

NTEGRATOR INTERNATIONAL LTD

(Co. Regn. No: 199904281D)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019**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		%
	HY2019	HY2018	Increase/ (Decrease)
Revenue	14,851	14,827	0.2%
Cost of sales			
- Equipment and consumables used	(10,183)	(12,344)	(17.5%)
- Freight charges	(21)	(72)	(70.8%)
- Commission and consultancy	-	(261)	(100.0%)
- Changes in inventories	172	118	45.8
	(10,032)	(12,559)	(20.1%)
Gross profit	4,819	2,268	112.5%
Other income			
- Interest income from bank deposits	14	13	7.7%
Other gains - net	121	388	(68.8%)
Expenses			
- Distribution and marketing	(16)	(20)	(20.0%)
- Administrative	(4,844)	(4,454)	8.8%
- Finance	(65)	(64)	1.6%
Profit/ (loss) before income tax	29	(1,869)	101.6%
Income tax expense	-	-	
Net profit/ (loss)	29	(1,869)	101.6%
Other comprehensive income/ (loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains	123	211	(41.7%)
Total comprehensive income/ (loss)	152	(1,658)	109.2%
Profit/ (loss) attributable to:			
Equity holders of the Company	306	(1,277)	124.0%
Non-controlling interests	(277)	(592)	(53.2%)
	29	(1,869)	101.6%

	Group		%
	S\$'000		
	HY2019	HY2018	Increase/ (Decrease)
Total comprehensive income/ (loss) attributable to:			
Equity holders of the Company	429	(1,066)	140.2%
Non-controlling interests	(277)	(592)	(53.2%)
	<u>152</u>	<u>(1,658)</u>	109.2%
Earnings per share for profit/ (loss) attributable to equity holders of the Company (cents per share)			
- Basic	0.03	(0.12)	
- Diluted	0.03	(0.12)	

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	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	3,178	6,946	88	276
Trade and other receivables	26,774	35,593	6,472	7,208
Inventories	293	313	-	-
	30,245	42,852	6,560	7,484
Non-current assets				
Investments in subsidiary corporations	-	-	18,000	18,000
Property, plant and equipment	1,589	1,630	-	-
Deferred income tax assets	792	785	-	-
	2,381	2,415	18,000	18,000
Total assets	32,626	45,267	24,560	25,484
LIABILITIES				
Current liabilities				
Trade and other payables	6,043	6,315	223	383
Borrowings	8,454	20,916	-	-
Income tax liabilities	-	-	-	-
	14,497	27,231	223	383
Non-current liabilities				
Borrowings	298	357	-	-
	298	357	-	-
Total liabilities	14,795	27,588	223	383
NET ASSETS	17,831	17,679	24,337	25,101
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26,161	26,161	26,161	26,161
Treasury shares	(11)	(11)	(11)	(11)
Other reserves	(352)	(475)	231	231
Accumulated losses	(7,624)	(7,930)	(2,044)	(1,280)
	18,174	17,745	24,337	25,101
Non-controlling interests	(343)	(66)	-	-
Total equity	17,831	17,679	24,337	25,101

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 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	8,454	13,367	7,549

Amount repayable after one year

As at 30 June 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	298	-	357

Details of any collateral

As at 30 June 2019, the bank loan of S\$Nil (31 December 2018: S\$13.4 million) was secured by way of export letter of credits of reputable banks.

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	
	HY2019	HY2018
Cash flows from operating activities		
Net profit/ (loss)	29	(1,869)
Adjustments for:		
- Depreciation	296	351
- Loss on disposal of property, plant and equipment	-	25
- Interest expense	65	64
- Interest income	(14)	(13)
- Unrealised currency translation loss	6	324
	382	(1,118)
Change in working capital:		
- Inventories	20	(118)
- Trade and other receivables	8,819	10,665
- Trade and other payables	(272)	(6,433)
Cash generated from operations	8,949	2,996
Interest received	14	13
Income tax paid	-	-
Net cash provided by operating activities	8,963	3,009
Cash flows from investing activities		
Additions to property, plant and equipment	(107)	(20)
Disposal of property, plant and equipment	1	7
Net cash used in investing activities	(106)	(13)
Cash flows from financing activities		
Bank deposits discharged	827	578
Proceeds from issuance of ordinary shares	-	142
Proceeds from borrowings	69	976
Repayment of borrowings	(13,965)	(1,625)
Repayment of lease liabilities	(190)	(152)
Dividend paid	-	-
Interest paid	(65)	(64)
Net cash used in financing activities	(13,324)	(145)
Net (decrease)/ increase in cash and cash equivalents	(4,466)	2,851
Cash and cash equivalents		
Beginning of the financial year	3,430	5,673
Effects of currency translation on cash and cash equivalents	(19)	(113)
End of financial period	(1,055)	8,411

Cash and cash equivalents comprise the following:

Cash and cash equivalents
Less: Bank overdrafts
Less: Bank deposits pledged

Group	
S\$'000	
HY 2019	HY 2018
3,178	9,580
(4,233)	(974)
-	(195)
(1,055)	8,411

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 2019	26,161	(11)	231*	(706)*	(7,930)	17,745	(66)	17,679
Total comprehensive income/ (loss) income for the period	-	-	-	123	306	429	(277)	152
Balance at 30 June 2019	26,161	(11)	231*	(583)*	(7,624)	18,174	(343)	17,831
Balance at 1 January 2018	25,794	(11)	231*	(911)*	(7,042)	18,061	625	18,686
Shares issued pursuant to exercise of warrants	142	-	-	-	-	142	-	142
Total comprehensive income/ (loss) income for the period	-	-	-	211	(1,277)	(1,066)	(592)	(1,658)
Balance at 30 June 2018	25,936	(11)	231*	(700)*	(8,319)	17,137	33	17,170

* 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
Company					
Balance at 1 January 2019	26,161	(11)	231*	(1,280)	25,101
Total comprehensive loss for the period	-	-	-	(764)	(764)
Balance at 30 June 2019	26,161	(11)	231*	(2,044)	24,337
Balance at 1 January 2018	25,794	(11)	231*	(1,392)	24,622
Shares issued pursuant to exercise of warrants	142	-	-	-	142
Total comprehensive loss for the period	-	-	-	(783)	(783)
Balance at 30 June 2018	25,936	(11)	231*	(2,175)	23,981

* 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2018	1,065,395,234	11,235,000	-
Exercised of Warrants	-	-	-
Balance as at 30 June 2019	1,065,395,234	11,235,000	-

Total number of outstanding employee shares options is as follows:

Date of ESOS Grant	Exercise Period	Exercise Price	ESOS Outstanding as at 31.12.2018	ESOS Outstanding as at 30.06.2019
25.08.2008	25.08.2009 to 25.08.2019	S\$0.04	11,235,000	11,235,000

	Number of treasury shares	Number of shares issued (excluding treasury shares)	Percentage of the aggregate number of treasury shares held against the total number of shares issued (excluding treasury shares)
As at 31 December 2018	251,000	1,065,395,234	0.02%
As at 30 June 2019	251,000	1,065,395,234	0.02%

There was no subsidiary holdings as at 30 June 2019 and 31 December 2018.

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.

	HY2019	FY2018
Beginning of financial period	1,065,395,234	1,028,687,260
Exercised of Warrants	-	36,707,974
End of financial period	1,065,395,234	1,065,395,234

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

Total number of treasury shares as at 30 June 2019 and 31 December 2018 was 251,000. There was no movement for the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no subsidiary holdings as at 30 June 2019 and 31 December 2018.

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

These 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 2018.

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 2019, 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 any 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	
	HY2019	HY2018
Earnings/ (loss) per ordinary share of the group		
Based on weighted average number of ordinary shares on issue (cents)	0.03	(0.12)
Weighted average number of ordinary shares	1,065,395,234	1,031,054,383
Based on a fully diluted basis (cents)	0.03	(0.12)
Fully diluted number of ordinary shares	1,076,630,234	1,653,184,637
Issued share capital at the end of financial period	1,065,395,234	1,042,837,260

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 2019	31 December 2018	30 June 2019	31 December 2018
Net asset value per ordinary share based on issued share capital at the end of (cents):	1.67	1.66	2.28	2.36
No. of shares used in computation of net assets per share	1,065,395,234	1,065,395,234	1,065,395,234	1,065,395,234

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	%
	HY2019	HY2018	Increase/ (Decrease)
Project Sales	1,768	4,504	(60.7%)
Project Management and Maintenance Services	13,083	10,323	26.7%
Total Group	14,851	14,827	0.2%

Gross Profit	\$'000	\$'000	%
	HY2019	HY2018	Increase
Project Sales	1,009	275	266.9%
Project Management and Maintenance Services	3,810	1,993	91.2%
Total Group	4,819	2,268	112.5%

(a) **Overview**

The Group posted a revenue of S\$14.9 million for the six months ended 30 June 2019 ("HY2019") representing an increase of 0.2% or S\$0.1 million from S\$14.8 million recorded in the previous corresponding period ("HY2018").

Project Sales showed a decline of 60.7% or S\$2.7 million from S\$4.5 million in HY2018 to S\$1.8 million in HY2019. Project Sales are typically subject to a cycle starting from tendering, procuring and finishing with delivery. The group is in the process of submitting numerous tenders for all our markets and is at the start of such a cycle. Project Sales revenue declined was due to projects being completed at a slower rate in in two of the Group's key operating countries namely Vietnam and Myanmar. On a positive note, the other key operating market, Singapore, has been stable. Previously we had reported of a significant technical issue which prevented additional contracts to be procured in Vietnam. Since this technical issue has now been resolved, the Group has started tendering for new projects in earnest. The Group is expecting a positive contribution to the growth of revenue from the Vietnamese and Myanmar markets in 2HY2019.

Project Management and Maintenance Services showed an improvement of 26.7% from S\$10.3 million in HY2018 to S\$13.1 million in HY2019, an increase of S\$2.8 million.

(b) **Revenue**

The Group's revenue increased 0.2% from S\$14.8 million in HY2018 to S\$14.9 million in HY2019, mainly on the back of stronger contribution from the Project Management and Maintenance Services segment, which was partially offset by reduced contribution from the Project Sales segment.

Project Sales revenue was S\$1.8 million a decrease of 60.7% or S\$2.7 million from the previous period (S\$4.5 million). As discussed earlier, we have now started tendering for additional contracts after the settlement of technical issues with our customer in Vietnam during the first half of the year. We expect some improvement in the revenue contribution in the 2nd half of the year for Projects sales segment.

Revenue contribution from Project Management and Maintenance Services was S\$13.1 million increased by 26.7% or S\$2.8 million from the previous period (S\$10.3 million). This is due mainly to the completion of major project leading to additional project management services.

(c) **Profitability**

The Group posted a gross profit of S\$4.8 million in HY2019, representing an increase of 112.5% from S\$2.3 million reported in HY2018.

Gross profit from Project Sales surged by 266.9% from S\$0.3 million in HY2018 to S\$1.0 million in HY2019. The significant increase was mainly attributable to the completion of a major service contract.

Gross profit from Project Management and Maintenance Services increased by 91.2% from S\$2.0 million in HY2018 to S\$3.8 million in HY2019, with more effective project management and costs controls. Project Management and Maintenance Services remains one of the Group's key focus areas.

Equipment and consumables

Equipment and consumables decreased by 17.5% from S\$12.3 million in HY2018 to S\$10.2 million in HY2019. The decrease was due to better control of costs for the period.

Freight charges

Freight charges decreased by 70.8% from S\$72,000 in HY2018 to S\$21,000 in HY2019. The decrease due mainly to lesser overseas projects.

Commission and consultancy

Commission and consultancy decreased from S\$0.3 million in HY2018 to zero in HY2019. There were no requirements for commission or consultancy during the period.

Changes in inventories

Changes in inventories increased by 45.8% from S\$0.1 million in HY2018 to S\$0.2 million in HY2019. This increase reflects our expectation that more projects will be completed in the second half of the financial year.

Other income

Interest income from bank deposits increased from S\$13,000 in HY2018 to S\$14,000 in HY2019 with additional funds placed with financial institutions.

Other gain/ (losses) – net

Other gains/ (losses) decreased by 68.8% from a gain of S\$0.4 million in HY2018 to a gain of S\$0.1 million in HY2019. This was due to higher foreign exchange losses.

Distribution and marketing expenses

Distribution and marketing expenses decreased by 20.0% from S\$20,000 in HY2018 to S\$16,000 in HY2019.

Administrative expenses

Administrative expenses increased slightly by 8.8% from S\$4.5 million in HY2018 to \$4.8 million in HY2019. This was mostly due to an increase in manpower based on the expected requirement for the financial year to cater for additional project management services. Project management is labour intensive compared to product sales.

Finance expenses

Finance expenses increased by 1.6% from S\$64,000 in HY2018 to S\$65,000 in HY2019. This was due to an increase in borrowings at the beginning of the year.

(d) Statement of Financial Position**Cash and cash equivalent**

Cash and cash equivalents decreased from S\$6.9 million as at 31 December 2018 to S\$3.2 million as at 30 June 2019. Please refer to paragraph (e) under the Statement of Cash Flow.

Trade and other receivables

Trade and other receivables decreased by S\$8.8 million from S\$35.6 million as at 31 December 2018 to S\$26.8 million as at 30 June 2019. Normal payment has renewed after the settlement of the technical issue and outstanding payments have been caught up.

Inventories

Inventories decreased marginally from S\$313,000 as at 31 December 2018 to S\$294,000 as at 30 June 2019.

Property, plant and equipment

Property, plant and equipment decreased by S\$41,000 from S\$1.63 million as at 31 December 2018 to S\$1.59 million as at 30 June 2019. This decrease was due to the purchase of plant and equipment totaling S\$255,000 which was offset by depreciation of S\$296,000.

Trade and other payables

Trade and other payables decreased by S\$0.3 million from S\$6.3 million as at 31 December 2018 to S\$6.0 million as at 30 June 2019. This is in accordance to agreed payment terms.

Current and non-current borrowings

Current and non-current borrowings decreased by S\$12.5 million from S\$21.3 million as at 31 December 2018 to S\$8.8 million as at 30 June 2019, as a result of the Group's repayment of borrowings relating to project financing.

(e) Cash flow

The Group recorded cash and cash equivalent of S\$3.2 million at the end of HY2019. This was a decrease of S\$3.8 million from S\$6.9 million as at the end of FY2018.

The Group's net cash provided by operating activities in HY2019 was S\$8.9 million. Operating cash flow before working capital changes of S\$0.4 million was mainly offset by changes in receivables of S\$8.8 million and changes in payables of S\$0.3 million.

The Group's net cash used in investing activities in HY2019 was S\$0.1 million for the purchase of office and site equipment.

The Group's net cash used in financing activities in HY2019 amounted to S\$13.3 million, which was due to:-

- repayment of bank loans of S\$14.0 million;
- bank deposits discharged of S\$0.8 million;
- repayment of finance lease of S\$0.2 million; and
- payment of interest of S\$65,000, which was partially offset by proceeds from borrowings of S\$69,000.

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 2019 is S\$87.5 million. The majority of the Group's outstanding order book is in the Singapore, the Group's key market.

The Group remains committed to seeking opportunities for continued growth and to building recurring and sustainable revenues in the existing key markets of Singapore, Myanmar and Vietnam.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. **If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.**

Due to losses incurred in the previous years, no interim dividend has been declared for the current financial period as at 30 June 2019.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(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 HY2019.

14. Use of Proceeds – Warrants conversion

As at 30 June 2019, approximately S\$2.3 million of the proceeds from issuance of shares arising from conversion of warrants has been utilized, in accordance to its intended use as stated in the OIS 20 November 2015, a summary of which is set out below:-

<u>Items</u>	(S\$)	(S\$)
Conversion of W181123	2,334,112	
Total Net Conversion of Warrants	2,334,112	2,334,112
 <u>Application of Proceeds</u>		
Professional Fees	50,766	
Repayment of bank loans	2,283,346	
Total Application of Proceeds	2,334,112	2,334,112
Balance of Proceeds from Conversion of Warrants which are Unutilised	-	-

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 2019, 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

8 August 2019

BY ORDER OF THE BOARD

Jimmy Chang Joo Whut
Managing Director
8 August 2019

*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*