

## Financial Statements and Related Announcement::First Quarter Results

## Issuer &amp; Securities

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

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	11-May-2017 20:29:51
<b>Status</b>	New
<b>Announcement Sub Title</b>	First Quarter Results
<b>Announcement Reference</b>	SG170511OTHRD802
<b>Submitted By (Co./ Ind. Name)</b>	Maneesh Tripathi
<b>Designation</b>	Executive Director and Group CEO
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Quarterly Update Pursuant to Listing Rule 1313(2) for the quarter ended 31 March 2017. Please see the attached.

## Additional Details

<b>For Financial Period Ended</b>	31/03/2017
<b>Attachments</b>	<a href="#">📎 Si2i Watch List Quarter Update 1QFY2017.pdf</a> Total size =36K

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

152, UBI Avenue 4, Smart Innovation  
Centre, Level 4, Singapore 408826  
Tel: (65) 6514 9458  
Fax: (65) 6441 3013

[www.spicei2i.com](http://www.spicei2i.com)

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## **Quarterly Update Pursuant to Listing Rule 1313(2) for the quarter ended 31 March 2017**

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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\$88.6 million, an increase of 10.9% over revenue of corresponding quarter. Distribution of Operator products and services in Indonesia grew during current quarter ended 31 March 2017 ("Q1 2017") against corresponding quarter ended 31 March 2016 ("Q1 2016"). Revenue from ICT distribution and managed services has shown a marginal decline during Q1 2017 over corresponding quarter Q1 2016. To retain and grow margins, one of the subsidiaries engaged in this business has been focusing more on services led business. The company continues to focus on profitable revenue stream of multi-brand, MNC mobile retail business through our own retail shops in Indonesia. During later part of FY 2016, the company through one of the subsidiaries in Singapore has ventured into business of battery electric vehicles and passenger land transport. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

There was an increase in overheads mainly owing to operator driven manpower requirement/planning and related costs in operator products & services, enhanced focus on services led business in case of one of the subsidiaries under ICT distribution and managed services and Battery Electric Vehicle (BEV) business. The earnings (before interest, depreciation, amortisation and taxation) during Q1 2017 has been S\$0.5 million against S\$0.7 million during corresponding quarter. During corresponding quarter Q1 2016, certain accruals 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, were written back during Q1 2016.

Resultantly, the Group earned profit before tax of S\$0.4 million during Q1 2017, as against the profit before tax of S\$1.9 million during corresponding quarter. The company has continued its focus on operating efficiencies and management of working capital in terms of inventories, trade debtors, trade creditors and loans and borrowings in accordance with its business requirements. Cash in hand (net of borrowings) as at 31 March 2017 was S\$29.5 million against 31 December 2016 was S\$29.3 million.



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## **2. Update on Material Development and Future Direction**

The company has managed to execute the operator driven plans at the cluster levels and the transition as required by the market in the business of distribution of operator products & services. The company keeps its focus on sustaining the existing operator business in Indonesia and also growing the clusters in some areas. Tight Cash flow management, focused marketing, managing KPI driven incentive schemes is the key to success in this business. The company is continuing its strategy to hold on to existing clusters, fulfil the KPIs and also plans to bid and win new clusters in future to grow business.

The business of ICT distribution & managed services in Singapore shows encouraging signs of turn around based on focus on services and cost optimisation. The ICT distribution & managed services is a highly competitive business primarily due to the economic scenario and the continuous changes and innovations happening in this space. The ICT Industry has moved to innovative and disruptive offerings & technology and the Cavu group is in the midst of making the paradigm adjustment and a shift towards futuristic services based Offerings like Cloud, IOT, Server consolidation, Virtualization and other services relevant to a developed economy. The hardware business margin keeps diminishing every year due to stiff competition. The hardware and related sales is not growing as expected and mostly hardware is being replaced by alternatives like Cloud and Servers consolidation type of offerings. The company is now focusing on services driven business and key innovative offerings aligned to IBM and HP strategy to improve margins. This turn around will be a big challenge in this competitive landscape and has the key attention of the management.

The company continues its move from 'Information' to 'Innovation' strategy. 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 battery electric vehicles (BEV) with a Chinese manufacturer BYD (Build Your Dreams) in Singapore. Continuous progress is being made on this front. The company has done a soft Pilot launch of 7 BYD BEVs (as B2B taxi model) in the Singapore market place as a Pilot with alliance from App hailing services.

The company is working on a time bound plan to cut down all loss making businesses, hold and grow profitable businesses and also move from Information to Innovation and moving towards coming out of watch list.

By Order of the Board

Maneesh Tripathi  
Executive Director & Group CEO  
11 May 2017