

Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results

Issuer & Securities

Issuer/ Manager	S I2I LIMITED
Securities	S I2I LIMITED - SG1BD0000008 - BAI
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
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Announcement Sub Title	Second Quarter and/ or Half Yearly Results
Announcement Reference	SG160812OTHR8H15
Submitted By (Co./ Ind. Name)	Chada Anitha Reddy
Designation	Non-Independent Non-Executive Director
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 June 2016. Please see the attached.

Additional Details

For Financial Period Ended	30/06/2016
Attachments	📄 Si2i Watch List Quarter Update 2QFY2016.pdf Total size =38K

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Quarterly Update Pursuant to Listing Rule 1313(2) for the quarter ended 30 June 2016

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\$79.4 million - a decrease of 25.5% over revenue of corresponding quarter. As announced on 2 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 ("Q2 2016") and six months ("1H 2016") ended 30 June 2016 against corresponding quarter ("Q2 2015") and six months ("1H 2015") ended 30 June 2015 of preceding year respectively. Revenue from ICT distribution and managed services has shown an increase in Q2 2016 over corresponding quarter Q2 2015, however there has been marginal decline in 1H 2016 against 1H 2015. 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. In spite of reduction in revenue, with improvement in margin, other income and reduction in operating overheads, the Group generated Earnings (before interest, depreciation, amortisation and taxation) from continuing operations of S\$0.7 million during Q2 2016 against Loss (before interest, depreciation, amortisation and taxation) of S\$1.3 million during corresponding quarter. During 1H 2016, the Group generated Earnings (before interest, depreciation, amortisation and taxation) of S\$ 1.4 million against Loss (before interest, depreciation, amortisation and taxation) of S\$ 2.7 million in corresponding period 1H 2015. During 1H 2016, certain accruals including in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts were written back. In addition, certain unclaimed loan and advance, received against supply of materials in past by Bharat IT, one of the subsidiaries engaged in ICT Distribution & managed services, was written back during Q1 2016.



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Resultantly, the Group earned profit before tax of S\$0.6 million & S\$2.5 million from continuing operations during Q2 2016 and 1H 2016 respectively as against the loss before tax of S\$1.7 million and S\$3.9 million in the corresponding period/s Q2 2015 and 1H 2015 respectively.

The Company has continued its focus on operating efficiencies and management of working capital in terms of stocks, trade debtors, trade creditors and loans and borrowings in accordance with its business requirements. To cater higher demand during festive season in Indonesia during first week in July 2016, there was temporary surge in inventory of Operator Products and Services on 30 June 2016. Resultantly, there was higher utilisation of credit facilities from bank/s temporarily affecting cash in hand (net of borrowings).

During Q2 2016, the Company has completed distribution of cash of S\$0.729 per share totalling to approximately S\$ 10 million to its shareholders. It has also sold certain properties in Indonesia as no longer required. During Q1 2016, a gain of S\$ 2.0 million (net) was recognised on account of revaluation of buildings under property, plant & equipment. The net assets as of 30 June 2016 were S\$50.5 million against S\$57.8 million as of 31 December 2015. Cash in hand (net of borrowings) as at 30 June 2016 was S\$22.5 million against S\$40.0 million as at 31 December 2015.

2. Update on Material Development and Future Direction

The Company keeps its focus on operator business in Indonesia, while managing cash flow well and also managing cost prudently. Cash flow management, marketing as per operator guidelines and swift execution is the key strength of the Company in this business unit. The Company is executing its strategy to hold on to existing clusters, fulfil the KPIs and also win new clusters in future to grow business.

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 the System integration and services space. The hardware business margin keeps diminishing every year due to stiff competition. The Company continuously faces challenges in the IT services and system integration business. The Company is now focusing on Cloud related service oriented sales strategy to improve margins. This is a new growth area and being an early starter may help the Company in the long run. 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.



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The Company is moving towards a strategy of 'Information' to 'Innovation'. This is a strategic move to focus on innovative technologies, as the information technologies may not have the desired growth potential. Hence, the Company is embarking upon an innovation led business of electric vehicles (EV) with a Chinese manufacturer BYD (Build Your Dreams) in Singapore. The planning and execution of this business is in early stages.

By Order of the Board

Maneesh Tripathi
Group CEO
12 August 2016

Chada Anitha Reddy
Non-Executive Director