

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

Issuer/ Manager	S I2I LIMITED
Securities	S I2I LIMITED - SG1BD0000008 - BAI
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Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	13-Nov-2015 20:13:08
Status	New
Announcement Sub Title	Third Quarter Results
Announcement Reference	SG1511130THRTB52
Submitted By (Co./ Ind. Name)	Maneesh Tripathi
Designation	Executive Director and Group CEO
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Quarterly update pursuant to Listing Rule 1313(2) for the quarter ended 30 September 2015. Please see the attached.

Additional Details

For Financial Period Ended	30/09/2015
Attachments	📎 Watch list quarter update final.pdf Total size =45K

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Quarterly Update Pursuant to Listing Rule 1313(2) for the quarter ended 30 September 2015

With effect from 4 March 2015, the Company has been placed on the Singapore Exchange Securities Trading Limited (the "SGX-ST") Watch-List, pursuant to Rule 1311 of the SGX-ST Mainboard Listing Rules.

In accordance with Rule 1313(2), the Board of Directors of the Company would like to provide the following quarterly update on the Company, together with its subsidiaries (collectively, the "Group").

1. Update on Financial Situation

The group recorded a turnover of S\$114.2 million - a decrease of 1.1% over revenue of corresponding quarter. In spite of depreciation in local IDR that led to translation difference/s, Distribution of Operator products and services in Indonesia grew during current quarter ended 30th September 2015 ("Q3 2015") and first nine months ended 30th September 2015 ("YTD 2015") against corresponding quarter ("Q3 2014") and nine months ended on 30th September 2014 ("YTD 2014"). Revenue from ICT distribution and managed services has shown a decline in Q3 2015 over corresponding quarter Q3 2014, however, its revenue during YTD 2015 has improved against YTD 2014. There has been reduction in revenue from Mobile devices distribution and retail. The company continues to move away from Device led business, which is not profitable and also taking steps to move away from loss making retail shops and only focus on profitable revenue stream. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

There was a decrease in overheads on account of ongoing cost optimisation measures taken by the company. The group earned higher earning (before interest, depreciation, amortisation and taxation) of S\$ 1.1 million during Q3 2015 against S\$ 0.1 million during corresponding quarter Q3 2014. The group also incurred lower loss (before interest, depreciation, amortisation and taxation) of S\$ 1.9 million during YTD 2015 against S\$5.4 million during YTD 2014. During Q3 2015 and YTD 2015, certain portions of accruals, as no longer required, were written back. These accruals were in respect of certain non-recurring costs recognised in past as part of alignment of certain business segments in light of industry shifts. Loss during YTD 2014, was after taking in to account non operating income in the form of consideration against settlement of certain arbitration proceedings.

The Group earned net profit before tax of S\$ 1.5 million during Q3 2015 against loss before tax of S\$ 1.8 million during Q3 2014. The loss before tax during YTD 2015 had been S\$ 2.3 million against loss before tax of S\$ 9.0 million during corresponding period YTD 2014.



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Cash in hand (Net of borrowings) as at 30th September 2015 had been S\$40.4 million against S\$32.9 million as at 31 December 2014.

2. Update on Material Development and Future Direction

The company continues to work closely with operators to grow and hold the existing clusters for Distribution of operator products & services business. This remains highly working capital intensive business. Cash flow management, marketing as per operator guidelines and swift execution is the key strength of the company in this business unit. The company continues to strive to get more cluster renewals in the ongoing process as setup by the operators. But there is risk that clusters could be consolidated and hence lost due to operator future strategy in some cases, and maybe gained in some operator arena. The Company will continue to focus on winning bids and renewals for Distribution of operator products & services. This is highly competitive and a risk prone area of the business. The company continues to move away from Device led business, and is in the last steps of winding down this business, which is not profitable and also taking steps to move away from loss making retail shops.

The ICT distribution & managed services is a highly competitive business primarily based out of Singapore. The industry is saturating and there is a challenge in this industry especially in the manufacturing and the banking sector. The company will continue to work very closely with the partners like HP, IBM and other MNC partners and consolidate and grow the business with focus on service led solutions which has higher margins. The company is now focusing on large account deals and continues to grow services oriented project based business as compared to hardware oriented sale. Singapore ICT is a tough market with mostly covered on computerization. The growth is in system integration and new solutions aligned with strategy with key principals.

To move towards getting out of the watch list, the company had formed a Turnaround committee with Board members and various key team members involved as per requirement. The company and the turnaround committee is working on a time bound plan to cut down all loss making business units, and divest non strategic businesses to cut losses and also to release working capital locked in. The company has also signed SPAs for divestment as its first step to get cash for non strategic and non performing assets and is in the process of moving towards regulatory approvals and shareholders' approval.

By Order of the Board

Maneesh Tripathi
Executive Director & Group CEO

13 November 2015