

NTEGRATOR INTERNATIONAL LIMITED

(Co. Regn. No: 199904281D)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016**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		
	HY2016	HY2015	Increase/ (Decrease)
Revenue	22,473	29,718	(24.4%)
Cost of sales			
- Equipment and consumables used	(17,033)	(26,152)	(34.9%)
- Freight charges	(131)	(146)	(10.3%)
- Commission and consultancy	(92)	(182)	(49.5%)
- Changes in inventories and contract work-in-progress	99	2,581	(96.2%)
	(17,157)	(23,899)	(28.2%)
Gross profit	5,316	5,819	(8.6%)
Other income			
- Interest income from bank deposits	1	1	0.0%
Other gains - net	203	334	(39.2%)
Expenses			
- Distribution and marketing	(24)	(101)	(76.2%)
- Administrative	(4,310)	(4,712)	(8.5%)
- Finance	(117)	(51)	129.4%
Profit before income tax	1,069	1,290	(17.1%)
Income tax expense	-	-	0.0%
Net profit	1,069	1,290	(17.1%)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses) / Gain	(597)	179	
Total comprehensive income	472	1,469	
Profit attributable to:			
Equity holders of the Company	573	737	(22.3%)
Non-controlling interests	496	553	(10.3%)
	1,069	1,290	(17.1%)

	Group		%
	S\$'000		
	HY2016	HY2015	Increase/ (Decrease)
Total comprehensive income attributable to:			
Equity holders of the Company	(24)	916	
Non-controlling interests	496	553	
	<u>472</u>	<u>1,469</u>	
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic	0.07	0.09	
- Diluted	<u>0.04</u>	<u>0.07</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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	12,895	10,885	625	548
Trade and other receivables	26,732	25,316	3,577	4,234
Inventories	370	395	-	-
	39,997	36,596	4,202	4,782
Non-current assets				
Investments in subsidiary / Corporations	-	-	18,000	18,000
Property, plant and equipment	1,143	1,233	-	-
	1,143	1,233	18,000	18,000
Total assets	41,140	37,829	22,202	22,782
LIABILITIES				
Current liabilities				
Trade and other payables	16,981	9,853	218	431
Borrowings	6,034	10,903	-	-
	23,015	20,756	218	431
Non-current liabilities				
Borrowings	120	202	-	-
Total liabilities	23,135	20,958	218	431
NET ASSETS	18,005	16,871	21,984	22,351
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	23,984	23,559	23,984	23,559
Treasury shares	(11)	(11)	(11)	(11)
Other reserves	(624)	(27)	231	231
Accumulated losses	(6,370)	(6,943)	(2,220)	(1,428)
	16,979	16,578	21,984	22,351
Non-controlling interests	1,026	293	-	-
Total equity	18,005	16,871	21,984	22,351

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 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,597	4,437	6,139	4,764

Amount repayable after one year

As at 30 June 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	120	-	202

Details of any collateral

As at 30 June 2016, the bank loan of S\$1.6 million (31 December 2015: S\$6.1 million) was secured by way of export letter of credits of reputable banks.

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	
	HY2016	HY2015
Cash flows from operating activities		
Net profit	1,069	1,290
Adjustments for:		
- Depreciation and amortisation	220	209
- Loss/ (gain) on disposal of property, plant and equipment	5	(1)
- Interest expense	117	51
- Interest income	(1)	(1)
- Unrealised currency translation (gains)/ losses	(996)	304
	414	1,852
Change in working capital:		
- Inventories	25	20
- Trade and other receivables	(1,416)	(13,057)
- Trade and other payables	7,128	2,786
Cash (used in)/ generated from operations	6,151	(8,399)
Interest received	1	1
Net cash provided by/ (used in) operating activities	6,152	(8,398)
Cash flows from investing activities		
Additions to property, plant and equipment	(148)	(169)
Net cash used in investing activities	(148)	(169)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	655	11
Proceeds from borrowings	1,216	13,846
Repayment of borrowings	(6,227)	-
Repayment of lease liabilities	(80)	(86)
Interest paid	(117)	(51)
Net cash (used in)/ provided by financing activities	(4,553)	13,720
Net increase in cash and cash equivalents	1,451	5,153
Cash and cash equivalents		
Beginning of the financial year	10,672	5,557
Effects of currency translation on cash and cash equivalents	419	(124)
End of financial period	12,542	10,586

Cash and cash equivalents comprise the following:

Cash and cash equivalents
Less: Bank overdrafts

Group	
S\$'000	
HY 2016	HY 2015
12,895	10,661
(353)	(75)
12,542	10,586

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 equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Employee share option reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000	Non-controlling interests S\$'000	
Group								
Balance at 1 January 2016	23,559	(11)	231*	(258)*	(6,943)	16,578	293	16,871
Shares issued pursuant to exercise of warrants	425	-	-	-	-	425	-	425
Non-controlling interest's contribution	-	-	-	-	-	-	237	237
Total comprehensive income for the period	-	-	-	(597)	573	(24)	496	472
Balance at 30 June 2016	23,984	(11)	231*	(855)*	(6,370)	16,979	1,026	18,005
Balance at 1 January 2015	23,001	(11)	231*	(1,056)*	(8,204)	13,961	(480)	13,481
Shares issued pursuant to exercise of warrants	11	-	-	-	-	11	-	11
Total comprehensive income for the period	-	-	-	179	737	916	553	1,469
Balance at 30 June 2015	23,012	(11)	231*	(877)*	(7,467)	14,888	73	14,961

* Not available for distribution

	Share capital S\$'000	Treasury shares S\$'000	Employee share option reserve S\$'000	Accumulated losses S\$'000	Equity attributable to shareholders of the Company S\$'000
<u>Company</u>					
Balance at 1 January 2016	23,559	(11)	231*	(1,428)	22,351
Shares issued pursuant to exercise of warrants	425	-	-	-	425
Total comprehensive loss for the period	-	-	-	(792)	(792)
Balance at 30 June 2016	23,984	(11)	231*	(2,220)	21,984
Balance at 1 January 2015	23,001	(11)	231*	(386)	22,835
Shares issued pursuant to exercise of warrants	11	-	-	-	11
Total comprehensive loss for the period	-	-	-	(998)	(998)
Balance at 30 June 2015	23,012	(11)	231*	(1,384)	21,848

* 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 2015	813,264,632	12,278,000	1,126,926,297
Exercised of Warrants	34,362,373	-	(34,362,373)
Expired of W160603	-	-	(298,241,292)
Balance as at 30 June 2016	847,627,005	12,278,000	794,322,632

Total number of outstanding shares options is as follows:

Date of ESOS Grant	Exercise Period	Exercise Price	ESOS Outstanding as at 31.12.2015	ESOS Outstanding as at 30.06.2016
11.09.2006	11.09.2007 to 10.09.2017	S\$0.13	616,000	616,000
25.08.2008	25.08.2009 to 25.08.2019	S\$0.04	11,662,000	11,662,000

Total number of outstanding warrants is as follows:

Date of Listing	Warrants Number	Exercise Period	Exercise Price	Warrants Outstanding
27.11.2015	W181123	27.11.2015 to 23.11.2018	S\$0.010	794,322,632
Balance as at 30 June 2016				794,322,632

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.

	HY2016	FY2015
Beginning of financial period	813,264,632	776,425,098
Exercised of Warrants	34,362,373	36,839,534
End of financial period	847,627,005	813,264,632

- 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

	HY2016	FY2015
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 2015.

- 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 2016, 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	
	HY2016	HY2015
Earnings per ordinary share of the group		
Based on weighted average number of ordinary shares on issue (cents)	0.07	0.09
Weighted average number of ordinary shares	819,957,428	776,518,611
Based on a fully diluted basis (cents)	0.04	0.07
Fully diluted number of ordinary shares	1,654,227,637	1,044,234,447
Issued share capital at the end of financial year	847,627,005	776,965,118

- 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 2016	31 December 2015	30 June 2016	31 December 2015
Net asset value per ordinary share based on issued share capital at the end of (cents):	2.12	2.07	2.59	2.75
No. of shares used in computation of net assets per share	847,627,005	813,264,632	847,627,005	813,264,632

- 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	%
	HY2016	HY2015	Increase/ (Decrease)
Project Sales	12,819	21,370	(40.0%)
Project Management and Maintenance Services	9,654	8,348	15.6%
Total Group	22,473	29,718	(24.4%)

Gross Profit	\$'000	\$'000	%
	HY2016	HY2015	(Decrease)/ Increase
Project Sales	1,039	1,887	(44.9%)
Project Management and Maintenance Services	4,277	3,932	8.8%
Total Group	5,316	5,819	(8.6%)

(a) Overview

The Group recorded revenue of S\$22.5 million in HY2016 compared to S\$29.7 million in HY2015, representing a decrease of 24.4% or S\$7.2 million.

The significant impact in Group revenue decline came from weakening Project Sales revenue. Project Sales revenue was 40.0% lower than in the corresponding previous year, from S\$21.4 million in HY2015 down to S\$12.8 million in HY2016. This decrease was mainly attributed to a major uncompleted project in Vietnam.

Project Management and Maintenance Services showed an improvement of 15.6% from S\$8.3 million in HY2015 to S\$9.7 million in HY2016. This was an increase of S\$1.4 million. Project Management and Maintenance Services provides a consistent month to month revenue stream.

The Group remains profitable and achieved a net profit before minority interest of S\$1.1 million in HY2016.

(b) Revenue

The Group's revenue decreased 24.4% from S\$29.7 million in HY2015 to S\$22.5 million in HY2016.

Project Sales revenue decreased by 40.0% or S\$8.6 million from the previous period under review. The main factor is due to an uncompleted project in Vietnam. Work on this project is on schedule and we expect it to be completed in the second half of this year.

Revenue derived from Project Management and Maintenance Services increased by 15.6% or S\$1.4 million as this is one of the Group's core business which generates a steady recurring income.

(c) Profitability

The Group's gross profit recorded a decline of 8.6% from S\$5.8 million in HY2015 to S\$5.3 million in HY2016.

Gross profit from Project Sales decrease by 44.9% from S\$1.9 million in HY2015 to S\$1.0 million in HY2016 and this was offset by an improvement in gross profit of Project Management and Maintenance Services of 8.8% from S\$3.9 million in HY2015 to S\$4.3 million in HY2016.

Equipment and consumables

Equipment and consumables decreased by 34.9% from S\$26.2 million in HY2015 to S\$17.0 million in HY2016. This is in line with the revenue decrease.

Freight charges

Freight charges decreased by 10.3% from S\$146,000 in HY2015 to S\$131,000 in HY2016. The decrease is in line with the decrease in overseas project completions.

Commission and consultancy

Commission and consultancy decreased by 49.5% from S\$182,000 in HY2015 to S\$92,000 in HY2016. The decrease is in line with our strategy to reduce our reliance on third party consultants and focusing more on key direct selling strengths of the Group.

Changes in inventories and contract work-in-progress

Changes in inventories and contract work-in-progress decreased by 96.2% from S\$2.6 million in HY2015 to S\$0.1 million in HY2016. The decrease reflects the decrease in work-in-progress inventory.

Other income

There were no material changes in other income for the financial period under review.

Other gains – net

Other gains decreased by 39.2% from S\$0.3 million in HY2015 to S\$0.2 million in HY2016. This was a result of higher foreign exchange losses.

Distribution and marketing expenses

Distribution and marketing expenses decreased by 76.2% from S\$0.1 million in HY2015 to S\$24,000 in HY2016.

Administrative expenses

Administrative expenses decreased by 8.5% from S\$4.3 million in HY2015 to S\$4.37 million in HY2016 mostly due to tight control on wages and salaries.

Finance expenses

Finance expenses increased by 129.4% from S\$51,000 in HY2015 to S\$0.1 million in HY2016. This is due to an increased in borrowings at the beginning of the year.

(d) **Statement of Financial Position**

Cash and cash equivalent

Cash and cash equivalent increased from S\$10.9 million in FY2015 to S\$12.9 million in HY2016. The increase is explained in the cash flow statement in part (e) below.

Trade and other receivables

Trade and other receivables increased by S\$1.4 million from S\$25.3 million in FY2015 to S\$26.7 million in HY2016. This is due to a timing of invoicing and collection where more projects in the first half were completed and invoices issued, but not due for payment.

Inventories

Inventories decreased marginally from S\$395,000 in FY2015 to S\$370,000 in HY2016 due to utilization for sales.

Property, plant and equipment

Property, plant and equipment decreased by S\$0.1 million from S\$1.2 million in FY2015 to S\$1.1 million in HY2016. This decrease was attributed to the purchase of plant and equipment amounting to S\$0.1 million and partially offset by depreciation charges of S\$0.2 million.

Trade and other payables

Trade and other payables increased by S\$7.1 million from S\$9.9 million in FY2015 to S\$17.0 million in HY2016. This indicates that our projects are nearing completion and Trade Payables are high prior to projects being completed and revenue being recognized.

Current and non-current borrowings

Current and non-current borrowings decreased by S\$5.0 million from S\$11.1 million in FY2015 to S\$6.2 million in HY2016. The decrease was due to the Group's repayment of bank borrowings that was used to finance projects in the Singapore and Vietnam markets.

(e) **Cash flow**

The Group recorded cash and cash equivalent of S\$12.9 million in HY2016. This was an increase of S\$2.0 million from S\$10.9 million in FY2015.

The Group's net cash provided by operating activities in HY2016 was S\$6.2 million. Operating cash flow before working capital changes of S\$0.4 million and offset by a decrease in the receipts from receivables of S\$1.4 million and decrease in payments to suppliers of S\$7.1 million all contributed to this.

The Group's net cash used in investing activities in HY2016 was S\$0.1 million mainly due to the purchase of vehicles as well as office and site equipment.

The Group's net cash used in financing activities in HY2016 was S\$4.6 million due to repayment of bank loans of S\$6.2 million, repayment of finance lease of S\$80,000 and payment of interest of S\$117,000 which was partially offset by proceeds from borrowings of S\$1.2 million and proceeds from issuance of shares of S\$0.7 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 2016 is S\$40.7 million. The majority of the Group's outstanding order book is in the Group's markets of Singapore, Vietnam and Myanmar.

The Group remains committed to seeking opportunities for continued growth and to build recurring and sustainable revenues in the existing primary market of Singapore, Myanmar and Vietnam.

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 2016.

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 HY2016.

14. Use of Proceeds – Warrants conversion

As at 30 June 2016, approximately S\$2.8 million, proceed from issuance of shares arising from conversion of warrants has been utilized, in accordance to its intended use as stated in the OIS dated 31 May 2013 and 20 November 2015, a summary of which is set out below:-

<u>Items</u>	<u>Amount (S\$)</u>	
Conversion of W160603	2,597,055.58	
Conversion of W181123	156,430.00	
Total Net Conversion of Warrants		2,753,485.58
 <u>Application of Proceeds</u>		
Professional Fees	204,557.88	
Issuance of Warrants	219,994.33	
Repayment of bank loans	1,704,143.18	
Total Application of Proceeds		2,128,695.39
Balance of Conversion of Warrants		624,790.19

15. Confirmation By the Company Pursuant to Rule 720(1) of the Catalist Rules of Singapore Exchange Securities Trading Limited

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

16. 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 2016, 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
Executive Chairman

12 August 2016

BY ORDER OF THE BOARD

Jimmy Chang Joo Whut
Managing Director
12 August 2016

*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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