

P R E S S R E L E A S E

Serrano registers revenue of S\$85.2 million in FY2014

- Stable gross profit margin of 13.4%
- Excluding non-recurring expenses incurred mainly in relation to the IPO of S\$2.0 million, profit before tax increased 21.2% year-on-year to S\$4.2 million
- Strong order book of S\$93.4 million as at 31 December 2014 with nine project wins since IPO

Financial highlights for the financial year ended 31 December ("FY") 2014 and 2013

S\$' million, unless otherwise stated	FY2014	FY2013	+ / (-) %
Revenue	85.2	83.0	2.7
Gross profit	11.5	11.0	3.9
Gross profit margin (%)	13.4	13.3	0.1 ppt
Profit before tax	2.2	3.5	(36.6)
Profit before tax (excluding non-recurring expenses)	4.2	3.5	21.2
Net profit	1.3	3.2	(58.4)

SINGAPORE, 26 February 2015 – Serrano Limited ("Serrano" and together with its subsidiaries, the "Group"), a leading provider of interior fit-out solutions in Singapore and Southeast Asia, today reported a net profit of S\$1.3 million on the back of a 2.7% increase in revenue to S\$85.2 million in FY2014.

The growth was supported by the Group's Interior Fit-Out Business which posted a 3.2% rise in revenue to S\$79.6 million in FY2014 from S\$77.1 million in FY2013. This was largely attributable to the commencement of three projects during FY2014 as well as seven projects carried over from FY2013 which had higher levels of activity, and partially offset by six projects carried over from FY2013 which had lower levels of activity as they neared completion in FY2014.

The growth in revenue was also partially offset by the Group's Wholesale and Retail Furnishings Business which registered a marginal dip of S\$0.2 million to S\$5.6 million due to softening conditions in the retail furnishings market.

Correspondingly, the Group's gross profit rose 3.9% to S\$11.5 million in FY2014, while gross profit margin remained stable at 13.4% compared to 13.3% in FY2013.

In FY2014, the Group's profit before tax registered a 36.6% decline to S\$2.2 million, mainly due to non-recurring expenses of S\$2.0 million incurred mainly in relation to the IPO, which were charged against the Group's profits. Had the non-recurring expenses been excluded, the Group would have recorded a 21.2% increase in profit before tax of S\$4.2 million in respect of FY2014.

Commenting on the Group's maiden set of results following the Company's listing on the Catalist of SGX-ST on 28 October 2014, Executive Chairman and CEO, Mr Winston Chia (谢耀德) said, "Excluding non-recurring expenses of S\$2.0 million incurred mainly in relation to the IPO, the Group's profit before tax would have increased to S\$4.2 million. Since IPO, the Group has secured a total of nine new interior fit-out projects with a total contract value of S\$40.9 million, bringing our total order book as at 31 December 2014 to S\$93.4 million, a healthy 34.0% increase from S\$69.7 million as at 15 September 2014, as disclosed in the Company's IPO offer document. We are also currently exploring new project opportunities in other Southeast Asian markets. I believe our public-listed status will enforce the Group's credibility and put us in good stead as we bid for more interior fit-out projects locally and overseas."

Outlook and Future Plans

In Singapore, the property cooling measures implemented by regulators have moderated demand for the residential property market in 2014. Although developers may adopt a cautious stance amid a slowdown in demand, private construction demand is still anticipated to be healthy at between S\$11 billion to S\$15 billion in 2015¹.

"Backed by our years of proven track record, reliability and ability to complete projects within a short time-frame without compromising on quality, the Group will continue to leverage on our capabilities to boost our order book. Aside from our base in Singapore, the Group is also exploring opportunities to strengthen our presence in the emerging Southeast Asian markets, particularly, Myanmar, Vietnam, Cambodia and Thailand," said Mr Chia.

The Southeast Asian economy remains robust with emerging markets such as Myanmar, having grown its population to approximately 53.7 million in 2014 and projected to grow to a high variant of 57.6 million in 2020.² Its construction sector is also expected to achieve a 46% growth from a value of close to US\$3.0 billion in 2012 to US\$4.2 billion in 2016³.

¹ Building and Construction Authority, 8 January 2015

² <http://worldpopulationreview.com/countries/myanmar-population/>

³ Extracted from BCA website - <http://www.bca.gov.sg/exportservices/others/myanmarcountryreport.pdf>

Vietnam also announced in January 2015 that it is easing restrictions on foreign ownership of property which is expected to spur foreign investors' interests in the up-scale segment of the Vietnamese property market. As such, Vietnam's high-end property market is likely to witness a positive year ahead.

Going forward, the Group will continue to look for opportunities to secure more interior fit-out projects in Singapore and from these emerging markets, not only in the residential sector but also in the commercial, hospitality and retail sectors.

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About Serrano Limited

Serrano Limited is a leading provider of interior fit-out solutions for property development and refurbishment projects in Singapore and Southeast Asia. Its portfolio spans the residential, hospitality, retail and commercial sectors, with a focus on mid to high-end private residential developments.

Some of its significant projects include prestigious developments such as The Interlace, Reflections at Keppel Bay, Ritz-Carlton Residences, ICON @ Tanjong Pagar and the Youth Olympic Village (Nanyang Technological University) in Singapore; the Star City Thanlyin township development and Traders Hotel (now known as the Sule Shangri-La Hotel) in Myanmar; The Estella in Vietnam; and The Met and The River in Thailand.

As a testament of its leading position and commitment to quality, the Group has won numerous awards and certifications. These include The Business Times and KPMG – Enterprise 50 Award in 2014, the Singapore Prestige Brand Award – Established Brand in 2013 and 2014, the Asia Pacific Brands Award Singapore's Finest in 2014, the Singapore Furniture Industry Awards - The Furniture Manufacturer Award (Gold) in 2013, the Built Environment Industry Asia Awards – Regional Award of the Year for Outstanding Business Achievement in 2013, the ASEAN Business Awards – Most Admired ASEAN Enterprise – Growth (Large Company) in 2013, and the ISO 9001:2008 Quality Management System Certificate for wholesale and distribution of furniture and project management for residential/building furnishings from December 2013 to December 2016.

Issued for and on behalf of Serrano Limited by

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This press release should be read in conjunction with the unaudited financial statements and dividend announcement for the financial year ended 31 December 2014 of Serrano Limited (the "Company").

This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this press release.

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