2025. This was mainly due to lower inventories held and purchased by the Group's Hong Kong and Singapore electronic components distribution subsidiaries from more prudent inventory management. The decrease was partially offset by higher inventories purchased by the Group's Thailand consumer products distribution subsidiary in anticipation of higher sales from its increased product lines and ranges. Average turnover days for inventories reduced to 61 in 1H2025 from 62 in FY2024.

Financial assets, at fair value through profit or loss (current assets) decreased by US\$4.8 million to US\$4.9 million as at 30 June 2025. This was due to reduction in factored trade receivables which were included in this asset category.

Other current assets of US\$11.0 million as at 30 June 2025 comprised mainly prepayments to suppliers for purchase of inventories of US\$7.7 million, office rental deposits of US\$0.3 million and other prepaid operating and financial expenses of US\$3.0 million. The increase of US\$5.6 million when compared to 31 December 2024 was mainly due to higher prepayments to suppliers for purchase of inventories of US\$3.7 million and higher other prepaid operating and financial expenses of US\$1.9 million, mainly attributed to the Group's Hong Kong and China, and South Korea electronic components distribution subsidiaries.

Financial assets, at fair value through profit or loss (non-current assets) increased by US\$1.4 million to US\$21.8 million as at 30 June 2025, mainly due to net fair value gain in the Group's investments in listed equity securities of US\$0.2 million and currency translation gain of US\$1.2 million.

Investment properties increased by US\$0.6 million to US\$7.1 million as at 30 June 2025, mainly due to currency translation gain of US\$0.6 million.

Trade and other payables increased by US\$5.6 million to US\$110.0 million as at 30 June 2025. Trade payables of the Group's Hong Kong and China, and South Korea electronic components distribution subsidiaries, and Thailand and Malaysia consumer products distribution subsidiary increased due to higher purchases and/or longer payment days to certain suppliers. This increase was substantially offset by reduction in trade payables due to payment to its supplier of the Group's Singapore consumer products distribution subsidiary which has ceased its business during 1H2025. Other payables increased by US\$4.5 million mainly due to higher deposits received from customers and higher custom tax accrued by the Group's Hong Kong and China electronic components distribution subsidiaries. Average payment days for trade payables increased to 43 in 1H2025 from 32 in FY2024.

As at 30 June 2025, the Group's current ratio (current assets divided by current liabilities) was 1.33 (31 December 2024: 1.28).

Condensed Interim Statements of Financial Position (continued)

Borrowings decreased by US\$7.5 million to US\$164.5 million as at 30 June 2025. This was mainly due to lower bank borrowings by the Group's Hong Kong and China electronic components distribution subsidiaries as a result of better management of working capital. The reduction was also attributed to a repayment of an interest-bearing loan amounting to S\$5.0 million (US\$3.9 million) [31 December 2024: S\$5.0 million (US\$3.7 million)] to a substantial shareholder of the Company, Mr. Goi Seng Hui. The Company's current portion of a term loan amounting to US\$6.3 million (31 December 2024: US\$5.9 million) was reclassified to non-current borrowings as at 30 June 2025 upon extension of the maturity of the term loan from 30 May 2025 to 31 May 2027.

As at 30 June 2025, the Group's net gearing ratio was 90.0% (31 December 2024: 100.2%). The net gearing ratio was derived as net debts (total borrowings minus cash and cash equivalents) divided by total equity. The decrease was mainly due to reduction in total borrowings in 1H2025.

Currency translation reserve increased by US\$4.4 million to US\$4.8 million as at 30 June 2025, mainly due to increase in the value of the Group's investments in its Singapore, South Korea, Taiwan and Thailand subsidiaries, arising from the weakening of the United States Dollar against these subsidiaries' functional currencies of Singapore Dollar, Korean Won, Taiwan Dollar and Thailand Baht respectively.

Foreign exchange management

The Group's financial statements are presented in United States Dollar, which is also the functional and presentation currency of the Company. The Company has foreign exchange hedging policies for the Group's subsidiaries with significant exposure to foreign currencies in Chinese Renminbi, Malaysian Ringgit, Thailand Baht, Japanese Yen and Singapore Dollar. These policies were discussed and concurred by the Audit Committee of the Company. For 1H2025, approximately US\$1.2 million of the foreign exchange gain (net), was unrealised, and accounted for 80% of the total foreign exchange gain (net) of US\$1.5 million. This foreign exchange gain arose mainly from the United States Dollar inter-company payables due by the China and Thailand subsidiaries whose respective currencies have strengthened against the United States Dollar during 1H2025. The Group monitored on a daily basis the direction of these currencies to make decision whether to enter into foreign exchange forward contract and/or spot transactions to mitigate its currency exposures. As the cash flows from these subsidiaries to repay the United States Dollar inter-company payables from collections of trade receivables and sales of inventories are not certain, the Group enters into foreign exchange forward contract and/or spot transactions in accordance to its monthly requirements for United States Dollar, rather than hedging the entire amount of the United States Dollar inter-company payables exposure with these subsidiaries.

Short-term financial obligations

The Board after taking into consideration the Group's cash and cash equivalents, the cash flows generated from its operating activities, the net current assets and continued support from the Group's lenders and vendors, is of the opinion that the Group is able to meet its short term financial obligations due within the next 12 months.

Contingent liability

In FY2024, the Company's wholly-owned subsidiary, Serial Microelectronics Pte Ltd ("SMPL"), received protective tax assessment notice from the Inland Revenue Authority of Singapore ("IRAS") amounting to S\$1,038,000 (US\$810,000) for the year of assessment 2019 ("YA2019") ("Unitron YA2019 Protective Tax Assessment").

The Unitron YA2019 Protective Tax Assessment notice relates to the marked to market fair value gain of US\$4,454,000 from SMPL's 7.15% equity investment in Unitron Tech Co., Limited ("Unitron"), a South Korea company listed in February 2016 on the Korean Securities Dealers Automated Quotations of the Korean Exchange. SMPL has treated the gain as capital in nature as opposed to trading gain on the grounds that the investment has been held for long term strategic purposes since March 2004 and not for trading sale.

On 25 March 2025, IRAS, following review of the objection letter, together with supporting information submitted by SMPL's tax advisor in December 2024, maintained its view that the marked to market fair value gain of US\$4,454,000 from SMPL's investment in Unitron is on revenue account. Pending further resolution on this and related tax matters, the existing tax assessment for the Unitron's YA2019 Protective Tax Assessment stands. SMPL will continue to work with its tax advisor to provide additional information to resolve the outstanding matters on the marked to market fair value gain on the investment in Unitron with IRAS.

No provision for the Unitron's YA2019 Protective Tax Assessment has been made in the financial statements for the financial year ended 31 December 2024 and the financial period ended 30 June 2025.

OTHER INFORMATION

- 25. 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.

- 26. 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 semiconductor industry in Asia where the Group operates, remains influenced by evolving geopolitical and economic developments. Since February 2025, potential additional U.S. tariffs on semiconductor and equipment from Asia and continued export restrictions on advanced technologies to China, the Group's biggest market, have added complexity to global supply chains and can impact demand. Persistent inflationary pressures, currency volatility, and interest rate uncertainties continue to weigh on operating costs. Nevertheless, China's ongoing investments to achieve semiconductor self-sufficiency will continue to create new partnership opportunities as well as expand our businesses with existing Chinese semiconductor suppliers. On the demand side, structural growth in artificial intelligence, cloud computing, electric vehicles and renewable energy sectors continues to support semiconductor consumption. The Group remains focused on broadening its product portfolio in these high-growth segments and enhancing our capabilities in AI-related solutions and strategic technologies.

The Group's consumer products distribution businesses in Malaysia and Thailand remain challenging and competitive, impacted by cautious consumer sentiment, inflation and the growing influence of e-commerce. The Group, through its listed entity, Serial Achieva Limited, will continue to expand its range of product offerings and enhance its portfolio in high-growth areas like gaming, cloud storage, and AI solutions. At the same time, it plans to extend its presence in Southeast Asia markets, beyond Malaysia and Thailand through strategic partnerships and acquisitions. These initiatives are aimed at growing and diversifying revenue streams and reducing market concentration risks.

The Group will continue to exercise prudence in managing operational and financial risks posed by tariffs, trade restrictions and economic volatility. Key priorities include tight inventory and credit management, as well as disciplined cash flow planning.

- 27. 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

- 28. If no dividend has been declared/recommendeded, a statement to that effect.**

No interim dividend has been declared or recommended for the current financial period reported on as the Board of Directors of the Company deemed it necessary to preserve cash for working capital requirements, taking into consideration the current uncertain and challenging financial and economic conditions.

OTHER INFORMATION

29. **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.

30. **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 of the SGX-ST.

31. **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 half year interim financial results for the period ended 30 June 2025 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Derek Goh Bak Heng
Executive Chairman and Group Chief Executive Officer
7 August 2025