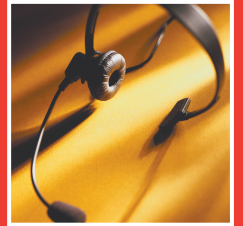




Ntegrator International Ltd.  
Annual Report



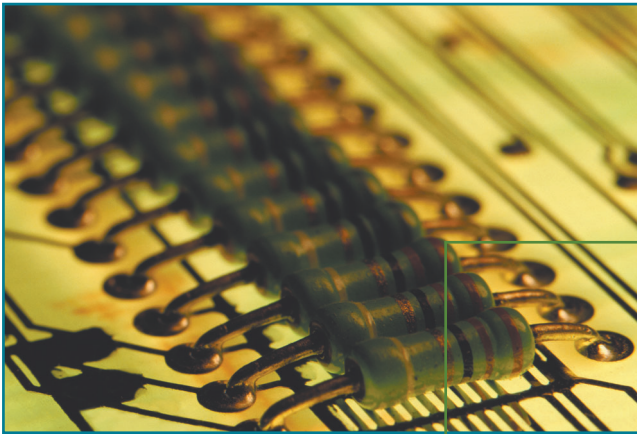
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## Contents

1	Our Vision
2	Group Structure
3	Our Business
4	Chairman's Message
6	Operations Review
8	Board of Directors
10	Key Management
11	Financial Highlights
12	Corporate Information



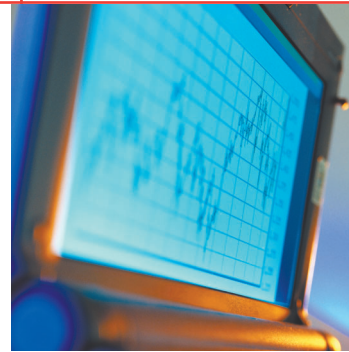
## Our Vision

To be a global, world-class provider of information technology and telecommunications solutions, offering high-tech network infrastructure and voice communication systems.

# Group Structure



- Representative Office in Vietnam
- Business Representative in Myanmar
- Support Office in Cambodia



## Our Business

### Network Infrastructure

- Fibre optics network infrastructure solutions using SDH, DCME and DWDM
- Multi-service access solutions for network infrastructure
- Solutions for ISPs and internet applications
- Computer security solutions for IP networks
- VoIP solutions
- Broadband wireless solutions using Wimax and Wifi Technologies
- Wireless LAN deployment for campuses and public facilities
- Cellular GSM and CDMA network solutions

### Voice Communication Systems

- We customise seamless integration of voice and data signals used in large institutional telecom applications, including:
  - PABX
  - Video conferencing system
  - Voice messaging/recording/logging system
  - Call centre

### Maintenance and Support Services and Project Management Services

- Provision of maintenance and support services including the provision of 24-hour fault control hotline, hardware and software repair services, on-line CRM system services, 24-hour on-site support services and 24-hour remote modem dial-in services
- Project management services for network infrastructure and voice communication systems



## Chairman's Message



As we continue to tap on the demand for specialized integration services in our neighboring countries, we actively seek to increase our customers base and strategically expand operations both locally and regionally.

Bernard Chen Tien Lap  
Chairman

## Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you our annual report for FY2007.

FY2007 was an exciting year for the company as we delivered an improved performance for our full year ending December 31, 2007.

As a result of our continuous efforts to focus on strategic key markets regionally, our revenue in FY2007 surged 47.9% to \$40 million over \$27 million in FY2006. Net profit also grew 28.1% to \$2.2 million in FY2007, as compared to \$1.7 million in FY2006.

In tandem with the better turnover, profit before income tax also rose significantly. The Group achieved a 44.1% increase in profit before income tax, from \$2.0 million in FY2006 to \$2.9 million in FY2007.

The highlight of FY2007 were several contracts we secured in Vietnam with its second largest telecommunication company, Viettel and one of the country's biggest Contact Centre Service providers, Diamond Media Joint Stock Company.

These several contracts bring our total contract secured in Vietnam to \$14.1 million in FY2007.

Due to the country's rapid urbanization and fast commercial growth, we expect good returns from our Vietnamese partnerships that have potential for high growth in the future.

The new contracts in Vietnam mark another significant milestone that took our regional standing to an unprecedented level.

Moving forward, we expect business conditions to remain positive, though challenging and competitive in the current financial year. Still, we will continue to actively seek strategic partnerships with other like-

minded firms so as to expand and deepen market penetration in existing markets, as well as develop new markets and products for risk diversification.

This is particularly so as we are confident that growth momentum will be sustained in the network infrastructure and voice communication arena, with the industries supported by the rising budgets of governments and enterprises around the region for information technology and telecoms infrastructure investment.

In the next financial year, we will maintain our focus on the key markets we operate in regionally. We will also continue to build on our business relationships with our principal suppliers, all of whom are industry leaders in their respective fields.

Having secured promising contracts, we have a healthy order book of \$27.9 million as of 31 December 2007, the majority of which is expected to be completed in FY2008.

In closing, I would like to take this opportunity to thank the Board of Directors for their guidance, the management and staff for their dedication as well as the shareholders for your continued support and confidence in us. We look forward to another successful year ahead.

**Bernard Chen Tien Lap**  
Chairman

## Operations Review

“ Network Infrastructure continued to improve with growth of 83.4% to \$35.1 million. Gross Profit for Network infrastructure increased significantly by 75.0 % to \$8 million ”





## Overview

Group revenue for FY2007 was \$40.0 million, an increase of 47.9% or \$12.95 million over that in FY2006. Completion of major projects in Indochina and Singapore contributed to the 28.1% or \$0.5 million increase in Group Net Profit After Tax.

Overall, despite increased competitive market conditions and higher operating costs, the Group recorded Gross Profit of \$9.9 million in FY2007, an increase of 28.3% compared to \$7.7 million in FY2006.

While the revenue from Singapore operations increased 12.6% from \$11.2 million to \$12.6 million in FY2007, the biggest gains came from our regional business with revenue increasing 72.9% in FY2007 over FY2006.

## Network Infrastructure Projects

This division recorded a substantial increase of revenue by 83.4% to \$35.1 million largely due to the completion of several major projects which were secured during the year.

Gross profit increased by 75.0% to \$8.0 million compared to \$4.6 million in the previous financial year.

## Voice Communications Systems

The performance in Voice Communications Systems showed a decrease of 51.8% to \$2.8 million as the Group diverted its limited resources to focus on Network Infrastructure which have a higher contribution compared to the Voice Communications Systems.

The performance of the division recorded a decrease in profit contribution by 57.8% to \$0.8 million. This was attributable to the diversion of resources to complete and deliver other projects within the requisite project timeline.

## Project Management and Maintenance Services

The performance in Project Management and Maintenance Services shows an increase of 0.4% to \$2.1 million. This marginal improvement is reflective of both competitive market for this business segment and, customers' confidence and satisfaction of our services.

Gross profit for the division decreased by 15.4% or \$0.2 million for the financial year. The decrease was mainly due to market competition and increase in operating costs for maintenance services.

## Outlook

Business conditions are expected to remain positive, though challenging and competitive, in the current financial year. The Group has taken steps to meet this challenge.

The outstanding order book as at 31 December 2007 stood at \$27.9 million, the majority of which is expected to be completed in FY 2008.

# Board of Directors



**Bernard Chen Tien Lap**  
Non-Executive Chairman and Independent Director

Mr Chen was appointed Independent Non-Executive Chairman of the Group on 4 January 2005. He is currently the Chairman of CISCO Security Pte Ltd and also the Chairman of Singapore Health Services Pte Ltd.

Mr Chen's career has spanned both the government and private sectors. Twelve years in the civil service saw him at the Ministries of Defence and Finance, and as Minister of State from 1977 to 1981. He had also been with the Fraser & Neave Group, where he served as General Manager and Director, and subsequently with Intraco Ltd as Chief Executive Officer. Mr Chen also holds directorship positions at the Singapore Totalisator Board and Singapore Labour Foundation. He is currently serving as Chairman of the Archdiocesan Commission for Catholic Schools of Singapore as well.



**Han Meng Siew**  
Deputy Chairman and Executive Director

Mr Han is responsible for the strategic planning, talent development and growth of the Group.

His career in the telecommunications industry began in Singapore Telecoms. From there he joined Teledata (Singapore) Limited ("Teledata") and was instrumental in turning it around and guiding it to listing on the SGX-ST.

Mr Han received his Bachelor of Engineering degree from the National University of Singapore and a Graduate Diploma in Business Administration from the Singapore Institute of Management.



**Jimmy Chang Joo Whut**  
Managing Director

Mr Chang has over 20 years' experience in the telecommunications industry, and is currently managing Ntegrator's daily business operations, steering the direction of the Group and overseeing business development and engineering support of the Network Infrastructure team. Starting his career with Singapore Telecommunications Ltd, Mr Chang then joined Wandel & Goltermann Ltd as a Consultant for network test equipment products before becoming its Regional Manager. He later joined Teledata as Sales Manager and was promoted to General Manager and Executive Director of its subsidiary, Plexus Technology Pte Ltd, before leaving to set up Ntegrator Singapore in April 2002.

Mr Chang has an Industrial Technician Certificate in Electrical Engineering from the Singapore Technical Institute, a Diploma in Telecommunications from City & Guild in London and is a member of US-based NetDevices Technical Advisory Board, which provides next-generation edge networking solutions for enterprises and managed service providers.



**Tay Koon Chuan**  
Non-Executive Director

Mr Tay was appointed Non-Executive Director of the Group on 21 September 2007.

With over 14 years' experience in the venture capital and private equity investment. Mr Tay is the President of Fortune Venture Investment Group for the South East Asia operation; with responsibility to cover cross borders investment in China, Taiwan and S.E. Asia. Before his present position, Mr Tay was the Vice President of Walden International Investment Group with specialization in high-tech VC investment and traditional business private equity investment in South East Asia. Mr Tay was also the Chief Executive Officer of a turn-around company and a number of start-ups including VChain Corporation and Magzone Asia.

Mr Tay holds an MBA in Banking & Finance from Nanyang Technological University, an MSc in Computer Science from the University of Wisconsin (Madison), and a Bachelor of Engineering (1st Class Honors) in Mechanical Engineering from the National University of Singapore.'



**Lai Chun Loong**  
Independent Director

Mr Lai is currently Consultant to Temasek Holdings (Pte) Ltd. He is also the Executive Director of Prominent Consulting Pte Ltd. Prior to his present appointment, he was Executive Chairman of Vietnam Singapore Industrial Park Pte Ltd, and thereafter, Advisor on Vietnam Investment to Singapore Technologies Pte Ltd.

He started his career at the Chartered Industries of Singapore ("CIS") in 1968 and rose to the position of Managing Director. Mr Lai was later appointed as President of CIS and moved to head Sembawang Industrial Pte Ltd as its Deputy Chairman and President. He was awarded a Public Service Medal (PBM) in 1992.

Mr Lai graduated with a Bachelor in Engineering (Mechanical) from the University of Auckland, New Zealand, under a Colombo Plan Scholarship in 1967. He holds an MBA degree from the University of California, Los Angeles in 1980, and completed the Advanced Management Program from Harvard University in 1987.



**Charles George St. John Reed**  
Independent Director

Currently the CEO of Inter-Touch Pte Ltd, an NTT DoCoMo Group company, Mr Reed began his career as a Senior Associate at Coopers & Lybrand Deloitte, and was employed by PT Excelcomindo Pratama as General Manager to be responsible for financial restructuring, corporate governance, capital projects and re-engineering process improvement projects. He left to join British Telecom (Hong Kong) as Director of Programme Management, responsible for business development and infrastructure for BT Cellnet's Global Mobile Internet offering, Genie. Mr Reed also held the positions of Vice President at Telecom Venture Group, CEO of Personal Broadband Australia Pty Limited, CEO Capena Ltd (BVI) and was an audit committee member of Mobile Telecom Network (Holdings) Limited, which is listed on the Hong Kong Stock Exchange's Growth Enterprise Market. Mr Reed obtained a Bachelor of Science degree in Engineering Mathematics from Bristol University in UK.



**Loudon Frank McLean Owen**  
Non-Executive Director

Currently the Managing Partner of McLean Watson Capital, Mr Owen also sits on the board of Dexit Inc (TSX), a public listed company. He began his career as a lawyer in Campbell Godfrey & Lewtas before becoming Managing Partner of law firm Burgess Macdonald Martin Younger. He left to become the Chief Operating Officer of Softimage Inc, a Nasdaq-listed software corporation, and later co-founded McLean Watson Capital. Mr Owen holds an MBA from INSEAD, a Bachelor of Law degree from Osgoode Hall Law School, and a Bachelor of Arts degree from the University of Toronto.



**Zacchaeus Boon Suan Zin**  
Alternate to Loudon Frank McLean Owen

Currently a Partner of Canada-based McLean Watson Capital, Mr Boon is responsible for the investment portfolio in Asia Pacific region. He has more than 15 years' experience in the software industry along with extensive investment credentials. He started his career as a Network Engineer working on military projects before joining Lotus Development as a Software Engineer. At Lotus, he worked on localization of software for Asia Pacific markets such as PRC, Taiwan, Korea and Japan.

Mr Boon was a Country Managing Director for Singapore, Brunei and Indochina in Lotus Development. His last role in IBM/Lotus was Director (Alliances/Small Medium Business) with Asia Pacific coverage. Prior to joining McLean Watson Capital, Mr Boon was an Investment Director with Venture TDF. He is also an active angel investor who seed-funded several successful start-ups including AceFusion (acquired by Savi) and HardwareZone (acquired by SPH).

Mr Boon obtained a Bachelor of Computer Science from the University of Newcastle in Australia.

## Key Management



**Kenneth Sw Chan Kit**  
Financial Controller

Mr. Sw is responsible for our Group's financial activities. Having joined our Group since our commencement of operations in year 2002, he has helped to develop, build and implement the region-wide financial framework, support, processes and procedures necessary to support the Group's operations.

Mr. Sw started his career with Matsushita Electronics (S) Pte Ltd and has in the course of his 20 years career in the financial field moved up to positions of higher responsibility both at HQ and region-wide levels. He has held positions of Finance Managers and CFO in his career path, in various organizations, including Kuhne & Nagel (S) Pte Ltd, Sembawang Engineering Pte Ltd, Teledata, e-Cop Pte Ltd and Intrawave Pte Ltd.

Mr. Sw is a Fellow Member of ACCA, and a non-practising member of the Institute of Certified Public Accountants of Singapore.



**Jason Leong Wee Siong**  
General Manager, Network Infrastructure (Regional)

Having joined our Group since its inception, Mr Leong currently oversees the sales and marketing activities for our Group's network infrastructure products and services in the region. Mr Leong was handling International Transmission Maintenance & Operations at Singapore Telecommunications Limited before being promoted to Capacity Investment Manager where he was responsible for European and USA carriers. He later joined Plexus Technology Pte Ltd as Sales Manager, overseeing various government sectors as well as overseas accounts. Mr Leong holds a Bachelors degree in Electronics & Electrical Engineering (First Class Honours) from Loughborough University of Technology.



**Vincent Vinu Edward**  
General Manager, Network Infrastructure (Singapore)

Mr Edward joined our Group as Sales Director upon its inception, and currently oversees the sales and marketing activities of our Group's network infrastructure products and services in Singapore. He was previously a Project Engineer with Sembawang Corporation Limited and subsequently joined Teledata in the same capacity. He was later promoted to Senior Project Engineer and Senior Sales Manager respectively before being seconded to Plexus Technology Pte Ltd as its Group Manager. Mr Edward holds a Bachelors degree in Engineering (Honours) from Aberdeen University.



**Diana Lee Meng Wah**  
Director, Human Resource

Ms Lee joined our Group when it commenced operations and was responsible for developing and implementing the Group's human resource activities and administrative processes and procedures.

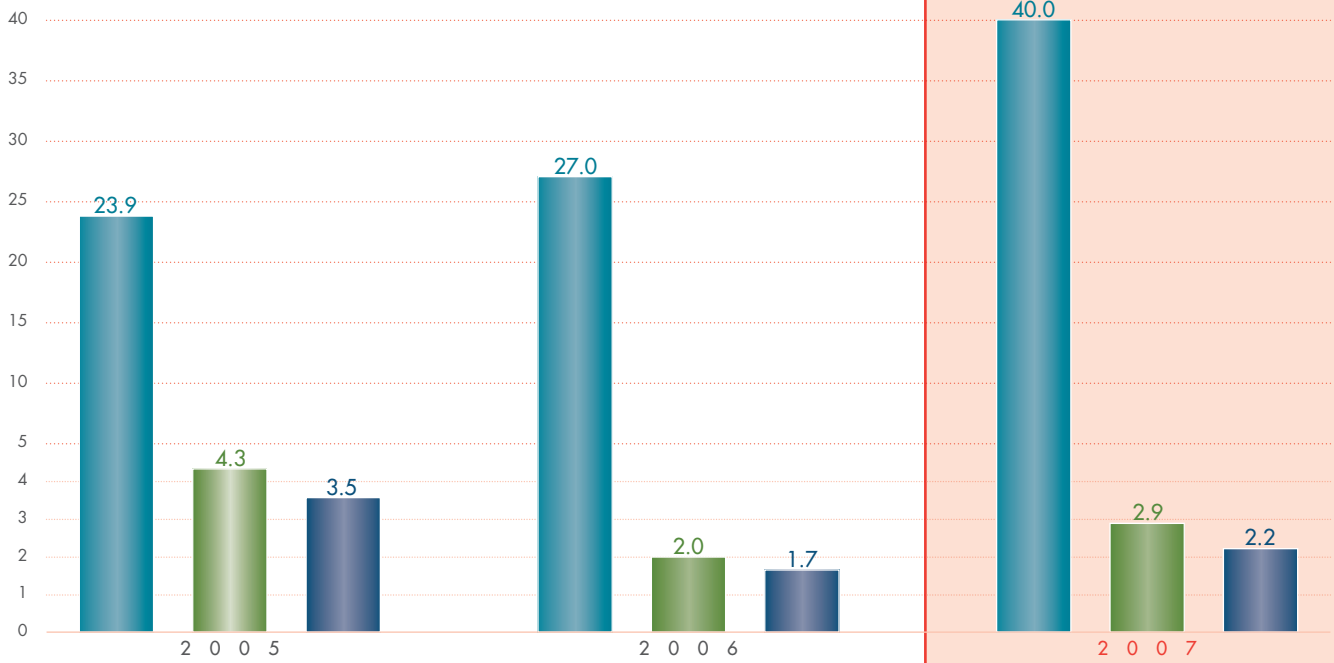
She has developed the Group's HR policies and practices for Singapore and regional operations and is responsible for all human resource policies, procedures, regulatory filings and compliances.

Prior to joining our Group, Ms. Lee had held positions in both Administrative and Personnel departments of several public, private and government organizations, including Teledata, the Singapore General Hospital and SMRT Corporation Ltd.

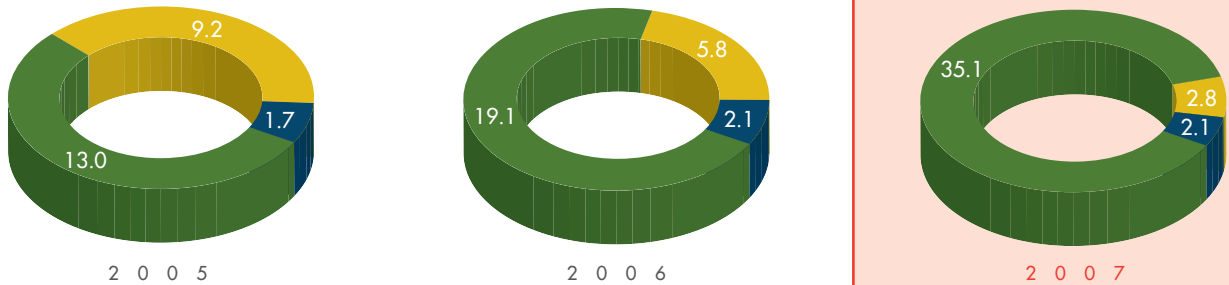
Ms Lee holds a Diploma in Human Resource Management.

# Financial Highlights

■ Revenue (S\$ million) ■ Profit before tax (S\$ million) ■ Net profit (S\$ million)

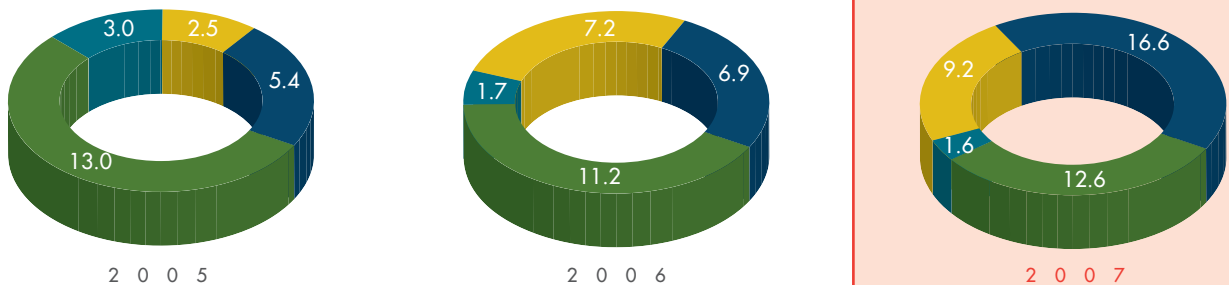


Revenue breakdown by activities (S\$ million)



■ Network Infrastructure Projects ■ Voice Communication Systems  
■ Project Management & Maintenance Services

Revenue breakdown by geographical market (S\$ million)



■ Singapore ■ Myanmar ■ Vietnam ■ Others

# Corporate Information

## BOARD OF DIRECTORS

Bernard Chen Tien Lap  
*Non-Executive Chairman & Independent Director*

Han Meng Siew  
*Deputy Chairman & Executive Director*

Jimmy Chang Joo Whut  
*Managing Director & Executive Director*

Tay Koon Chuan  
*Non-Executive Director*  
(Appointed with effect from 21 September 2007)

Loudon Frank McLean Owen  
*Non-Executive Director*

Lai Chun Loong  
*Independent Director*

Charles George St. John Reed  
*Independent Director*

Zacchaeus Boon Suan Zin  
*(Alternate to Loudon Frank McLean Owen)*

Tay Choon Chong  
(Resigned with effect from 21 September 2007)

## NOMINATING COMMITTEE

*Independent Directors*

Bernard Chen Tien Lap (Chairman)  
Charles George St. John Reed

*Non-Executive Director*

Tay Koon Chuan  
(Appointed with effect from 21 September 2007)

Tay Choon Chong  
(Resigned with effect from 21 September 2007)

## REMUNERATION COMMITTEE

*Independent Directors*

Bernard Chen Tien Lap (Chairman)  
Charles George St. John Reed  
Lai Chun Loong

## AUDIT COMMITTEE

*Independent Directors*

Charles George St. John Reed (Chairman)  
Lai Chun Loong

*Non-Executive Director*

Loudon Frank McLean Owen  
(Alternate: Zacchaeus Boon Suan Zin)

## COMPANY SECRETARIES

Kenneth Sw Chan Kit  
Yvonne Choo, FCIS  
Lim Keng San Shirley, FCIS

## REGISTERED OFFICE

4 Leng Kee Road  
#06-04 SIS Building  
Singapore 159088  
Tel: (65)6479 6033, Fax: (65)6472 2966  
Website: [www.ntegrator.com](http://www.ntegrator.com)

## SHARE REGISTRAR

Boardroom Corporate & Advisory Service Pte Ltd.  
3 Church Street #08-01  
Samsung Hub, Singapore 049483

## AUDITORS

Nexia TS Public Accounting Corporation  
Certified Public Accountants  
5 Shenton Way  
UIC Building  
#23-03  
Singapore 068808

Partner-in-charge: Henry SK Tan  
(Appointed since financial year 2007)

## PRINCIPAL BANKERS

- 1) Malayan Banking Berhad
- 2) DBS Bank Ltd
- 3) United Overseas Bank Ltd
- 4) Hong Leong Finance Ltd
- 5) Citibank, N.A.

## INVESTOR RELATIONS CONTACT

1) Ntegrator International Ltd.  
Tel: (65)6378 0170, Fax: (65)6472 2966  
Jimmy Chang

2) Citigate Dewe Rogerson i.MAGE  
Tel: (65)6534 5122, Fax: (65)6534 4171  
Elaine Lim  
Dolores Phua  
Kevin Lim

# Financial Contents

<b>Corporate Governance Report</b>	<b>14</b>
<b>Directors' Report</b>	<b>22</b>
<b>Statement by the Directors</b>	<b>27</b>
<b>Independent Auditor's Report</b>	<b>28</b>
<b>Consolidated Income Statement</b>	<b>30</b>
<b>Balance Sheets</b>	<b>31</b>
<b>Statement of Changes in Equity</b>	<b>32</b>
<b>Consolidated Cash Flow Statement</b>	<b>34</b>
<b>Notes to the Financial Statements</b>	<b>35</b>
<b>Statistics of Shareholdings</b>	<b>71</b>
<b>Notice of Annual General Meeting</b>	<b>73</b>
<b>Notice of Books Closure</b>	<b>76</b>
<b>Proxy Form</b>	

# Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance and in making sure that effective self-regulatory corporate practices are in place to protect the interests of its shareholders and to maximize long-term shareholder value. These include a high caliber Board of Directors supported by Board Committees and an effective and sound system of internal controls and risk management programme.

As required by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this statement outlines the Company's corporate governance processes with specific reference to the Code of Corporate Governance ("the Code"). Other than deviations which are explained in this statement, the Company has complied with the principles of the Code.

## BOARD OF DIRECTORS

### PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The principal functions of the Board are:

- approving the Group's key business strategies and financial objectives;
- approving the annual budget, major investments and divestments, and funding proposals;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving half year and full year accounts and announcements; and
- assuming responsibility for corporate governance.

The Board has adopted internal guidelines that require Board approval for various matters, including appointment of directors, major funding and investment proposals and material capital expenditures. Management, together with Board Committees including the Audit Committee, the Nominating Committee and the Remuneration Committee supports the Board in discharging its responsibilities. The roles and responsibilities of the Board Committees are set out separately in this statement.

The Board conducts regular scheduled meetings during the year. Ad-hoc meetings are convened to address significant issues or approve major transactions. The Company's Articles of Association allows Board Meetings to be conducted by way of telephone conferencing or any other electronic means of communications.

The attendance of the directors at meetings of the Board and Board Committees, as well as the frequency of such meetings in FY2007 are summarized in the table below:

Name	Board Meetings		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Bernard Chen Tien Lap	4	4			1	1	1	1
Han Meng Siew	4	3						
Chang Joo Whut	4	4						
Tay Koon Chuan (Appointed on 21 September 2007)	1	0						
Loudon Frank McLean Owen (Alt: Zacchaeus Boon Suan Zin)	4	3	2	2				
Lai Chun Loong	4	3	2	1			1	0
Charles George St. John Reed	4	3	2	2	1	1	1	1
Tay Choon Chong (Resigned on 21 September 2007)	3	2			1	0		



# Corporate Governance Report

The Board of Directors is familiar with the Group's business and governance practices and has been briefed on their responsibilities as director of a listed company. There is an orientation program to familiarize new directors with the Group's business and governance practices. To keep abreast with developments in corporate, financial, legal and other compliance requirements, directors are encouraged to attend relevant training courses funded by the Company.

## PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

The Board comprises seven directors, one-third of whom is independent. The Board consists of directors who as a group, provide core competencies, such as business or management experience, industry knowledge, finance, strategic planning experience and customer-based experience and knowledge that are necessary and critical to achieving Group's objectives. Details of the directors' academic and professional qualification and other appointments are set out on pages 8 to 9 of the Annual Report.

The NC has reviewed the independence of each director for the financial year ended 31 December 2007 in accordance with the Code's definition of independence and is satisfied that more than one-third of the Board continues to be independent.

The composition of the Board is as follows:-

### EXECUTIVE DIRECTOR

Han Meng Siew (Deputy Chairman)  
Jimmy Chang Joo Whut (Managing Director)

### NON-EXECUTIVE DIRECTOR

Bernard Chen Tien Lap (Chairman) \*  
Tay Koon Chuan (*Appointed on 21 September 2007*)  
Charles George St. John Reed \*  
Lai Chun Loong \*  
Loudon Frank McLean Owen  
Zacchaeus Boon Suan Zin (Alternate to Loudon Frank McLean Owen)  
Tay Choon Chong (*Resigned on 21 September 2007*)

\* *Independent Director*

## PRINCIPLE 3: ROLE OF CHAIRMAN AND MANAGING DIRECTOR

The functions of Chairman, Deputy Chairman and the Managing Director are assumed by three individuals. The Chairman, Mr. Bernard Chen, is an Independent Director, whilst the Deputy Chairman, Mr. Han Meng Siew and the Managing Director, Mr. Jimmy Chang are Executive Directors.

There is clear division of responsibilities between the Chairman, Deputy Chairman and the Managing Director, who are unrelated to one another. The Deputy Chairman and the Managing Director are the most senior executives in the Company and assume executive responsibility for the Company's business while the Chairman assumes responsibility for the management of the Board. As the Chairman, Deputy Chairman and the Managing Director perform separate functions, authority and accountability are not compromised.

# Corporate Governance Report

## PRINCIPLE 4: NOMINATING COMMITTEE

The Nominating Committee ("NC") comprises two independent and one non-executive directors, namely –

Bernard Chen Tien Lap (Chairman) \*  
Charles George St. John Reed \*  
Tay Koon Chuan (*Appointed on 21 September 2007*)  
Tay Choon Chong (*Resigned on 21 September 2007*)

\* *Independent Director*

The key objectives of the NC are to ensure that there is a formal and transparent process for the nomination, appointment and re-appointment of directors to the Board and in the assessment of the effectiveness and contribution of the Board and its members to the welfare, strategic growth and development of the Company.

As a sub-committee of the Board, the NC –

- recommends the re-nomination of directors retiring by rotation annually;
- determines the independence of Board members and assesses the adequacy of Board members with multiple board representations;
- establishes the process for the selection and appointment of new directors;
- reviews Board structure, size and composition;
- recommends to the Board the continuation in service of any directors who has reached the age of 70; and
- assesses the effectiveness of the Board and the contributions of Board members.

All Directors subject themselves for re-nomination and re-election at least once every three (3) years. Pursuant to the Company's Articles of Association, Mr Bernard Chen Tien Lap and Mr Lai Chun Loong will retire by rotation at the forthcoming AGM. Mr Tay Koon Chuan, who joined the Board in September 2007, is required to submit himself for re-election at the forthcoming AGM.

The Nominating Committee has recommended the nominations of the Directors retiring by rotation for re-election at the forthcoming AGM. In considering the nomination, the NC took into account the contribution of the Directors with reference to their attendance and participation at Board and other Board committee meetings as well as the proficiency with which they have discharged their responsibilities..

The Board has also approved the implementation of a formal process for the selection of new directors to identify and evaluate potential nominees for appointment to the Board.

## PRINCIPLE 5: BOARD PERFORMANCE

The Board conducted an assessment of its performance as a whole, for the financial year under review.

## PRINCIPLE 6: ACCESS TO INFORMATION

To ensure that the Board is able to fulfill its responsibilities, quarterly reports on the Company's performance and business activities are provided to every Board member. The Board also receives regular updates on on-going projects and other business matters.

All directors have direct access to senior management and to the Company Secretary. The Company Secretary attends board meetings, and board committee meetings, where required. The Company Secretary ensures that board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary are subject to the Board's approval.

The Directors, whether individually or collectively, may in furtherance of their duties, seek and obtain independent professional advice as and when the need arises, at the expense of the Company.

# Corporate Governance Report

## REMUNERATION COMMITTEE (RC)

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC comprises three members, all of whom are independent Directors. The composition of the RC is as follows:-

Bernard Chen Tien Lap (Chairman) \*

Charles George St. John Reed \*

Lai Chun Loong \*

\* Independent Director

The role of the RC is to review and recommend to the Board a framework of remuneration for the Board of Directors and key executives of the Group. It determines specific remuneration packages and reviews the terms of service for each Executive Director and key Executive Officers of the Company. It also approves guidelines on salary, bonus, and other terms and conditions for senior management, as well as the granting of share options in accordance with the rules of the Company's Share Option Scheme.

In setting remuneration packages for Executive Directors and key executives of the Group, the pay and employment conditions within the industry and in comparable companies are taken into account to maintain an appropriate and competitive level of remuneration that will attract, retain and motivate key executives. The RC may seek external professional advice on compensation and other employment-related matters, as and when required.

Executive Directors are on services contracts which are subject to review every three years. The RC is of the view that the Executive Directors' service contracts are not excessively long or with onerous removal clauses.

The Deputy Chairman and the Managing Director who are on service contracts do not receive directors' fees. Their remuneration packages comprise of salaries, annual wage supplement, options and a share of profits based on the Group's performance. The performance-related award is to align their interests with those of the shareholders and link rewards to corporate and individual performance.

Independent and Non-Executive Directors receive directors' fees, which takes into account their level of contribution and responsibilities. These fees are subject to shareholders' approval at the Annual General Meeting.

No director was involved in determining his own remuneration.

The following tables provide a breakdown (in percentage terms) of directors' remuneration and that of the Group's top 4 (four) executives who are not directors, for the financial year ended 31 December 2007, falling within broad bands –

# Corporate Governance Report

## (A) DIRECTORS' REMUNERATION

Name	Fees %	Salary <sup>(1)</sup> %	Bonus <sup>(1)</sup> %	Other Benefits <sup>(2)</sup> %	Total %
<b>Between \$250,000 to \$500,000</b>					
Han Meng Siew	-	85	7	8	100
Jimmy Chang Joo Whut	-	84	7	9	100
<b>Below \$250,000</b>					
Bernard Chen Tien Lap	100	-	-	-	100
Charles George St. John Reed	100	-	-	-	100
Tay Choon Chong (Resigned on 21 September 2007)	100	-	-	-	100
Tay Koon Chuan (Appointed on 21 September 2007)	100	-	-	-	100
Loudon Frank McLean Owen	100	-	-	-	100
Lai Chun Loong	100	-	-	-	100

## (B) REMUNERATION OF TOP 4 (FOUR) EXECUTIVES WHO ARE NOT DIRECTORS

Name	Fees %	Salary <sup>(1)</sup> %	Bonus <sup>(1)</sup> %	Other Benefits <sup>(2)</sup> %	Total %
<b>Below \$250,000</b>					
Kenneth Sw Chan Kit	-	81	7	12	100
Vincent Vinu Edward	-	87	7	6	100
Jason Leong Wee Siong	-	84	11	5	100
Diana Lee Meng Wah	-	90	10	-	100

Note:

- 1) The salary and bonus amounts shown are inclusive of allowances and CPF.
- 2) Transport, medical and insurance.
- 3) The remuneration bands above do not include the value of share options granted under the Company's Share Option Scheme.

## (C) REMUNERATION OF IMMEDIATE FAMILY MEMBERS OF DIRECTORS

There were no employees who are immediate family members of any director or the MD whose remuneration exceeded \$150,000 for the financial year ended 31 December 2007.

## PRINCIPLE 10: ACCOUNTABILITY

The Board is accountable to the shareholders whilst Management is accountable to the Board. Management presents half-year and full-year financial statements to the Audit Committee and the Board for review and approval. The Board approves the results and authorizes the release of results to SGX-ST and the public via SGXNET.

# Corporate Governance Report

## PRINCIPLE 11: AUDIT COMMITTEE

The Audit Committee ("AC") comprises 3 directors, a majority of whom are independent Directors. The composition of the AC is as follows:-

Charles George St. John Reed (Chairman) \*  
Lai Chun Loong \*  
Loudon Frank McLean Owen  
Zacchaeus Boon Suan Zin (Alternate to Loudon Frank McLean Owen)

\* *Independent Director*

All AC members possess extensive business and financial management experience at both senior management and board levels.

The AC reviews the scope of work, as set out in section 201B(5) of the Companies Act, Cap 50, of both internal and external auditors and the assistance given by the Company's officers to the external auditors. It meets with the Company's internal and external auditors to review their audit plans and discuss the results of their respective examinations and their evaluation of the Group's operations and system of internal accounting controls. The AC also reviews transactions with interested persons and related parties. It recommends the appointment or re-appointment of external auditors, reviews audit fees and non-audit services performed by the external auditors.

The AC has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings.

The AC performed independent reviews of the financial statements of the Company and the Group. The AC also met with the external auditors separately without the presence of the Management and undertook a review of the nature and extent of all non-audit services performed by the external auditors to establish whether their independence had in any way been compromised. The external auditor had not provided any non-audit services in FY2007.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any personnel to attend its meetings.

In line with the recommendation of the Code to put in place, arrangements to encourage and to provide a channel for staff of the Group to report and to raise in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other matters, the AC has implemented a "Whistle-Blowing Policy" subsequent to the financial year end. The objective of the Whistle-Blowing Policy is to ensure that there are arrangements in place, for the independent investigation of such matters and for appropriate follow-up action.

## PRINCIPLE 12: INTERNAL CONTROL PRINCIPLE 13: INTERNAL AUDIT ("IA")

The Company's internal auditors conducted a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Material non-compliance or weaknesses in internal controls and recommendations for improvement are reviewed by the AC.

The risk management process and system of internal controls of the Company are designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic objectives. It should be recognized that such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The IA is an independent function that reports to the Audit Committee. The scope of work covers all business and support functions in the Company and its subsidiaries. The AC reviews and approves the annual IA plans and resources to ensure that the IA unit has the necessary resources to adequately perform its functions. The AC will review the IA activities on a half-yearly basis and the adequacy of the IA function on an annual basis.

# Corporate Governance Report

## PRINCIPLES 14 & 15: COMMUNICATION WITH SHAREHOLDERS

Price-sensitive information relating to the Group is released through SGXNET and is available to public on the Company's website. The interim and full year results and annual reports issued within the prescribed period, are also released to the public via SGXNET. The Company's Annual Report is available at its website at [www.nintegrator.com](http://www.nintegrator.com).

All shareholders of the Group receive the Annual Report and notice of Annual General Meeting. At annual general meetings, shareholders are given the opportunity to voice their views and to direct questions regarding the Group to senior management and directors, including the Chairman of each of the Board Committee.

All directors are encouraged to be present at all general meetings of the Company. The external auditors will be present at the forthcoming Annual General Meeting.

## SECURITIES TRANSACTIONS

The Group has adopted a Code of Best Practices for Dealings in Securities (the "Code") which sets out the Company's policy on dealings in securities of the Company and implications of Insider Trading. In line with our Code, directors and key officers of the Group who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company in the periods commencing one month before the announcement of the Group's annual or half-year results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

Directors and key officers are required to confirm annually that they have complied with the Code with regards to their securities transactions.

## RISK MANAGEMENT POLICIES AND PROCESSES

The Company's risk management policies are summarized as follows:-

### TECHNOLOGICAL CHANGES

We are dependent on principals to improve and innovate its products to meet the changing market trends. We will study the market trends and assess customers' changing needs and obtain new technology-based products to meet their demands. We will also keep abreast of the developments in our industry and the technical know-how.

### POLITICAL, REGULATORY AND ECONOMIC

The unexpected changes in the regulatory requirements, political instability and economic uncertainties in the countries in which we have a presence may affect our revenue and margin. We will assess this inherent risk on a regular basis.

### CREDIT RISK

We are exposed to credit risk and such risk is managed through assessment of customer credit-worthiness. For special payment scheme, we will review this on a case-by-case basis and will be secured by export letters of credits.

### KEY PERSONNEL

Our business performance depends on the business strategy developed by the management. The inability to retain qualified personnel may affect our business performance given that we are a service provider. We offer our staff competitive remuneration packages, the opportunity to participate in the Company's share option scheme, as well as a challenging working environment.

# Corporate Governance Report

## MATERIAL CONTRACTS

The Company entered into separate Service Agreements with each of our Executive Directors, Messrs Han Meng Siew and Jimmy Chang Joo Whut in September 2005.

Other than as disclosed above and since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving the interests of Directors or controlling shareholders, and no other material contract subsist at the end of the financial year.

# Directors' Report

for the financial year ended 31 December 2007

The directors are pleased to present their report to the members together with the consolidated audited financial statements of the Group for the financial year ended 31 December 2007 and the balance sheet of the Company as at 31 December 2007.

## DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Bernard Chen Tien Lap	Chairman
Han Meng Siew	Deputy Chairman
Jimmy Chang Joo Whut	Managing Director
Loudon Frank McLean Owen	
Charles George St. John Reed	
Lai Chun Loong	
Tay Koon Chuan	(Appointed on 21 September 2007)
Zacchaeus Boon Suan Zin	(alternate director to Loudon Frank McLean Owen)

In the accordance with Article 89 and 88 of the Company's Articles of Association, Bernard Chen Tien Lap, Lai Chun Loong and Tay Koon Chuan who retire, and being eligible, offer themselves for re-election.

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" on pages 23 to 25 of this report.

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

- (a) According to the Register of Directors' Shareholding, none of the directors holding office at the end of the financial year had any interest in the shares and debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
<b>The Company</b>				
<i>No. of Ordinary shares</i>				
Bernard Chen Tien Lap	200,000	1,800,000	–	–
Han Meng Siew	1,531,000	10,124,000	6,000,000	24,000,000
Jimmy Chang Joo Whut	3,531,000	18,124,000	–	–
Loudon Frank McLean Owen	200,000	1,800,000	–	–
Charles George St. John Reed	550,000	3,200,000	–	–
Lai Chun Loong	100,000	1,400,000	–	–
Tay Choon Chong *	400,000	1,700,000	–	–
Tay Koon Chuan #	–	–	–	–
Zacchaeus Boon Suan Zin (Alternate to Loudon Frank McLean Owen)	–	1,000,000	3,242,000	13,353,000

\*Resigned as director of the Company on 21 September 2007.

#Appointed as director of the Company on 21 September 2007.



# Directors' Report

for the financial year ended 31 December 2007

## DIRECTORS' INTEREST IN SHARES AND DEBENTURES (CONT'D)

- (b) According to the Register of Directors' Shareholdings, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Ntegrator Share Option Scheme (the "Scheme") as set out below.

	Number of option to subscribe	
	At beginning of financial year	At end of financial year
Bernard Chen Tien Lap	250,000	–
Han Meng Siew	1,000,000	–
Jimmy Chang Joo Whut	1,000,000	–
Tay Choon Chong*	250,000	–
Loudon Frank McLean Owen	250,000	–
Charles George St. John Reed	250,000	–
Lai Chun Loong	250,000	–
Tay Koon Chuan #	–	–
Zacchaeus Boon Suan Zin (Alternate to Loudon Frank McLean Owen)	250,000	–

\* Resigned as director on 21 September 2007.

# Appointed as director on 21 September 2007.

- (c) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2008 were the same as those as at 31 December 2007.

## DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

## SHARE OPTIONS

The Company implemented the Ntegrator Share Option Scheme (the "Scheme") in 2005 for granting of options to its full-time employees and directors of the Company and its subsidiaries. The total number of ordinary shares over which the Company may grant under the Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

The Scheme is administered by the Remuneration Committee ("RC") which comprises three directors, namely Bernard Chen Tien Lap, Lai Chun Loong and Charles George St. John Reed.

# Directors' Report

for the financial year ended 31 December 2007

## SHARE OPTIONS (CONT'D)

The exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the Committee as follows:

- (i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the SGX for the five consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or
- (ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted with the exercise price set at Market Price shall only be exercisable after 12 months of the date of grant of that option. Options granted with exercise price set a discount to Market Price shall only be exercisable after 24 months from the date of grant of that option. All options granted shall be exercised before the end of 120 months (or 60 months where the participant is a non-executive director) of the date of grant of that option and subject to such other conditions as may be introduced by the Committee from time to time.

Details of the options to subscribe for ordinary shares of the Company granted to directors, executive officers and employees of the Group pursuant to the Scheme described above are as follows:

Date of grant	Balance at 1.1.2007	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2007	Exercise price	Exercisable period
11.9.2006	5,217,000	–	4,032,000	21,000	1,164,000	S\$0.13	11.9.2007 to 10.9.2017
11.9.2006	1,500,000	–	1,250,000	250,000	–	S\$0.13	11.9.2007 to 10.9.2012
	<u>6,717,000</u>	<u>–</u>	<u>5,282,000</u>	<u>271,000</u>	<u>1,164,000</u>		

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Scheme were as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to end of the financial year	Aggregate options exercised since commencement of the Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year
Bernard Chen Tien Lap <sup>2</sup>	–	250,000	250,000	–
Han Meng Siew <sup>1</sup>	–	1,000,000	1,000,000	–
Jimmy Chang Joo Whut <sup>1</sup>	–	1,000,000	1,000,000	–
Tay Choon Chong* <sup>2</sup>	–	250,000	–	–
Loudon Frank McLean Owen <sup>2</sup>	–	250,000	250,000	–
Charles George St. John Reed <sup>2</sup>	–	250,000	250,000	–
Lai Chun Loong <sup>2</sup>	–	250,000	250,000	–
Tay Koon Chuan #	–	–	–	–
Zacchaeus Boon Suan Zin <sup>2</sup> (Alternate to Loudon Frank McLean Owen)	–	250,000	250,000	–
	–	<u>3,500,000</u>	<u>3,250,000</u>	–
Name of executive officer				
Kenneth Sw Chan Kit <sup>1</sup>	–	1,000,000	1,000,000	–
Total	–	<u>4,500,000</u>	<u>4,250,000</u>	–

\* Resigned as directors of the Company on 21 September 2007.

# Appointed as directors of the Company on 21 September 2007.

# Directors' Report

for the financial year ended 31 December 2007

## SHARE OPTIONS (CONT'D)

- <sup>1</sup> The options granted to these directors and an executive officer are exercisable from 11 September 2007 to 10 September 2017 at the exercise price of S\$0.13 if the vesting conditions are met.
- <sup>2</sup> The options granted to these directors are exercisable from 11 September 2007 to 10 September 2017 at the exercise price of S\$0.13 if the vesting conditions are met.

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates other than Loudon Frank McLean Owen, Tay Choon Chong and Zacchaeus Boon Suan Zin as mentioned above;
- No participant other than Han Meng Siew, Jimmy Chang Joo Whut and Kenneth Sw Chan Kit as mentioned above has received 5% or more of the total options available under the plans;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

## AUDIT COMMITTEE

The Audit Committee ("AC") comprises three board members, all of whom are non-executive directors. The members of the AC at the end of the financial year were as follows:

Charles George St. John Reed	Chairman, Independent
Lai Chun Loong	Independent
Loudon Frank McLean Owen	
Zacchaeus Boon Suan Zin	(Alternate to Loudon Frank McLean Owen)

The AC carries out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and independent auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
- Reviews the annual financial statements and the independent auditors' report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the independent auditor;
- Reviews the nature and extent of non-audit services provided by the independent auditor;

# Directors' Report

for the financial year ended 31 December 2007

## AUDIT COMMITTEE (CONT'D)

- Recommends to the board of directors the independent auditors to be nominated, approves the remuneration of the independent auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

Further details regarding the audit committee are disclosed in the Report on Corporate Governance.

## INDEPENDENT AUDITOR

The independent auditors, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Han Meng Siew  
Director

Jimmy Chang Joo Whut  
Director

4 April 2008

# Statement by the Directors

for the financial year ended 31 December 2007

In the opinion of the directors:-

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 30 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors,

Han Meng Siew  
Director

Jimmy Chang Joo Whut  
Director

4 April 2008

# Independent Auditor's Report

To the Members of Ntegrator International Ltd.

We have audited the accompanying financial statements of Ntegrator International Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 30 to 70, which comprise the balance sheets of the Company and of the Group as at 31 December 2007, the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Independent Auditor's Report

To the Members of Ntegrator International Ltd.

## OPINION

In our opinion,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007, the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

The financial statements for the preceding financial year were reported on by independent auditor other than Nexia TS Public Accounting Corporation. The independent auditor's report dated 27 March 2007 issued by the predecessor independent auditor on the financial statements for the financial year ended 31 December 2006 were unqualified.

**Nexia TS Public Accounting Corporation**  
**Certified Public Accountants**  
**Partner in-charge: Henry SK Tan**  
**(Appointed since FY2007)**

Singapore  
4 April 2008

# Consolidated Income Statement

To the Members of Ntegrator International Ltd.

	<b>Note</b>	<b>2007</b> S\$'000	<b>2006</b> S\$'000
Revenue	3	39,977	27,030
Other income	4	1,216	462
Expenses			
- Equipment and consumables used		(29,478)	(22,418)
- Employee compensation	5	(5,023)	(3,240)
- Freight		(1,165)	(876)
- Commission and consultancy		(1,821)	(922)
- Depreciation of plant and equipment	15	(318)	(218)
- Foreign exchange loss, net		(706)	(633)
- Finance	6	(424)	(235)
- Other		(1,770)	(1,855)
Changes in inventories and contract work-in-progress		2,383	4,897
Total expenses		(38,322)	(25,500)
Profit before income tax		2,871	1,992
Income tax expense	7	(708)	(304)
<b>Net profit</b>		<b>2,163</b>	<b>1,688</b>
<b>Attributable to:</b>			
Equity holders of the Company		2,280	1,736
Minority interests		(117)	(48)
		<b>2,163</b>	<b>1,688</b>
<b>Earning per share attributable to equity holders of the Company (cents per share)</b>	<b>8</b>		
- Basic		1.3	1.1
- Diluted		1.3	1.1

*The accompanying notes form an integral part of these financial statements*



# Balance Sheet

as at 31 December 2007

To the Members of Ntegrator International Ltd.

	Note	Group		Company	
		2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	6,044	1,532	3,860	11
Trade and other receivables	10	24,411	16,824	7,126	6,212
Inventories	11	2,637	2,626	–	–
Contract work-in-progress	12	6,084	3,946	–	–
Other current assets	13	1,108	448	28	55
		<u>40,284</u>	<u>25,376</u>	<u>11,014</u>	<u>6,278</u>
<b>Non-current assets</b>					
Trade and other receivables	10	11,887	6,975	–	–
Deferred expenditure		50	–	50	–
Investments in subsidiaries	14	–	–	6,000	6,000
Property, plant and equipment	15	308	503	–	–
Intangible assets	16	1,204	802	–	–
Deferred income tax assets	20	–	42	–	–
		<u>13,449</u>	<u>8,322</u>	<u>6,050</u>	<u>6,000</u>
<b>Total assets</b>		<u>53,733</u>	<u>33,698</u>	<u>17,064</u>	<u>12,278</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	17	26,998	16,467	390	331
Current income tax liabilities		633	364	10	–
Borrowings	18	4,811	1,028	–	–
Contract work-in-progress	12	1	235	–	–
		<u>32,443</u>	<u>18,094</u>	<u>400</u>	<u>331</u>
<b>Non-current liabilities</b>					
Borrowings	18	19	24	–	–
Deferred income tax liabilities	20	59	59	–	–
		<u>78</u>	<u>83</u>	<u>–</u>	<u>–</u>
<b>Total liabilities</b>		<u>32,521</u>	<u>18,177</u>	<u>400</u>	<u>331</u>
<b>NET ASSETS</b>		<u>21,212</u>	<u>15,521</u>	<u>16,664</u>	<u>11,947</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	21	13,708	9,379	13,708	9,379
Employee share option reserve		23	41	23	41
Foreign currency translation reserve		(13)	(26)	–	–
Retained earnings		7,330	5,846	2,933	2,527
		<u>21,048</u>	<u>15,240</u>	<u>16,664</u>	<u>11,947</u>
<b>Minority interests</b>		164	281	–	–
<b>Total equity</b>		<u>21,212</u>	<u>15,521</u>	<u>16,664</u>	<u>11,947</u>

The accompanying notes form an integral part of these financial statements

# Consolidated Statement of Changes in Equity

To the Members of Ntegrator International Ltd.

	Note	Attributable to equity holders of the Company				Minority interests	Total equity	
		Share capital	Employee share option reserve	Foreign currency translation reserve	Retained earnings			Total reserves
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>Group 2007</b>								
Balance as at 1 January 2007		9,379	41	(26)	5,846	15,240	281	15,521
Currency translation differences		-	-	13	-	13	-	13
Net profit		-	-	-	2,280	2,280	(117)	2,163
Total recognised income/(loss)		-	-	13	2,280	2,293	(117)	2,176
Dividend paid		-	-	-	(801)	(801)	-	(801)
Share option expense		-	93	-	-	93	-	93
Exercise and cancellation of share option	21	793	(111)	-	5	687	-	687
Share issued pursuant to rights issue	21	3,841	-	-	-	3,841	-	3,841
Rights issue expenses		(305)	-	-	-	(305)	-	(305)
Balance as at 31 December 2007		13,708	23	(13)	7,330	21,048	164	21,212

The accompanying notes form an integral part of these financial statement

# Consolidated Statement of Changes in Equity

To the Members of Ntegrator International Ltd.

	Note	Attributable to equity holders of the Company				Minority interests	Total equity	
		Share capital	Employee share option reserve	Foreign currency translation reserve	Retained earnings			Total reserves
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Group 2006								
Balance as at 1 January 2006		9,379	-	(24)	5,311	14,666	198	14,864
Currency translation differences		-	-	(2)	-	(2)	-	(2)
Net profit		-	-	-	1,736	1,736	(48)	1,688
Total recognised income/(loss)		-	-	(2)	1,736	1,734	(48)	1,686
Contribution of share capital in a subsidiary		-	-	-	-	-	131	131
Share option expense		-	41	-	-	41	-	41
Exercise of share option		-	-	-	-	-	-	-
Dividend paid relating to 2005	24	-	-	-	(1,201)	(1,201)	-	(1,201)
Balance as at 31 December 2006		9,379	41	(26)	5,846	15,240	281	15,521

The accompanying notes form an integral part of these financial statement

# Consolidated Cash Flow Statement

To the Members of Ntegrator International Ltd.

	<b>Note</b>	<b>2007</b> S\$'000	<b>2006</b> S\$'000
<b>Cash flows from operating activities</b>			
Net profit		2,163	1,688
Adjustments for:			
- Income tax expense		708	304
- Depreciation of plant and equipment	15	318	218
- Loss on disposals of property, plant and equipment		7	16
- Share option expense		93	41
- Interest expense		424	235
- Interest income		(14)	(36)
- Currency translation differences		81	(4)
- Loss on investment of subsidiary		62	-
		3,842	2,462
Change in working capital			
-Inventories and contract work-in-progress		(2,383)	(5,235)
-Trade and other receivables		(13,159)	(2,312)
-Trade and other payables		10,531	4,836
-Deferred expenditure		(50)	-
		(1,219)	(249)
Cash used in operations		(1,219)	(249)
Interest received		14	36
Interest paid		(424)	(235)
Income tax paid		(398)	(710)
		(2,027)	(1,158)
<b>Net cash used in operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(179)	(311)
Payments for intangible assets		(482)	(724)
		(661)	(1,035)
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds/(repayment) of loan from a financial institution		1,696	(115)
Repayment of finance leases		(4)	(4)
Proceeds from issuance of share capital by the Company		4,223	-
Increase in fixed deposits pledged with financial institutions		-	559
Contribution of capital by shareholder in a Subsidiary		-	131
Dividend paid		(801)	(1,201)
		5,114	(630)
<b>Net cash generated from/(used in) financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		2,426	(2,823)
Cash and cash equivalents at beginning of the financial year		538	3,361
		2,964	538
<b>Cash and cash equivalents at end of financial year</b>	9	2,964	538

The accompanying notes form an integral part of these financial statements

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements of the Group and the Company for the financial year ended 31 December 2007 were authorised for issue in accordance with a resolution of directors on 4 April 2008.

## 1. CORPORATE INFORMATION

Ntegrator International Ltd. (the "Company") is a limited liability company which is incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is at 4 Leng Kee Road, #06-04 SIS Building, Singapore 159088.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

#### **Interpretations and amendments to published standards effective in 2007**

On 1 January 2007, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. 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 following are the new or amended FRS and INT FRS that are relevant to the Group:

Amendments to FRS 1	Presentation of Financial Statements – Capital Disclosures
FRS 107	Financial Instruments: Disclosures
INT FRS 110	Interim Financial Reporting and Impairment

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements. FRS 107 and the complementary amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

#### **Significant accounting estimates**

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 *Basis of preparation (cont'd)*

#### *Critical accounting estimates, assumptions and judgements*

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (i) Allowance for impairment of trade and bills receivables

Estimates are used for allowances for impairment of trade and bills receivables. Future events and their effects cannot be perceived with certainty. Accordingly, the accounting estimates made require the exercise of judgement and those used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Group's operating environment changes. Actual results may differ from those estimates.

The Group follows the guidance of FRS 39 on determining when trade and bills receivables are impaired. This determination requires significant judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of the trade and bills receivable are less than its costs; and the financial health of and near-term business outlook for these financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

#### (ii) Contract work-in-progress

Contract work-in-progress refers to system integration services that are not completed, delivered and accepted by customers as at the balance sheet date. Contract work-in-progress is stated at costs less progress billings received or receivable. Costs include cost of equipment and software purchased for the projects, subcontracting costs and other direct expenses attributable to the project activity. When it is probable that expected total project costs will exceed the expected total project revenue, a provision for expected loss on the project is recognised as an expense immediately.

Significant assumptions are required to estimate the total project costs, expected total project revenue as well as the expected loss on the project. In making these estimates, management has relied on past experience and the work of specialists.

### 2.2 *Currency translation*

#### (a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar.

#### (b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Currency translation (cont'd)

#### (b) Transactions and balances (cont'd)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve.

### 2.3 Group accounting

#### Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of minority interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

Please refer to Note 2.6 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Revenue recognition

Sales comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of system integration services

System integration services substantially involve the procurement, design, integration and installation of voice, video and data communication equipment and networks. Revenue is recognised upon successful installation and acceptance of the project by the customer. For a project which is to be completed in stages, revenue is recognised upon successful installation of each stage and acceptance of the project by the customer. An expected loss on the project is recognised as an expense immediately when it is probable that total project costs will exceed total project revenue.

Please refer to Note 2.13 for the accounting policy on contract work-in-progress.

(b) Sale of goods

Revenue is recognised upon the transfer of risk and rewards of ownership of the goods to the customers, which generally coincide with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible of return of goods.

(c) Maintenance revenue

Maintenance revenue is recognised upon rendering of the service to the customer over the duration of maintenance contracts. Maintenance revenue that is billed in advance of the services being rendered is deferred on the balance sheet as deferred revenue.

### 2.5 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.



# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 *Employee benefits (cont'd)*

#### (c) Employee share options plans

Employees (including senior executives and directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for share options ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

### 2.6 *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

### 2.7 *Borrowings*

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

### 2.8 *Borrowing costs*

Borrowing costs are recognised in the income statement using the effective interest method.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Property, plant and equipment

#### (a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<b><u>Useful lives</u></b>
Furniture	5 years
Fittings	2 years
Office equipment	5 years
Computers	3 years
Telephones	5 years
Software	3 years
Motor vehicle	10 years
Demo equipment	2 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

#### (d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 *Intangible assets*

#### **Research and development costs**

Research costs are expensed when incurred. An intangible asset arising from development expenditure on an individual project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

### 2.11 *Impairment of non-financial assets*

Property, plant and equipment, intangible assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the income statement.

### 2.12 *Inventories*

Inventories consist of voice, video and data communication equipment.

Inventories are carried at the lower of cost and net realisable value. The costs of inventories comprise the purchase price (accounted for on weighted average basis) and other costs directly attributable to bring the inventories to their present location and conditions.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sales.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 **Contract work-in-progress**

Contract work-in-progress refers to system integration services that are not completed, delivered and accepted by customers as at the balance sheet date.

Contract work-in-progress is stated at costs less progress billings received or receivable. Costs include cost of equipment and software purchased for the projects, subcontracting costs and other direct expenses attributable to the project activity. When it is probable that expected total project costs will exceed the expected total project revenue, a provision for expected loss on the project is recognised as an expense immediately.

Where project costs incurred to date less any expected losses exceed progress billings, the surplus is presented as "Excess of costs incurred over progress billings" (as a current asset). Where progress billings exceed project costs incurred to date less any expected losses, the surplus is classified as "Excess of progress billings over work-in-progress" (as a current liability).

### 2.14 **Financial assets**

The Group classifies its financial assets in the category of loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **Loans and receivables**

Loans and receivables include "cash and bank balances" and "trade and other receivables" in the balance sheet.

These financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective rate.

### 2.15 **Cash and cash equivalents**

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits with financial institutions and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

### 2.16 **Trade and other payables**

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 *Financial liabilities*

Financial liabilities include trade and other payable, payables to related parties and interest-bearing loan and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

### 2.18 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

### 2.19 *Leases*

The Group leases motor vehicle under finance leases and commercial property under operating leases from non-related parties.

#### (a) Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Leases (cont'd)

#### (b) Operating leases

Leases of office unit where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement when incurred.

### 2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

### 2.21 Income taxes

#### (a) Current income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

#### (b) Deferred income tax

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the profit and loss account over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit and loss account over the expected useful life of the relevant asset by equal annual instalments.

### 2.23 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

### 2.24 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

### 2.25 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

## 3. REVENUE

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Revenue from system integration services	35,050	19,108
Revenue from maintenance services	2,136	2,128
Sale of goods	2,791	5,794
	<u>39,977</u>	<u>27,030</u>

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 4. OTHER INCOME

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Interest income from banks	14	36
Amortisation of bills receivable	1,202	426
	<u>1,216</u>	<u>462</u>

## 5. EMPLOYEE COMPENSATION

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Salaries and bonuses	3,677	2,305
Defined contribution plans	345	211
Directors' fee	317	213
Share option expense	93	41
Other	591	470
	<u>5,023</u>	<u>3,240</u>

## 6. FINANCE EXPENSES

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Interest expense on:		
- Bank borrowings	422	233
- Finance lease liabilities	2	2
	<u>424</u>	<u>235</u>

## 7. INCOME TAXES

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Profit from current financial year		
- Singapore	586	390
- Foreign	86	1
Current income tax	<u>672</u>	<u>391</u>
Deferred income tax (Note 20)	42	(4)
	<u>714</u>	<u>387</u>
- Over provision of current income tax in prior financial years	(6)	(83)
Tax charge	<u>708</u>	<u>304</u>



# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 7. INCOME TAXES (CONT'D)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax is as explained below:

	<b>Group</b>	
	<b>2007</b> S\$'000	<b>2006</b> S\$'000
Profit before income tax	<u>2,871</u>	<u>1,992</u>
Tax calculated at tax rate of 18% (2006: 20%)	517	398
<i>Adjustments for tax effect of :</i>		
Tax savings due to concessionary tax rate	(57)	(27)
Expenses not deductible for tax purposes	124	146
Difference in tax rates	(11)	(7)
Statutory stepped income exemption	(27)	(18)
Tax losses of overseas subsidiaries not available for set-off	76	53
Income not subject to tax	–	(200)
Deferred income tax assets not recognised	20	17
Utilisation of tax losses in prior year	–	(25)
Other	72	50
Current year tax expense	<u>714</u>	<u>387</u>

The Company's subsidiary in Singapore has been granted the Development and Expansion Incentive ("DEI") under the Regional Headquarters Award by the Economic Development Board ("EDB") for a period of three years from 1 April 2005. Under the DEI, the subsidiary's qualifying income is taxed at a concessionary rate of 15%. The subsidiary will enjoy the 15% concessionary tax rate for another two years on qualifying income if it satisfies all the additional minimum requirements specified by the EDB.

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following reflects the consolidated income statement and share data used in the computation of basic earnings per share for the financial years ended 31 December:

	<b>Group</b>	
	<b>2007</b> S\$'000	<b>2006</b> S\$'000
Net profit attributable to equity holders of the Company	<u>2,280</u>	<u>1,736</u>
	<b>Number of ordinary shares</b>	
Issued ordinary shares at beginning of the financial year	80,089	80,089
Effects of share options exercised	1,412	–
Effects of ordinary shares issued pursuant to rights issue	24,559	–
Adjustments for effects of rights issue in 2007	<u>73,362</u>	<u>80,089</u>
Weighted average number of ordinary shares for basic earnings per share computation	<u>179,422</u>	<u>160,178</u>
Earnings per share (cents per share)	<u>1.3</u>	<u>1.1</u>

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 8. EARNINGS PER SHARE (CONT'D)

### (b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in respect share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated based on the following data:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Net profit attributable to equity holders of the Company		
– Net profit used to determine diluted earnings per share	2,280	1,736
	<u>2,280</u>	<u>1,736</u>
	<b>Number of ordinary shares</b>	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	179,422	160,178
Adjustment for: share options	909	606
Adjusted weighted average number of ordinary shares	180,331	160,784
	<u>180,331</u>	<u>160,784</u>
Diluted earnings per share (cents per share)	1.3	1.1
	<u>1.3</u>	<u>1.1</u>

## 9. CASH AND CASH EQUIVALENTS

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and on hand	5,611	1,490	3,860	11
Fixed deposits	433	42	–	–
	<u>6,044</u>	<u>1,532</u>	<u>3,860</u>	<u>11</u>

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Cash and bank balances (as above)	6,044	1,532
Bank overdrafts (Note 18)	(3,080)	(994)
	<u>2,964</u>	<u>538</u>

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Trade receivables				
- Non-related parties	8,499	12,281	-	-
Bills receivable	27,572	11,165	-	-
Less : Amount classified as non-current assets	11,887	6,975	-	-
	15,685	4,190	-	-
Due from subsidiaries (non-trade)	-	-	4,735	2,658
Dividend receivable				
from a subsidiary	-	-	1,200	1,000
Loan to a subsidiary	-	-	1,190	2,510
Staff advances	11	132	-	-
Value added tax recoverable	13	20	-	-
Other	203	201	1	44
	<u>24,411</u>	<u>16,824</u>	<u>7,126</u>	<u>6,212</u>

### Trade receivables

Trade receivables are non-interest bearing and are generally on 90 – 180 days terms and are recognised at their original invoice amounts which represent their fair values on initial recognition.

### Bills receivables

Bills receivables relate to irrevocable letters of credit issued in favour of the Group by financial institutions on behalf of the customers for goods and services supplied by the Group.

The bill receivables as at 31 December 2007 and 2006 arose from projects completed for overseas customers who had arranged for a financial institution in its country to issue irrevocable letters of credit in favour of the Group for the settlement of these projects. The total amount is to be settled over a three to four years period from the date of completion for each phase.

### Other receivables

The staff advances are made for the purpose of expenses to be incurred on overseas business travel.

The non-trade amounts due from subsidiaries are unsecured, interest-free and expected to be repaid within the next 12 months.

The loan to a subsidiary is unsecured, interest-free and expected to be repaid within the next 12 months.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 11. INVENTORIES

	<b>Group</b>	
	<b>2007</b> S\$'000	<b>2006</b> S\$'000
Voice, video and data communication equipment	<u>2,637</u>	<u>2,626</u>

The cost of inventories recognised as an expense amounts to S\$29,162,892 (2006: S\$22,232,771).

## 12. CONTRACT WORK-IN-PROGRESS

	<b>Group</b>	
	<b>2007</b> S\$'000	<b>2006</b> S\$'000
Cost incurred to date	6,091	4,236
Less : Progress billings	(8)	(525)
	<u>6,083</u>	<u>3,711</u>

Comprising :

Excess of costs incurred over progress billings	6,084	3,946
Excess of progress billings over costs incurred	(1)	(235)
	<u>6,083</u>	<u>3,711</u>

## 13. OTHER CURRENT ASSETS

	<b>Group</b>		<b>Company</b>	
	<b>2007</b> S\$'000	<b>2006</b> S\$'000	<b>2007</b> S\$'000	<b>2006</b> S\$'000
Advance payments for project costs	722	84	-	-
Deposits	84	118	-	-
Prepaid operating expenses	302	246	28	55
	<u>1,108</u>	<u>448</u>	<u>28</u>	<u>55</u>

## 14. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2007</b> S\$'000	<b>2006</b> S\$'000
Unquoted equity investments at cost	<u>6,000</u>	<u>6,000</u>

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of subsidiaries are as follows:

Name	Principal activities	Country of incorporation	Effective equity interest	
			2007 %	2006 %
<b>Held by the Company</b>				
Ntegrator Pte Ltd <sup>1</sup>	To provide system integration services of voice, video and data communication networks	Singapore	100	100
<b>Held by Ntegrator Pte Ltd</b>				
Ntegrator Sdn Bhd <sup>2</sup>	To provide system integration services and sale of voice, video and data communication equipment and networks, maintenance and support services, and project management services for network infrastructure	Malaysia	60	60
Ntegrator (Thailand) Limited <sup>3</sup>	To provide system integration services and sale of voice, video and data communication equipment and networks, maintenance and support services, and project management services for network infrastructure	Thailand	60	60
Ntegrator Philippines Inc <sup>4</sup>	Under members' voluntary liquidation.	Philippines	60	60

<sup>1</sup> Audited by Nexia TS Public Accounting Corporation (formerly practicing as Nexia Tan & Sitoh), Singapore, a member firm of Nexia International.

<sup>2</sup> Audited by Mohd Noor & Associates, Chartered Accountants, Malaysia (Total revenue and asset contribution to the Group is less than 1%).

<sup>3</sup> Audited by V.A.T. Accounting, Thailand, a member firm of Nexia International.

<sup>4</sup> Not required to be audited under the law of country of incorporation.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

15. PROPERTY, PLANT AND EQUIPMENT	Group							Total S\$'000	
	Office equipment S\$'000	Computers S\$'000	Telephones S\$'000	Software S\$'000	Motor vehicle S\$'000	Demo equipment S\$'000	Furniture S\$'000		Fittings S\$'000
<b>2007</b>									
<i>Cost</i>									
Beginning of financial year	96	331	10	136	37	517	119	197	1443
Additions	5	37	7	15	-	97	5	13	179
Disposal	(17)	(15)	(3)	(2)	-	(48)	(11)	(20)	(116)
Currency translation differences	(1)	(1)	-	(1)	-	(1)	(1)	1	(4)
End of financial year	83	352	14	148	37	565	112	191	1,502
<i>Accumulated depreciation</i>									
Beginning of financial year	74	206	6	102	6	315	73	158	940
Depreciation charge	13	70	2	25	4	154	17	33	318
Disposals	(15)	(11)	(1)	(1)	-	(12)	(5)	(13)	(58)
Currency translation differences	(1)	(1)	-	(1)	-	(1)	(1)	(1)	(6)
End of financial year	71	264	7	125	10	456	84	177	1,194
Net book value									
End of financial year	12	86	7	23	27	109	28	14	308

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Office equipment	Computers	Telephones	Software	Motor vehicle	Demo equipment	Furniture	Fittings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2006</b>									
<i>Cost</i>									
Beginning of financial year	94	240	8	121	37	355	113	192	1,160
Additions	2	90	2	17	-	189	6	5	311
Disposals	-	-	-	(2)	-	(28)	-	-	(30)
Currency translation differences	-	1	-	-	-	1	-	-	2
End of financial year	96	331	10	136	37	517	119	197	1,443
<i>Accumulated depreciation</i>									
Beginning of financial year	55	149	4	71	2	200	50	119	650
Depreciation charge	19	57	2	33	4	127	23	39	304
Disposals	-	-	-	(2)	-	(12)	-	-	(14)
Currency translation differences	-	-	-	-	-	-	-	-	-
End of financial year	74	206	6	102	6	315	73	158	940
Net book value									
End of financial year	22	125	4	34	31	202	46	39	503

As at 31 December 2007, the net book value of plant and equipment held under finance leases was S\$28,000 (2006: S\$35,000).

Included in the depreciation charge for the financial year 2006 was S\$86,000 capitalised as project costs.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 16. INTANGIBLE ASSETS

Group	Server-based telephone system		Total S\$'000
	IP clock S\$'000	S\$'000	
<b>Cost</b>			
Balance at 1.1.2006	–	78	78
Additions	401	323	724
Balance at 31.12.2006	401	401	802
Additions	482	–	482
Amortisation	–	(80)	(80)
Balance at 31.12.2007	883	321	1,204

The intangible assets relate to development costs for communication systems for IP Clock and Server-based telephone system. IP clock is a joint research and development project between IP Clock Ltd and Ntegrator Pte Ltd, subsidiary. The research is funded by Singapore Israel Industrial Research and Development Foundation. The research aim to develop an application-agnostic, cost-effective, standards compliance synchronization solution for Next Generation Networks, by creating a low cost clock recovery module using a low-cost oscillator and innovative clock recovery algorithms. Such solution will help to improve the network synchronization and to provide good quality traffic over the customers' mobile communication networks.

Amortisation of S\$80,000 (2006: S\$Nil) is charged for server-based telephone system, however no amortisation has been charged for IP-clock as the system is still under development.

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 S\$'000	2006 S\$'000	2007 S\$'000	2006 S\$'000
Trade payables				
– non-related party	2,606	2,582	115	53
Bills payable	21,901	11,549	–	–
Accrued project costs	1,252	1,303	–	–
Accrued operating expenses	1,059	763	275	276
Grant received in advance	98	98	–	–
Payable to a company related to directors of a subsidiary	1	5	–	–
Deferred revenue	81	149	–	–
Other	–	18	–	2
	26,998	16,467	390	331



# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 17. TRADE AND OTHER PAYABLES (CONT'D)

### *Trade payables*

Trade payables are non-interest bearing and are normally settled on 60-day terms.

### *Bills payables*

These payables have an average maturity of 120 – 270 (2006: 120 – 270) days and the weighted average effective interest is 8% (2006: 8%) per annum. These payables are denominated in United States dollars.

### *Other payables*

The amount payable to a company related to directors of a subsidiary is unsecured, interest-free and expected to be repaid within the next 12 months.

### *Deferred revenue*

Deferred revenue represents maintenance revenue received in advance of services being rendered.

## 18. BORROWINGS

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
<i>Current</i>		
Bank borrowings	1,726	30
Bank overdrafts (Note 9)	3,080	994
Finance lease liabilities (Note 19)	5	4
	<u>4,811</u>	<u>1,028</u>
<i>Non-current</i>		
Finance lease liabilities (Note 19)	19	24
	<u>4,830</u>	<u>1,052</u>

### (α) *Security granted*

Bank borrowings and bank overdrafts are guaranteed by the Company.

### (β) *Fair value of non-current borrowings*

At balance sheet date, the fair values of non-current borrowings approximate their carrying amounts.

The fair values are determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument of 3.3% (2006: 3.3%) per annum at the balance sheet date which directors expect to be available to the Group.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 19. FINANCE LEASE LIABILITIES

The Group purchased certain motor vehicle under finance lease agreements which expire over the next five years. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	<b>Group</b>			
	<b>Minimum payments 2007 S\$'000</b>	<b>Present value of payments 2007 S\$'000</b>	<b>Minimum payments 2006 S\$'000</b>	<b>Present value of payments 2006 S\$'000</b>
Not later than one year	6	5	6	4
Later than one year but not later than five years	21	19	27	24
Total minimum lease payments	27	24	33	28
Less: Amount representing finance charges	(3)	-	(5)	-
Present value of minimum lease payments	24	24	28	28

## 20. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	<b>Group</b>	
	<b>2007 S\$'000</b>	<b>2006 S\$'000</b>
Deferred income tax assets - to be recovered within 12 months	-	42
Deferred income tax liabilities - to be settled after more than 12 months	(59)	(59)
	(59)	(17)

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 20. DEFERRED INCOME TAXES (CONT'D)

The movement in the deferred income tax during the financial year is as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
At the beginning of the financial year	(17)	(17)
Currency translation differences	–	(4)
(Charged)/credited to income statement (Note 7)	(42)	4
At the end of the financial year	<u>(59)</u>	<u>(17)</u>

## 21. SHARE CAPITAL

	<b>Group and Company</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Issued and fully-paid :		
Balance at beginning of the financial year		
- 80,088,586 (2006: 80,088,586) ordinary shares	9,379	8,009
Issued during the financial year :		
- 5,282,000 (2006: Nil) ordinary shares under share option scheme	793	–
- 256,111,758 (2006: Nil) ordinary shares issued pursuant to rights issue	3,841	–
- Rights issue expenses	(305)	–
Transfer of share premium reserve to share capital	<u>–</u>	<u>1,370</u>
Balance at end of the financial year		
- 341,482,344 (2006: 80,088,586) ordinary shares	<u>13,708</u>	<u>9,379</u>

Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital were abolished and the amount in the share premium account as at 30 January 2006 became part of the Company's share capital.

During the financial year, the Company issued 256,111,758 new ordinary shares at an issue price of \$0.015 for each Rights Share pursuant to rights issue of three Rights Share for every one existing share in the issued and paid-up share capital of the Company held by shareholders as at 30 October 2007. The newly issued ordinary shares rank pari-passu in all respects with the previously issued ordinary shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 21. SHARE CAPITAL (CONT'D)

The Company implemented the Ntegrator Share Option Scheme (the "Scheme") in 2005 for granting of options to its full-time employees and directors of the Company and its subsidiaries. The total number of ordinary shares over which the Company may grant under the Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

The Scheme is administered by the Remuneration Committee ("RC") which comprises three directors, namely Bernard Chen Tien Lap, Lai Chun Loong and Charles George St. John Reed.

The exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the Committee as follows:

- (i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the SGX for the five consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or
- (ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

Options granted with the exercise price set at Market Price shall only be exercisable after 12 months of the date of grant of that option. Options granted with exercise price set a discount to Market Price shall only be exercisable after 24 months from the date of grant of that option. All options granted shall be exercised before the end of 120 months (or 60 months where the participant is a non-executive directors) of the date of grant of that option and subject to such other conditions as may be introduced by the Committee from time to time.

Details of the options to subscribe for ordinary shares of the Company granted to directors, executive officers and employees of the Group pursuant to the Scheme described above are as follows:

	<b>Balance at 1.1.2007</b>	<b>Exercised during the year</b>	<b>Cancelled during the year</b>	<b>Balance at 31.12.2007</b>	<b>Exercise price</b>	<b>Exercisable period</b>
Non-executive directors	1,500,000	1,250,000	250,000	–	S\$0.13	11.9.2007 to 10.9.2012
Executive directors	2,000,000	2,000,000	–	–	S\$0.13	11.9.2007 to 10.9.2017
Key management personnel	1,733,000	1,733,000	–	–	S\$0.13	11.9.2007 to 10.9.2017
Other employees	1,484,000	299,000	21,000	1,164,000	S\$0.13	11.9.2007 to 10.9.2017
	<u>6,717,000</u>	<u>5,282,000</u>	<u>271,000</u>	<u>1,164,000</u>		

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 21. SHARE CAPITAL (CONT'D)

The fair value of equity share options as at the date of grant is estimated by an external valuer using a trinomial option pricing model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used for the financial year ended 31 December 2006 are shown below:

Dividends yield (%)	2
Expected volatility (%)	54
Historical volatility (%)	54
Risk-free interest rate (%)	3.014
Expected life of options (years)	
- directors	2
- employees	2
Weighted average share price (S\$)	0.13

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

## 22. COMMITMENTS

### *Operating lease commitments*

The Group leases commercial property as offices from non-related parties. These leases have remaining non-cancellable terms of up to 32 (2006: 13) months with no renewal option or escalation clauses in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum lease payments under the non-cancellable leases as at 31 December are as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Not later than one year	300	228
Later than one year but not later than five years	634	37
	<u>934</u>	<u>265</u>

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 23. RELATED PARTY DISCLOSURES

An entity or individual is considered a related party of the Group for the purposes of financial statements if:

- (i) it has the ability (directly or indirectly) to control or exercise significant influence over the operating and financing decisions of the Group or vice versa; or
- (ii) it is subject to common control or common significant influence.

In addition to those related party information disclosed elsewhere in the financial statements, the significant transactions between Ntegrator Sdn Bhd, subsidiary and a company related to one of its directors took place during the year at terms agreed between the parties are development costs and management fees paid amounting to S\$Nil (2006: S\$25,000) and S\$Nil (2006: S\$2,500) respectively.

- (iii) Compensation of directors and key management personnel:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
Salaries and bonuses	1,307	1,144
Defined contribution pension plans	63	52
Directors' fees	317	213
Share option expense	93	32
Other	123	88
	1,903	1,529
Comprised amounts paid to :		
Directors of the Company	1,143	694
Directors of subsidiaries	86	66
Key management personnel	674	769
	1,903	1,529

## 24. DIVIDEND ON ORDINARY SHARES

	<b>Group and Company</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
<i>Declared and paid during the financial year :</i>		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 1.0 cents (2006: 1.5 cents) per share	801	1,201
	801	1,201
<i>Proposed but not recognised as a liability as at 31 December :</i>		
Final exempt (one-tier) dividend for 2007: 0.25 cents (2006: 1.0 cents) per share	854	801
	854	801

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 25. SEGMENT INFORMATION

### *Reporting format*

The primary segment reporting format is determined to be business segments as the group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### *Business segments*

The Network Infrastructure segment engages in integration of network infrastructure that enable the customers to communicate electronically within an organisation or with another organisation whether located in the same country or globally. The type of information transmitted can be voice, data and/or video.

The Voice Communication Systems segment provides the customers with seamless integration of a wide variety of voice and data signals used in large institutional telecom applications.

The Project Management and Maintenance Service segment provides installation and implementation services of the network infrastructure or voice communication systems that have been purchased by the customers from our principals, and maintenance and support services mainly for the network infrastructure and voice communication systems.

### *Geographical segments*

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

### *Allocation basis and transfer pricing*

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

No disclosure of capital expenditure and depreciation of plant and equipment by business segments are made as the assets of the Group are used interchangeably by different business segments and therefore, it is not practicable to segregate the assets for disclosure purpose. The directors of the Company do not consider this information to be meaningful.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 25. SEGMENT INFORMATION (CONT'D)

<b>Business segment</b>	<b>Network Infrastructure Projects</b>		<b>Voice Communication Systems</b>		<b>Project Management &amp; Maintenance Services</b>		<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Segment revenue</b>								
Sales to external customers	35,050	19,108	2,791	5,794	2,136	2,128	39,977	27,030
Segment result	7,990	4,565	755	1,786	1,151	1,360	9,896	7,711
Other income							1,216	462
Unallocated expenses							(7,817)	(5,946)
Finance costs							(424)	(235)
Profit before income tax							2,871	1,992
Income tax							(708)	(304)
<b>Net profit</b>							<b>2,163</b>	<b>1,688</b>
<b>Segment assets</b>								
Unallocated assets	40,654	23,662	4,781	6,505	1,263	1,271	46,698	31,438
<b>Total assets</b>							<b>53,733</b>	<b>33,698</b>
<b>Segment liabilities</b>								
Unallocated liabilities	19,699	11,408	1,117	983	374	566	21,190	12,957
<b>Total liabilities</b>							<b>32,521</b>	<b>18,177</b>



# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 25. SEGMENT INFORMATION (CONT'D)

### Geographic segments

	Singapore		Myanmar		Vietnam		Others		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	12,599	11,191	16,648	6,914	9,156	7,215	1,574	7	39,977	27,030
Sales to external customers										
Other geographical information:										
	Singapore		Myanmar		Vietnam		Others		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Segment assets	48,156	31,791	-	-	-	-	5,577	1,907	53,733	33,698
Capital expenditure	179	298	-	-	-	-	-	13	179	311

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's principal financial instruments comprise bank loans and overdrafts, finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risk.

The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Market risk*

(i) Currency risk

Entities in the Group provide services and sell goods in several countries, and as a result, transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollars ("USD"), Malaysian Ringgit ("MYR") and Thai Baht ("BAHT").

In addition to transactional exposure, the Group is also exposed to foreign exchange movements in its net investments in foreign subsidiaries. The Group does not have any formal policy with respect to such foreign currency exposure as its investments are long-term in nature.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	2007					2006						
	SGD S\$'000	USD S\$'000	MYR S\$'000	BAHT S\$'000	OTHER S\$'000	TOTAL S\$'000	SGD S\$'000	USD S\$'000	MYR S\$'000	BAHT S\$'000	OTHER S\$'000	TOTAL S\$'000
<b>Financial Assets</b>												
Cash and cash equivalents	5,306	294	4	434	6	6,044	850	559	31	5	87	1,532
Trade and other receivables	3,478	31,850	393	258	319	36,298	3,991	18,813	616	292	87	23,799
	8,784	32,144	397	692	325	42,342	4,841	19,372	647	297	174	25,331
<b>Financial Liabilities</b>												
Trade and other payables	8,370	18,255	134	212	27	26,998	6,507	9,775	92	29	64	16,467
Borrowings	3,310	1,459	-	61	-	4,830	1,052	-	-	-	-	1,052
	11,680	19,714	134	273	27	31,828	7,559	9,775	92	29	64	17,519
<b>Net financial (liabilities)/assets</b>	<b>(2,896)</b>	<b>12,430</b>	<b>263</b>	<b>419</b>	<b>298</b>	<b>10,514</b>	<b>(2,718)</b>	<b>9,597</b>	<b>555</b>	<b>268</b>	<b>110</b>	<b>7,812</b>
<b>Less: Net financial liabilities/(assets) denominated in respective entities' functional currencies</b>	<b>(1,062)</b>	<b>(18,797)</b>	<b>(565)</b>	<b>(490)</b>	<b>(298)</b>	<b>(21,212)</b>	<b>(1,320)</b>	<b>(12,779)</b>	<b>(950)</b>	<b>(308)</b>	<b>(164)</b>	<b>(15,521)</b>
<b>Add: Net non-financial assets of foreign subsidiaries</b>	<b>4,610</b>	<b>6,368</b>	<b>342</b>	<b>71</b>	<b>-</b>	<b>11,391</b>	<b>4,080</b>	<b>3,482</b>	<b>435</b>	<b>311</b>	<b>59</b>	<b>8,367</b>
<b>Currency exposure</b>	<b>652</b>	<b>1</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>693</b>	<b>42</b>	<b>300</b>	<b>40</b>	<b>271</b>	<b>5</b>	<b>658</b>

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Market risk (cont'd)

#### (i) Currency risk (cont'd)

If the USD change against the SGD by 3% (2006: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/ asset position will be as follows:

	<b>Group</b>			
	<b>2007</b> S\$'000		<b>2006</b> S\$'000	
	Net profit	Equity	Net profit	Equity
USD				
- strengthened 3% (2006: 3%)	+ 306	+ 373	+ 229	+ 279
- weakened 3% (2006: 3%)	- 306	- 373	- 229	- 279

If the other foreign currencies have strengthened/weakened by 3% (2006: 3%) against the SGD with all other variables including tax rate being held constant, the impact to the equity and net profit of the Group arising from currency translation gains/losses to the remaining foreign currency denominated financial liability/asset will not be significant.

#### (ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

### (b) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Customers with high credit risks are required either to pay on cash term, make advance payments or issue letter of credits. Since the Group trades only with recognised, creditworthy and secured third parties, there is no requirement for collateral. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Credit risk (cont'd)

The Group has concentration of credit risk with customers, who are a foreign government agency, for whom it has completed several network infrastructure projects. These customers have made an arrangement with a financial institution in its own country to issue irrevocable letters of credit in favour of the Group for the settlement of these projects. As at 31 December 2007, the total amount of the irrevocable letters of credit issued in favour of the Group of S\$27,572,000 (2006 : S\$11,165,000), which are classified as bills receivables (Note 10), and represents 76% (2006 : 48%) of the total trade receivables of the Group as at that date.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The credit risk for trade and bill receivables based on the information provided by the Group are as follows:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	S\$'000	S\$'000
<u>By geographical areas</u>		
Singapore	6,582	4,720
Myanmar	21,872	11,344
Vietnam	7,133	6,651
Others	484	731
	36,071	23,446
<u>By types of customers</u>		
Non-related parties		
-Government Agencies	28,313	17,760
-Other companies	7,758	5,686
	36,071	23,446

### (i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The Group's trade receivables not past due include receivables amounting to S\$2,157,000 (2006: S\$6,931,000) that would have been past due or impaired if the terms were not re-negotiated during the financial year.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Credit risk (cont'd)

#### (ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables. The age analysis of trade receivables past due but not impaired is as follows:

	<b>Group</b>	
	<b>2007</b> S\$'000	<b>2006</b> S\$'000
Past due 0 to 3 months	4,151	3,634
Past due 3 to 6 months	57	28
Past due over 6 months	2,134	1,688
	6,342	5,350

No allowance for impairment in trade receivables has been provided during the financial year as the receivables past due are due from customers whom have been dealing with the Group for many years with good creditworthiness.

### (c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based contractual undiscounted cash flows.

	<b>Less than 1 year</b> S\$'000	<b>Between 1 and 2 years</b> S\$'000	<b>Between 2 and 5 years</b> S\$'000	<b>Over 5 years</b> S\$'000
<u>Group</u>				
<b>At 31 December 2007</b>				
Trade and other payables	15,396	11,602	–	–
Borrowings	4,811	5	14	–
	20,207	11,607	14	–
<b>At 31 December 2006</b>				
Trade and other payables	12,645	3,822	–	–
Borrowings	1,028	5	15	4
	13,673	3,827	15	4
<u>Company</u>				
<b>At 31 December 2007</b>				
Trade and other payables	501	–	–	–
<b>At 31 December 2006</b>				
Trade and other payables	331	–	–	–

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Liquidity risk (cont'd)

The Group manages the liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's business operations and development activities. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a debt-equity ratio. The Group and the Company are also required by the banks to maintain a debt-equity ratio of not exceeding 2.8 times (2006: 2.8 times). The Group's and Company's strategies, which were unchanged from 2006, are to maintain debt-equity ratios within 2.5 times to 3 times.

The debt-equity ratio is calculated as total liabilities divided by total net tangible asset.

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
Total liabilities (S\$'000)	32,534	18,177
Net tangible asset (S\$'000)	19,995	14,719
<b>Debt-equity ratio</b>	1.63 times	1.23 times

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2006 and 2007.

## 27. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

- (a) INT FRS 111 *Group and Treasury Share Transactions* (effective for annual periods beginning on or after 1 March 2007).

The Group adopted INT FRS 111 on 1 January 2008. INT FRS 111 clarifies that the arrangement where an entity receives goods or services as consideration for its own equity-instruments shall be accounted for as an equity-settled share-based payment ("SBP") transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether group SBP arrangements shall be classified as equity-settled or cash-settled SBP arrangements.

# Notes to the Financial Statements

as at 31 December 2007

To the Members of Ntegrator International Ltd.

## 27 NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS (CONT'D)

- (b) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009).

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under FRS 108.

- (c) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009).

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.



# Statistics of Shareholdings

As at 18 March 2008

## SHAREHOLDERS' INFORMATION

Share capital	:	S\$13,601,373.53
Number of shares	:	341,482,344
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	2	0.29	1,332	0.00
1,000 - 10,000	280	41.18	1,079,000	0.32
10,001 - 1,000,000	352	51.77	53,653,000	15.71
1,000,001 and above	46	6.76	286,749,012	83.97
<b>Total :</b>	<b>680</b>	<b>100.00</b>	<b>341,482,344</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

S/No.	Name	No. of Shares	%
1.	Fortune Technology Fund I Limited	47,761,120	13.99
2.	1413783 Ontario Inc	44,824,000	13.13
3.	Mayban Nominees (Singapore) Private Ltd	30,973,132	9.07
4.	Goh Siok Kuan	24,000,000	7.03
5.	Lim Bee Hwa or Tan Lweng Nghoh	12,713,000	3.72
6.	Chang Joo Whut	10,800,000	3.16
7.	UOB Kay Hian Pte Ltd	7,716,000	2.26
8.	HSBC (Singapore) Nominees Pte Ltd	7,004,000	2.05
9.	DBS Vickers Securities (S) Pte Ltd	5,073,000	1.49
10.	Tan Kay Yeong	5,038,000	1.48
11.	Thng Joo Moi	4,457,000	1.31
12.	Sw Chan Kit	4,400,000	1.29
13.	OCBC Securities Private Ltd	4,291,000	1.26
14.	Lee Keen Whye	4,285,000	1.25
15.	1413782 Ontario Inc	4,056,560	1.19
16.	Han Meng Siew	4,000,000	1.17
17.	Ilan Havered	4,000,000	1.17
18.	Nam Jee Wah	4,000,000	1.17
19.	United Overseas Bank Nominees Pte Ltd	3,487,000	1.02
20.	DBS Nominees Pte Ltd	3,458,200	1.01
	<b>Total :</b>	<b>236,337,012</b>	<b>69.22</b>

# Statistics of Shareholdings

As at 18 March 2008

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest</b>	<b>%</b>
Han Meng Siew <sup>(1)</sup>	10,124,000	2.96	24,000,000	7.03
Goh Siok Kuan <sup>(1)</sup>	24,000,000	7.03	10,124,000	2.96
Chang Joo Whut	18,124,000	5.31	-	-
Fortune Technology Fund I Ltd <sup>(2)</sup>	47,761,120	13.99	-	-
TIF Asia Pte Ltd <sup>(2)</sup>	-	-	47,761,120	13.99
G-Tech Investments Pte Ltd <sup>(2)</sup>	-	-	47,761,120	13.99
EDB Investments Pte Ltd <sup>(2)</sup>	-	-	47,761,120	13.99
Economic Development Board <sup>(2)</sup>	-	-	47,761,120	13.99
McLean Watson Capital Inc. <sup>(3)</sup>	-	-	51,880,560	15.19
McLean Watson Ventures II Limited Partnership <sup>(3)</sup>	-	-	51,880,560	15.19
1413782 Ontario Inc. <sup>(3)</sup>	4,305,528	1.26	-	-
1413783 Ontario Inc. <sup>(3)</sup>	47,575,032	13.93	-	-

### Notes:

- (1) Mdm Goh Siok Kuan is the spouse of Mr Han Meng Siew. Mr Han Meng Siew is deemed to be interested in the shares held by his wife. Mdm Goh Siok Kuan is similarly deemed interested in the shares held by Mr Han Meng Siew.
- (2) TIF Asia Pte Ltd ("TIF Asia") which holds 50% in Fortune Technology Fund I Ltd ("FTFI"), is deemed by virtue of Section 7(4A) of the Companies' Act to be interested in the Shares held by FTFI.
- Economic Development Board ("EDB") and EDB Investments Pte Ltd ("EDBI") are deemed to be Substantial Shareholders of the Company through TIF Asia. TIF Asia is a subsidiary of G-Tech Investment Pte Ltd which is a subsidiary of EDBI. EDBI is a wholly-owned subsidiary of EDB.
- (3) McLean Watson Ventures II Limited Partnership ("McLean Watson Ventures") is the beneficial owner of an aggregate of 51,880,560 shares, which are held in trust by 1413782 Ontario Inc. and 1413783 Ontario Inc. (the "Nominee Corporations").

## PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

43.9% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the listing manual of the SGX-57.

## TREASURY SHARES

The Company does not hold any Treasury Share.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ntegrator International Ltd. (the "Company") will be held at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 on Wednesday, 30 April 2008 at 10.30am for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2007 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final One-Tier Tax-exempt dividend of 0.25 Singapore cents per share for the year ended 31 December 2007 (2006: 1.0 Singapore cents). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Articles 89 and 88 of the Company's Articles of Association:
 

Mr Bernard Chen Tien Lap (Retiring under Article 89)	<b>(Resolution 3)</b>
Mr Lai Chun Loong (Retiring under Article 89)	<b>(Resolution 4)</b>
Mr Tay Koon Chuan (Retiring under Article 88)	<b>(Resolution 5)</b>

*Mr Bernard Chen Tien Lap will, upon re-election as a Director of the Company, remain as Chairman of both Remuneration and Nominating Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

*Mr Lai Chun Loong will, upon re-election as a Director of the Company, remain as a member of both Audit and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

*Mr Tay Koon Chuan will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee and will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*
4. To approve the payment of Directors' fees of S\$256,250 for the year ended 31 December 2007 (2006: S\$271,000). **(Resolution 6)**
5. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares up to 50 per centum (50%) of the total number of issued shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

# Notice of Annual General Meeting

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the Company;
- (b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares of the Company (excluding treasury shares) as at the date of the passing of this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (i)] **(Resolution 8)**

## 8. Authority to allot and issue shares under the Ntegrator Share Option Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Ntegrator Share Option Scheme (the "Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time. [See Explanatory Note (ii)] **(Resolution 9)**

By Order of the Board

Kenneth Sw Chan Kit  
Yvonne Choo  
Shirley Lim Keng San  
Company Secretaries

Singapore, 14 April 2008

# Notice of Annual General Meeting

## Explanatory Notes on Resolutions to be passed:

- (i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis.
- (ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

## Notes –

1. A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

# Notice of Books Closure

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of NTEGRATOR INTERNATIONAL LTD. (the "Company") will be closed from 5.00 pm on 12 June 2008 to 13 June 2008 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street #08-01, Samsung Hub, Singapore 049483 up to 5.00 p.m. on 12 June 2008 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 June 2008 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 30 April 2008 will be made on 30 June 2008.

**IMPORTANT:**

1. For investors who have used their CPF monies to buy Ntegrator International Ltd.'s shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

# NTEGRATOR INTERNATIONAL LTD.

(Incorporated in Singapore)  
(Co. Reg. No: 199904281D)

## PROXY FORM

(Please see notes overleaf before completing this Form)

\*I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a \*member/members of NTEGRATOR INTERNATIONAL LTD. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing \*him/her, the Chairman of the Meeting as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 30 April 2008 at 10.30am and at any adjournment thereof. \*I/We direct \*my/our \*proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the \*proxy/proxies will vote or abstain from voting at \*his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

**(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)**

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2007		
2	Payment of proposed first & final dividend		
3	Re-election of Mr Bernard Chen Tien Lap		
4	Re-election of Mr Lai Chun Loong as a Director		
5	Re-election of Mr Tay Koon Chuan as a Director		
6	Approval of Directors' fees amounting to S\$256,250		
7	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
8	Authority to allot and issue new shares		
9	Authority to allot and issue shares under the Ntegrator Share Option Scheme		

\*Delete where inapplicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 not less than forty-eight (48) hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.