

NTEGRATOR INTERNATIONAL LIMITED

(Co. Regn. No: 199904281D)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2014**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		%
	HY2014	HY2013	Increase/ (Decrease)
Revenue	24,335	21,021	15.8%
Cost of sales			
- Equipment and consumables used	(20,254)	(18,004)	12.5%
- Freight charges	(119)	(71)	67.6%
- Commission and consultancy	(201)	(162)	24.1%
- Changes in inventories and contract work-in-progress	267	1,738	(84.6%)
	(20,307)	(16,499)	23.1%
Gross profit	4,028	4,522	(10.9%)
Other income			
- Interest income from bank deposits	23	31	(25.8%)
Other gains - net	45	197	(77.2%)
Expenses			
- Distribution and marketing	(45)	(93)	(51.6%)
- Administrative	(4,651)	(4,050)	14.8%
- Finance	(91)	(70)	30.0%
(Loss)/ profit before income tax	(691)	537	(228.7 %)
Income tax expense	-	-	0.0%
Net (loss)/ profit	(691)	537	(228.7%)
Other comprehensive (loss)/ income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses)/ gains	(218)	896	
Total comprehensive (loss)/ income	(909)	1,433	
(Loss)/ profit attributable to:			
Equity holders of the Company	21	554	(96.2%)
Non-controlling interests	(712)	(17)	4,088.2%
	(691)	537	(228.7%)

	Group		%
	S\$'000		
	HY2014	HY2013	Increase/ (Decrease)
Total comprehensive (loss)/ income attributable to:			
Equity holders of the Company	(196)	1,211	
Non-controlling interests	(713)	222	
	<u>(909)</u>	<u>1,433</u>	
(Loss)/ earnings per share for (loss)/ profit attributable to equity holders of the Company (cents per share)			
- Basic	0.01	0.09	
- Diluted	0.01	0.05	
	<u>0.01</u>	<u>0.05</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	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	9,955	11,463	114	585
Trade and other receivables	27,428	31,514	3,721	4,583
Inventories	554	619	-	-
	37,937	43,596	3,835	5,168
Non-current assets				
Investments in subsidiaries	-	-	18,000	18,000
Property, plant and equipment	1,259	1,157	-	-
	1,259	1,157	18,000	18,000
Total assets	39,196	44,753	21,835	23,168
LIABILITIES				
Current liabilities				
Trade and other payables	14,715	13,850	268	573
Borrowings	6,180	12,136	-	-
	20,895	25,986	268	573
Non-current liabilities				
Borrowings	331	176	-	-
Total liabilities	21,226	26,162	268	573
NET ASSETS	17,970	18,591	21,567	22,595
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	22,953	22,665	22,953	22,665
Treasury shares	(11)	(11)	(11)	(11)
Other reserves	(1,227)	(1,010)	248	248
Accumulated losses	(3,232)	(3,253)	(1,623)	(307)
	18,483	18,391	21,567	22,595
Non-controlling interests	(513)	200	-	-
Total equity	17,970	18,591	21,567	22,595

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 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,872	2,308	8,927	3,209

Amount repayable after one year

As at 30 June 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	331	-	176

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

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

	Group	
	S\$'000	
	HY2014	HY2013
Cash flows from operating activities		
Net (loss)/ profit	(691)	537
Adjustments for:		
- Depreciation and amortisation	205	83
- Interest expense	91	70
- Interest income	(23)	(31)
- Unrealised currency translation (gains)/ losses	(348)	962
	(766)	1,621
Change in working capital:		
- Inventories	65	(65)
- Trade and other receivables	4,086	(11,922)
- Trade and other payables	865	1,490
Cash provided by/ (used in) operations	4,250	(8,876)
Interest received	23	31
Net cash generated from/ (used in) operating activities	4,273	(8,845)
Cash flows from investing activities		
Additions to property, plant and equipment	(45)	(200)
Net cash used in investing activities	(45)	(200)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	288	2,977
Proceeds from borrowings	752	4,713
Repayment of borrowings	(6,833)	(3,449)
Repayment of lease liabilities	(34)	(8)
Interest paid	(91)	(70)
Net cash (used in)/ provided by financing activities	(5,918)	4,163
Net decrease in cash and cash equivalents	(1,690)	(4,882)
Cash and cash equivalents		
Beginning of the financial year	10,440	8,569
Effects of currency translation on cash and cash equivalents	132	(181)
End of financial period	8,882	3,506

Cash and cash equivalents comprise the following:

Cash and cash equivalents
Less: Bank overdrafts

Group	
S\$'000	
HY 2014	HY 2013
9,955	4,500
(1,073)	(994)
8,882	3,506

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 2014	22,665	(11)	248*	(1,258)*	(3,253)	18,391	200	18,591
Shares issued pursuant to exercise of warrants	288	-	-	-	-	288	-	288
Total comprehensive loss for the period	-	-	-	(217)	21	(196)	(713)	(909)
Balance at 30 June 2014	22,953	(11)	248*	(1,475)*	(3,232)	18,483	(513)	17,970
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

* 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 2014	22,665	(11)	248*	(307)	22,595
Shares issued pursuant to exercise of warrants	288	-	-	-	288
Total comprehensive loss for the period	-	-	-	(1,316)	(1,316)
Balance at 30 June 2014	22,953	(11)	248*	(1,623)	21,567
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

* 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 2013	759,602,069	14,478,000	271,154,378
Exercised of Warrants	14,413,300	-	(14,413,300)
Balance as at 30 June 2014	774,015,369	14,478,000	256,741,078

Total number of outstanding shares options is as follows:

Date of ESOS Grant	Exercise Period	Exercise Price	ESOS Outstanding as at 31.12.2013	ESOS Outstanding as at 30.06.2014
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	12,662,000	12,662,000
25.08.2008	25.08.2009 to 25.08.2014	S\$0.04	1,000,000	1,000,000

Total number of outstanding warrants is as follows:

Date of Listing	Warrants Number	Exercise Period	Exercise Price	Warrants Outstanding
07.06.2013	W160603	07.06.2013 to 03.06.2016	S\$0.020	256,741,078
Balance as at 30 June 2014				256,741,078

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.

	HY2014	FY2013
Beginning of financial period	759,602,069	564,940,007
Exercised of Warrants	14,413,300	188,362,062
Exercised of Employee Share Options	-	6,300,000
End of financial period	774,015,369	759,602,069

- 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

	HY2014	FY2013
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 2013.

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.

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. 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.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

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	
	HY2014	HY2013
Earnings per ordinary share of the group		
Based on weighted average number of ordinary shares on issue (cents)	0.01	0.09
Weighted average number of ordinary shares	763,302,187	595,150,550
Based on a fully diluted basis (cents)	0.01	0.05
Fully diluted number of ordinary shares	1,045,234,447	1,050,051,838
Issued share capital at the end of financial year	774,015,369	710,480,922

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 2014	31 December 2013	30 June 2014	31 December 2013
Net asset value per ordinary share based on issued share capital at the end of (cents):	2.32	2.45	2.79	2.97
No. of shares used in computation of net assets per share	774,015,369	759,602,069	774,015,369	759,602,069

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	%
	HY2014	HY2013	Increase
Project Sales	13,535	12,644	7.0%
Project Management and Maintenance Services	10,800	8,377	28.9%
Total Group	24,335	21,021	15.8%

Gross Profit	\$'000	\$'000	%
	HY2014	HY2013	(Decrease)
Project Sales	2,161	2,717	(20.5%)
Project Management and Maintenance Services	1,866	1,805	3.4%
Total Group	4,027	4,522	(10.9%)

(a) **Overview**

The Group recorded a 15.8% topline improvement to achieve a revenue of S\$24.3 million for HY2014. This increase was mainly the result of the Group's strategy to build up a recurrent revenue stream from Project Management and Maintenance Services which generated S\$10.8 million in revenue, an improvement of 28.9% 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 HY2014.

Overall, the Group core businesses are profitable. However, a loss by one of the Group's subsidiaries, Fiber Reach Pte Ltd ("Fiber Reach") had resulted in a bottomline loss (before non-controlling interest) of S\$0.7 million for the Group. Profit attributable to equity holders for the Company is S\$21,000.

As announced with our FY2013 result, the Group's profit was eroded by a non-performing sub-contractor. In order to reduce the reliance on sub-contractors for the delivery and completion of projects, we have tasked our subsidiary, Fiber Reach to build up their competencies in terms of manpower and knowledge for in-building splicing, under-ground cable pulling and pipeline jobs. In late April 2014, we had successfully taken over another 4 sub-contractors' function, making us a complete full-fledge OSP contractor. The increase in manpower and purchasing of minor tools and equipment for the complete takeover of the 4 sub-contractors resulted in a loss of S\$1.3 million at the subsidiary level for the half year under review. This is mainly due to the need to take over some manpower from the 4 sub-contractors resulting in an over-supply of manpower in the first quarter. This manpower problem had been right size by late April and we will see some improvement in Fiber Reach in the second half year.

(b) **Revenue**

Group revenue for HY2014 was S\$24.3 million, an increase of 15.8% over the previous corresponding period.

Contribution from Project Sales increased 7.0% to S\$13.5 million. The improvement was largely due to the completion of projects in Singapore, Vietnam and Myanmar.

Contribution from Project Management and Maintenance Services increased by 28.9% to S\$10.8 million. This is in line with the Group strategy to focus more on sustainable revenue.

(c) **Profitability**

The Project Sales segment generated a gross profit of S\$2.2 million a decrease of 20.5% in HY2014, compared to S\$2.7 million in the previous corresponding period. The reduced gross profit was due mainly to the mix of projects in various sectors having lower margins, despite the increased in revenue.

The Project Management and Maintenance Services segment recorded a 3.4% improvement in gross profit to S\$1.9 million, compared to S\$1.8 million in the previous corresponding period.

However, Group profit was eroded by the loss incurred at the subsidiary level due to the need to increase manpower and purchase of minor tools and equipment as mentioned in the earlier paragraph.

Overall profitability would have been higher if not for lower revenue recorded in Thailand, resulting in a loss of approximately S\$0.1 million by the Group's Thailand subsidiary.

Equipment and consumables used recorded an increase of 12.5% which is in line with the higher revenue recorded for the review period.

Freight charges reflected an increase of S\$48,000 as compared to the previous corresponding period. The increase is in line with the completion of projects overseas i.e. Vietnam and Myanmar.

Commission and consultancy was 24.1% increase from S\$162,000 to S\$201,000 due mainly to a change in project mix.

Changes in inventories and contract work-in-progress recorded a decrease of 84.6%. This was mainly because more projects were completed in the review period, compared to the previous corresponding period where there were more projects at the work-in-progress stage.

The reduction in other gains was due mainly to bad debts recovered in the corresponding period in the previous year.

The decrease in interest income is due to a reduction of deposits with the financial institutions.

Administrative expenses rose by 14.8% or S\$0.6 million mainly due to an increase in depreciation (S\$0.15 million), rental of warehouse and office (S\$0.2 million) and additional indirect manpower (S\$0.25 million).

Finance expense increased 30.0% due to the increase in finance leases for the purchase of new equipment to support the growth in the subsidiary, Fiber Reach.

(d) **Balance Sheet**

Cash and cash equivalents decreased S\$1.5 million in the review financial period, compared to S\$11.5 million as at the end of the previous financial year. This is also a result of repayment of loans to financial institutions.

The decrease in current trade and other receivables was mainly due to more receivables collected from both the local and overseas customers for completed work.

Inventories have no material changes for the financial period under review.

The increase in trade and other payables was in accordance with the agreed supply terms for projects and in line with the Group's higher revenue.

Borrowings recorded a decrease of S\$5.8 million as a result of repayment of loans to financial institutions.

(e) Cash flow

The Group recorded a S\$5.4 million increase in cash and cash equivalent compared to 30 June 2013.

Cash flow used in operating activities amounted to approximately S\$0.8 million. It was compensated from Cash from changes in working capital of S\$5.0 million due mainly to trade receivables recording an increase in collection of S\$4.1 million, a decrease in trade payables of S\$0.9 million and increase in inventories of S\$0.06 million.

Cash flow used in financing activities recorded a decrease of S\$5.9 million due to the followings:

- Proceed from issuance of shares arising from conversion of warrants and options of approximately S\$0.3 million;
- Borrowings from financial institutions for the completion of secured orders of approximately S\$0.8 million;
- Repayment of bank loan of S\$6.8 million;
- Repayment of finance lease of approximately S\$34,000; and
- Interest paid of S\$0.1 million.

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 2014 is S\$35.8 million. The majority of the Group's outstanding order book is in the Group's markets of Singapore, Vietnam and Myanmar.

The Group is considering diversifying into other businesses and has jointly bided with a Myanmar Company for the design, supply and installation of a 230 kV Transmission System between the Myanmar cities of Nabar – Shwe Bo – Ohntaw.

The Group has a strategy to seek opportunities to grow recurring and sustainable 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/recommended, a statement to that effect.

There will be no dividend declared/recommended for the 6 months period ended 30 June 2014.

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 were no transactions with interested persons in HY2014.

14. Use of Proceeds – Warrants conversion

As at 30 June 2014, approximately S\$0.18 million, 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 W160603		288,266.00
<u>Application of Proceeds</u>		
Professional Fees	32,106.00	
Repayment of bank loans	142,487.85	
Total Application of Proceeds	<hr/>	174,593.85
Balance of Conversion of Warrants		<hr/> 113,672.15 <hr/>

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 2014, 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

11 August 2014

BY ORDER OF THE BOARD

Jimmy Chang Joo Whut
Managing Director
11 August 2014

*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.
Telephone number: 6221 0271*