

NTEGRATOR INTERNATIONAL LIMITED

(Co. Regn. No: 199904281D)

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017**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		%
	HY2017	HY2016	Increase/ (Decrease)
Revenue	16,691	22,473	(25.7%)
Cost of sales			
- Equipment and consumables used	(11,474)	(17,033)	(32.6%)
- Freight charges	(40)	(131)	(69.5%)
- Commission and consultancy	(10)	(92)	(89.1%)
- Changes in inventories and contract work-in-progress	244	99	146.5%
	(11,280)	(17,157)	(34.3%)
Gross profit	5,411	5,316	1.8%
Other income			
- Interest income from bank deposits	16	1	1500.0%
Other (losses)/ gains - net	(130)	203	(164.0%)
Expenses			
- Distribution and marketing	(23)	(24)	(4.2%)
- Administrative	(4,603)	(4,310)	6.8%
- Finance	(128)	(117)	9.4%
Profit before income tax	543	1,069	(49.2%)
Income tax expense	(7)	-	
Net profit	536	1,069	(49.9%)
Other comprehensive (loss)/ income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses)	(622)	(597)	
Total comprehensive (loss)/ income	(86)	472	
Profit attributable to:			
Equity holders of the Company	307	573	(46.4%)
Non-controlling interests	229	496	(53.8%)
	536	1,069	(49.9%)

	Group		%
	S\$'000		
	HY2017	HY2016	
Total comprehensive (loss)/ income attributable to:			
Equity holders of the Company	(315)	(24)	
Non-controlling interests	229	496	
	<u>(86)</u>	<u>472</u>	
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic	0.03	0.07	
- Diluted	<u>0.02</u>	<u>0.04</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	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	10,099	15,570	139	621
Trade and other receivables	45,511	47,655	5,541	5,765
Inventories	454	363	-	-
	56,064	63,588	5,680	6,386
Non-current assets				
Investments in subsidiary corporations	-	-	18,000	18,000
Property, plant and equipment	2,015	1,539	-	-
Deferred income tax assets	388	408	-	-
	2,403	1,947	18,000	18,000
Total assets	58,467	65,535	23,680	24,386
LIABILITIES				
Current liabilities				
Trade and other payables	8,142	28,695	207	420
Borrowings	28,160	15,224	-	-
Income tax liabilities	165	206	-	-
	36,467	44,125	207	420
Non-current liabilities				
Borrowings	487	289	-	-
Deferred income tax liabilities	80	80	-	-
	567	369	-	-
Total liabilities	37,034	44,494	207	420
NET ASSETS	21,433	21,041	23,473	23,966
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	25,690	24,201	25,690	24,201
Treasury shares	(11)	(11)	(11)	(11)
Other reserves	(5,815)	217	231	231
Accumulated profit/ (losses)	307	(4,399)	(2,437)	(455)
	20,171	20,008	23,473	23,966
Non-controlling interests	1,262	1,033	-	-
Total equity	21,433	21,041	23,473	23,966

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 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
24,533	3,627	10,837	4,387

Amount repayable after one year

As at 30 June 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	487	-	289

Details of any collateral

As at 30 June 2017, the bank loan of S\$24.5 million (31 December 2016: S\$10.8 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	
	HY2017	HY2016
Cash flows from operating activities		
Net profit	536	1,069
Adjustments for:		
- Income tax expense	7	-
- Depreciation and amortisation	309	220
- Loss on disposal of property, plant and equipment	43	5
- Interest expense	128	117
- Interest income	(16)	(1)
- Unrealised currency translation gains	(889)	(996)
	118	414
Change in working capital:		
- Inventories	(91)	25
- Trade and other receivables	2,144	(1,416)
- Trade and other payables	(20,553)	7,128
Cash (used in)/ generated from operations	(18,382)	6,151
Interest received	16	1
Income tax paid	(28)	-
Net cash (used in)/ provided by operating activities	(18,394)	6,152
Cash flows from investing activities		
Additions to property, plant and equipment	(453)	(148)
Net cash used in investing activities	(453)	(148)
Cash flows from financing activities		
Bank deposits pledged	(2,192)	-
Proceeds from issuance of ordinary shares	1,489	655
Proceeds from borrowings	15,321	1,216
Repayment of borrowings	(2,170)	(6,227)
Repayment of lease liabilities	(36)	(80)
Dividend paid	(1,011)	-
Interest paid	(128)	(117)
Net cash provided by/ (used in) financing activities	11,273	(4,553)
Net (decrease)/ increase in cash and cash equivalents	(7,574)	1,451
Cash and cash equivalents		
Beginning of the financial year	12,418	10,672
Effects of currency translation on cash and cash equivalents	267	419
End of financial period	5,111	12,542

Cash and cash equivalents comprise the following:

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

Group	
S\$'000	
HY 2017	HY 2016
10,099	12,895
(8)	(353)
(4,980)	-
5,111	12,542

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 S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Employee share option reserve S\$'000	Foreign currency translation reserve S\$'000	Retained profits / Accumulated losses S\$'000			
Group								
Balance at 1 January 2017	24,201	(11)	231*	(14)*	(4,399)	20,008	1,033	21,041
Shares issued pursuant to exercise of warrants	1,489	-	-	-	-	1,489	-	1,489
Dividend paid	-	-	-	-	(1,011)	(1,011)	-	(1,011)
Total comprehensive (loss)/ income for the period	-	-	-	(622)	307	(315)	229	(86)
Balance at 30 June 2017	25,690	(11)	231*	(636)*	(5,103)	20,171	1,262	21,433
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

* 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 2017	24,201	(11)	231*	(455)	23,966
Shares issued pursuant to exercise of warrants	1,489	-	-	-	1,489
Dividend paid	-	-	-	(1,011)	(1,011)
Total comprehensive loss for the period	-	-	-	(971)	(971)
Balance at 30 June 2017	25,690	(11)	231*	(2,437)	23,473
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

* 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 2016	869,320,020	11,751,000	772,629,617
Exercised of Warrants	148,903,096	-	(148,903,096)
Balance as at 30 June 2017	1,018,223,116	11,751,000	623,726,521

Total number of outstanding shares options is as follows:

Date of ESOS Grant	Exercise Period	Exercise Price	ESOS Outstanding as at 31.12.2016	ESOS Outstanding as at 30.06.2017
11.09.2006	11.09.2007 to 10.09.2017	S\$0.13	516,000	516,000
25.08.2008	25.08.2009 to 25.08.2019	S\$0.04	11,235,000	11,235,000

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	623,726,521
Balance as at 30 June 2017				623,726,521

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.

	HY2017	FY2016
Beginning of financial period	869,320,020	813,264,632
Exercised of Warrants	148,903,096	56,055,388
End of financial period	1,018,223,116	869,320,020

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 2017 and 31 December 2016 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 movement for the current financial period reported on.

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 2016.

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 2017, 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	
	HY2017	HY2016
Earnings per ordinary share of the group		
Based on weighted average number of ordinary shares on issue (cents)	0.03	0.07
Weighted average number of ordinary shares	905,610,101	819,957,428
Based on a fully diluted basis (cents)	0.02	0.04
Fully diluted number of ordinary shares	1,653,700,637	1,654,227,637
Issued share capital at the end of financial period	1,018,223,116	847,627,005

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 2017	31 December 2016	30 June 2017	31 December 2016
Net asset value per ordinary share based on issued share capital at the end of (cents):	2.10	2.42	2.31	2.76
No. of shares used in computation of net assets per share	1,018,223,116	869,320,020	1,018,223,116	869,320,020

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	%
	HY2017	HY2016	(Decrease)/ increase
Project Sales	4,813	12,819	(62.5%)
Project Management and Maintenance Services	11,878	9,654	23.0%
Total Group	16,691	22,473	(25.7%)

Gross Profit	\$'000	\$'000	%
	HY2017	HY2016	Increase/ (Decrease)
Project Sales	1,443	1,039	39.0%
Project Management and Maintenance Services	3,968	4,277	(7.2%)
Total Group	5,411	5,316	1.8%

(a) Overview

The Group recorded a revenue of S\$16.7 million for HY2017 representing a decrease of 25.7% or S\$5.8 million from HY2016 revenue of S\$22.5 million.

The significant decline in Group revenue was due to weaker sales from the Project Sales revenue. Slower demand from overseas customers contributed to the segment's revenue of S\$4.8 million in HY2017, which is 62.5% lower than S\$12.8 million reported in HY2016.

Project Management and Maintenance Services showed an improvement of 23.0% from S\$9.7 million in HY2016 to S\$11.9 million in HY2017, an increase of S\$2.2 million. Project Management and Maintenance Services provides a consistent month to month revenue stream.

Despite a challenging overall economic environment, the Group remains profitable and achieved a net profit before minority interest of S\$0.5 million in HY2017.

(b) **Revenue**

The Group's revenue decreased 25.7% from S\$22.5 million in HY2016 to S\$16.7 million in HY2017.

Project Sales revenue was S\$4.8 million decreased by 62.5% or S\$8.0 million from the previous period under review (S\$12.8 million). The Global slowdown in infrastructure build was the main contributor to the decrease of revenue. Many of our customers have delayed capital infrastructure projects and the overall market environment has been weak.

Revenue derived from Project Management and Maintenance Services increased by 23.0% or S\$2.2 million as this remains as one of the Group's core business which generates a steady recurring income. As capital projects are delayed more emphasis has been made into maintenance and stretching asset life of our customers' infrastructure assets.

(c) **Profitability**

The Group's posted a gross profit of S\$5.4 million in HY2017, representing a marginal increase of 1.8% from S\$5.3 million reported in HY2016.

Gross profit from Project Sales increased by 39.0% from S\$1.0 million in HY2016 to S\$1.4 million in HY2017 and this offsets the decline in gross profit of Project Management and Maintenance Services of 7.2% from S\$4.3 million in HY2016 to S\$4.0 million in HY2017. This is fairly normal as customers are asking for more. As we look to maintain our strong customer relationships we offer to share the difficulties this environment has created.

Equipment and consumables

Equipment and consumables decreased by 32.6% from S\$17.0 million in HY2016 to S\$11.5 million in HY2017. This is in line with our revenue decrease.

Freight charges

Freight charges decreased by 69.5% from S\$131,000 in HY2016 to S\$40,000 in HY2017. The decrease is in line with slowing rate of overseas project completions.

Commission and consultancy

Commission and consultancy decreased by 89.1% from S\$92,000 in HY2016 to S\$10,000 in HY2017. The decrease is in line with the slowing rate of overseas project completions.

Changes in inventories and contract work-in-progress

Changes in inventories and contract work-in-progress increased by 146.5% from S\$0.1 million in HY2016 to S\$0.2 million in HY2017. The increase reflects our expectation that more projects will be completed in the second half of the financial year.

Other income

With more deposits placed with financial institutions, interest income from bank deposits increased from S\$1,000 in HY2016 to S\$16,000 in HY2017.

Other (losses)/ gains – net

Other (losses)/ gains decreased by 164.0% from a gain of S\$0.2 million in HY2016 to a loss of S\$0.1 million in HY2017. This was a result of higher foreign exchange losses coupled with lower government grants.

Distribution and marketing expenses

Distribution and marketing expenses decreased by 4.2% from S\$24,000 in HY2016 to S\$23,000 in HY2017.

Administrative expenses

Administrative expenses increased by 6.8% from S\$4.3 million in HY2016 to S\$4.6 million in HY2017 mostly due to the increase in manpower, to cater for the project management services, which tends to be more labour intensive, for the second half of the financial year.

Finance expenses

Finance expenses increased by 9.4% from S\$117,000 in HY2016 to S\$128,000 in HY2017. 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 equivalents decreased from S\$15.6 million as at 31 December 2016 to S\$10.1 million as at 30 June 2017. Please refer to paragraph (e) under the Statement of Cash Flow.

Trade and other receivables

Trade and other receivables decreased by S\$2.2 million from S\$47.7 million in FY2016 to S\$45.5 million in HY2017. This is due to collection of outstanding debts from the previous financial year.

Inventories

Inventories increased marginally from S\$363,000 in FY2016 to S\$454,000 in HY2017 due to more stocks kept for future projects.

Property, plant and equipment

Property, plant and equipment increased by S\$0.5 million from S\$1.5 million in FY2016 to S\$2.0 million in HY2017. This increase was due to the purchase of plant and equipment totaling S\$0.8 million and offset by depreciation of S\$0.3 million.

Trade and other payables

Trade and other payables decreased by S\$20.6 million from S\$28.7 million as at 31 December 2016 to S\$8.1 million as at 30 June 2017, due to repayment of trade payables which were due for payment in accordance to agreed payment terms.

Current and non-current borrowings

Current and non-current borrowings increased by S\$13.1 million from S\$15.5 million in FY2016 to S\$28.6 million in HY2017. The increase was due to the Group's financing of new projects in the Singapore and Vietnam markets.

(e) Cash flow

The Group recorded cash and cash equivalent of S\$10.1 million at the end of HY2017. This was a decrease of S\$5.5 million from S\$15.6 million FY2016.

The Group's net cash used in operating activities in HY2017 was S\$18.4 million. Operating cash flow before working capital changes of S\$0.1 million is offset by changes in receivables of S\$2.1 million and changes in payables of S\$20.6 million.

The Group's net cash used in investing activities in HY2017 was S\$0.5 million for the purchase of vehicles and office and site equipment.

The Group's net cash provided by financing activities in HY2017 was S\$11.3 million due to:-

- payment of dividends of S\$1.0 million;
- repayment of bank loans of S\$2.2 million;
- additional bank deposits pledged of S\$2.2 million;
- repayment of finance lease of S\$36,000;
- and payment of interest of S\$128,000; which was partially offset by proceeds from borrowings of S\$15.3 million; and
- proceeds from issuance of shares of S\$1.5 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 2017 is S\$75.1 million. The majority of the Group's outstanding order book is in the Singapore, Vietnam and Myanmar, the Group's key markets.

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?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. **If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend was declared for the 6 month period ended 30 June 2017.

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 HY2017.

14. Use of Proceeds – Warrants conversion

As at 30 June 2017, approximately S\$1.9 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>	<u>Amount (S\$)</u>	
Conversion of W181123	1,862,391.11	
Total Net Conversion of Warrants		1,862,391.11
 <u>Application of Proceeds</u>		
Professional Fees	12,750	
Repayment of bank loans	1,710,580.33	
Total Application of Proceeds		1,723,330.33
Balance of Conversion of Warrants		<u>139,060.78</u>

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 2017, 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

11 August 2017

BY ORDER OF THE BOARD

Jimmy Chang Joo Whut
Managing Director
11 August 2017

*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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