



SERIAL SYSTEM LTD

**ADDITIONAL INFORMATION ON “PROFIT WARNING” ANNOUNCED ON 10
JANUARY 2005 VIA MASNET NO. 00009**

We refer to our MASNET Announcement No. 00009 on “Profit Warning” made on 10 January 2005 (the “10 January 2005 Announcement”).

Further to the 10 January 2005 Announcement, the Company wishes to provide the following additional information on the Company’s consolidated results for the fourth quarter and the year ended 31 December 2004:

“For the fourth quarter of year 2004, the Group expects to register a net loss. The net loss was mainly due to:

- a) reduction in profit contributions by a Korean and a Hong Kong subsidiary;
- b) lower gross profit margins achieved by the semiconductors / components distribution business; and
- c) continued higher interest costs from financing of acquisitions of companies and working capital.

As a result of the expected net loss in the fourth quarter, the consolidated results for the year ended 31 December 2004 would not be profitable.”

The Company would like to take this opportunity to clarify the article, “Serial System expects loss after delay in Korean order”, published in today’s Business Times in respect of Serial’s securing Hitachi as a principal for its micro disk drives. This distributorship was secured in the ordinary course of our business as a semiconductors/ components distributor and does not have a material impact on our revenue and profit.

Submitted by Derek Goh Bak Heng, Executive Chairman / Group CEO by Order of the Board on 11/01/2005 to the SGX-ST.