



SERIAL SYSTEM LTD

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

Unaudited Full Year Financial Statement And Dividend Announcement for the Period Ended 31 December 2018

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			Year-To-Date		
		Fourth Quarter 4Q2018 US\$'000	4Q2017 US\$'000		31/12/2018 US\$'000	31/12/2017 US\$'000	
Sales		327,617	390,100	-16%	1,527,107	1,492,204	2%
Cost of sales		(304,230)	(361,720)	-16%	(1,408,498)	(1,387,085)	2%
Gross profit		23,387	28,380	-18%	118,609	105,119	13%
Gross profit margin		7.1%	7.3%	-0.2 pt	7.8%	7.0%	0.8 pt
Other income:							
Other operating income		733	1,949	-62%	24,490	5,959	311%
Expenses:							
Distribution		(11,318)	(11,989)	-6%	(53,301)	(48,830)	9%
Administrative		(2,934)	(3,728)	-21%	(17,303)	(13,051)	33%
Finance		(3,834)	(2,930)	31%	(14,318)	(10,290)	39%
Other		(6,063)	(10,081)	-40%	(33,136)	(22,756)	46%
Total expenses		(24,149)	(28,728)	-16%	(118,058)	(94,927)	24%
		(29)	1,601	NM	25,041	16,151	55%
Share of results of associated companies (after income tax)		(53)	56	NM	(335)	(446)	-25%
Share of loss of joint venture (after income tax)		(314)	(62)	406%	(543)	(34)	1,497%
(Loss)/profit before income tax	1	(396)	1,595	NM	24,163	15,671	54%
Income tax expense	2	543	(472)	NM	(5,706)	(4,125)	38%
Profit after income tax		147	1,123	-87%	18,457	11,546	60%
Attributable to:							
Equity holders of the Company		156	358	-56%	17,655	9,550	85%
Non-controlling interests		(9)	765	NM	802	1,996	-60%
		147	1,123	-87%	18,457	11,546	60%

Notes :

1. (Loss)/profit before income tax

	The Group					
	Fourth Quarter			Year-To-Date		
	4Q2018	4Q2017	%	31/12/2018	31/12/2017	%
	US\$'000	US\$'000		US\$'000	US\$'000	
(Loss)/profit from operations is arrived at after charging/(crediting) :-						
a. Depreciation and amortisation	973	742	31	3,196	2,793	14
b. Amortisation of distribution rights	4	4	-	14	14	-
c. Property, plant and equipment written off	-	-	NM	3	5	-40
d. (Gain)/loss on disposal of property, plant and equipment	(26)	12	NM	(13)	18	NM
e. Fair value loss on investment property	-	9	-100	-	9	NM
f. Fair value gain on convertible bond	(941)	-	NM	(941)	-	NM
g. Fair value loss on financial assets, at FVPL	1,093	-	NM	2,560	8	31,900
h. Gain on sale on financial assets, at FVPL	-	-	NM	(3)	-	NM
i. Dividend income from financial assets, at FVPL	-	-	NM	(47)	-	NM
j. Dividend income from financial assets, available-for-sale	-	30	NM	-	(94)	NM
k. Impairment loss on financial assets, available-for-sale	-	1,424	NM	-	1,444	NM
l. Impairment losses on goodwill arising from acquisition of subsidiaries	-	220	NM	4,526	900	403
m. Reversal of contingent consideration payable for acquisition of a subsidiary in previous financial year	-	(672)	NM	-	(672)	NM
n. Gain on disposal/closure of subsidiaries	-	(64)	NM	-	(105)	NM
o. Adjustment to gain/(gain) on disposal of an associated company	1,448	-	NM	(18,258)	-	NM
p. Gain on dilution of interests in an associated company	-	-	NM	-	(24)	NM
q. Impairment losses on investments in associated companies	-	-	NM	5,437	-	NM
r. Currency translation loss/(gain) (net)	404	(95)	NM	4,075	331	1,131
s. Currency translation reserve realised to income statement upon repayment of inter-company long term loans	-	(236)	NM	-	20	NM
t. Loss on derivative financial instruments	545	180	203	300	60	400
u. Fair value loss on derivative financial instruments	666	333	100	666	333	100
v. Allowance for impairment losses on trade receivables	422	3,802	-89	1,450	4,125	-65
w. Allowance for impairment losses on other receivables	136	-	NM	651	-	NM
x. (Write-back)/allowance for inventory obsolescence	(113)	966	NM	(1,748)	2,222	NM
y. Write-off of inventories	210	242	-13	335	403	-17
z. Hong Kong IPO expenses	(511)	549	NM	3,082	549	461
aa. Interest income	(747)	(465)	61	(2,264)	(1,571)	44

2. Income tax expense	Fourth Quarter			Year-To-Date		
	4Q2018	4Q2017	%	31/12/2018	31/12/2017	%
	US\$'000	US\$'000		US\$'000	US\$'000	
(Over)/under provision in preceding financial years						
- Current income tax	(1,068)	(1,139)	-6	(287)	(1,324)	-78
- Deferred income tax	-	275	NM	-	275	NM
	(1,068)	(864)	24	(287)	(1,049)	-73

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					
	Fourth Quarter			Year-To-Date		
	4Q2018 US\$'000	4Q2017 US\$'000		31/12/2018 US\$'000	31/12/2017 US\$'000	
Net profit after income tax	147	1,123	-87%	18,457	11,546	60%
Other comprehensive (loss)/income for the period:						
Items that will not be reclassified subsequently to profit or loss:						
Defined benefit plans' actuarial (loss)/gain	(57)	108	NM	(57)	108	NM
	(57)	108	NM	(57)	108	NM
Items that may be reclassified subsequently to profit or loss:						
Net gain/(loss) on fair value changes on financial assets, available-for-sale	-	413	NM	-	(660)	NM
Impairment loss on financial asset, at FVOCI	(742)	-	NM	(742)	-	NM
Cumulative loss reclassified from equity on impairment of financial asset, available-for-sale	-	1,444	NM	-	1,444	NM
Share of associated companies' other comprehensive income/(loss)	97	505	-81%	(365)	532	NM
Share of an associated company's other comprehensive income reclassified from equity upon disposal	-	-	NM	269	-	NM
Share of joint venture's other comprehensive (loss)/income	(2)	126	NM	(78)	126	NM
Currency translation differences	(447)	3,529	NM	(5,486)	9,453	NM
	(1,094)	6,017	NM	(6,402)	10,895	NM
Other comprehensive (loss)/income for the period	(1,151)	6,125	NM	(6,459)	11,003	NM
Total comprehensive (loss)/ income for the period	(1,004)	7,248	NM	11,998	22,549	-47%
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(990)	6,790	NM	11,492	20,601	-44%
Non-controlling interests	(14)	458	NM	506	1,948	-74%
	(1,004)	7,248	NM	11,998	22,549	-47%

NM – Not Meaningful

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	
	31/12/2018 US\$'000	31/12/2017 ⁽¹⁾ US\$'000	31/12/2018 US\$'000	31/12/2017 ⁽¹⁾ US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	59,180	73,080	8,057	8,478
Trade and other receivables	181,161	223,510	18,418	15,703
Inventories	144,995	168,465	-	-
Financial assets, at FVPL	70,953	810	-	-
Other current assets	2,232	2,733	261	158
	458,521	468,598	26,736	24,339
Non-current assets				
Loans and receivables	1,667	-	34,970	41,370
Financial assets, at FVPL ⁽²⁾	3,506	-	-	-
Financial assets, at FVOCI ⁽²⁾	1,995	-	-	-
Financial assets, available-for-sale ⁽²⁾	-	6,894	-	-
Investments in associated companies	3,742	18,375	1,390	1,936
Investment in joint venture	1,815	2,436	-	-
Investments in subsidiaries	-	-	68,653	72,789
Property, plant and equipment	35,323	37,630	720	355
Investment properties	4,402	4,534	-	-
Intangible assets	9,062	13,809	58	248
Other assets	566	1,171	-	-
Deferred income tax assets	481	841	-	-
	62,559	85,690	105,791	116,698
Total Assets	521,080	554,288	132,527	141,037
LIABILITIES				
Current liabilities				
Trade and other payables	156,621	165,444	13,766	21,739
Current income tax liabilities	3,438	2,861	163	106
Borrowings	211,443	229,242	6,496	2,395
	371,502	397,547	20,425	24,240
Non-current liabilities				
Other payables	-	-	12,028	2,585
Borrowings	3,594	10,340	208	6,587
Defined benefit plans liabilities	863	831	-	-
Deferred income tax liabilities	660	555	288	249
	5,117	11,726	12,524	9,421
Total Liabilities	376,619	409,273	32,949	33,661
Net Assets	144,461	145,015	99,578	107,376

	The Group		The Company	
	31/12/2018 US\$'000	31/12/2017 ⁽¹⁾ US\$'000	31/12/2018 US\$'000	31/12/2017 ⁽¹⁾ US\$'000
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	1,276	1,276	180	180
Defined benefit plans reserve	(206)	(149)	-	-
Fair value reserve ⁽³⁾	(742)	4,454	-	-
Revaluation reserve	61	59	-	-
Other reserve	(765)	(765)	-	-
Currency translation reserve ⁽⁴⁾	4,792	10,159	-	-
Retained earnings ⁽³⁾⁽⁴⁾	60,401	50,581	27,486	35,284
	136,729	137,527	99,578	107,376
Non-controlling interests	7,732	7,488	-	-
Total Equity	144,461	145,015	99,578	107,376

(1) Figures have been restated with adoption of the SFRS(I) (see Section 5 below).

(2) Financial assets, at FVPL and Financial assets, at FVOCI were reclassified from financial assets, available-for-sale during the current financial period upon the adoption of SFRS(I) 9 (see Section 5(b) below).

(3) The effect on adoption of the SFRS(I) 9 has resulted in a decrease of US\$4,454,000 in fair value reserve and a corresponding increase in retained earnings of US\$4,454,000 in the opening reserves of the Group as at 1 January 2018 (see Section 5(b) below)

(4) Currency translation reserve and retained earnings for the Group and Company as at 31 December 2017 have been restated with adoption of the SFRS(I) 1 (See Section 5(a) below).

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

Amount repayable in one year or less, or on demand

31/12/2018		31/12/2017	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
US\$'000	US\$'000	US\$'000	US\$'000
8,811	202,632	5,153	224,089

Amount repayable after one year

31/12/2018		31/12/2017	
<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
US\$'000	US\$'000	US\$'000	US\$'000
3,594	-	10,340	-

Details of any collateral

- a) A US\$14.6 million (S\$20 million) four-year term loan with an outstanding balance amounting to US\$6.4 million (31 December 2017: US\$9.0 million) taken up by the Company with a bank is secured with 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.
- b) Bank borrowing of US\$0.4 million (31 December 2017: US\$0.5 million) taken by a wholly owned Malaysia subsidiary, Serial Microelectronics Sdn. Bhd., to part finance the acquisition of a property in Malaysia is secured by a first legal mortgage of the property and guarantee by a subsidiary of the Group.
- c) Bank borrowing of US\$5.1 million (31 December 2017: US\$5.6 million) taken by a wholly owned Taiwan subsidiary, Serial Investment (Taiwan) Inc., to part finance the acquisition of a property in Taiwan and for working capital requirements is secured by a first legal mortgage of the property.
- d) Bank borrowing taken by a wholly owned South Korea subsidiary, Serial Microelectronics Korea Limited, to part finance the acquisition of a property in South Korea and secured by a first legal mortgage of the property, is fully repaid as at 30 June 2018 (31 December 2017: US\$0.4 million).
- e) Finance lease liabilities of US\$0.40 million (31 December 2017: US\$0.09 million) are secured on the Group's assets 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.

	Fourth Quarter		Year-To-Date	
	4Q2018	4Q2017	31/12/2018	31/12/2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	(396)	1,595	24,163	15,671
Adjustments for:				
Amortisation of computer software license costs	64	92	266	338
Amortisation of distribution rights	4	4	14	14
Depreciation of property, plant and equipment	909	650	2,930	2,455
Property, plant and equipment written off	-	-	3	5
(Gain)/loss on disposal of property, plant and equipment	(26)	12	(13)	18
Fair value loss on investment property	-	9	-	9
Fair value gain on convertible bond	(941)	-	(941)	-
Fair value loss on financial assets, at FVPL	1,093	-	2,560	8
Gain on sale of financial assets, at FVPL	-	-	(3)	-
Dividend income from financial assets, at FVPL	-	-	(47)	-
Dividend income from financial assets, available-for-sale	-	30	-	(94)
Impairment loss on financial assets, available-for-sale	-	1,424	-	1,444
Impairment losses on goodwill arising from acquisition of subsidiaries	-	220	4,526	900
Reversal of contingent consideration payable for acquisition of a subsidiary in previous financial year	-	(672)	-	(672)
Gain on disposal/closure of subsidiaries	-	(64)	-	(105)
Adjustment to gain/(gain) on disposal of an associated company	1,448	-	(18,258)	-
Gain on dilution of interests in an associated company	-	-	-	(24)
Impairment loss on investments in associated companies	-	-	5,437	-
Fair value loss on derivative financial instruments	666	333	666	333
Provision for defined benefit plans liabilities	136	360	497	972
Interest income	(747)	(465)	(2,264)	(1,571)
Interest expense	3,834	2,930	14,318	10,290
Share of results of associated companies	53	(56)	335	446
Share of loss of joint venture	314	62	543	34
Operating cash flow before working capital changes	6,411	6,464	34,732	30,471
Changes in working capital				
Trade and other receivables	24,123	417	(31,428)	(5,814)
Inventories	4,206	(29,404)	23,425	(13,234)
Other current assets	1,175	447	444	(137)
Other assets (non-current)	(28)	(79)	(8)	(104)
Trade and other payables	(22,803)	(1,236)	(12,028)	(17,345)
Cash from / (used in) operations	13,084	(23,391)	15,137	(6,163)
Income tax paid	(1,659)	(2,808)	(4,475)	(5,175)
Net cash provided by / (used in) operating activities	11,425	(26,199)	10,662	(11,338)

	Fourth Quarter		Year-To-Date	
	4Q2018	4Q2017	31/12/2018	31/12/2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Payments for intangible assets (computer software license costs)	30	(59)	(265)	(102)
Payments for property, plant and equipment	(653)	(412)	(1,885)	(1,115)
Proceeds from disposal of property, plant and equipment	66	(6)	92	5
Proceeds from sale of financial assets, at FVPL	36	-	544	-
Net cash outflow on disposal of subsidiaries	-	(119)	-	(119)
Proceeds from disposal of interests in an associated company	29,053	-	29,053	-
Net cash outflow on acquisition of subsidiaries	-	(29)	-	(100)
Payments for financial assets, at FVPL	-	-	(1,777)	-
Payments for acquisition of interests in a joint venture	-	-	-	(2,344)
Payments for financial assets, at fair value through profit or loss	-	-	-	(7)
Payments for financial assets, at FVOCI	-	-	(1,800)	-
Dividends received from financial assets, at FVPL	-	-	47	-
Dividend received from financial assets, available-for-sale	-	(30)	-	94
Interest received	748	494	2,261	1,543
Net cash provided by / (used in) investing activities	29,280	(161)	26,270	(2,145)
Cash flows from financing activities				
Subscription of interests in subsidiaries by non-controlling interests	20	90	60	679
Payment for acquisition of additional interests in subsidiaries from non-controlling interests	-	(1)	(35)	(1)
Dividends paid	(6,553)	-	(12,289)	(3,005)
Dividend paid to non-controlling interests	(22)	-	(287)	-
Proceeds from bank borrowings	251,540	243,226	969,669	867,155
Proceeds from finance lease liabilities	259	-	351	-
Repayment of bank borrowings	(271,574)	(216,172)	(993,511)	(834,387)
Repayment of finance lease liabilities	(17)	-	(44)	(15)
Increase in pledged deposits	-	(923)	-	(923)
Interest paid	(4,025)	(2,734)	(14,399)	(10,278)
Net cash (used in) / provided by financing activities	(30,372)	23,486	(50,485)	19,225
Net increase / (decrease) in cash and cash equivalents held	10,333	(2,874)	(13,553)	5,742
Cash and cash equivalents at the beginning of the period	47,828	74,505	72,157	65,153
Effect of currency translation on cash and cash equivalents	93	526	(350)	1,262
Cash and cash equivalents at the end of the period	58,254	72,157	58,254	72,157
Reconciliation:				
Cash and cash equivalents per statement of financial position	59,180	73,080	59,180	73,080
Less: Pledged deposits for overdraft facility	(926)	(923)	(926)	(923)
Cash and cash equivalents per consolidated cash flow statement	58,254	72,157	58,254	72,157

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 →										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		
Balance at 1 January 2018 (previously reported)	72,648	(736)	1,276	(149)	4,454	59	(765)	7,476	53,264	137,527	7,488	145,015
Effect of change in accounting policy on adoption of SFRS(I) 1	-	-	-	-	-	-	-	2,683	(2,683)	-	-	-
Effect of change in accounting policy on adoption of SFRS(I) 9	-	-	-	-	(4,454)	-	-	-	4,454	-	-	-
Balance at 1 January 2018 (<i>restated</i>)	72,648	(736)	1,276	(149)	-	59	(765)	10,159	55,035	137,527	7,488	145,015
Total comprehensive income for the period	-	-	-	-	-	-	-	2,253	5,190	7,443	1,181	8,624
Investment in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	-	40	40
Balance at 31 March 2018	72,648	(736)	1,276	(149)	-	59	(765)	12,412	60,225	144,970	8,709	153,679
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(5,091)	2,042	(3,049)	20	(3,029)
One-tier tax-exempt final cash dividend for year 2017	-	-	-	-	-	-	-	-	(3,115)	(3,115)	-	(3,115)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	(265)	(265)
Balance at 30 June 2018	72,648	(736)	1,276	(149)	-	59	(765)	7,321	59,152	138,806	8,464	147,270
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(2,180)	10,267	8,087	(681)	7,406
One-tier tax-exempt interim cash dividend for year 2018	-	-	-	-	-	-	-	-	(2,621)	(2,621)	-	(2,621)
Acquisition of additional interest in a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	-	-	(35)	(35)
Balance at 30 September 2018	72,648	(736)	1,276	(149)	-	59	(765)	5,141	66,798	144,272	7,748	152,020
Total comprehensive (loss)/income for the period	-	-	-	(57)	(742)	2	-	(349)	156	(990)	(14)	(1,004)
One-tier tax-exempt special interim cash dividend for year 2018	-	-	-	-	-	-	-	-	(6,553)	(6,553)	-	(6,553)
Investment in a subsidiary by a non-controlling interest	-	-	-	-	-	-	-	-	-	-	20	20
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	(22)	(22)
Balance at 31 December 2018	72,648	(736)	1,276	(206)	(742)	61	(765)	4,792	60,401	136,729	7,732	144,461

Consolidated Statement of Changes in Equity [cont'd]

	← 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		
Balance at 1 January 2017 <i>(previously reported)</i>	72,648	(736)	1,276	(257)	3,670	59	(771)	(2,683)	46,719	119,925	4,862	124,787
Effect of change in accounting policy on adoption of SFRS(I) 1	-	-	-	-	-	-	-	2,683	(2,683)	-	-	-
Balance at 1 January 2017 <i>(restated)</i>	72,648	(736)	1,276	(257)	3,670	59	(771)	-	44,036	119,925	4,862	124,787
Total comprehensive income for the period	-	-	-	-	1,366	-	-	3,447	2,708	7,521	124	7,645
Closure of subsidiaries	-	-	-	-	-	-	-	-	-	-	(39)	(39)
Balance at 31 March 2017	72,648	(736)	1,276	(257)	5,036	59	(771)	3,447	46,744	127,446	4,947	132,393
Total comprehensive (loss)/income for the period	-	-	-	-	(1,720)	-	-	1,910	3,370	3,560	439	3,999
One-tier tax-exempt final cash dividend for year 2016	-	-	-	-	-	-	-	-	(1,091)	(1,091)	-	(1,091)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	40	40
Balance at 30 June 2017	72,648	(736)	1,276	(257)	3,316	59	(771)	5,357	49,023	129,915	5,426	135,341
Total comprehensive (loss)/income for the period	-	-	-	-	(719)	-	-	336	3,114	2,731	926	3,657
One-tier tax-exempt interim cash dividend for year 2017	-	-	-	-	-	-	-	-	(1,914)	(1,914)	-	(1,914)
Adjustment to acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Subscription of interests in subsidiaries by non-controlling interests	-	-	-	-	-	-	-	-	-	-	589	589
Acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	6	-	-	6	5	11
Closure of a subsidiary	-	-	-	-	-	-	-	-	-	-	(25)	(25)
Balance at 30 September 2017	72,648	(736)	1,276	(257)	2,597	59	(765)	5,693	50,223	130,738	6,920	137,658
Total comprehensive income for the period	-	-	-	108	1,857	-	-	4,466	358	6,789	459	7,248
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	89	89
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	20	20
Balance at 31 December 2017	72,648	(736)	1,276	(149)	4,454	59	(765)	10,159	50,581	137,527	7,488	145,015

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 2018 <i>(previously reported)</i>	72,648	(736)	180	17,589	17,695	107,376
Effect of change in accounting policy on adoption of SFRS(I) 1				(17,589)	17,589	-
Balance at 1 January 2018 (restated)	72,648	(736)	180	-	35,284	107,376
Total comprehensive loss for the period	-	-	-	-	(518)	(518)
Balance at 31 March 2018	72,648	(736)	180	-	34,766	106,858
Total comprehensive income for the period	-	-	-	-	3,204	3,204
One-tier tax-exempt final cash dividend for year 2017	-	-	-	-	(3,115)	(3,115)
Balance at 30 June 2018	72,648	(736)	180	-	34,855	106,947
Total comprehensive loss for the period	-	-	-	-	(652)	(652)
One-tier tax-exempt interim cash dividend for year 2018	-	-	-	-	(2,621)	(2,621)
Balance at 30 September 2018	72,648	(736)	180	-	31,582	103,674
Total comprehensive income for the period	-	-	-	-	2,457	2,457
One-tier tax-exempt special interim cash dividend for year 2018	-	-	-	-	(6,553)	(6,553)
Balance at 31 December 2018	72,648	(736)	180	-	27,486	99,578
Balance at 1 January 2017 <i>(previously reported)</i>	72,648	(736)	180	17,589	14,109	103,790
Effect of change in accounting policy on adoption of SFRS(I) 1				(17,589)	17,589	-
Balance at 1 January 2017 (restated)	72,648	(736)	180	-	31,698	103,790
Total comprehensive income for the period	-	-	-	-	937	937
Balance at 31 March 2017	72,648	(736)	180	-	32,635	104,727
Total comprehensive income for the period	-	-	-	-	827	827
One-tier tax-exempt final cash dividend for year 2016	-	-	-	-	(1,091)	(1,091)
Balance at 30 June 2017	72,648	(736)	180	-	32,371	104,463
Total comprehensive income for the period	-	-	-	-	6,217	6,217
One-tier tax-exempt interim cash dividend for year 2017	-	-	-	-	(1,914)	(1,914)
Balance at 30 September 2017	72,648	(736)	180	-	36,674	108,766
Total comprehensive loss for the period	-	-	-	-	(1,390)	(1,390)
Balance at 31 December 2017	72,648	(736)	180	-	35,284	107,376

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 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 period ended 30 September 2018.

There were no purchase, sale, transfer, disposal, cancellation and use of treasury shares since the end of the financial year ended 31 December 2017.

There were no outstanding share options as at 31 December 2018 (31 December 2017: 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.

	<u>31/12/2018</u>	<u>31/12/2017</u>
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(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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 2017 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 Group has adopted the following changes in accounting standards for the current reporting financial year:

Singapore-incorporated companies listed on the Singapore Exchange Securities Trading Limited are required to apply a new financial reporting framework identical to the IFRS (referred to as SFRS(I) in these financial statements) for the financial year ended 31 December 2018 onwards.

(a) SFRS(I) 1 First-time Adoption of International Financial Reporting Standards

The Group has performed an assessment of the impact of SFRS(I) 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework and does not expect to change its existing accounting policies on adoption of the new framework except for the adoption of the optional exemptions under SFRS(I) 1 on the accounting treatment for cumulative translation differences. The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) 1 on 1 January 2017. The effect on adoption of the SFRS(I) 1 has resulted in a decrease of US\$17,589,000 and an increase of US\$2,683,000 respectively in the Company and the Group's currency translation reserves and a corresponding increase and decrease respectively in retained earnings in the opening reserves of the Company and the Group as at 1 January 2017.

(b) SFRS(I) 9 Financial Instruments

SFRS(I) 9 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. SFRS(I) 9 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. This standard also provides a simplified hedge accounting model that will align more closely with the entity's risk management strategies.

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9 as follows:

- Investments in certain listed equity shares are reclassified from the "available-for-sale" ("**financial assets, available-for-sale**") category to "fair value through profit or loss" ("**financial assets, at FVPL**") as the Group's business model is neither to hold these investments to collect contractual cash flows nor does the asset's contractual cash flows represent only payments of principal and interest. The effect on adoption of the SFRS(I) 9 has resulted in a decrease of US\$4,454,000 respectively in fair value reserve and a corresponding increase in retained earnings in the opening reserves of the Group as at 1 January 2018.
- The Group has elected to recognize changes in the fair value of all its unlisted equity investments not held for trading and previously classified as financial assets, available-for-sale, in other comprehensive income ("**financial assets, at FVOCI**").
- The Group has applied the simplified impairment approach to recognise only lifetime expected credit loss impairment charges on all trade receivables. The effect on adoption of the SFRS(I) 9 has resulted in a decrease in income statement of the Group amounting to US\$1,450,000 and a corresponding decrease in trade receivables for the financial period ended 31 December 2018.

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			
	Fourth Quarter		Year-To-Date	
	4Q2018	4Q2017	31/12/2018	31/12/2017
Based on the weighted average number of ordinary shares in issue (in US\$); and	0.02 cent	0.04 cent	1.97 cents	1.07 cents
On a fully diluted basis (in US\$)	0.02 cent	0.04 cent	1.97 cents	1.07 cents

Earnings per ordinary share on existing issued share capital are computed based on the weighted average number of shares in issue during the period/year of 895,841,914 (4Q2017/ Year-To-Date 31/12/2017: 895,841,914).

Earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue during the period/year of 895,841,914 (4Q2017/ Year-To-Date 31/12/2017: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

There were no potential dilutive ordinary shares for the financial year ended 31 December 2018 and 31 December 2017.

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.**

	The Group		The Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net assets backing per ordinary share based on the existing issued share capital as at the end of the period reported on (in US\$)	15.26 cents	15.35 cents	11.11 cents	11.99 cents

Net assets value per ordinary share as at 31 December 2018 and 31 December 2017 is calculated based on the net assets value attributable to the owners of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 895,841,914.

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

Results for Twelve Months Ended 31 December 2018

The Group recorded turnover of US\$1.53 billion for the twelve months ended 31 December 2018 ("FY2018"), an increase of 2% compared to the previous year ("FY2017").

Turnover for the electronic components distribution business increased 2% to US\$1.47 billion, mainly due to higher contributions from the Group's operations in Taiwan, South Korea and China. Turnover from these three markets rose 43%, 24% and 7% respectively, boosted by higher demand for certain product lines from both new and existing customers. Turnover from South Asia, however, declined 6% as a result of weak demand and shortages for certain product lines and discontinuation of a product line. Turnover from Hong Kong declined marginally by 0.2%. The trade tensions between China and United States and the termination of distribution business with Texas Instruments have impacted the growth of the electronic components distribution business in China and Hong Kong in the third and last quarter of FY2018 which otherwise have grown strongly in the first half of FY2018.

Turnover for the Group's consumer products distribution business declined marginally by 1% to US\$55.0 million as the higher sales in Malaysia and contributions from 70%-owned subsidiary Print-IQ Singapore Pte Ltd but were not able to offset the lower sales in Singapore and Indonesia in the last quarter of FY2018.

Overall gross profit margin increased to 7.8% in FY2018 from 7.0% in FY2017 due to higher margin from the electronic components distribution business attributable to increased sales of higher-margin products and improved margin from the consumer products distribution business attributable to the higher margin businesses of Print-IQ Singapore Pte Ltd and the Group's focus on more profitable products.

Other operating income increased by US\$18.5 million or 311% mainly due to a one-off gain of US\$18.3 million on disposal of the Group's 27.34%-owned SPL Holdings (Australia) Pty Ltd and a one-off fair value gain of US\$0.9 million on conversion of convertible bond to 20% equity shares of PT Sentral Mitra Informatika ("PT SMP") and higher finance income. The increase was mitigated by lower office rental income earned, lower dividend income from financial assets, at FVPL and an absence of gain on disposal/closure of subsidiaries in FY2018.

Distribution expenses increased by US\$4.5 million or 9% mainly due to higher staff and related costs, sales commission expenses, freight and handling charges and storage charges associated with the electronic components distribution business in FY2018.

Administrative expenses increased by US\$4.3 million or 33%. This was mainly due to legal and professional fees of US\$3.1 million attributable to the Group's proposed listing of its 91%-owned Hong Kong subsidiary, Serial Microelectronics (HK) Limited ("**SMHK's Hong Kong IPO**"), and higher staff-related costs associated with the electronic components distribution business. The application to list Serial Microelectronics (HK) Limited on the Stock Exchange of Hong Kong Limited has lapsed on 8 November 2018.

Finance expenses increased by US\$4.0 million or 39%, mainly due to higher utilisation of non-recourse trade receivables facilities and other trade facilities by the Group's electronic components distribution subsidiaries to finance their working capital requirements. Higher interest rates across all trade facilities in FY2018 compared with FY2017 also added to the increase in finance expenses.

Other operating expenses increased by US\$10.4 million or 46%. This was mainly due to a full allowance of US\$5.4 million for the impairment losses on investment in 21%-owned Tong Chiang Group Pte. Ltd. and its three property holdings entities, and higher impairment losses on goodwill arising from acquisition of consumer products distribution subsidiaries, currency translation loss, fair value loss on financial assets, at FVPL and staff and related costs in FY2018. Lower allowance for impairment losses on trade receivables and a write-back of allowance for inventory obsolescence in FY2018 as opposed to an allowance for inventory obsolescence in the previous year mitigated the impact of the increase in other operating expenses.

The Group shared lower losses of US\$0.3 million in associated companies mainly due to reduced losses by its 19.02%-owned Bull Will Co., Ltd. Share of losses from Bull Will Co., Ltd declined from US\$0.6 million in FY2017 to US\$0.1 million in FY2018.

The Group's share of loss in 27.5% joint venture Musang Durians Frozen Food (M) Sdn. Bhd. increased to US\$0.5 million in FY2018 from US\$0.03 million in FY2017, arising from low sales which was not able to cover its operating expenses.

The Group reported a net profit after tax of US\$17.7 million, a 85% increase compared to US\$9.6 million in FY2017. The higher net profit after tax was mainly due to higher gross profit earned from increased sales and higher gross margins, a write-back of inventory obsolescence, lower allowance for impairment losses on trade receivables and a one-off gain on disposal of 27.34%-owned SPL Holdings (Australia) Pty Ltd. The increase in net profit after tax was reduced by a full allowance for impairment losses on investment in 21%-owned associated company, Tong Chiang Group Pte. Ltd. and its three property holdings entities, legal and professional fees arising from the SMHK's Hong Kong IPO, higher impairment losses on goodwill arising from acquisition of consumer products distribution subsidiaries, currency translation loss and fair value loss on financial assets, at FVPL. The Group's net margin increased to 1.2% in FY2018 compared to 0.6% in FY2017.

Results for Fourth Quarter Ended 31 December 2018

The Group recorded turnover of US\$327.6 million for the fourth quarter ended 31 December 2018 (“**4Q2018**”), a decrease of 16% compared to US\$390.1 million for the same period last year (“**4Q2017**”).

Turnover for the electronic components distribution business declined 15% to US\$316.6 million, mainly due to a slowdown in demand for certain product lines from existing customers in Hong Kong and China, which saw a decrease in turnover of 22% and 20% respectively. The trade tensions between China and United States and the termination of distribution business with Texas Instruments have impacted the growth of the electronic components distribution business in China and Hong Kong. Turnover from South Korea and Taiwan increased 25% and 12% respectively mainly due to higher demand for certain product lines from existing and new customers. Turnover for South Asia declined marginally by 0.3%.

Turnover for the Group's consumer products distribution business declined 40% to US\$9.6 million mainly due to lower sales across most of the subsidiaries in 4Q2018 except for Print-IQ Singapore Pte Ltd which reported a growth of 61%.

Overall gross profit margin decreased to 7.1% in 4Q2018 from 7.3% in 4Q2017, due to lower margin achieved by the China and South Korea electronic components distribution subsidiaries due to increase in sales of low margin products.

Other operating income decreased by US\$1.2 million or 62% mainly due to an adjustment to the one-off gain on disposal of the Group's 27.34%-owned SPL Holdings (Australia) Pty Ltd amounting to US\$1.4 million in 4Q2018 and the absence of reversal of contingent payable for acquisition of a subsidiary in FY2017 of US\$0.7 million. The decrease was mitigated by a one-off fair value gain of US\$0.9 million on conversion of convertible bond to 20% equity shares in PT SMI and higher finance income of US\$0.3 million earned in 4Q2018

Distribution expenses declined by US\$0.7 million or 6% mainly due to lower staff costs and customs declaration and value-added taxes associated with the electronic components distribution business which was partially offset by higher sales commission expenses, business taxes and storage costs for the said business.

Administrative expenses decreased by US\$0.8 million or 21%. This was mainly due to a reversal of legal and professional fees of US\$0.5 million (as opposed to accrual of fee of US\$0.5 million in 4Q2017) related to the SMHK's Hong Kong IPO. The decrease was partly offset by higher staff-related costs associated with the electronic components distribution business.

Finance expenses increased by US\$0.9 million or 31%, mainly due to higher utilisation of non-recourse trade receivables facilities and other trade facilities by the Group's electronic components distribution subsidiaries to finance working capital requirements. Higher interest rates across all trade facilities in 4Q2018 compared with 4Q2017 also added to the increase in finance expenses.

Other operating expenses decreased by US\$4.0 million or 40%. This was mainly due to lower impairment losses on trade receivables, allowance for inventory obsolescence and fair value loss on financial assets, at FVPL. The decrease was partially offset by higher currency translation loss in 4Q2018 compared with 4Q2017.

The Group's share of net loss from associated companies amounted to US\$53,000 in 4Q2018 compared to share of net profit of US\$56,000 in 4Q2017, mainly due to a share of profit of US\$111,000 in 27.34%-owned SPL Holdings (Australia) Pty Ltd in 4Q2017, which the Group disposed of on 27 September 2018.

The Group shared a net loss in 27.5%-owned Musang Durians Frozen Food (M) Sdn. Bhd. amounted to US\$314,000 as a result of low sales which was not able to cover its operating expenses.

The Group reported a net profit after tax of US\$0.2 million compared to US\$0.4 million in 4Q2017. The lower net profit after tax compared to 4Q2017 was mainly due to an adjustment to the one-off gain on disposal of the Group's 27.34%-owned SPL Holdings (Australia) Pty Ltd amounting to US\$1.4 million in 4Q2018. The decrease was partially off-set by a reversal of overprovision of prior years' taxes for the Group's Singapore subsidiaries in 4Q2018 versus a tax provision of US\$0.5 million in the previous period. The Group's net margin reduced to 0.05% in 4Q2018 from 0.09% in the previous period.

Statement of Financial Position

Trade and other receivables decreased by US\$42.3 million (net of factored trade receivables) mainly due to the reclassification of US\$70.2 million from trade receivables to financial assets, at fair value through profit or loss with the Group's adoption of SFRS(I) 9. Without the reclassification of the US\$70.2 million, trade and other receivables would have increased by US\$27.9 million. The increase is mainly contributed by the Group's electronic components distribution subsidiaries, in line with higher sales in Taiwan and South Korea and longer payment terms from customers in Hong Kong, China and South Asia. Average turnover days for trade receivables (including the reclassified amount of US\$70.2 million), increased to 54 in FY2018 from 51 in FY2017.

Inventories decreased by US\$23.5 million, mainly due to lower inventory holding by the Group's Hong Kong subsidiary as the Group adopted a more cautious stance there due to the trade tensions between China and United States. The Group's consumer products distribution business also held overall lower inventories in FY2018 in anticipation of lower sales in Indonesia and Singapore. Higher purchases by the Group's Singapore and South Korea electronic components distribution subsidiaries in anticipation of higher sales for certain product lines in 2019 partly offset the impact of the decrease in inventories in FY2018.

Financial assets, at FVPL (current assets) increased by US\$70.2 million mainly due to the reclassification of US\$70.2 million from trade receivables as detailed in trade and other receivables above.

Financial assets, at FVPL (non-current assets) comprised US\$5.9 million which was reclassified from financial assets, available-for-sale upon the adoption of SFRS(I) 9 and US\$0.6 million which was reclassified from other assets (non-current). There was a fair value loss of US\$2.6 million recognised in the income statement and a disposal of US\$0.4 million during the financial year.

Financial assets, at FVOCI comprised US\$1.0 million being reclassification from financial assets, available-for-sale upon the adoption of SFRS(I) 9 which was subsequently impaired by US\$0.7 million to fair value reserve during the financial year. There was an equity investment in an unlisted corporation in the United States amounting to US\$1.8 million during the financial year.

The Company's loans and receivables decreased by US\$6.4 million mainly due to repayment of inter-company loans by the Company's Singapore and Thailand subsidiaries.

Investments in associated companies decreased by US\$14.6 million, mainly due to the disposal of 27.34%-owned SPL Holdings (Australia) Pty Ltd of US\$11.5 million, impairment losses of US\$5.4 million in 21%-owned Tong Chiang Group Pte. Ltd. and its three property holdings entities and net currency translation loss of US\$0.4 million resulting from the translation of net investments in associated companies denominated in foreign currencies. The decrease was partially offset by an addition of US\$2.7 million following the conversion of convertible bond to 20% equity shares in PT SMI, upon its listing on the Indonesia Stock Exchange on 28 November 2018.

The Company's investments in subsidiaries decreased by US\$4.1 million mainly due to the impairment of investment in a Singapore consumer product distribution subsidiary amounting to US\$4.2 million.

Property, plant and equipment decreased by US\$2.3 million, mainly due to depreciation charges amounting to US\$2.9 million and a currency translation loss of about US\$1.2 million in FY2018. Additions to property, plant and equipment amounting to US\$1.9 million partly offset the decrease in property, plant and equipment.

Intangible assets decreased by US\$4.7 million, mainly due to impairment losses amounting to US\$4.5 million provided on goodwill arising from the acquisition of consumer products distribution subsidiaries.

Trade and other payables decreased by US\$8.8 million, mainly due to lower purchases by the Group's Hong Kong electronic components distribution subsidiary. This is partly offset by a contingent consideration received from the authorised distributor for the transfer of TI business. Average payment days for trade payables declined to 29 in FY2018 from 35 in FY2017.

The Company's trade and other payables decreased by US\$7.4 million mainly due to the reclassification of loans owing to its Singapore subsidiaries of US\$12.0 million from current trade and other payables to non-current other payables. The decrease is partially off-set by additional loans from its Singapore subsidiaries during the financial year.

Borrowings decreased by US\$24.5 million due to lower bank borrowings by the Group's electronic components distribution subsidiaries in Hong Kong and Singapore as the Group utilized more internal funds to finance its working capital requirements compared to FY2017 and repayment of term loans by the Company and a Singapore subsidiary in FY2018. An increase in bank borrowings by the Group's Taiwan electronic components distribution subsidiary and the Group's Malaysia consumer products distribution subsidiary, to finance working capital requirements, partially offset the overall decrease in bank borrowings in FY2018. The Company's non-current portion of a term loan amounting to US\$5.9 million was reclassified to current borrowings as the loan will expire on 29 May 2019.

The Company's non-current other payables increased by US\$9.4 million mainly due to the reclassification of loans owing to its Singapore subsidiaries of US\$12.0 million from current trade and other payables to non-current other payables, off-set by repayment of loans to its Singapore subsidiary during the financial year.

Currency translation reserve decreased by US\$5.4 million mainly due to a decrease in the value of the Group's investment in its China subsidiary arising from the strengthening of the United States Dollar against Chinese Renminbi.

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 was 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.

The Group is reviewing its growth strategies with a view to enhancing its value proposition as a distribution intermediary between chipmakers and manufacturers of electronic end-products. The review, which includes examining how it can further diversify its income streams, takes into account the current uncertainty in the global economy, the competitive operating environment for electronic components distribution, the trade tensions between China and United States as well as the decision by Texas Instruments (“**TI**”) to cease the distribution business with the Group with effect from 30 June 2019.

Some of the plans that have emerged from this review process have already been put into motion. As announced on 30 January 2019, the Group’s subsidiary, Serial Microelectronics (HK) Limited, has formed a joint venture with LSD Science and Technology (Hong Kong) Co., Limited (“**Lierda HK**”) for the purpose of distributing semiconductors and electronic components in Hong Kong and China. The collaboration with Lierda HK, a subsidiary of China-listed Lierda Science and Technology Group Co Ltd, is in line with the Group’s objective to deepen its presence in these two markets. The joint venture is expected to have a positive impact on the Group’s financial performance in 2019.

The Group’s recent investment in PT Sentral Mitra Informatika (“**PT SMI**”), a provider of managed print services, is also part of ongoing efforts to develop additional sources of income and enhance profitability even as it seeks to keep growing its core electronic components distribution business. The Group initially invested in PT SMI through a subscription of convertible bond, which was subsequently swapped into shares for a 20% equity stake following the latter’s listing on the Development Board of the Indonesia Stock Exchange on 28 November 2018. PT SMI marks the Group’s second investment in the managed print services business after its acquisition of a 70% stake in Print-IQ Singapore Pte Ltd in May 2017.

Ahead of the cessation of the TI distribution business on 30 June 2019, the Group is transferring the said business to an authorised TI distributor in a bid to generate some reasonable returns and to ensure a smooth transition for its customers with minimal disruption to their operations. Details of the transfer can be found in the Group’s SGXNet announcement dated 14 December 2018.

11. Dividend

a) Current Financial Period Reported On

Any dividend declared (recommended) for the current financial period reported on? Yes.

Name of Dividend	Interim	Special Interim	Final (Proposed)
Dividend Type	Cash	Cash	Cash
Dividend Amount per Share (in SGD cents)	0.40 cent per ordinary share	1.00 cent per ordinary share	0.46 cent per ordinary share
Optional:- Dividend Rate (in %)			
Par value of shares	Not applicable	Not applicable	Not applicable
Tax Rate	One-Tier Tax-exempt	One-Tier Tax-exempt	One-Tier Tax-exempt

b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per Share (in SGD cents)	0.29 cent per ordinary share	0.46 cent per ordinary share
Optional:- Dividend Rate (in %)		
Par value of shares	Not applicable	Not applicable
Tax Rate	One-Tier Tax-exempt	One-Tier Tax-exempt

c) Date payable

Date of proposed final dividend payment will be announced at a later date.

d) Books closure date

Notice of books closure date will be announced at a later date.

12. If no dividend has been declared/recommended, a statement to that effect.

The proposed final dividend as stated in 11(a) above is subject to shareholders' approval at the forthcoming Annual General Meeting.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Primary reporting - business segments

	Electronic components distribution business US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Inter- segment eliminations US\$'000	Group US\$'000
Year-To-Date 31/12/2018					
The Group					
Sales					
External	1,472,291	54,982	5,727	(5,893)	1,527,107
Segment results - operating profit	30,422	(6,232)	12,905	-	37,095
Finance income	2,503	602	2,127	(2,968)	2,264
Finance costs	(13,919)	(788)	(2,579)	2,968	(14,318)
Share of results of associated companies (after income tax)	(272)	14	(77)	-	(335)
Share of loss of joint venture (after income tax)	-	-	(543)	-	(543)
Profit before income tax					24,163
Income tax expense					(5,706)
Profit after income tax					18,457
Segment assets	487,582	34,162	50,818	(57,520)	515,042
Investments in associated companies	914	2,828	-	-	3,742
Investment in joint venture	-	-	1,815	-	1,815
Deferred income tax assets					481
Consolidated total assets					521,080
Segment liabilities	161,603	10,169	43,232	(57,520)	157,484
Borrowings	179,549	23,361	12,127	-	215,037
Current and deferred income tax liabilities					4,098
Consolidated total liabilities					376,619
Capital expenditure on property, plant and equipment	1,474	360	51	-	1,885
Capital expenditure on intangible assets (computer software license costs)	265	-	-	-	265
Acquisition of interest in an associated company	-	-	1,777	-	1,777
Gain on disposal of an associated company	-	-	(18,258)	-	(18,258)
Impairment loss on investment in associated companies	-	-	5,437	-	5,437
Depreciation of property, plant and equipment	1,877	465	588	-	2,930
Amortisation of computer software license costs	247	18	1	-	266
Amortisation of distribution rights	14	-	-	-	14
Fair value gain on convertible bond	(941)	-	-	-	(941)
Fair value loss on financial assets, at FVPL	2,554	-	6	-	2,560
Impairment losses on goodwill arising from acquisition of subsidiaries	-	4,526	-	-	4,526
Impairment losses/(write-back) of impairment losses on trade receivables	1,484	(93)	59	-	1,450
Impairment losses on other receivables	-	136	515	-	651

Primary reporting - business segments [cont'd]

	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Inter- segment eliminations US\$'000	Group US\$'000
Year-To-Date 31/12/2017					
The Group					
Sales					
External	1,455,486	55,671	4,956	(23,909)	1,492,204
Segment results - operating profit	29,495	(3,168)	(1,457)	-	24,870
Finance income	2,039	369	1,481	(2,318)	1,571
Finance costs	(9,729)	(638)	(2,241)	2,318	(10,290)
Share of results of associated companies (after income tax)	(658)	-	212	-	(446)
Share of loss of joint venture (after income tax)	-	-	(34)	-	(34)
Profit before income tax					15,671
Income tax expense					(4,125)
Profit after income tax					11,546
Segment assets	519,744	41,837	48,457	(77,402)	532,636
Investments in associated companies	1,214	-	17,161	-	18,375
Investment in a joint venture	-	-	2,436	-	2,436
Deferred income tax assets					841
Consolidated total assets					554,288
Segment liabilities	174,366	14,609	54,702	(77,402)	166,275
Borrowings	206,354	16,012	17,216	-	239,582
Current and deferred income tax liabilities					3,416
Consolidated total liabilities					409,273
Capital expenditure on property, plant and equipment	1,045	39	31	-	1,115
Capital expenditure on intangible assets (computer software license costs)	100	2	-	-	102
Acquisition of interests in a joint venture	-	-	2,344	-	2,344
Depreciation of property, plant and equipment	1,882	190	383	-	2,455
Amortisation of computer software license costs	309	28	1	-	338
Amortisation of distribution rights	14	-	-	-	14
Fair value loss on investment properties	-	-	9	-	9
Impairment losses on goodwill arising from acquisition of subsidiaries	-	900	-	-	900
Impairment losses on trade receivables	3,410	668	47	-	4,125

	The Group			
	Turnover		Non-Current assets*	
	Year-To-Date			
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	US\$'000	US\$'000	US\$'000	US\$'000
South Asia	311,570	324,270	16,665	22,573
Hong Kong	891,527	893,254	3,368	1,745
China	164,955	154,180	17,014	18,375
South Korea	65,399	52,918	6,173	6,488
Taiwan	93,656	65,551	7,800	7,960
Singapore - Associated company	-	-	-	5,688
Indonesia - Associated company	-	-	2,828	-
Taiwan - Associated company	-	-	716	883
Australia - Associated company	-	-	-	11,474
Hong Kong - Associated company	-	-	197	330
Malaysia – Joint venture	-	-	1,816	2,436
Others	-	2,031	-	4
	1,527,107	1,492,204	56,577	77,955

*Non-current assets exclude financial assets, at FVPL, financial assets, at FVOCI and deferred income tax assets.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

15. A breakdown of sales.

	Group		
	US\$'000		%
	Year-To-Date		
	31/12/2018	31/12/2017	Change
Sales reported for first half year	813,923	706,864	15
Operating profit after tax before deducting minority interests reported for first half year	8,288	6,731	23
Sales reported for second half year	713,184	785,340	-9
Operating profit after tax before deducting minority interests reported for second half year	10,169	4,815	111

16. 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.

17. 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.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year (US\$'000)	Previous Full Year (US\$'000)
Ordinary	12,223	5,029
Preference	-	-
Total:	12,223	5,029

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to SGX Listing Manual Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, we submit the following report giving information on persons holding managerial positions who are relatives of a director, chief executive director or substantial shareholder of the Company or its principal subsidiaries.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Goh Su Teng	39	Cousin of Derek Goh Bak Heng. Derek Goh Bak Heng is the Executive Chairman, Chief Executive Officer and Substantial Shareholder of Serial System Ltd	<p>Current Position</p> <p>1) Group Senior Vice President & Chief Operating Officer, Consumer Products Distribution Business (Year 2018)</p> <p>2) Director of Serial Multivision Pte Ltd, a wholly owned subsidiary of the Group (Year 2011)</p> <p>3) Director of Serial Microelectronics Pte Ltd, a wholly owned subsidiary of the Group (Year 2011)</p> <p>4) Director of Serial Microelectronics Inc., a 95.5% owned subsidiary of the Group (Year 2011)</p> <p>5) Director of Teampal Enterprise Corp, a 95.5% owned subsidiary of the Group (Year 2012)</p>	Goh Su Teng was promoted from Senior Vice President, Regional Marketing to Group Senior Vice President & Chief Operating Officer, Consumer Products Distribution Business on 1 July 2018

		<p>6) Director of Serial Microelectronics Korea Limited, a wholly owned subsidiary of the Group (Year 2011)</p> <p>7) Director of Serial Investment (Taiwan) Inc., a wholly owned subsidiary of the Group (Year 2011)</p> <p>8) Director of Contract Sterilization Services Pte Ltd, a wholly owned subsidiary of the Group (Year 2011)</p> <p>9) Serial System Ltd's Representative Director of Bull Will Co., Ltd, a 19.02% associated company of the Group (Year 2010)</p> <p>10) Director of Teampal (S) Pte Ltd, a wholly owned subsidiary of the Group (Year 2011)</p> <p>11) Director of Serial Microelectronics Sdn. Bhd., a wholly owned subsidiary of the Group (Year 2013)</p> <p>12) Director of PT. Serial Microelectronics Indonesia, a 99.0% owned subsidiary of the Group (Year 2013)</p> <p>13) Director of STECH Global Trading Pte. Ltd., a 90.0% owned subsidiary of the Group (Year 2014)</p> <p>14) Director of Achieva Technology Pte. Ltd. , a wholly owned subsidiary of the Group (Year 2014)</p> <p>15) Director of Achieva Technology Pty Ltd. , a wholly owned subsidiary of the Group (Year 2014)</p> <p>16) Director of Achieva Technology Sdn Bhd. , a wholly owned subsidiary of the Group (Year 2014)</p> <p>17) Director of Serial I-Tech (Far East) Pte. Ltd., a wholly owned subsidiary of the Group (Year 2015)</p> <p>18) Director of Serial I-Tech (ME) Pte Ltd , a wholly owned subsidiary of the Group (Year 2015)</p> <p>19) Director of SCE Enterprise Pte. Ltd., a wholly owned subsidiary of the Group (Year 2015)</p> <p>20) Director of Hydra & Thermal Pte. Ltd., a 70% owned subsidiary of the Group (Year 2015)</p> <p>21) Director of Serial System International Pte. Ltd., a wholly owned subsidiary of the Group (Year 2015)</p> <p>22) Director of Serial Factoring (Thailand) Co., Ltd, a 49% owned subsidiary of the Group (Year 2015)</p> <p>23) Director of PT Achieva Technology Indonesia, a 80% owned subsidiary of the Group (Year 2015)</p> <p>24) Director of Swift Value Business Pte Ltd, a wholly owned subsidiary of the Group (Year 2015)</p>	<p>He was also appointed as a director of newly incorporated, SB Global Ventures Pte. Ltd., a 65% owned subsidiary of the Group in Year 2018.</p> <p>He resigned as director of Serial Microelectronics (HK) Limited, Serial Microelectronics (Shenzhen) Co., Ltd, Serial Design Limited and as alternate director of Tong Chiang Group Pte. Ltd. in Year 2018.</p>
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Goh Si Hui Victoria	26	Daughter of Derek Goh Bak Heng.	<p>25) Director of Hydra & Thermal International (Cambodia) Co. Ltd, a 70% owned subsidiary of the Group (2016)</p> <p>26) Director of Serial Netcom Co., Ltd, a 42% owned subsidiary of the Group (Year 2016)</p> <p>27) Director of Inkcarts Pte. Ltd. a wholly owned subsidiary of the Group (Year 2017)</p> <p>28) Director of Print-IQ Singapore Pte. Ltd. a 70% owned subsidiary of the Group (Year 2017)</p> <p>29) Director of Bast Investment Pte. Ltd. a 55% owned subsidiary of the Group (Year 2017)</p> <p>30) Director of Bast Global Sdn. Bhd., a 55% owned subsidiary of the Group (Year 2017)</p> <p>31) Director of Musang Durian King Pte. Ltd., a wholly owned subsidiary of the Group (Year 2017)</p> <p>32) Partner of Serial Microelectronics India LLP, a 99% owned subsidiary of the Group (Year 2017)</p> <p>33) Director of SB Global Ventures Pte. Ltd., a 65% owned subsidiary of the Group (Year 2018)</p> <p><u>Duties</u> Responsible for marketing activities, corporate planning and development for the Group, and overseeing the Group's Korea's and South Asia's electronic components distribution business and the Group's consumer products distribution business.</p> <p><u>Current Position</u> 1) Business Development & Marketing Manager of Serial System Ltd (Year 2018)</p> <p><u>Duties</u> Responsible for marketing activities, corporate planning and development for the Group</p>	Goh Si Hui Victoria was promoted from Business Development & Marketing Executive to Business Development & Marketing Manager on 1 June 2018.
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BY ORDER OF THE BOARD

Dr Derek Goh Bak Heng
Executive Chairman/Group CEO
28 February 2019