

NTEGRATOR INTERNATIONAL LTD

(Co. Regn. No: 199904281D)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2020**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		%
	HY2020	HY2019	Increase/ (Decrease)
Revenue	12,712	14,851	(14.4%)
Cost of sales			
- Equipment and consumables used	(10,382)	(10,183)	2.0%
- Freight charges	(24)	(21)	14.3%
- Changes in inventories	4	172	(97.7%)
	(10,402)	(10,032)	3.7%
Gross profit	2,310	4,819	(52.1%)
Other income			
- Interest income from bank deposits	-	14	(100.0%)
Other gains - net	1,058	121	774.4%
Expenses			
- Distribution and marketing	(99)	(16)	518.8%
- Administrative	(4,494)	(4,844)	(7.2%)
- Finance	(320)	(65)	392.3%
(Loss)/ profit before income tax	(1,545)	29	(5,427.6%)
Income tax expense	-	-	
Net (loss)/ profit	(1,545)	29	(5,427.6%)
Other comprehensive (loss)/ income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains	372	123	202.4%
Total comprehensive (loss)/ income	(1,173)	152	(871.7%)
(Loss)/ profit attributable to:			
Equity holders of the Company	(795)	306	(359.8%)
Non-controlling interests	(750)	(277)	170.8%
	(1,545)	29	(5,427.6%)

	Group		%
	S\$'000		
	HY2020	HY2019	Increase/ (Decrease)
Total comprehensive (loss)/ income attributable to:			
Equity holders of the Company	(423)	429	(198.6%)
Non-controlling interests	(750)	(277)	170.8%
	<u>(1,173)</u>	<u>152</u>	(871.7%)
Earnings per share for profit/ (loss) attributable to equity holders of the Company (cents per share)			
- Basic	(0.07)	0.03	
- Diluted	<u>(0.07)</u>	<u>0.03</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	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	9,946	2,436	86	57
Trade and other receivables	22,219	29,814	6,970	7,755
Inventories	376	372	-	-
	32,541	32,622	7,056	7,812
Non-current assets				
Investments in subsidiary corporations	-	-	18,000	18,000
Property, plant and equipment	689	640	-	-
Right-of-use assets	1,553	2,056	-	-
Deferred income tax assets	801	776	-	-
	3,043	3,472	18,000	18,000
Total assets	35,584	36,094	25,056	25,812
LIABILITIES				
Current liabilities				
Trade and other payables	6,134	9,115	391	500
Borrowings	16,178	12,242	-	-
	22,312	21,357	391	500
Non-current liabilities				
Borrowings	412	704	-	-
	412	704	-	-
Total liabilities	22,724	22,061	391	500
NET ASSETS	12,860	14,033	24,665	25,312
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	(468)	(840)	-	-
Accumulated losses	(10,476)	(9,681)	(1,485)	(838)
	15,206	15,629	24,665	25,312
Non-controlling interests	(2,346)	(1,596)	-	-
Total equity	12,860	14,033	24,665	25,312

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 2020		As at 31 December 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	16,178	-	12,242

Amount repayable after one year

As at 30 June 2020		As at 31 December 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	412	-	704

Details of any collateral

There was no collateral as at 30 June 2020 and 31 December 2019.

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	
	HY2020	HY2019
Cash flows from operating activities		
Net (loss)/ profit	(1,545)	29
Adjustments for:		
- Depreciation of property, plant and equipment	180	296
- Depreciation of right-of-use assets	525	-
- Impairment loss on financial assets	10	-
- Loss on disposal of property, plant and equipment	7	-
- Interest expense	558	65
- Interest income	-	(14)
- Unrealised currency translation loss	345	6
	80	382
Change in working capital:		
- Inventories	(4)	20
- Trade and other receivables	7,585	8,819
- Trade and other payables	(3,455)	(272)
Cash generated from operations	4,206	8,949
Interest received	-	14
Net cash provided by operating activities	4,206	8,963
Cash flows from investing activities		
Additions to property, plant and equipment	(133)	(107)
Proceeds from disposal of property, plant and equipment	-	1
Prepayment of leases	(108)	-
Net cash used in investing activities	(241)	(106)
Cash flows from financing activities		
Bank deposits discharged	-	827
Proceeds from borrowings	4,868	69
Repayment of borrowings	-	(13,965)
Repayment of lease liabilities	(449)	(190)
Interest paid	(84)	(65)
Net cash provided by/ (used in) financing activities	4,335	(13,324)
Net increase/ (decrease) in cash and cash equivalents	8,300	(4,466)
Cash and cash equivalents		
Beginning of financial year	(7,486)	3,430
Effects of currency translation on cash and cash equivalents	3	(19)
End of financial period	817	(1,055)

Cash and cash equivalents comprise the following:

Cash and cash equivalents
Less: Bank overdrafts

Group	
S\$'000	
HY2020	HY2019
9,946	3,178
(9,129)*	(4,233)
817	(1,055)

* Relates to project financing bank overdraft

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 2020	26,161	(11)	-	(840)*	(9,681)	15,629	(1,596)	14,033
Total comprehensive loss for the period	-	-	-	372	(795)	(423)	(750)	(1,173)
Balance at 30 June 2020	26,161	(11)	-	(468)*	(10,476)	15,206	(2,346)	12,860
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

* 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 2020	26,161	(11)	-	(838)	25,312
Total comprehensive loss for the period	-	-	-	(647)	(647)
Balance at 30 June 2020	26,161	(11)	-	(1,485)	24,665
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

* Not available for distribution

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

There were no changes in the Company's issued share capital during the period 1 January 2020 to 30 June 2020.

	Ordinary Shares	Employee Share Option Scheme ("ESOS")
Balance as at 30 June 2019	1,065,395,234	11,235,000
Lapsed of Share Option Scheme	-	(11,235,000)
Balance as at 30 June 2020	1,065,395,234	-

Date of ESOS Grant	Exercise Period	Exercise Price	ESOS Outstanding as at 30.06.2019	ESOS Outstanding as at 30.06.2020
25.08.2008	25.08.2009 to 25.08.2019	S\$0.04	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 30 June 2019	251,000	1,065,395,234	0.02%
As at 30 June 2020	251,000	1,065,395,234	0.02%

There was no subsidiary holding as at 30 June 2020 and 30 June 2019.

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.

	HY2020	FY2019
Beginning and 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 2020 and 31 December 2019 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.

Not applicable. The Company did not have any subsidiary holdings during and at the end of the current financial period reported on.

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 modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
 (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.
 (This is not required for any audit issue that is a material uncertainty relating to going concern).

Not applicable as the Group's latest audited financial statements for the financial year ended 31 December 2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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 2019.

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 2020, 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	
	HY2020	HY2019
(Loss)/ earnings per ordinary share of the group		
Based on weighted average number of ordinary shares on issue (cents)	(0.07)	0.03
Weighted average number of ordinary shares	1,065,395,234	1,065,395,234
Based on a fully diluted basis (cents)	(0.07)	0.03
Fully diluted number of ordinary shares	1,076,630,234	1,076,630,234
Issued share capital at the end of financial period	1,065,395,234	1,065,395,234

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 2020	31 December 2019	30 June 2020	31 December 2019
Net asset value per ordinary share based on issued share capital at the end of (cents):	1.21	1.32	2.32	2.38
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	%
	HY2020	HY2019	Increase/ (Decrease)
Project Sales	3,528	1,768	99.5%
Project Management and Maintenance Services	9,184	13,083	(29.8%)
Total Group	12,712	14,851	(14.4%)

Gross Profit	\$'000	\$'000	%
	HY2020	HY2019	Decrease
Project Sales	614	1,009	(39.1%)
Project Management and Maintenance Services	1,696	3,810	(55.5%)
Total Group	2,310	4,819	(52.1%)

(a) **Overview**

The Group posted a revenue of S\$12.7 million for the six months ended 30 June 2020 ("HY2020") representing a decrease of 14.4% or S\$2.2 million from S\$14.9 million recorded in the previous corresponding period ("HY2019").

The Group posted a gross profit of S\$2.3 million in HY2020, representing a decrease of 52.1% from S\$4.8 million reported in HY2019. There were significant committed costs that could not be managed down during the pandemic due to the extreme speed of deterioration of the market.

Even though Other gains increased by 774.4% to a gain of S\$1.1 million in HY2020 from the previous gain of S\$0.1 million in HY2019, attributed to the support from the Singapore Government, the Group made a Net Loss of S\$1.5 million in HY2020 compared to a Net Profit of S\$29K in HY2019.

(b) Revenue

The Group's revenue decreased 14.4% or S\$2.2 million from S\$14.9 million in HY2019 to S\$12.7 million in HY2020. Project Management and Maintenance Services segment was the main driver in this decline, and even though partially offset by increased revenue from the Project Sales segment still resulted in an overall decline.

Project Sales showed an increase of 99.5% or S\$1.7 million from S\$1.8 million in HY2019 to S\$3.5 million in HY2020. There is an increase of revenue in Project Sales mainly due to partial completion of a local project during the first half of the financial year which was deemed an essential service by the Singapore Government.

Project Management and Maintenance Services declined 29.8% or S\$3.9 million from S\$13.1 million in HY2019 to S\$9.2 million in HY2020. The decrease of revenue was due to Circuit Breaker where a substantial part of our work force were not allowed to work. Although we provide essential service, only a proportion of our work force were allowed to work: 20% in April and May and 30% in June 2020. As of 30 June 2020, we have approximately 60% of our work force allowed to work after clearance from Ministry of Manpower. The work still needs to be done and there are projects on hand, however by having our work force curtailed we are unable to complete the works and realise the revenue.

(c) Profitability

The Group posted a gross profit of S\$2.3 million in HY2020, representing a decrease of 52.1% or S\$2.5 million from S\$4.8 million reported in HY2019.

Gross profit from Project Sales decreased by 39.1% or S\$400K from S\$1.0 million in HY2019 to S\$0.6 million in HY2020. The profitability of the Project Sales is a function of the mix of hardware and services and also location. The projects complete in HY2020 were on the lower end of the profitability range of our order book.

Gross profit from Project Management and Maintenance Services decreased by 55.5% or S\$2.1 million from S\$3.8 million in HY2019 to S\$1.7 million in HY2020. The decreases in profitability is in line with the decline in revenue.

Equipment and consumables

Equipment and consumables increased marginally by 2.0% or S\$200k from S\$10.2 million in HY2019 to S\$10.4 million in HY2020. There are no material changes to the equipment and consumables. The fixed cost element (mainly manpower) was maintained.

Freight charges

Freight charges increased by 14.3% from S\$21,000 in HY2019 to S\$24,000 in HY2020. The slight increase mainly due to increase in Project Sales revenue for the period.

Changes in inventories

Changes in inventories decreased by 97.7% from S\$0.2 million in HY2019 to S\$4,000 in HY2020. This decrease reflects the slower down of orders secured as a result of the current global pandemic.

Other income

Interest income from bank deposits decreased from S\$14,000 in HY2019 to S\$Nil in HY2020.

Other gain – net

Other gains increased by 774.4% from a gain of S\$0.1 million in HY2019 to a gain of S\$1.1 million in HY2020. This was attributed mainly to the Covid-19 support grant extended by the Singapore Government.

Distribution and marketing expenses

Distribution and marketing expenses increased by 518.8% from S\$16,000 in HY2019 to S\$0.1 million in HY2020. Even though there are significant obstacles in overseas work, we are getting ready for the markets to open and investing in marketing for overseas project.

Administrative expenses

Administrative expenses decreased slightly by 7.2% from S\$4.8 million in HY2019 to \$4.5 million in HY2020. This was mostly due to a decrease in indirect manpower as a result of the Covid-19 Circuit Breaker imposed by the Singapore Government.

Finance expenses

Finance expenses increased by 392.3% from S\$65,000 in HY2019 to S\$0.3 million in HY2020. This was due to an increase in borrowings from financial institutions.

(d) **Statement of Financial Position**

Cash and cash equivalent

Cash and cash equivalents increased from S\$2.4 million as at 31 December 2019 to S\$9.9 million as at 30 June 2020. Please refer to paragraph (e) under the Statement of Cash Flow.

Trade and other receivables

Trade and other receivables decreased by S\$7.6 million from S\$29.8 million as at 31 December 2019 to S\$22.2 million as at 30 June 2020. Collections are in line with the payment terms that we provide to our customers.

Inventories

Inventories increased marginally from S\$372,000 as at 31 December 2019 to S\$376,000 as at 30 June 2020.

Property, plant and equipment

Property, plant and equipment increased by S\$49,000 from S\$640,000 as at 31 December 2019 to S\$689,000 as at 30 June 2020. This increase was due to the purchase of plant and equipment totaling S\$133,000 which was offset by depreciation of S\$180,000.

Trade and other payables

Trade and other payables decreased by S\$3.0 million from S\$9.1 million as at 31 December 2019 to S\$6.1 million as at 30 June 2020. This is in accordance to agreed payment terms.

Current and non-current borrowings

Current borrowings increased by S\$4.0 million from S\$12.2 million as at 31 December 2019 to S\$16.2 million as at 30 June 2020. This is a result of the Group's borrowings from financial institutions for working capital and projects financing.

Non-current borrowings decreased by S\$0.3 million from S\$0.7 million as at 31 December 2019 to S\$0.4 million as at 30 June 2020. This is due to a decrease in finance leases obtained by the Group.

(e) **Cash flow**

The Group recorded cash and cash equivalent of S\$9.9 million at the end of HY2020. This was an increase of S\$7.5 million from S\$2.4 million as at the end of FY2019.

The Group's net cash provided by operating activities in HY2020 was S\$4.2 million. Operating cash flow before working capital changes of S\$80,000 was mainly offset by changes in receivables of S\$7.6 million and changes in payables of S\$3.5 million.

The Group's net cash used in investing activities in HY2020 was S\$0.2 million for the purchase of office and site equipment.

The Group's net cash gained from financing activities in HY2020 amounted to S\$4.3 million as compared to S\$13.3 million net cash used in financing activities in HY2019. The net cash gained from financing activities in HY2020 which was due to:-

- repayment of finance lease of S\$0.4 million; and
- payment of interest of S\$84,000, which was partially offset by proceeds from borrowings of S\$4.9 million.

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

The Group's unaudited results for the half year ended 30 June 2020 are in line with the Company's profit guidance announcement on 5 August 2020.

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 2020 is S\$60.0 million. The majority of the Group's outstanding order book is in the Singapore, the Group's key market.

The Regional and Global economic projections remains very negative. Although we hope that there will be no more new "covid waves", many uncertainties remain in the countries we operate in. While the Group will continue to monitor the situations, it is clear that the impact of our businesses from the pandemic will continue to last much longer than we had hoped.

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/recommended, a statement to that effect and the reason(s) for the decision.

Due to losses incurred in the previous years and current 6 months period ended 30 June 2020, no interim dividend has been declared for the current financial period as at 30 June 2020.

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 HY2020.

14. 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.

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 2020, to be false or misleading in any material aspect

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

Chang Joo Whut
Managing Director

Han Meng Siew
Executive Chairman

11 August 2020

BY ORDER OF THE BOARD

Jimmy Chang Joo Whut
Managing Director
11 August 2020

*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., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the 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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