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

152, UBI Avenue 4, Smart Innovation Centre, Level 4, Singapore 408826
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Quarterly Update Pursuant to Listing Rule 1313(2) for the quarter ended 31 March 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$110.4 million - an increase of 1.7% over revenue of corresponding quarter. Distribution of Operator products and services in Indonesia marginally grew during current quarter ended 31 March 2015 ("Q1 2015") against corresponding quarter ended 31 March 2014 (" Q1 2014"). However, depreciation of local currency, Indonesian Rupiah (“IDR”), led to translation differences and apparently, it showed negligible growth over corresponding quarter Q1 2014. Revenue from ICT distribution and managed services also improved in Q1 2015 over corresponding quarter Q1 2014. Demand and margins of Mobile devices and products in major market of Indonesia had been affected due to severe competitive pressures, sharp shift in consumption pattern and challenges in distribution channels in our key markets. There was a decrease in overheads on account of ongoing cost optimisation measures taken by the company.

With improvement in turnover & margin thereof and reduction in operating overheads, the group incurred lower EBIDTA loss of S$ 1.7 million against EBIDTA loss of S$2.9 million in corresponding quarter. Resultantly, the Group incurred a loss before tax of S$2.1 million, as against the loss before tax of S$4.9 million in the corresponding quarter.

With increased focus on operating efficiencies, there had been reduction mainly in stocks, trade debtors, trade creditors and loans and borrowings. Cash in hand (net of borrowings) as at 31 March 2015 had been S$38.0 million against S$32.9 million as at 31 December 2014.

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2. Update on Material Development and Future Direction

The Company will focus on distribution of operator products and services business segment which is a steady and robust business in Indonesia and also assist all other BUs. In Indonesia there are about 8 key operators in the air time business selling cards, vouchers, starter packs. Indonesia continues to remain more of SMS, BBM and whatsapp led data growth market rather than pure talk time. Hence, Android devices and smart phones are growing as data is key for communication on this platform. Infrastructure is still developing and the country is slowly moving from 2G to 3G in many cities and islands. The company continues to work closely with operators to grow and hold the existing clusters for distribution of operator products and services business. This is a highly working capital and cash intensive business and cash flow management 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.

The information and communication technologies (“ICT”) distribution and managed services is a steady business segment mainly based out of Singapore. 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 new solutions and technologies in partnership with the principals. 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 has formed a Turnaround committee with Board members and various key management team members involved as per requirement. The company will cut down all loss making business units, and divest non strategic businesses to cut losses and also to release working capital locked in. The Turnaround committee is working on a plan to implement these actions. This will help stop the bleed and also cut costs and improve profitability.

By Order of the Board

Maneesh Tripathi
Executive Director & Group CEO

12 May 2015