

NTEGRATOR INTERNATIONAL LIMITED

(Co. Regn. No: 199904281D)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2013**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS****1(a) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		
	S\$'000		%
	HY2013	HY2012	Increase/ (Decrease)
Revenue	21,021	14,052	49.6%
Cost of sales			
- Equipment and consumables used	(18,004)	(10,146)	77.4%
- Freight charges	(71)	(30)	136.7%
- Commission and consultancy	(162)	(499)	(67.5%)
- Changes in inventories and contract work-in-progress	1,738	243	615.2%
	(16,499)	(10,432)	58.2%
Gross profit	4,522	3,620	24.9%
Other income			
- Interest income from bank deposits	31	4	675.0%
Other gains - net	197	53	271.7%
Expenses			
- Administrative	(4,143)	(3,273)	26.6%
- Finance	(70)	(114)	(38.6%)
Profit before income tax	537	290	85.2%
Income tax expense	-	(23)	(100.0%)
Net profit	537	267	101.1%
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation			
- Gains/ (losses)	896	(235)	
Total comprehensive income	1,433	32	
Profit attributable to:			
Equity holders of the Company	554	319	73.7%
Non-controlling interests	(17)	(52)	(67.3%)
	537	267	101.1%

	Group		%
	S\$'000		
	HY2013	HY2012	Increase/ (Decrease)
Total comprehensive income/ (losses) attributable to:			
Equity holders of the Company	1,211	92	
Non-controlling interests	222	(60)	
	<u>1,433</u>	<u>32</u>	
Earnings per share attributable to equity holders of the Company (cents per share)			
- Basic	0.09	0.07	
- Diluted	<u>0.05</u>	<u>0.04</u>	

Any discrepancies in the tables included in this announcement between the total sums of amounts listed and the totals shown are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	4,500	9,487	1,612	2,605
Trade and other receivables	40,849	28,927	1,096	847
Inventories	442	377	-	-
	45,791	38,791	2,708	3,452
Non-current assets				
Investments in subsidiaries	-	-	18,000	16,000
Property, plant and equipment	595	182	-	-
	595	182	18,000	16,000
Total assets	46,386	38,973	20,708	19,452
LIABILITIES				
Current liabilities				
Trade and other payables	17,596	16,106	312	493
Borrowings	6,604	5,227	-	-
	24,200	21,333	312	493
Non-current liabilities				
Borrowings	243	-	-	-
	243	-	-	-
Total liabilities	24,443	21,333	312	493
NET ASSETS	21,943	17,640	20,396	18,959
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	21,640	18,663	21,640	18,663
Treasury shares	(11)	(11)	(11)	(11)
Other reserves	(875)	(1,425)	248	355
Retained profits / (accumulated losses)	880	326	(1,481)	(48)
	21,634	17,553	20,396	18,959
Non-controlling interests	309	87	-	-
Total equity and non-controlling interests	21,943	17,640	20,396	18,959

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30 June 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,604	-	5,227	-

Amount repayable after one year

As at 30 June 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
243		-	-

The secured borrowings with Financial Institutions are pledged with Export Letter of Credits

1(c) A statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	S\$'000	
	HY2013	HY2012
Cash flows from operating activities		
Net profit	537	267
Adjustments for:		
- Income tax expense	-	23
- Depreciation and amortisation	83	128
- Amortisation of bills receivables	-	25
- Interest expense	70	114
- Interest income	(31)	(4)
- Unrealised currency translation losses/ (gains)	962	(317)
	1,621	236
Change in working capital:		
- Inventories	(65)	224
- Trade and other receivables	(11,922)	1,256
- Trade and other payables	1,490	(6,119)
Cash used in operations	(8,876)	(4,403)
Interest received	31	4
Interest paid	(70)	(114)
Income tax paid	-	(172)
Net cash used in operating activities	(8,915)	(4,685)
Cash flows from investing activities		
Additions to property, plant and equipment	(200)	(10)
Net cash used in investing activities	(200)	(10)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	2,977	1,615
Proceeds from borrowings	4,713	6,709
Repayment of borrowings	(3,449)	(3,395)
Repayment of lease liabilities	(8)	(7)
Net cash provided by financing activities	4,233	4,922
Net (decrease)/ increase in cash and cash equivalents	(4,882)	227
Cash and cash equivalents		
Beginning of the financial year	8,569	5,054
Effects of currency translation on cash and cash equivalents	(181)	93
End of financial year	3,506	5,374

Cash and cash equivalents comprise the following:

Cash and cash equivalents
Less: Bank overdrafts

Group	
S\$'000	
HY 2013	HY 2012
4,500	6,298
(994)	(924)
3,506	5,374

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation, issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	← Attributable to equity holders of the Company →					Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Employee share option reserve	Foreign currency translation reserve	Retained profits/ (accumulated losses)			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 January 2013	18,663	(11)	355*	(1,780)*	326	17,553	87	17,640
Shares issued pursuant to exercise of warrants	2,725	-	-	-	-	2,725	-	2,725
Exercise of share option	252	-	(107)	-	-	145	-	145
Total comprehensive income for the period	-	-	-	657	554	1,211	222	1,433
Balance at 30 June 2013	21,640	(11)	248*	(1,123)*	880	21,634	309	21,943
Balance at 1 January 2012	15,827	(11)	355*	(980)*	(121)	15,070	288	15,358
Shares issued pursuant to exercise of warrants	1,615	-	-	-	-	1,615	-	1,615
Total comprehensive income for the period	-	-	-	(227)	319	92	(60)	32
Balance at 30 June 2012	17,442	(11)	355*	(1,207)*	198	16,777	228	17,005

* Not available for distribution

	Share capital S\$'000	Treasury shares S\$'000	Employee share option reserve S\$'000	Retained profits / (accumulated losses) S\$'000	Equity attributable to shareholders of the Company S\$'000
Company					
Balance at 1 January 2013	18,663	(11)	355*	(48)	18,959
Shares issued pursuant to exercise of warrants	2,725	-	-	-	2,725
Exercise of share option	252	-	(107)	-	145
Total comprehensive loss for the period	-	-	-	(1,433)	(1,433)
Balance at 30 June 2013	21,640	(11)	248*	(1,481)	20,396
Balance at 1 January 2012	15,827	(11)	355*	54	16,225
Shares issued pursuant to exercise of warrants	1,615	-	-	-	1,615
Total comprehensive loss for the period	-	-	-	(1,222)	(1,222)
Balance at 30 June 2012	17,442	(11)	355*	(1,168)	16,618

* Not available for distribution

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Ordinary Shares	Employee Share Option Scheme ("ESOS")	Warrants
Balance as at 31 December 2012	564,940,007	20,778,000	120,861,787
Listing of New Warrants W160603	-	-	335,306,013
Listing of New Warrants pursuant to the W131206	-	-	8,166,031
Exercised of Warrants	139,240,915	-	(139,240,915)
Exercise of Employee Share Options	6,300,000	(6,300,000)	-
Balance as at 30 June 2013	710,480,922	14,478,000	325,092,916

Total number of outstanding shares options is as follows:

Date ESOS Grant	Exercise Period	Exercise Price	ESOS Outstanding as at 31.12.2012	ESOS Outstanding as at 30.06.2013
11.09.2006	11.09.2007 to 10.09.2017	S\$0.13	816,000	816,000
25.08.2008	25.08.2009 to 25.08.2019	S\$0.04	18,162,000	12,662,000
25.08.2008	25.08.2009 to 25.08.2014	S\$0.04	1,800,000	1,000,000

Total number of outstanding warrants is as follows:

Date of Listing	Warrants Number	Exercise Period	Exercise Price	Warrants Outstanding
13.12.2010	W131206	13.12.2010 to 06.12.2013	S\$0.015	17,651,379
07.06.2013	W160603	07.06.2013 to 03.06.2016	S\$0.020	307,441,537
Balance as at 30 June 2013				325,092,916

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	HY2013	FY2012
Beginning of financial period	564,940,007	410,943,127
Exercised of Warrants	139,240,915	153,994,880
Exercised of Employee Share Options	6,300,000	-
End of financial period	710,480,922	564,940,007

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Treasury Shares

	HY2013	FY2012
Beginning of financial period	251,000	251,000
Share Buy Back	-	-
End of financial period	251,000	251,000

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in point 5 below, the Group has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements for the financial year ended 31 December 2012.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current year, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2013. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

FRS 19 – Employee Benefits
 FRS 107 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
 FRS 113 – Fair Value Measurement

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	HY2013	HY2012
Earnings per ordinary share of the group		
Based on weighted average number of ordinary shares on issue (cents)	0.09	0.07
Weighted average number of ordinary shares	595,150,550	427,830,521
Based on a fully diluted basis (cents)	0.05	0.04
Fully diluted number of ordinary shares	1,050,051,838	709,380,945
Issued share capital at the end of financial year	710,480,922	498,622,121

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares, of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Net asset value per ordinary share based on issued share capital at the end of (cents):	3.09	3.12	2.87	3.36
No. of shares used in computation of net assets per share	710,480,922	564,940,007	710,480,922	564,940,007

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Group Revenue	\$'000	\$'000	%
	HY2013	HY2012	Increase
Project Sales	12,644	9,097	39.0%
Project Management and Maintenance Services	8,377	4,955	69.1%
Total Group	21,021	14,052	49.6%

Gross Profit	\$'000	\$'000	%
	HY2013	HY2012	Increase/ (Decrease)
Project Sales	2,717	2,296	18.3%
Project Management and Maintenance Services	1,805	1,324	36.3%
Total Group	4,522	3,620	24.9%

(a) **Overview**

The Group recorded 49.6% improvement to revenue of S\$21.0 million in HY2013. This significant increase was mainly the result of the Group's strategy to build up a recurrent revenue stream from Project Management and Maintenance. Project Management and Maintenance revenue generated S\$8.4 million in revenue, an improvement of 69.1% compared to the corresponding period.

Projects and services completed in the Group's key operating countries; Singapore, and emerging markets of Vietnam and Myanmar contributed the majority of the Group's revenue in HY2013.

(b) **Revenue**

Group revenue for HY2013 was S\$21.0 million, an increase of 49.6% over the previous corresponding period.

Contribution from Project Sales increased 39.0% to S\$12.6 million. The improvement was largely due to projects completions in Vietnam and Myanmar.

Contribution from Project Management and Maintenance Services increased by 69.1% to S\$8.4 million. This is in line with the Group strategy to focus more on sustainable revenue.

(c) **Profitability**

The Project Sales segment generated 18.3% increase in gross profit to S\$2.7 million in HY2013, compared to S\$2.3 million in the previous corresponding period. The higher gross profit was due mainly to the completion of projects in Vietnam and Myanmar.

For Project Management and Maintenance Services segment recorded a 36.4% improvement in gross profit to S\$1.8 million, compared to S\$1.3 million in the previous corresponding period.

Overall profitability would have been higher if not for lower revenue recorded in Thailand, which resulted in a loss of approximately S\$0.2 million by the Group's Thailand subsidiary. This was however partially offset by first time contributions from the Group's newly formed subsidiary, Fiber Reach Pte Ltd, which reported S\$0.1 million in profit.

Equipment and consumables used recorded an increase of 77.4% which is reflective of the higher revenue recorded for the period under review.

Freight charges reflected an increase of S\$41,000 as compared to the previous corresponding period. The increase is in line with the Group's project completed in overseas market i.e. Vietnam and Myanmar

Commission and consultancy was 67.5% lower at S\$162,000 due mainly to a change in project mix.

Changes in inventories and contract work-in-progress recorded an increase of 615.2%. This increase was a reflective of projects that were not completed in the current financial period but carried forward to the second half for completion.

The increase in other gains was due mainly to bad debts recovered of S\$60,000 from the previous year provision.

The increase in interest income is due to gain from deposits with the financial institution.

Administrative expenses rose by 26.6% as the Group brought in additional manpower to support growth.

Finance expense decrease 38.6% due to the reduction in long term borrowings and repayment of some previous loans.

(d) **Balance Sheet**

Cash and cash equivalents decreased S\$5.0 million for the current financial period, compared to S\$9.5 million as at the end of the previous financial year. The reasons for the decrease are outlined below in Section 8(e).

The increase in current trade and other receivables was mainly due to higher receivables from both the local and overseas customers for completed work. The receivables are not due for collection as per agreed payment terms.

Inventories have no material changes for the current financial period.

The increase in trade and other payables is in accordance with the agreed supply terms for projects and in line with higher revenue.

(e) **Cash flow**

The Group recorded S\$1.9 million decrease in net cash compared to 30 June 2012.

Cash used in operating activities amounted to approximately S\$8.9 million, and it was attributable to the cash used for changes in working capital of S\$10.5 million due mainly to trade receivables recorded a decrease in collection of S\$11.9 million, this is compensated by increase in trade payables of S\$1.5 million.

Cash flow from financing activities recorded an increase of S\$4.2 million due to the followings:

- Proceed from issuance of shares arising from conversion of warrants and options of approximately S\$3.0 million;
- Borrowings from financial institution for the completion of secured orders of approximately S\$4.7 million; and

- Repayment of bank loan of S\$3.5 million;
- Repayment of finance lease for equipment purchased.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The outstanding order book (contracts signed) as at 30 June 2013 is S\$60.74 million, an increase of more than double the order book this time last year (HY2012: S\$27 million). The majority of the Group's outstanding order book is in the Group's markets of Singapore, Vietnam and Myanmar.

Moving forward, it also remains the Group's strategy to actively seek opportunities to grow recurrent revenues while maintaining its position in its primary markets: Singapore, Vietnam and Myanmar.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Not applicable

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

There will be no dividend declared/recommended for the 6 months period ended 30 June 2013.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 902(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a shareholders' mandate for interested person transactions. There is no interested person transactions for HY2013.

- 14. Use of Proceeds – Warrants conversion**

As at 30 June 2013, approximately S\$4.9 million from the proceed from issuance of shares arising from conversion of warrants has been utilized, in accordance to its intended use, a summary of which is set out below:-

<u>Items</u>	<u>Amount (S\$)</u>	
Conversion of W121011	2,109,042.26	
Conversion of W131206	3,747,279.48	
Conversion of W160603	686,332.96	
Total Net Conversion of Warrants		6,542,654.70
 <u>Application of Proceeds</u>		
Professional Fees	247,619.49	
Issuance of Warrants	58,863.54	
Repayment of bank loans	2,624,428.50	
Investment in subsidiary	2,000,000.00	
Total Application of Proceeds		4,930,911.53
Balance of Conversion of Warrants		1,611,743.17

- 15. Negative Assurance Confirmation Statement on Interim Financial Statements**

The Board of Directors hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the interim financial statements for the half year ended 30 June 2013, to be false or misleading in any material aspect

For and on behalf of the
Board of Directors of
Ntegrator International Ltd

Chang Joo Whut
Managing Director

Han Meng Siew
Deputy Chairman

02 August 2013

BY ORDER OF THE BOARD

Jimmy Chang Joo Whut
Managing Director
02 August 2013

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Ms Foo Quee Yin.
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