

Ntegrator International Limited
(Co. Reg. No: 199904281D)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2006

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Income Statement for HY 2006 and HY 2005. These figures have not been audited.

	Group		%
	\$'000		
	HY2006	HY2005	Increase/ (Decrease)
Revenue	8,122	9,909	(18.0%)
Other income	188	10	1780.0%
Accretion of income on bills receivables	300	289	3.8%
Changes in stocks and contract work-in-progress	4,039	1,760	129.5%
Equipment and consumables used	(8,987)	(7,941)	13.2%
Freight costs	(170)	(163)	4.3%
Commission and consultancy expenses	(329)	(197)	67.0%
Staff costs	(2,291)	(1,777)	28.9%
Depreciation of plant and equipment	(128)	(117)	9.4%
Foreign exchange translation (loss)/gain, net	(363)	35	(1137.1%)
Interest expense	(82)	(21)	290.5%
Other operating expenses	(1,040)	(427)	143.6%
	(8,863)	(8,549)	3.7%
Profit before income tax	(741)	1,360	(154.5%)
Income tax	(50)	(272)	(81.6%)
Net (loss) / profit for the period	(791)	1,088	(172.7%)
Attributable to:			
Shareholders of the Company	(745)	894	
Minority interests	(46)	(45)	
Net (loss) / profit for the period	(791)	849	

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

	Group	
	30.6.2006	31.12.2005
	\$'000	\$'000
Non-current assets		
Plant and equipment	569	510
Deferred expenditure	233	78
Deferred tax assets	40	42
Cash and cash equivalents	602	559
Trade receivables	2,948	6,575
	4,392	7,764
Current assets		
Stocks	1,089	937
Contract work-in-progress	4,643	153
Trade receivables	13,918	14,592
Other receivables	271	768
Cash and cash equivalents	1,394	3,437
	21,315	19,887
Current liabilities		
Contract work-in-progress	678	75
Trade payables	8,588	11,087
Other payables	296	467
Deferred revenue	298	77
Finance lease liabilities	4	4
Interest bearing loans and borrowings	2,285	221
Income tax payable	436	770
	12,585	12,701
Net current assets	8,730	7,187
Non-current liabilities		
Finance lease liabilities	25	28
Deferred tax liabilities	62	59
	87	87
Net assets	13,035	14,864
Equity attributable to shareholders of the Company		
Issued share capital	9,379	8,009
Share premium	-	1,370
Foreign currency translation reserve	47	(24)
Retained profits	3,365	5,311
	12,791	14,666
Minority interests	244	198
Total equity	13,035	14,864

	Company	
	30.6.2006	31.12.2005
	\$'000	\$'000
Non-current assets		
Investments in subsidiaries	6,000	4,350
Current assets		
Other receivables	18	3,421
Loan to a subsidiary	4,873	2,498
Cash and cash equivalents	-	2,196
	4,891	8,115
Current liabilities		
Bank Overdraft	18	-
Other payables	167	359
	185	359
Net current assets	4,706	7,756
Net assets	10,706	12,106
Equity attributable to shareholders of the Company		
Issued share capital	9,379	8,009
Share premium	-	1,370
Retained profits	1,327	2,727
Total equity	10,706	12,106

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

As at 30 June 2006, our bank borrowings stood at \$2.3 million. Approximately \$0.2 million of our total borrowings is secured by a cash deposit placed with a financial institution amounting to S\$250,000. The borrowings are mainly for the operation and working capital needs of the Group. These short term debts are payable within the next 12 months from 30 June 2006. The borrowings bear average interest of 5.25 per cent per annum and are repayable as and when they are due.

Amount repayable in one year or less, or on demand

As at 30.6.2006		As at 31.12.2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
206	2,079	-	221

As at 30 June 2006, our outstanding finance lease liabilities amounted to S\$30,000.

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

	Group \$'000	
	HY2006	HY2005
Cash flow from operating activities:		
(Loss) / profit before income tax	(741)	1,026
Adjustments for:		
Depreciation of plant and equipment	128	117
Interest expense	82	18
Interest income	(24)	(9)
Accretion of income on bills receivables	(300)	(289)
Foreign currency translation differences	164	117
	(691)	980
Increase in stocks and contract work-in-progress	(4,039)	(1,760)
Increase in trade and other receivables	5,099	1,559
Increase in trade and other payables	(2,536)	(1,615)
Cash used in operations	(2,167)	(836)
Interest received	24	9
Interest paid	(82)	(18)
Income tax paid	(379)	(386)
Net cash flows used in operating activities	(2,604)	(1,231)
Cash flow from investing activities:		
Purchase of plant and equipment	(344)	(31)
Net cash flows used in investing activities	(344)	(31)
Cash flow from financing activities:		
Net proceeds of loan from financial institution	2,064	398
Repayment of finance leases	(2)	(10)
(Increase) / decrease in fixed deposits pledged with financial institutions	(42)	65
Payments for deferred expenditure	86	(166)
Dividend paid	(1,201)	-
Net cash flows from financing activities	905	287
Net decrease in cash and cash equivalents	(2,043)	(975)
Cash and cash equivalents at beginning of period	3,437	4,147
Cash and cash equivalents at end of period	1,395	3,172

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.

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.

Group	Issued share capital	Share premium	Foreign currency translation reserve	Employee share option reserve	Retained profits	Equity attributable to shareholders of the Company	Minority interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2006	8,009	1,370	(24)	-	5,311	14,666	198	14,864
Conversion of Share Premium to Share Capital	1,370	(1,370)	-	-	-	-	-	-
Dividend Paid	-	-	-	-	(1,201)	(1,201)	-	(1,201)
Net Loss for the Period	-	-	71	-	(745)	(673)	46	(628)
Balance as at 30 June 2006	9,379	-	47	-	3,365	12,791	244	13,035
Balance as at 1 January 2005 restated	2,408	2,029	(25)	26	3,052	7,490	104	7,594
Foreign currencies translation adjustment	-	-	(10)	-	-	(10)	-	(10)
Net profit for the financial year	-	-	-	-	804	804	125	929
Balance as at 30 June 2005	2,408	2,029	(35)	26	3,856	8,284	229	8,513

Company	Issued share capital	Share premium	Employee Share Option Reserve	Retained profits	Equity attributable to shareholders of the Company
	\$'000	\$'000	S\$'000	\$'000	\$'000
Balance as at 1 January 2006	8,009	1,370	-	2,727	12,106
Conversion of Share Premium to Share Capital	1,370	(1,370)	-	-	-
Dividend Paid	-	-	-	(1,201)	(1,201)
Net Loss for the Period	-	-	-	(199)	(199)
Balance as at 30 June 2006	9,379	-	-	1,327	10,706
Balance as at 1 January 2005	2,408	2,029	26	(105)	4,358
Net Loss for the Period	-	-	-	(5)	5
Balance as at 30 June 2005	2,408	2,029	26	(110)	4,353

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 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.

Details of changes in issued and paid-up capital since 31 December 2004 are as follows:-

	Number of Shares	\$	Note
Issued and fully paid as at 1 January and 30 June 2005	24,080,210	2,408,021.00	(a)
Issued and fully paid as at 1 January 2006	80,088,586	8,008,858.60	
Conversion of Share Premium to Share Capital	-	1,370,027.22	(b)
Issued and fully paid as at 30 June 2006	80,088,586	9,378,885.82	

Note:

- (a) There are no changes in Share Capital for the period from 1 January 2005 to 30 June 2005.
- (b) Conversion of Share Premium to Share Capital with the abolition of the concept of Share Premium on 30 January 2006, in accordance with the Companies (Amendment) Act 2005. Arising from this, all amounts standing to the credit of the Company's Share Premium Account became part of the Company's Issued Share Capital.

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.

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.

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 2005, except for adoption of new/revised accounting standards that are mandatory for annual periods beginning on or after 1 January 2006.

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.**

There are no material changes on the financial statements of the Group arising from the adoption of the new/revised FRS.

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.**

Not applicable

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

	Group	
	30 June 2006	31 December 2005
Net asset value per ordinary share (cents) based on issued share capital at the end of:	15.81	18.31
No. of shares used in computation of net assets per share	80,088,586	80,088,586

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	%
	HY 2006	HY 2005	Increase/ (Decrease)
Network Infrastructure Projects	5,651	7,367	(23.3%)
Voice Communications Systems	1,580	1,763	(10.4%)
Project Management and Maintenance Services	891	779	14.4%
Total Group	8,122	9,909	(18.0%)

Gross Profit	\$'000	\$'000	%
	HY 2006	HY 2005	Increase/ (Decrease)
Network Infrastructure Projects	1,820	2,303	(21.0%)
Voice Communications Systems	328	587	(44.1%)
Project Management and Maintenance Services	527	479	10.0%
Total Group	2,675	3,369	(20.6%)

(a) Overview

Group Revenue for HY 2006 was \$8.1 million, a decrease of 18.0% over that of the previous corresponding period of \$9.9 million. .

(b) Revenue

Network Infrastructure Projects recorded a decrease of 23.3% in revenue to \$5.7 million mainly due to the delay in completion of several major projects.

Voice Communication Systems recorded a decrease of 10.4 % in revenue to \$1.6 million mainly due to the delay in completion of projects.

Project Management and Maintenance services continued to improve with growth of 14.4% in revenue to \$0.9 million from the corresponding period of \$0.8 million.

(c) Profitability

Gross profit for Network Infrastructure Projects decreased by 21.0% to \$1.8 million while gross profit for Voice Communication Systems decreased by 44.1 % to \$ 0.3 million. The reasons are as explained in Part (b) above, and are further elaborated below. With the continuing growth in maintenance income, gross profit for Project Management and Maintenance services grew by 10.0% to \$0.5 million.

There were several major projects which were not completed on time in the first half of the year. These included the following projects:-

1. Remote Cell Site Management System for a service provider in Singapore;
2. Transmitter and Antenna in Myanmar;
3. Infrastructure Network in Myanmar;
4. Voice Communication System projects.

The total amount attributable to the projects mentioned above is approximately \$7.4 million.

The delays in the projects were due to a combination of shipment delays by our principals and delays in receiving Export Letter of Credit from our customers.

Overall overhead increased by 69.2% to \$3.9 million. Staff costs had increased by 28.9% to \$2.3 million from the corresponding period of \$1.8 million. The increase in staff costs are mainly due to increase in manpower, as part of our IPO objectives to strengthen the local and overseas operation. In addition, other expenses that contributed to the increased overheads included costs related to the expansion of our local and regional offices and overseas traveling and marketing expenses to pave the way for future growth and opportunities.

The weakening of US\$ vs S\$ in the first half of the financial year have resulted in a translation loss of \$0.4 million.

(d) Group Balance Sheet

Long Term Trade Receivables decreased due to the re-classification of long term receivables to current receivables in accordance with the terms in the Export Letters of Credit. The Irrevocable Letters of Credit accounted for the Long Term Trade Receivables.

The increased in Contract Work-in-Progress were mainly due to the delays in completion of several major projects as explained in part (c) above.

Share Premium decreased mainly due to conversion of Share Premium to Share Capital with the abolition of the concept of Share Premium on 30 January 2006 and, arising from which, all amounts standing to the credit of the Company's Share Premium Account became part of the Company's Share Capital.

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.

Business conditions are expected to remain positive, though challenging, in the current financial year. The Group has taken steps to face this challenge. The priority for us will be to continue our focus on the key markets we are in and to use our best effort to ensure the timely completion of projects. Growth in these key markets is expected to remain steady in the next half year. Barring any unforeseen circumstances, the Group is expected to be profitable for the year.

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.

Not applicable

BY ORDER OF THE BOARD

Jimmy Chang Joo Whut
Managing Director

8 August 2006

The Initial Public Offering of the Company was sponsored by UOB Asia Ltd.