

**NTEGRATOR INTERNATIONAL LIMITED**

(Co. Regn. No: 199904281D)

**HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2010****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS****1(a) Consolidated statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|  | Group    |          |                         |
|--|----------|----------|-------------------------|
|  | S\$'000  |          | %                       |
|  | HY2010   | HY2009   | Increase/<br>(Decrease) |
| Revenue  | 12,701   | 31,559   | (59.8%)                 |
| Other gains/(losses) - net                           | 25       | 789      | (96.8%)                 |
| Equipment and consumables used                       | (10,565) | (23,674) | 55.4%                   |
| Employee compensation                                | (2,068)  | (2,215)  | 6.6%                    |
| Freight  | (156)    | (396)    | 60.6%                   |
| Commission and consultancy                           | (582)    | (1,173)  | 50.4%                   |
| Depreciation   | (71)     | (70)     | (1.4%)                  |
| Amortisation of intangible assets                    | (88)     | (127)    | 30.7%                   |
| Finance  | (186)    | (170)    | (9.4%)                  |
| Other  | (822)    | (798)    | (3.0%)                  |
| Changes in inventories and contract work-in-progress | 1,970    | (3,039)  | (164.8%)                |
|  | (12,568) | (31,662) | 60.3%                   |
| <b>Profit before income tax</b>                      | 158      | 686      | (77.0%)                 |
| Income tax expense                                   | (1)      | (90)     | (98.9%)                 |
| <b>Net profit for the financial period</b>           | 157      | 596      | (73.7%)                 |
| <b>Other comprehensive income:</b>                   |          |          |                         |
| Currency translation differences                     | 1        | 14       |                         |
| <b>Total comprehensive income</b>                    | 158      | 610      |                         |
| <b>Profit attributable to:</b>                       |          |          |                         |
| Equity holders of the Company                        | 144      | 612      | (76.5%)                 |
| Minority interests                                   | 13       | (16)     | 181.3%                  |
|  | 157      | 596      | (73.7%)                 |
| <b>Total comprehensive income attributable to:</b>   |          |          |                         |
| Equity holders of the Company                        | 145      | 626      |                         |
| Minority interests                                   | 13       | (16)     |                         |
|  | 158      | 610      |                         |

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) Balance sheets together with a comparative statement as at the end of the immediately preceding financial year.**

|                                       | Group      |            | Company    |            |
|---------------------------------------|------------|------------|------------|------------|
|                                       | 30/06/2010 | 31/12/2009 | 30/06/2010 | 31/12/2009 |
|                                       | S\$'000    | S\$'000    | S\$'000    | S\$'000    |
| <b>ASSETS</b>                         |            |            |            |            |
| <b>Current assets</b>                 |            |            |            |            |
| Cash and cash equivalents             | 4,907      | 2,784      | 605        | 539        |
| Trade and other receivables           | 40,520     | 50,862     | 2,646      | 3,863      |
| Inventories                           | 2,369      | 2,312      | -          | -          |
| Contract work-in-progress             | 5,759      | 3,918      | -          | -          |
| Other current assets                  | 5,089      | 4,216      | 377        | 51         |
|                                       | 58,644     | 64,092     | 3,628      | 4,453      |
| <b>Non-current assets</b>             |            |            |            |            |
| Trade and other receivables           | 10,840     | 13,095     | -          | -          |
| Investment in subsidiaries            | -          | -          | 12,000     | 12,000     |
| Property, plant and equipment         | 281        | 277        | -          | -          |
| Intangible assets                     | 1,557      | 1,601      | -          | -          |
|                                       | 12,678     | 14,973     | 12,000     | 12,000     |
| <b>Total assets</b>                   | 71,322     | 79,065     | 15,628     | 16,453     |
| <b>LIABILITIES</b>                    |            |            |            |            |
| <b>Current liabilities</b>            |            |            |            |            |
| Contract work-in-progress             | 10         | 81         | -          | -          |
| Trade and other payables              | 37,710     | 50,024     | 327        | 413        |
| Borrowings                            | 2,156      | 3,294      | -          | -          |
| Current income tax liabilities        | -          | 34         | -          | -          |
|                                       | 39,876     | 53,433     | 327        | 413        |
| <b>Non-current liabilities</b>        |            |            |            |            |
| Borrowings                            | 7,352      | 2,593      | -          | -          |
| Deferred tax liabilities              | 59         | 59         | -          | -          |
|                                       | 7,411      | 2,652      | -          | -          |
| <b>Total liabilities</b>              | 47,287     | 56,085     | 327        | 413        |
| <b>NET ASSETS</b>                     | 24,035     | 22,980     | 15,301     | 16,040     |
| <b>Equity</b>                         |            |            |            |            |
| Share capital                         | 15,134     | 14,449     | 15,134     | 14,449     |
| Treasury shares                       | (11)       | -          | (11)       | -          |
| Employee share option reserve         | 360        | 360        | 360        | 360        |
| Foreign currency translation reserve  | (1)        | (9)        | -          | -          |
| Retained profits/(Accumulated losses) | 8,337      | 8,193      | (182)      | 1,231      |
|                                       | 23,819     | 22,993     | 15,301     | 16,040     |
| Minority interests                    | 216        | (13)       | -          | -          |
| <b>Total equity</b>                   | 24,035     | 22,980     | 15,301     | 16,040     |

**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 2010 |           | As at 31 December 2009 |           |
|--------------------|-----------|------------------------|-----------|
| Secured            | Unsecured | Secured                | Unsecured |
| S\$'000            | S\$'000   | S\$'000                | S\$'000   |
| -                  | 2,156     | -                      | 3,294     |

**Amount repayable after one year**

| As at 30 June 2010 |           | As at 31 December 2009 |           |
|--------------------|-----------|------------------------|-----------|
| Secured            | Unsecured | Secured                | Unsecured |
| S\$'000            | S\$'000   | S\$'000                | S\$'000   |
| -                  | 7,352     | -                      | 2,593     |

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

|   | Group          |                |
|---|----------------|----------------|
|   | S\$'000        |                |
|   | HY2010         | HY2009         |
| <b>Cash flow from operating activities</b>                  |                |                |
| Net profit  | 157            | 596            |
| Adjustments for:  |                |                |
| Income tax expense  | 1              | 90             |
| Depreciation  | 71             | 70             |
| Amortisation of intangible assets                           | 88             | 127            |
| Disposal of subsidiary                                      | 377            | -              |
| Loss on disposals of plant and equipment                    | -              | 3              |
| Interest expense  | 186            | 170            |
| Interest income   | (1)            | (2)            |
| Share option expenses                                       | -              | 296            |
| Foreign currency translation differences                    | 3              | 17             |
|   | 882            | 1,367          |
| Changes in working capital                                  |                |                |
| Inventories and contract work-in-progress                   | (1,970)        | 3,039          |
| Deferred expenditure  | -              | (26)           |
| Trade and other receivables                                 | 11,714         | (12,807)       |
| Other current assets  | -              | (406)          |
| Trade and other payables                                    | (12,305)       | 7,317          |
| Net cash used in operations                                 | (1,679)        | (1,516)        |
| Interest received   | 1              | 2              |
| Interest paid   | (186)          | (170)          |
| Income tax paid   | (32)           | (141)          |
| <b>Net cash used in operating activities</b>                | <b>(1,896)</b> | <b>(1,825)</b> |
|   |                |                |
| <b>Cash flow from investing activities</b>                  |                |                |
| Purchase of property, plant and equipment                   | (78)           | (122)          |
| Payment for Intangible assets                               | (196)          | (182)          |
| <b>Net cash used in investing activities</b>                | <b>(274)</b>   | <b>(304)</b>   |
|   |                |                |
| <b>Cash flow from financing activities</b>                  |                |                |
| Proceeds from loan from financial institution               | 3,967          | 3,930          |
| Proceeds/(repayment) of finance leases                      | 28             | (2)            |
| Proceeds from issuance of share capital by the Company      | 674            | -              |
| <b>Net cash flows provided by financing activities</b>      | <b>4,669</b>   | <b>3,928</b>   |
|   |                |                |
| Net increase in cash and cash equivalents                   | 2,499          | 1,799          |
| Cash and cash equivalents at beginning of financial period  | 1,176          | 1,160          |
| <b>Cash and cash equivalents at end of financial period</b> | <b>3,675</b>   | <b>2,959</b>   |

**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.**

| Group   | Share capital | Employee Share Option Reserve | Foreign currency translation reserve | Retained profits | Total   | Minority Interests | Total Equity |
|---|---------------|-------------------------------|--------------------------------------|------------------|---------|--------------------|--------------|
|   | S\$'000       | S\$'000                       | S\$'000                              | S\$'000          | S\$'000 | S\$'000            | \$'000       |
| Balance as at 31 December 2008 and 1 January 2009 | 13,708        | 234                           | (20)                                 | 7,248            | 21,170  | 2                  | 21,172       |
| Shares issued pursuant to share options exercised | 520           | -                             | -                                    | -                | 520     | -                  | 520          |
| Exercise and cancellation of share options        | 221           | (221)                         | -                                    | -                | -       | -                  | -            |
| Share option expense                              | -             | 347                           | -                                    | -                | 347     | -                  | 347          |
| Comprehensive income/(loss)                       | -             | -                             | 11                                   | 945              | 956     | (15)               | 941          |
| Balance as at 31 December 2009                    | 14,449        | 360                           | (9)                                  | 8,193            | 22,993  | (13)               | 22,980       |
| Share Buy-Back                                    | (11)          | -                             | -                                    | -                | (11)    | -                  | (11)         |
| Issuance of Performance Shares                    | 453           | -                             | -                                    | -                | 453     | -                  | 453          |
| Warrants Exercised                                | 232           | -                             | -                                    | -                | 232     | -                  | 232          |
| Disposal of subsidiary                            | -             | -                             | 7                                    | -                | 7       | 216                | 223          |
| Comprehensive income/(loss)                       | -             | -                             | 1                                    | 144              | 145     | 13                 | 158          |
| Balance as at 30 June 2010                        | 15,123        | 360                           | (1)                                  | 8,337            | 23,819  | 216                | 24,035       |

| Company   | Share capital | Employee Share Option Reserve | Retained Profits/ (Accumulated Losses) | Total Equity |
|---|---------------|-------------------------------|--|--------------|
|   | S\$'000       | S\$'000                       | S\$'000                                | S\$'000      |
| Balance as at 31 December 2008 and 1 January 2009 | 13,708        | 234                           | 1,737                                  | 15,679       |
| Shares issued pursuant to Share options exercised | 520           | -                             | -                                      | 520          |
| Exercise and cancellation of share option         | 221           | (221)                         | -                                      | -            |
| Share Option Expenses                             | -             | 347                           | -                                      | 347          |
| Comprehensive loss                                | -             | -                             | (506)                                  | (506)        |
| Balance as at 31 December 2009                    | 14,449        | 360                           | 1,231                                  | 16,040       |
| Share Buy-Back                                    | (11)          | -                             | -                                      | (11)         |
| Issuance of Performance Shares                    | 453           | -                             | -                                      | 453          |
| Warrants Exercised                                | 232           | -                             | -                                      | 232          |
| Comprehensive(loss)                               | -             | -                             | (1,413)                                | (1,413)      |
| Balance as at 30 June 2010                        | 15,123        | 360                           | (182)                                  | 15,301       |

**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    | Share Option Scheme ("ESOS") |
|------------------------------------|--------------------|------------------------------|
| Balance as at 31 December 2009     | 354,496,344        | 21,038,000                   |
| Option cancelled during the period | -                  | (260,000)                    |
| Issuance of Performance Share      | 11,348,553         | -                            |
| Share Buy Back                     | (251,000)          | -                            |
| Warrants Exercised                 | 11,578,100         | -                            |
| <b>Balance as at 30 June 2010</b>  | <b>377,171,997</b> | <b>20,778,000</b>            |

The total number of shares are as follows:

| Date ESOS Grant | Exercise Period          | Exercise Price | ESOS outstanding as at 31.12.2009 | ESOS outstanding as at 30.06.2010 |
|-----------------|--------------------------|----------------|-----------------------------------|-----------------------------------|
| 11.9.2006       | 11.9.2007 to 10.9.2017   | S\$0.13        | 816,000                           | 816,000                           |
| 25.08.2008      | 25.08.2009 to 25.08.2019 | S\$0.04        | 18,422,000                        | 18,162,000                        |
| 25.08.2008      | 25.08.2009 to 25.08.2014 | S\$0.04        | 1,800,000                         | 1,800,000                         |

**As at 30 June 2010, there are a total of 94,770,801 outstanding warrants to be exercised before 11 October 2012. The exercise price for the warrants is S\$0.02.**

**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.**

|                                   | <b>HY 2010</b> | <b>FY 2009</b> |
|-----------------------------------|----------------|----------------|
| Beginning of financial period     | 354,496,344    | 341,482,344    |
| Options Exercised during the year | -              | 13,014,000     |
| Issuance of Performance Share     | 11,348,553     | -              |
| Share Buy Back                    | (251,000)      | -              |
| Warrants Exercised                | 11,578,100     | -              |
| End of financial period           | 377,171,997    | 354,496,344    |

**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**

|                               | <b>HY 2010</b> | <b>FY 2009</b> |
|-------------------------------|----------------|----------------|
| Beginning of financial period | -              | -              |
| Share Buy Back                | 251,000        | -              |
| End of financial period       | 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.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

In the current year, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010. 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.

FRS 27 (revised) *Consolidated and Separate Financial Statements*

FRS 103 (revised) *Business Combinations*

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited financial statements for the financial year ended 31 December 2009.

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.**

**Not applicable.**

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       |             |
|--|-------------|-------------|
|  | HY 2010     | HY 2009     |
| Earnings per ordinary share of the group                             |             |             |
| Based on weighted average number of ordinary shares on issue (cents) | 0.04        | 0.18        |
| Weighted average number of ordinary shares                           | 358,675,302 | 341,482,344 |
| Based on a fully diluted basis                                       | 0.03        | 0.16        |
| Issued share capital at the end of                                   | 491,904,798 | 374,458,344 |

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        |              |
|---|--------------|--------------|
|   | 30 June 2010 | 30 June 2009 |
| Net asset value per ordinary share based on issued share capital at the end of: | 6.37         | 6.47         |
| No. of shares used in computation of net assets per share                       | 377,171,997  | 341,482,344  |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

| Group Revenue                               | \$'000        | \$'000        | %                       |
|---|---------------|---------------|-------------------------|
|   | HY 2010       | HY 2009       | Increase/<br>(Decrease) |
| Project Sales                               | 8,216         | 29,029        | (71.1%)                 |
| Project Management and Maintenance Services | 4,485         | 2,530         | 77.3%                   |
| <b>Total Group</b>                          | <b>12,701</b> | <b>31,559</b> | <b>(59.8%)</b>          |



| Gross Profit                                | \$'000  | \$'000  | %                       |
|---|---------|---------|-------------------------|
|   | HY 2010 | HY 2009 | Increase/<br>(Decrease) |
| Project Sales                               | 2,388   | 2,599   | (8.1%)                  |
| Project Management and Maintenance Services | 980     | 678     | 44.5%                   |
| Total Group                                 | 3,368   | 3,277   | 2.8%                    |

**(a) Overview**

Group revenue for HY 2010 was \$12.7 million, a decrease of 59.8% or \$18.9 million over the previous corresponding period. The decrease was mainly due to the following.

- Completion of a one of our key project in Thailand was delayed due to the recent unrest in Thailand during the 2<sup>nd</sup> quarter of the year; following the subsequent return to normalcy there, we expect the project to be substantially completed before the end of the year.
- As our business is largely project based, any delay in formal finalization of projects will have an impact on us. Due to factors beyond our control, some contracts that were scheduled to be signed at the end of the first quarter of the year and delivered in the second quarter, were unfortunately delayed.

**(b) Revenue**

As a result of the above, Project Sales recorded a 71.1 % decrease in revenue to S\$8.2 million compared to S\$29.0 million achieved in the previous corresponding period.

Project Management and Maintenance Services improved by 77.3% or \$2.0 million from S\$2.5 million to S\$4.5 million. This improvement is due to renewal of contracts by existing customers and newly secured project management services in Singapore.

**(c) Profitability**

Gross profit for Project Sales decreased by 8.1% to \$2.4 million compared to \$2.6 million in the previous corresponding period. The decrease in the profit contribution from Project Sales was mainly due to the increase in the cost of borrowings (interest, bank management fees and charges etc), cost of acquiring equipment and consultancy services paid to third parties.

Gross profit for Project Management and Maintenance Services increased by 44.5% to S\$1.0 million. The increase is inline with the increased in project management services for the financial period.

The decreased in equipment and consumables used, commission and consultancy expenses was in line with the decrease in revenue. However, as a proportion to Group revenue these expenses increased marginally during the financial period.

There was no material changes in the freight cost as a proportion of Group revenue compared to the corresponding period in 2009.

Changes in inventories and contract work-in-progress recorded a decrease of 164.8%. This decrease was mainly because works done during the period under review could not be recognized as revenue as the projects were not completed. Works-in-progress are expected to be completed before the end of the financial year.

Overall, despite the increased in cost of goods sold for the project sales, gross margin improved due to the overall improvement in the project management services.

The Group Net Profit decrease by 73.7% from S\$0.6 million to S\$0.2 million. This was substantially due to reduction in revenue recognition due to delays stated above and the following reduction of other income and costs:-

- Fair value measurement of the Company's financial assets in accordance with FRS 39 as other income decreased from \$0.4 million to \$0.2 million. The differences in financial assets were captured into the current financial period whether it is positive or negative. This financial assets were in relation to the previous project completed in Myanmar.
- Increase in foreign exchange gain increase of 83.0% or \$0.37 million as compared to the corresponding financial period. The increase was mainly attributable to the strengthening of US\$ during the period.
- Finance charges and other expenses increased by 9.4% and 3.0 % respectively, amounting to approximately \$40 K.

This is compensated by the saving in the staff salary:-

- Employee compensation decreased by 6.6% or \$0.15 million due to the previous cost cutting measures implemented during the last financial year.

However, as the Group gathers momentum, it is expected that we would be able to complete a significant amount of orders on hand in the second half of the year. As a result of the build up, our costs will increase in anticipation of the more projects being executed in the 2<sup>nd</sup> half of the financial year.

(d) **Balance Sheet**

The increase in cash and cash equivalent was mainly due to the receivables collected from customers and proceeds from issuance of shares from the exercise of warrants.

The decrease in both non-current and current Trade receivables were mainly due to the collection from customers for previously completed projects. These collections were mainly paid according to the agreed payment schedule and are secured by Export Letter of Credit.

Similarly, Trade payables decreased with the collection from customers of previously completed projects. Payables for the projects in Vietnam and Myanmar are supported by a back-to-back arrangement against receipts from both Vietnam and Myanmar, with financial institutions in Singapore.

The increase in Contract Work-in-progress was mainly due to the work done but not completed and recognized during the reporting financial period.

**Increase in borrowings comprised bills receivables discounting arrangement with a local financial institution.**

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

**Not applicable.**

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

**Business conditions are expected to remain challenging and competitive in the second half of the financial year.**

**Outstanding order book as at 30 June 2010 is \$36.8 million, the majority of which is expected to be completed in FY 2010.**

- 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 declare for the financial period.**

BY ORDER OF THE BOARD

Jimmy Chang Joo Whut  
Managing Director  
06 August 2010

*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*

**Statement Pursuant to Rule 705(4) of the Listing Manual of the Singapore Stock Exchange Securities Trading Limited**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of Ntegrator International Limited for the half year ended 30 June 2010, to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Chang Joo Whut  
Managing Director  
06 August 2010

Han Meng Siew  
Deputy Chairman