S i2i Limited
(Formerly known as Spice i2i Limited)
(Co. Reg. No: 199304568R)

152, UBI Avenue 4, Smart Innovation
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Quarterly Update Pursuant to Listing Rule 1313(2) for the quarter ended 31 December 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$83.4 million during current quarter Q4 2015 - a decrease of 30.5% over revenue of corresponding quarter Q4 2014. As announced on 2nd October 2015, overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulted in reduction in number of clusters to one of the subsidiaries of the company in Indonesia. Consequently, as anticipated, this resulted in significant reduction in revenue from Distribution of Operator products and services during the quarter ended 31st December 2015 ("Q4 2015") against corresponding quarter of preceding year ended 31st December 2014 ("Q4 2014"). Revenue from Distribution of Operator products and services in Indonesia has shown decline of 4.4% during current year ended 31st December 2015 against corresponding preceding year ended 31st December 2014 ("FY 2014"). Revenue from ICT distribution and managed services has shown a decline in Q4 2015 and FY 2015 over corresponding quarter Q4 2014 and FY 2014. There has been a planned 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 including consequent to reduction in clusters in Indonesia as explained above. Corresponding decrease in purchase and changes in inventories and direct services fee incurred to decrease in turnover and significant reduction in operating expenses resulted in improvement in operating results during Q4 2015 and FY 2015 against Q4 2014 and FY 2014. During Q4 2015 and FY 2015, certain subsidiaries had been disposed and correspondingly gain on disposal has been recognised during Q4 2015. In accordance with FRS 21 "The Effects of Changes in Foreign Exchange Rates", the cumulative translation reserve pertaining to I Gate group has also been reclassified from equity to profit. Certain costs related to ongoing restructuring initiatives and probable losses at the time of receipt of last payment from disposal of Voice business (Please

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also refer to announcement dated 30th December 2015 in respect of disposal of Voice business) were incurred/ recognized during Q4 2015 and FY 2015. This was partially offset by write back of certain portion of accruals, as no longer required. These accruals were in respect of certain non-recurring costs recognised in FY 2014 as part of alignment of certain business segments in light of industry shifts. During Q4 2014 and FY 2014, in accordance with FRS 36, certain intangible assets arisen as part of acquisition of businesses in past were impaired resulting in higher losses during the period/s.

The Group earned net profit after tax of S$ 3.4 million during Q4 2015 against loss after tax of S$ 47.2 million during Q4 2014. The Group also earned profit after tax of S$ 1.1 million during FY 2015 against loss after tax of S$ 55.9 million during corresponding year FY 2014. There had been reduction mainly in stocks, trade debtors, trade creditors and loans & borrowings during the year. Cash in hand (Net of borrowings) as at 31st December 2015 had been S$40.0 million against S$32.9 million as at 31 December 2014.

2. Update on Material Development and Future Direction

The company keeps its focus on operator business, continuously cutting costs and trying to improve margins and hold the existing clusters for Distribution of operator products & services 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 clusters, after losing some key clusters in Oct 2015 renewals in the ongoing process as setup by the operators. The team is also working hard to complete all relevant KPIs needed to clear probation by end March 2016 for the remaining clusters. There is still risk that clusters could be consolidated and hence lost due to operator future strategy in some cases, and after probation period, on the other hand there could be a gain in some operator arena as well. The company continues to move away from Device led business, which is being wound down to the last stage now, 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. The company is taking cost cutting measure and service oriented sales strategy to improve margins.

To move towards getting out of the watch list, the company has formed a Turnaround committee with Board members and various key team members involved as per requirement. The company

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and the turnaround committee is working on a time bound plan to cut down all loss making business units, and the divestment of Voice business and I Gate entities is the first result this team has produced. The company has also cut down and curtailed/managed cost to keep the cash intact as far as possible.

By Order of the Board

Maneesh Tripathi	Chada Anitha Reddy
Executive Director & Group CEO	Director

29 February 2016