

Ntegrator International Ltd.

Today's Integration, *Tomorrow's Solution*

annual report 2006



4 Chairman's Message



6 Operations Review

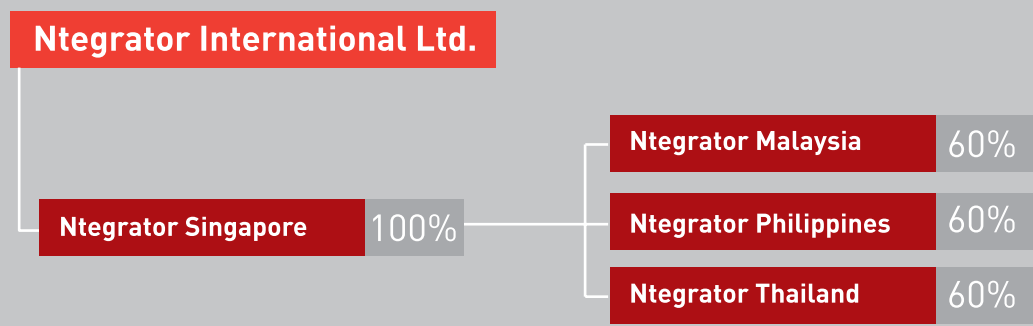


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To be a global, world-class provider of information technology and telecommunications solutions, offering high-tech network infrastructure and voice communication systems.

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 FY2006.

FY2006 was a challenging year for our Group as we weathered tough competition while strengthening our foothold in the region's info communications industry. Progressing through our second year as a listed company, we capitalized on our enhanced public profile to secure more business opportunities. 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.

As a result of our continuous efforts, our Group reported a 13.1% increase in revenue to \$27 million in FY2006. This was mainly contributed by the growth of two of our core business divisions - Network Infrastructure Projects and Project Management and Maintenance. Network Infrastructure took the lead with a promising 47.4% revenue increase to \$19.1 million. Project Management and Maintenance continued to show growth potential with a revenue rise of 22.2% to \$2.1 million. However, Voice Communications Systems slowed down with a 36.9% decrease in revenue to \$5.8 million. This was inevitable as we shifted our key focus for the year to developing and marketing our in-house brand of IP PBX, so as to give us a competitive advantage over other industry players in the near future.

Despite higher turnover, our Group's total net profits suffered and fell by 51.2%. This was led by higher operating cost incurred due to our expansion and more conservative margins as a result of market competition as well as our underperforming subsidiaries in Philippines and Malaysia. However, our Group remained profitable with net profit standing at S\$1.7 million.

FY2006 marked another milestone for our Group as we clinched our largest contract of US\$23.5 million with Myanmar Radio and Television (MRTV). Under this contract, our Group will not only be responsible for testing and commissioning

of equipment, but will also undertake the engineering, planning, design and installation of the entire transmission system incorporating, earth stations, fibre optic network, transmitter etc. This contract is a significant achievement for us as we are now recognized for the design and installation of big and complex integrated communications systems. This major project is scheduled to be completed by end of 2007 and is expected to have a positive impact on our Group's earnings. Being encouraged by this deal, we will continue to identify regions with strong potential for our services and strive to be the forerunners in extending our reach to such markets.

The outlook for FY2007 is positive. We will strengthen our core businesses and continue to focus on the key markets that we have entrenched our foothold. This will ensure steady growth in these markets. We expect both Network Infrastructure and Projects Management and Maintenance to generate higher business volumes, led by the completion of majority of projects in the outstanding order book as well as the broadening of our customers' base through active business acquisition and product development. On top of these, we will also seek opportunities for strategic partnerships and synergistic ventures so as to expand our presence and increase our competitiveness.

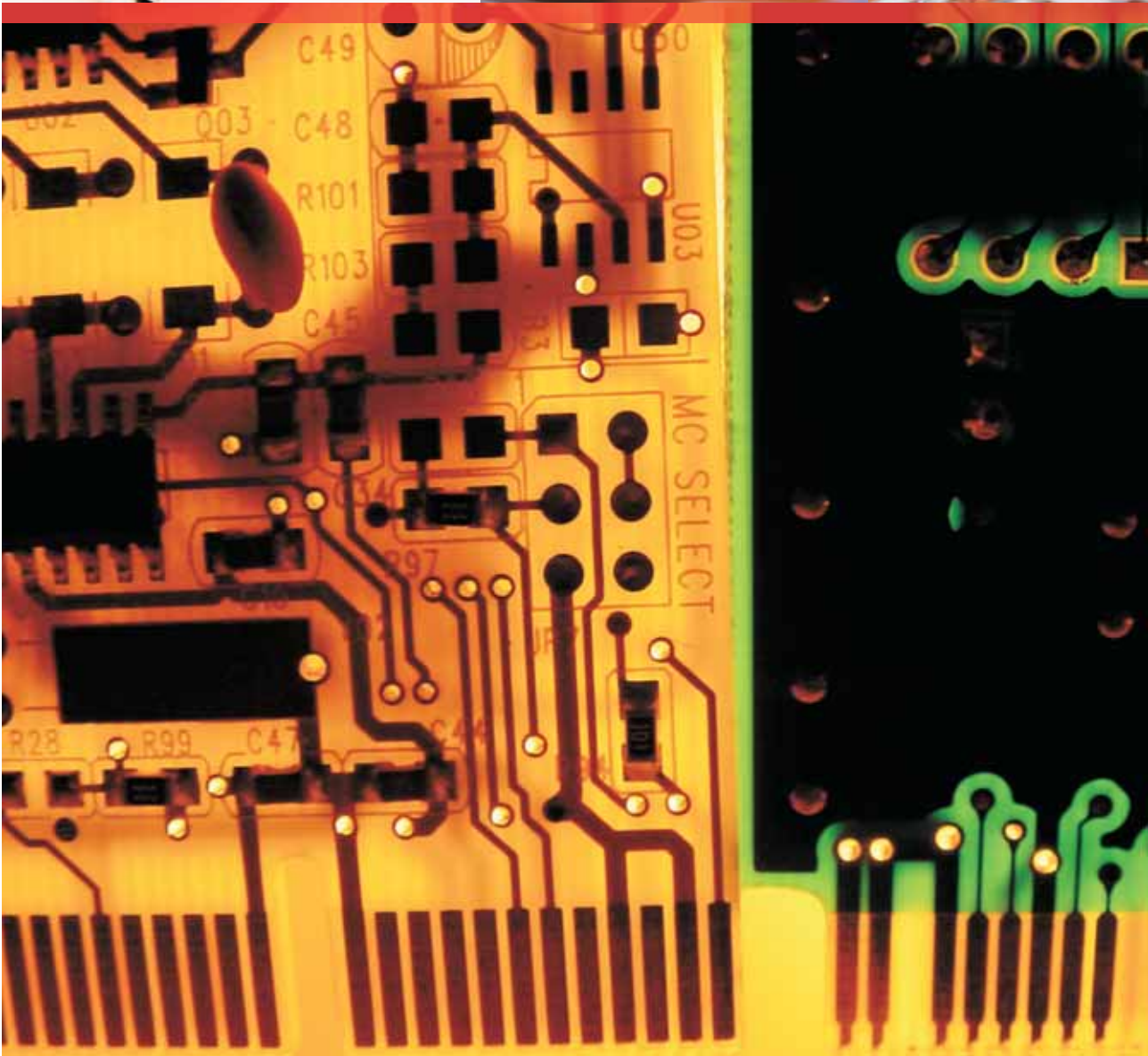
Barring any unforeseen circumstances that may have a negative impact on the global economy and our Group, we expect an improved financial performance for FY2007.

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 a successful year ahead.

Bernard Chen Tien Lap
Chairman



operations review



Overview

Group's Revenue for FY 2006 increased 13.1% to \$27.0 million. Despite the revenue growth, Group Net Profit decreased 51.2% to \$1.7 million. This was mainly due to higher competition, increase in operating costs and foreign exchange loss on the strengthening of Singapore dollars against US dollars.

At Group level, performance from our subsidiaries in the Philippines and Malaysia dropped significantly. Philippines continued to register losses. As our Malaysian operation focus was on Research and Development during the year, sales was also significantly impacted resulting in a loss. Thailand operation turned profitable during the year.

The financial performance of our Group's three divisions is as follows:

Network Infrastructure

Network Infrastructure remained the primary contributor to our revenue. The division recorded a 47.4% increase in revenue to \$19.1 million, mainly due to the completion of major projects.

However, gross profit for the division decreased by 25.0% to \$4.6 million. This was due to market competition as well as the adoption of FRS 39. As our Group secured more projects of higher value, margins for such projects were expected to decrease in the face of competition. Under FRS 39, our Group had provided \$0.7 million as finance cost. These are for projects where progressive payments are received when they are due. This finance cost will be recognized as annual income on the progressive receipts for period of the bills receivables.

Voice Communication Systems

This division recorded a 36.9% decrease in revenue to \$5.8 million. Gross profit also decreased by 11.6% to \$1.8 million. This drop in performance was due to the focus on Research and Development of our Group's own products and the restructuring of the Voice Communication Division to meet the challenges of competition.

As such, the key focus of this division shifted to the developing and marketing of our in-house brand of IP PBX. The emphasis was to complete the development of the products before building up a network of channels and partners to market the products in the region.

Project Management and Maintenance

Project Management and Maintenance continued to improve with a growth of 22.2% to \$2.1 million. Gross profit also increased significantly by 53.0% to \$1.4 million. This was led by the division's expansion of its customers' base, resulting in additional maintenance income from new customers.

Business Outlook

Moving forward, business conditions are expected to remain positive, though challenging. We have taken steps to face these challenges. The priority for us is to focus on the key markets we are in so as to strengthen our position. Growth in these key markets is expected to remain steady in FY2007.

Our Group's outstanding order book as at 31 December 2006 stood at \$44.2 million, with the majority expected to be completed in FY2007. This is expected to have a positive impact on the earnings of our Group for FY2007. We will continue to leverage on our expertise and familiarity with the needs of markets in the region to increase our presence and secure bigger projects.

In view of the competitive climate, our Group will strive to add value to our shareholders by striking a balance at cost savings and prudently expanding our operations through product development, strategic partnerships and joint ventures.

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 Choon Chong

Non-Executive Director

Mr Tay is currently the Senior Vice President of Singapore Technologies Aerospace Ltd. Prior to this appointment, he was the Vice President of Business Development and Head of Strategic Relations of Singapore Technologies Engineering Ltd. Before joining the Singapore Technologies Engineering group, he was the President of Fortune Venture Management Pte Ltd and managed two private equity funds totaling S\$100 million. An overseas scholar with Singapore Technologies Aerospace Ltd, he began his career as an Engineer before being promoted to Senior Engineer and then Project Development Manager. Mr Tay also sits on the board of Republic Polytechnic, and was a member of the advisory board of the Singapore Management University's Business School and Exploit, the commercialisation arm of A*Star. He is currently the President of the Stanford Alumni Club in Singapore. Mr Tay holds a Master of Science degree in Electrical Engineering from Stanford University, and a Bachelor of Engineering (First Class Honours) degree in Electrical Engineering from Imperial College at the University of London.



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 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.

Lai Chun Loong



Loudon Frank McLean Owen



Charles George St. John Reed



Zacchaeus Boon Suan Zin



key management

Our key executives and their professional experiences are as follows:

Kenneth Sw Chan Kit Financial Controller

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

Mr. Sw started his career with Matsushita Electronics (S) Pte Ltd and in his more than 20 years experience in the financial field moved up to position 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 Fellowship Member of ACCA, and a non-practising member of the Institute of Certified Public Accountants of Singapore.

Benjamin Tay Boon Hwee General Manager, Voice Communications

Mr Tay currently oversees the sales and marketing activities of the Group's Voice Communication Systems division in Singapore and overseas. Before becoming a Freelance Consultant, Mr Tay held the positions of Managing Director at Redback Networks Inc., Regional Manager (Taiwan, Thailand, Philippines and Indonesia) at Fore Systems Inc and Business Manager, Datacoms at Nera Telecoms Ltd. Mr Tay holds an MBA with a major in Investments & Finance from the University of Hull, a Bachelors degree in Electrical & Electronic Engineering from Nanyang Technological University, and a Diploma in Electrical & Electronic Engineering from Singapore Polytechnic.

Jason Leong Wee Siong Deputy 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 Assistant 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.

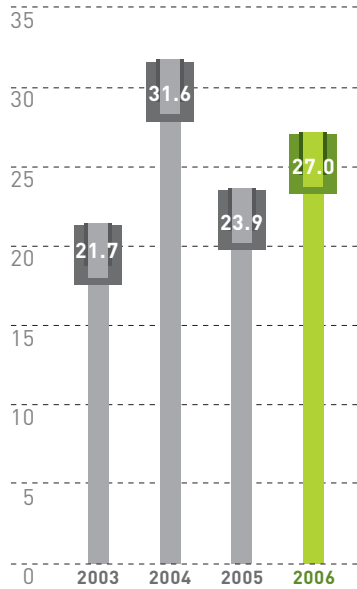
Her current specialization includes helping the Group develop the HR aspect of the organization region-wide and covers responsibility for all human resource policies, procedures, regulatory filings and compliances.

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.

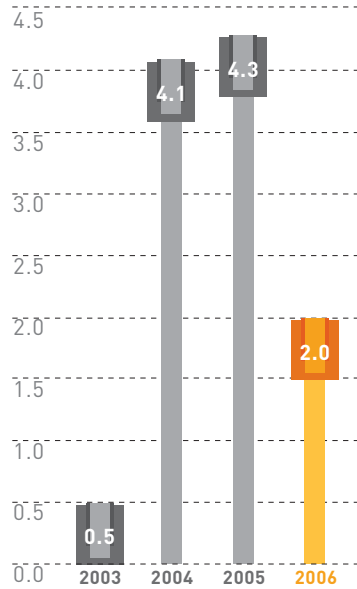


financial highlights

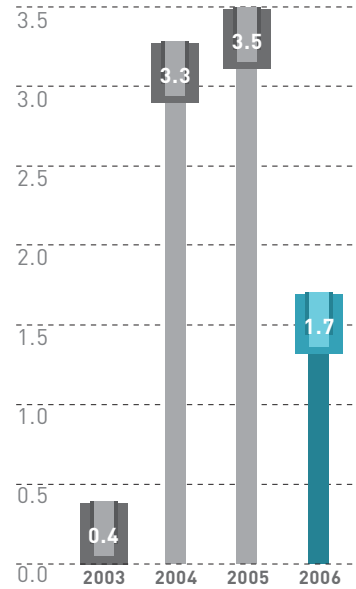
Revenue (S\$ million)



Profit before tax (S\$ million)

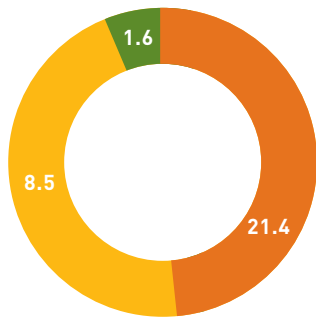


Net profit (S\$ million)

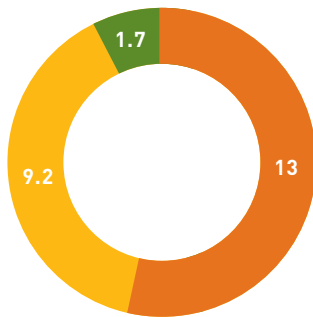


Revenue breakdown by activities (S\$ million)

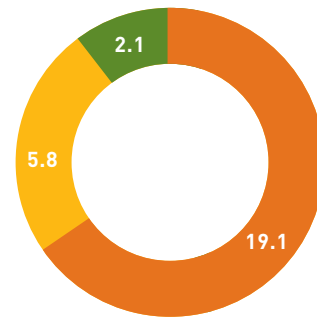
2004



2005



2006



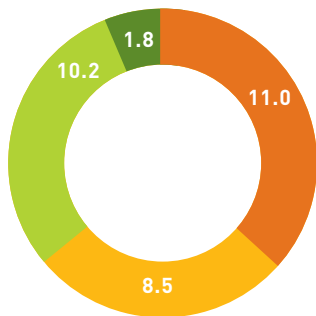
Network Infrastructure Projects

Voice Communication Systems

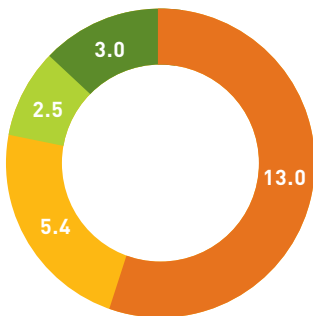
Project Management & Maintenance Services

Revenue breakdown by geographical market (S\$ million)

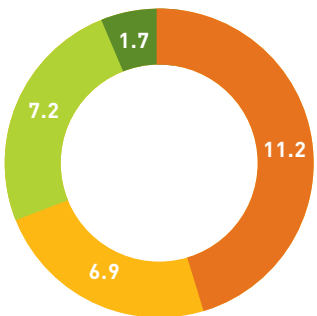
2004



2005



2006



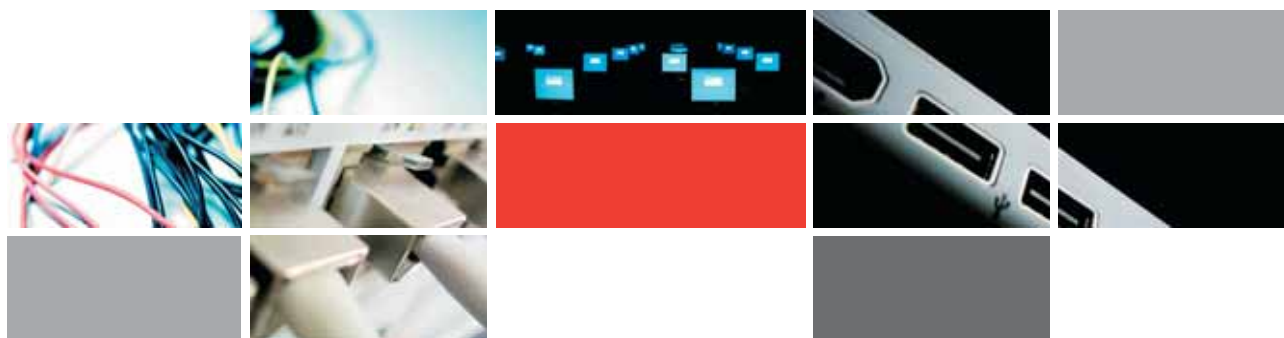
Singapore

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 Choon Chong
Non-Executive Director

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)
(Appointed wef 28 June 2006)

NOMINATING COMMITTEE

Independent Directors
Bernard Chen Tien Lap (Chairman)
Charles George St. John Reed
Non-Executive Director
Tay Choon Chong

REMUNERATION COMMITTEE

Independent Directors
Bernard Chen Tien Lap (Chairman)
Charles George St. John Reed
Lai Chun Loong (Appointed on 1 Dec 06)
Executive Director
Han Meng Siew (Stepped down on 1 Dec 06)

AUDIT COMMITTEE

Independent Directors
Charles George St. John Reed (Chairman)
Lai Chun Loong
Non-Executive Director
Loudon Frank McLean Owen

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

SHARE REGISTRAR & TRANSFER OFFICE

Lim Associates (Pte) Ltd
3 Church Street #08-01
Samsung Hub, Singapore 049483

AUDITORS

Ernst & Young
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: Yen Heng Fook
(Appointed wef financial year 31 December 2002)

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

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 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 2005 ("the Code"). Other than deviations which are explained in this statement, the Company has complied with the principles and guidelines 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, including appointment of directors and company secretary, 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 a Board Meeting 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 for FY2006 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	4					1	1
Chang Joo Whut	4	4						
Tay Choon Chong	4	2			1	1		
Loudon Frank McLean Owen (Alt: Zacchaeus Boon Suan Zin)	4	4	2	1				
Lai Chun Loong *	4	4	2	2				
Charles George St. John Reed	4	4	2	2	1	0	1	1

Note:

- * To comply with the Code of Corporate Governance 2005 which requires the Remuneration Committee ("RC") to comprise all non-executive directors, Mr Lai Chun Loong had on 1 December 2006, replaced Mr Han Meng Siew on the RC.

Corporate Governance Report [Cont'd]

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 meet the Group's objectives. Details of the directors' academic and professional qualification and other appointments are set out on pages 8 and 9 of the Annual Report.

The Nominating Committee has reviewed the independence of each director for the financial year ended 31 December 2006 in accordance with the Code's definition of independence, and is satisfied that more than one-third of the Board continues to be independent.

Non-executive directors contribute to the Board by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide different perspectives to the Group's business. When challenging Management's proposals or decision, they bring independent judgment to bear on business activities and transactions, involving conflicts of interest and other complexities.

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

* *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, while 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. 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 [Cont'd]

Principle 4: Nominating Committee ("NC")

The NC comprises two independent and one non-executive directors, namely -

Bernard Chen Tien Lap (Chairman) *
Charles George St. John Reed *
Tay Choon Chong

* *Independent Director*

The key objectives of the NC are to ensure that there is a formal and transparent process in 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 has adopted written terms of reference. The NC -

- recommends the re-nomination of directors retiring by rotation annually;
- determines the independence of Board members and assessing 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 services of any directors who has reached the age of 70; and
- assesses the effectiveness of the Board and the contributions of Board members.

Pursuant to the Company's Articles of Association, one-third of the Board is required to retire by rotation at every Annual General Meeting ("AGM"). Mr Han Meng Siew and Mr Tay Choon Chong will retire under Article 89 at the forthcoming AGM, and have offered themselves for re-election.

The NC has recommended the nominations of the retiring directors for re-election at the forthcoming AGM.

In 2007, the Board approved the implementation of a formal process for the selection of new directors to identify and evaluate potential nominees for appointment to the Board. This process will include identification and interview of potential candidates to evaluate his/her suitability based on individual competencies, business and related experience, commitment, ability to contribute to the Board process and such other qualities or attributes that may be required. Upon appointment, a formal letter will be provided to the new director, setting out his duties, obligation and terms of appointment.

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. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its committees, and between senior management and non-executive directors.

Should directors, whether as a group or individually, require independent professional advice to fulfill their duties; the cost of such professional advice is borne by the Company.

Corporate Governance Report [Cont'd]

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 (appointed with effect from 1 December 2006)*
 Han Meng Siew (stepped down on 1 December 2006)

* *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. External professional advice may be sought by the RC, when required.

Executive Directors are on services contracts which are subject to review every three years. The Remuneration Committee 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 show a breakdown (in percentage terms) of directors' remuneration and that of the Group's top 5 (five) executives who are not directors, for the financial year ended 31 December 2006, falling within broad bands -

(A) Directors' Remuneration

Name	Fees %	Salary ⁽¹⁾ %	Bonus ⁽¹⁾ %	Other Benefits ⁽²⁾ %	Total %
Between \$250,000 to \$500,000					
Han Meng Siew	-	84	7	9	100
Jimmy Chang Joo Whut	-	83	7	10	100
Below \$250,000					
Bernard Chen Tien Lap	100	-	-	-	100
Charles George St. John Reed	100	-	-	-	100
Tay Choon Chong	100	-	-	-	100
Loudon Frank McLean Owen	100	-	-	-	100
Lai Chun Loong	100	-	-	-	100

Corporate Governance Report [Cont'd]

(B) Remuneration of top 5 (five) executives who are not directors

Name	Fees %	Salary ⁽¹⁾ %	Bonus ⁽¹⁾ %	Other Benefits ⁽²⁾ %	Total %
Between \$250,000 to \$500,000					
None					
Below \$250,000					
Kenneth Sw Chan Kit	-	79	7	14	100
Benjamin Tay Boon Hwee	-	96	4	-	100
Vincent Vinu Edward	-	87	7	6	100
Jason Leong Wee Siong	-	87	7	6	100
Diana Lee Meng Wah	-	93	7	-	100

Note:

1) The salary and bonus amounts shown are inclusive of allowances and CPF.

2) Transport, medical and insurance

(C) Remuneration of immediate family members of directors

There were no employees who were immediate family members of any Director or the Managing Director whose remuneration exceeded \$150,000 for the financial year ended 31 December 2006.

Principle 10: Accountability

The Board is accountable to the shareholders while 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.

Principle 11: Audit Committee

The Audit Committee ("AC") comprises three 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

* *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 discussed 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.

Corporate Governance Report [Cont'd]

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 FY 2006.

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, the adoption of a Whistle-Blowing Policy will be reviewed in FY2007. The objective of the proposed Whistle-Blowing Policy is to ensure that there are arrangements in place, for the independent investigation of concerns raised on financial or other improprieties, and for appropriate follow-up action.

Principal 12: Internal Control

Principal 13: Internal Audit ("IA")

The Company's internal auditor 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 and administratively to the Managing Director. 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.

The IA is a member of The Institute of Internal Auditors ("IIA"), Singapore. IA is guided by the Standards for the Professional Practice of Internal Auditing, set by IIA.

Principles 14 & 15: COMMUNICATION WITH SHAREHOLDERS

Price-sensitive information relating to the Group is released through SGXNET and is available to public on the SGX 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 www.ntegrator.com

All shareholders of the Company receive the Annual Report and notice of Annual General Meeting. At Annual General Meetings, shareholders will be given 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 "Securities Code") which sets out the policy on dealings in securities of the Company and implications of Insider Trading. In line with our Securities 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 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 Securities Code with regards to their securities transactions.

Corporate Governance Report [Cont'd]

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 competitive remuneration packages and employee's share option scheme to our staff as well as a challenging working environment.

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 and Audited Financial Statements

31 December 2006

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Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Ntegrator International Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2006.

Directors

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

Bernard Chen Tien Lap	Chairman
Han Meng Siew	Deputy Chairman
Jimmy Chang Joo Whut	Managing Director
Tay Choon Chong	
Loudon Frank McLean Owen	
Charles George St. John Reed	
Lai Chun Loong	
Zacchaeus Boon Suan Zin	(alternate director to Loudon Frank McLean Owen, appointed on 28 June 2006).

In accordance with Articles 89 of the Company's Articles of Association, Han Meng Siew and Tay Choon Chong 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 is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate other than pursuant to the share option schemes implemented by the Company as described below.

Directors' interests in shares and debentures

The following directors who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, interests in shares and share options of the Company or related corporations (other than a wholly-owned subsidiary) as stated below :

Name of director	Direct interest		Deemed interest	
	At beginning of financial year or date of appointment	At end of financial	At beginning of financial year or date of appointment	At end of financial
The Company				
<i>Ordinary shares</i>				
Bernard Chen Tien Lap	200,000	200,000	-	-
Han Meng Siew	1,531,000	1,531,000	6,000,000	6,000,000
Jimmy Chang Joo Whut	3,531,000	3,531,000	-	-
Loudon Frank McLean Owen	200,000	200,000	-	-
Charles George St. John Reed	550,000	550,000	-	-
Lai Chun Loong	100,000	100,000	-	-
Tay Choon Chong	400,000	400,000	-	-
Zacchaeus Boon Suan Zin	-	-	3,242,000	3,242,000

Directors' Report [cont'd]

Name of director	Direct interest		Deemed interest	
	At beginning of financial year	At end of financial	At beginning of financial year	At end of financial
Options to subscribe for ordinary shares at exercise price of S\$0.13 per share				
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	-	-
Zacchaeus Boon Suan Zin	-	250,000	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2007.

Except as disclosed in this report, no directors who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company 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 the director is a member, or with a company in which the director has a substantial financial interest.

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 comprise three directors, namely Bernard Chen Tien Lap, Han Meng Siew and Charles George St. John Reed.

In compliance with the Code of Corporate Governance 2005, which requires the RC to comprise all non-executive directors, Mr Han Meng Siew has been replaced by Mr. Lai Chun Loong on 1 December 2006.

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-SESDAQ 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.

Directors' Report [cont'd]

Details of all the options to subscribe for ordinary shares 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 1.1.2006	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2006	Exercise price	Exercisable period
11.9.2006	-	5,217,000	-	-	5,217,000	S\$0.13	11.9.2007 to 10.9.2017
11.9.2006	-	1,500,000	-	-	1,500,000	S\$0.13	11.9.2007 to 10.9.2012
	-	6,717,000	-	-	6,717,000		

Details of the options to subscribe for ordinary shares of the Company granted to directors and an executive officer 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 ²	250,000	250,000	-	250,000
Han Meng Siew ¹	1,000,000	1,000,000	-	1,000,000
Jimmy Chang Joo Whut ¹	1,000,000	1,000,000	-	1,000,000
Tay Choon Chong ²	250,000	250,000	-	250,000
Loudon Frank McLean Owen ²	250,000	250,000	-	250,000
Charles George St. John Reed ²	250,000	250,000	-	250,000
Lai Chun Loong ²	250,000	250,000	-	250,000
Zacchaeus Boon Suan Zin ²	250,000	250,000	-	250,000
	3,500,000	3,500,000	-	3,500,000
Name of executive officer				
Kenneth Sw Chan Kit ¹	1,000,000	1,000,000	-	1,000,000
Total	4,500,000	4,500,000	-	4,500,000

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

² The options granted to these directors are exercisable between the period from 11 September 2007 to 10 September 2012 at the exercise price of S\$0.13 if 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 Scheme;
- 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.

Directors' Report [cont'd]

Audit committee

The Audit Committee ("AC") comprises three board members, all of whom are non-executive directors. The members of the AC from the date of their appointments to the date of this report are :

Charles George St. John Reed	Chairman, Independent
Lai Chun Loong	Independent
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 external 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 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 external 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 external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external 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.

Directors' Report [cont'd]

Auditors

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors,

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

Singapore
27 March 2007



Statement by the Directors

We, Han Meng Siew and Jimmy Chang Joo Whut, being two of the directors of Ntegrator International Ltd. (the "Company"), do hereby state that, in the opinion of the directors:

- (i) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity and consolidated cash flow statement together with the notes thereto 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 2006, and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, and
- (ii) 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.

On behalf of the board of directors,

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

Singapore
27 March 2007

Independent Auditors' Report

to the members of Ntegrator International Ltd.

We have audited the accompanying financial statements of Ntegrator International Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 28 to 59, which comprise the balance sheets of the Group and the Company as at 31 December 2006, the statements of changes in equity of the Group and the Company, and the profit and loss account and cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's directors are 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: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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 directors, 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.

Opinion

In our opinion,

- (i) the consolidated financial statements of the Group, and the balance sheet and statement of changes in equity of the Company 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 Group and of the Company as at 31 December 2006, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
27 March 2007

Consolidated Profit and Loss Account

for the financial year ended 31 December 2006

	Notes	2006 S\$'000	2005 S\$'000
Revenue	3	27,030	23,889
Other income	4	36	1,163
Annual accretion of income on bills receivables		426	526
Changes in inventories and contract work-in-progress		4,897	381
Equipment and consumables used		(22,418)	(15,378)
Staff costs	5	(3,240)	(3,964)
Freight costs		(876)	(424)
Commission and consultancy expenses		(922)	(500)
Depreciation of plant and equipment		(218)	(197)
Foreign exchange (loss)/gain, net		(633)	27
Finance costs	6	(235)	(199)
Other operating expenses	7	(1,855)	(1,102)
		(25,038)	(19,667)
Profit before income tax		1,992	4,222
Income tax	8	(304)	(758)
Net profit for the financial year		<u>1,688</u>	<u>3,464</u>
Attributable to:			
Shareholders of the Company		1,736	3,459
Minority interests		(48)	5
		<u>1,688</u>	<u>3,464</u>
Basic earning per share (cents)	9	2.2	6.3

Balance Sheets

as at 31 December 2006

	Notes	Group		Company	
		2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Non-current assets					
Plant and equipment	10	503	510	-	-
Intangible assets	11	802	78	-	-
Deferred tax assets	23	42	42	-	-
Investments in subsidiaries	12	-	-	6,000	4,350
Cash and short-term deposits	13	-	559	-	-
Trade receivables	15	6,975	6,575	-	-
		8,322	7,764	6,000	4,350
Current assets					
Inventories		2,626	937	-	-
Contract work-in-progress	14	3,946	154	-	-
Trade receivables	15	16,471	14,592	-	-
Other receivables and prepaid operating expenses	16	801	768	3,757	3,421
Loan due from a subsidiary	17	-	-	2,510	2,498
Cash and short-term deposits	13	1,532	3,437	11	2,196
		25,376	19,888	6,278	8,115
Current liabilities					
Contract work-in-progress	14	235	75	-	-
Trade payables	18	15,899	11,087	53	-
Other payables	19	419	467	278	359
Deferred revenue	20	149	77	-	-
Finance lease liabilities	21	4	4	-	-
Interest bearing loan and borrowings	22	1,024	221	-	-
Income tax payable		364	770	-	-
		18,094	12,701	331	359
Net current assets		7,282	7,187	5,947	7,756
Non-current liabilities					
Finance lease liabilities	21	(24)	(28)	-	-
Deferred tax liabilities	23	(59)	(59)	-	-
		(83)	(87)	-	-
Net assets		15,521	14,864	11,947	12,106
Equity attributable to shareholders of the Company					
Issued share capital	24	9,379	8,009	9,379	8,009
Share premium		-	1,370	-	1,370
Employee share option reserve		41	-	41	-
Foreign currency translation reserve		(26)	(24)	-	-
Retained profits		5,846	5,311	2,527	2,727
		15,240	14,666	11,947	12,106
Minority interests	281	198	-	-	-
Total equity		15,521	14,864	11,947	12,106

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2006

	Attributable to shareholders of the Company						Minority interests	Total equity
	Issued share capital (Note 24) S\$'000	Share premium S\$'000	Employee share option reserve S\$'000	Foreign currency translation reserve S\$'000	Retained profits S\$'000	Total reserves S\$'000	S\$'000	S\$'000
Group 2006								
Balance as at 1 January 2006	8,009	1,370	-	(24)	5,311	14,666	198	14,864
Transfer of share premium to share capital (Note 24)	1,370	(1,370)	-	-	-	-	-	-
Foreign currencies translation adjustment	-	-	-	(2)	-	(2)	-	(2)
Contribution of share capital in a subsidiary	-	-	-	-	-	-	131	131
Grant of share options to employees and directors	-	-	41	-	-	41	-	41
Dividend on ordinary shares (Note 30)	-	-	-	-	(1,201)	(1,201)	-	(1,201)
Net profit/(loss) for the financial year	-	-	-	-	1,736	1,736	(48)	1,688
Balance as at 31 December 2006	9,379	-	41	(26)	5,846	15,240	281	15,521
Total income and expenses recognised directly in equity :								
- Foreign currency translation adjustment	-	-	-	(2)	-	(2)	-	(2)
Net profit/(loss) for the financial year	-	-	-	-	1,736	1,736	(48)	1,688
Total recognised income and expenses for the financial year	-	-	-	(2)	1,736	1,734	(48)	1,686
Group 2005								
Balance as at 1 January 2005	2,408	2,029	26	(25)	3,052	7,490	104	7,594
Foreign currencies translation adjustment	-	-	-	1	-	1	1	2
Issuance of shares under share options scheme	591	994	-	-	-	1,585	-	1,585
Bonus issue by way of capitalising share premium	3,000	(3,000)	-	-	-	-	-	-
Issuance of shares pursuant to initial public offering	2,010	2,613	-	-	-	4,623	-	4,623
Initial public offering expenses	-	(1,359)	-	-	-	(1,359)	-	(1,359)
Contribution of share capital in a subsidiary	-	-	-	-	-	-	87	87
Grant of share options to employees and directors	-	-	67	-	-	67	-	67
Exercise of share options	-	93	(93)	-	-	-	-	-
Dividend on ordinary shares (Note 30)	-	-	-	-	(1,200)	(1,200)	-	(1,200)
Net profit for the financial year	-	-	-	-	3,459	3,459	6	3,465
Balance as at 31 December 2005	8,009	1,370	-	(24)	5,311	14,666	198	14,864
Total income and expenses recognised directly in equity :								
- Foreign currency translation adjustment	-	-	-	1	-	1	1	2
- Initial public offering expenses	-	(1,359)	-	-	-	(1,359)	-	(1,359)
Net profit for the financial year	-	(1,359)	-	1	-	(1,358)	1	(1,357)
Net profit for the financial year	-	-	-	-	3,459	3,459	6	3,465
Total recognised income and expenses for the financial year	-	(1,359)	-	1	3,459	2,101	7	2,108

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity [Cont'd]

for the financial year ended 31 December 2006

	Issued share capital (Note 24) S\$'000	Share premium S\$'000	Employee share options reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
Company 2006					
Balance at 1 January 2006	8,009	1,370	-	2,727	12,106
Transfer of share premium to share capital (Note 24)	1,370	(1,370)	-	-	-
Grant of share options to employees and directors	-	-	41	-	41
Dividend on ordinary shares (Note 30)	-	-	-	(1,201)	(1,201)
Net profit for the financial year	-	-	-	1,001	1,001
Balance as at 31 December 2006	9,379	-	41	2,527	11,947
Total recognised income and expenses for the financial year:					
- Net profit for the financial year	-	-	-	1,001	1,001
	Issued share capital (Note 24) S\$'000	Share premium S\$'000	Employee share options reserve S\$'000	(Accumulated losses)/ retained profits S\$'000	Total equity S\$'000
Company 2005					
Balance at 1 January 2005	2,408	2,029	26	(105)	4,358
Issuance of shares under share options scheme	591	994	-	-	1,585
Bonus issue by way of capitalising share premium	3,000	(3,000)	-	-	-
Issuance of shares pursuant to initial public offering	2,010	2,613	-	-	4,623
Initial public offering expenses	-	(1,359)	-	-	(1,359)
Grant of share options to employees and directors	-	-	67	-	67
Exercise of share options	-	93	(93)	-	-
Dividend on ordinary shares (Note 30)	-	-	-	(1,200)	(1,200)
Net profit for the financial year	-	-	-	4,032	4,032
Balance as at 31 December 2005	8,009	1,370	-	2,727	12,106
Total income and expenses recognised directly in equity :					
- Initial public offering expenses	-	(1,359)	-	-	(1,359)
Net profit for the financial year	-	-	-	4,032	4,032
Total recognised income and expenses for the financial year	-	(1,359)	-	4,032	2,673

Consolidated Cash Flow Statement

for the financial year ended 31 December 2006

	Notes	2006 S\$'000	2005 S\$'000
Cash flows from operating activities:			
Profit before income tax		1,992	4,222
Adjustments for:			
Depreciation of plant and equipment		218	197
Loss on disposals of plant and equipment		16	22
Share option expense		41	67
Interest expense		235	199
Interest income		(36)	(50)
Foreign currency translation adjustment		(4)	(12)
		<u>2,462</u>	<u>4,645</u>
(Increase)/decrease in inventories and contract work-in-progress		(5,235)	(381)
Increase in trade and other receivables, and prepaid operating expenses		(2,312)	(8,502)
Increase in trade and other payables		4,836	370
		<u>(249)</u>	<u>(3,868)</u>
Cash used in operations			
Interest received		36	50
Interest paid		(235)	(199)
Income tax paid		(710)	(830)
		<u>(1,158)</u>	<u>(4,847)</u>
Net cash used in operating activities			
Cash flows from investing activities:			
Purchase of plant and equipment		(311)	(397)
Payment for intangible assets		(724)	(78)
Proceeds from disposals of plant and equipment		-	16
		<u>(1,035)</u>	<u>(459)</u>
Net cash flows used in investing activities			
Cash flows from financing activities:			
(Repayment)/proceeds from loan from a financial institution		(115)	11
Repayment of finance leases		(4)	(6)
Proceeds from issuance of share capital by the Company		-	6,208
Payments for deferred expenditure		-	(984)
Decrease in fixed deposits pledged with financial institutions		559	404
Contribution of capital by shareholder in a subsidiary		131	87
Dividend paid		(1,201)	(1,200)
		<u>(630)</u>	<u>4,520</u>
Net cash flows (used in)/from financing activities			
Net decrease in cash and cash equivalents		(2,823)	(786)
Cash and cash equivalents at beginning of the financial year		3,361	4,147
Cash and cash equivalents at end of the financial year	13	538	3,361

Notes to the Financial Statements

31 December 2006

1. Corporate information

Ntegrator International Ltd. (the "Company") is a limited liability company which is incorporated in Singapore and publicly traded 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 12 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

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared on a historical cost basis and in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are presented in Singapore Dollars ("S\$") and all values are rounded to the nearest thousand ("S\$'000") except when otherwise indicated.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

2.2 FRS and Interpretation of Financial Reporting Standard ("INT FRS") not yet effective

The Group and the Company have not applied the following relevant FRS and INT FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1	: Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2007
FRS 107	: Financial Instruments: Disclosures	1 January 2007
FRS 108	: Operating Segments	1 January 2009
INT FRS 108	: Scope of FRS 102, Share-based Payment	1 May 2006
INT FRS 109	: Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110	: Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111	: Group and Treasury Share Transactions	1 March 2007
INT FRS 112	: Service Concession Arrangements	1 January 2008

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 107 and the amendment to FRS 1 as indicated below :

FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the amendment to FRS 1 from annual period beginning 1 January 2007.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.3 Significant accounting estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(i) Allowance for doubtful debts

Estimates are used for allowances for doubtful debts. 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.

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's tax payables and deferred tax liabilities at 31 December 2006 were S\$364,000 (2005: S\$770,000) and S\$59,000 (2005 : S\$59,000).

Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

- Impairment of investments and financial assets

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporarily impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cashflow.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.4 Functional and foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary.

(b) Foreign currency translation

The results and financial position of foreign operations are translated into S\$ using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the transaction dates.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

2.5 Subsidiaries and principles of consolidation

(a) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.5 Subsidiaries and principles of consolidation [cont'd]

(b) Principles of consolidation [cont'd]

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date 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 values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the equity attributable to the shareholders of the Company, and are separately disclosed in the consolidated profit and loss account.

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(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.

(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 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.

2.7 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.7 Employee benefits (cont'd)

(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.

(c) Employee share option 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.

2.8 Borrowing costs

Borrowing costs are expensed in the profit and loss account in the period in which they are incurred.

2.9 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

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 carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.9 Plant and equipment [cont'd]

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

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.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year. Upon completion, the development costs is amortised over the estimated useful life of five to ten years on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses'.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed 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. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account. After such a reversal, the depreciation or amortisation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.12 Inventories

Inventories consist of voice, video and data communication equipment.

Inventories are valued 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.

2.13 Contract work-in-progress

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

Contract work-in-progress is stated at the aggregate amount of costs incurred less progress billings received or receivable to date. 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

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.15 Trade and other receivables

Trade and other receivables, including amounts due from subsidiaries and related companies, and loans to related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.14.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.20 below.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current accounts and fixed deposits with financial institutions. These also include bank overdrafts that form an integral part of the Group's cash management.

Cash and short-term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.14.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.17 Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, and payables to related parties are initially recognised at fair value 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.

2.18 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in the profit and loss account.

2.19 Financial liabilities

Financial liabilities include trade payables which are normally settled on 30-90 day terms, other amounts payable, payables to related parties and interest-bearing loans 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.

2.20 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.22 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences (other than those mentioned above), carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes to the Financial Statements [cont'd]

31 December 2006

2. Summary of significant accounting policies [cont'd]

2.23 Income taxes [cont'd]

(b) Deferred tax [cont'd]

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 Grants

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.

3. Revenue

	Group	
	2006 S\$'000	2005 S\$'000
Revenue from system integration services	19,108	12,959
Revenue from maintenance services	2,128	1,742
Sale of goods	5,794	9,188
	27,030	23,889

Notes to the Financial Statements [cont'd]

31 December 2006

4. Other income

	Group	
	2006 S\$'000	2005 S\$'000
Interest income from banks	36	50
Write-back of costs on projects completed in previous years no longer required	-	1,032
Grant income	-	74
Others	-	7
	<u>36</u>	<u>1,163</u>

5. Staff costs

	Group	
	2006 S\$'000	2005 S\$'000
Salaries and bonuses	2,305	2,814
Defined contribution pension plans	211	278
Directors' fee	213	200
Share option expense	41	67
Others	470	605
	<u>3,240</u>	<u>3,964</u>

Compensation of directors and key management personnel:

Salaries and bonuses	1,144	1,049
Defined contribution pension plans	52	74
Directors' fees	213	200
Share option expense	32	42
Others	88	163
	<u>1,529</u>	<u>1,528</u>

Comprised amounts paid to :

Directors of the Company	694	411
Directors of subsidiaries	66	374
Key management personnel	769	743
	<u>1,529</u>	<u>1,528</u>

6. Finance costs

	Group	
	2006 S\$'000	2005 S\$'000
Interest expense on bank borrowings	233	197
Finance charges on finance lease liabilities	2	2
	<u>235</u>	<u>199</u>

Notes to the Financial Statements [cont'd]

31 December 2006

7. Other operating expenses

	Group	
	2006 S\$'000	2005 S\$'000
Other operating expenses include :		
Loss on disposals of plant and equipment	16	22
Expensed assets	5	2
Inventories written-down	19	8

8. Income tax

Major components of income tax expense for the years ended 31 December were :

	Group	
	2006 S\$'000	2005 S\$'000
Current income tax		
Current income taxation	391	770
Overprovision in respect of previous years	(87)	-
Deferred income tax		
Movement in temporary differences (Note 23)	-	(12)
Current year tax expense	304	758
A reconciliation between the income tax expense and profit before income tax multiplied by the applicable tax rates for the years ended 31 December 2006 and 2005 was as follows:		
Profit before income tax	1,992	4,222
Tax at the domestic rates applicable to profits in the countries in which the Group operates	525	883
<i>Adjustments for tax effect of:</i>		
Tax savings due to concessionary tax rate	(27)	(84)
Expenses not deductible for tax purposes	66	20
Income not subject to tax	(200)	(105)
Statutory stepped income exemption	(16)	(11)
Change in tax rate on deferred tax liabilities	-	(3)
Tax losses of overseas subsidiaries not available for set-off	53	39
Deferred tax assets not recognised	17	-
Utilisation of previously unrecognised tax losses and capital allowances	(26)	(28)
Overprovision in previous years	(87)	-
Others	(1)	47
Current year tax expense	304	758

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.

Notes to the Financial Statements [cont'd]

31 December 2006

9. Earnings per share

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

No dilutive earnings per share is computed as there are no potential dilutive shares. The exercise price of the share options granted approximate the market price of the Company's share during the year.

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

	Group	
	2006	2005
Net profit attributable to shareholders of the Company used in computation of basic earnings per share (\$'000)	1,736	3,459
Weighted average number of ordinary shares for basic earnings per share computation ('000)	80,089	55,214

10. Plant and equipment

Group	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	Total S\$'000
Cost									
Balance at 1.1.2005	71	155	6	103	56	218	76	119	804
Additions	22	84	2	18	37	129	37	68	397
Disposals	-	-	-	-	(56)	-	-	-	(56)
Foreign currency translation	1	1	-	-	-	8	-	5	15
Balance at 31.12.2005 and 1.1.2006	94	240	8	121	37	355	113	192	1,160
Additions	2	90	2	17	-	189	6	5	311
Disposals	-	-	-	(2)	-	(28)	-	-	(30)
Foreign currency translation	-	1	-	-	-	1	-	-	2
Balance at 31.12.2006	96	331	10	136	37	517	119	197	1,443
Accumulated depreciation									
Balance at 1.1.2006	30	105	3	39	15	132	34	109	467
Charge for the year	24	44	1	32	4	67	16	9	197
Disposals	-	-	-	-	(17)	-	-	-	(17)
Foreign currency translation	1	-	-	-	-	1	-	1	3
Balance at 31.12.2005 and 1.1.2006	55	149	4	71	2	200	50	119	650
Charge for the year	19	57	2	33	4	127	23	39	304
Disposals	-	-	-	(2)	-	(12)	-	-	(14)
Foreign currency translation	-	-	-	-	-	-	-	-	-
Balance at 31.12.2006	74	206	6	102	6	315	73	158	940
Net carrying amounts									
As at 31.12.2006	22	125	4	34	31	202	46	39	503
As at 31.12.2005	39	91	4	50	35	155	63	73	510

The amount of depreciation charge during the financial year included in contract work-in-progress (note 14) was S\$86,000 (2005 : Nil).

As at 31 December 2006, the net carrying amounts of plant and equipment held under finance leases was S\$35,000 (2005 : S\$32,000).

Notes to the Financial Statements [cont'd]

31 December 2006

11. Intangible assets

Group	IP clock S\$'000	Server- based telephone system S\$'000	Total S\$'000
Cost			
Balance at 1.1.2005	-	-	-
Additions	-	78	78
Balance at 31.12.2005 and 1.1.2006	-	78	78
Additions	401	323	724
Balance at 31.12.2006	401	401	802

These relate to development costs of communication systems. No amortisation has been charged as the systems are under development.

12. Investments in subsidiaries

	Company	
	2006 S\$'000	2005 S\$'000
Unquoted shares, at cost	6,000	4,350

The details of subsidiaries are as follows:

Name	Principal activities	Country of incorporation	Effective equity interest	
			2006 %	2005 %
Held by the Company				
* Ntegrator Pte Ltd	To provide system integration services of voice, video and data communication networks	Singapore	100	100
Held by Ntegrator Pte Ltd				
** Ntegrator Philippines Inc	To provide system integration services and sale of voice, video and data communication equipment networks, maintenance and support services, and project management services for network infrastructure	Philippines	60	60
# Ntegrator Sdn Bhd	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

Notes to the Financial Statements [cont'd]

31 December 2006

12. Investments in subsidiaries [cont'd]

Name	Principal activities	Country of incorporation	Effective equity interest	
			2006 %	2005 %
Held by Ntegrator Pte Ltd				
ⓐ Ntegrator (Thailand) Limited	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

* Audited by Ernst & Young, Certified Public Accountants, Singapore.

** Audited by Punongbayan & Araullo, Certified Public Accountants, Philippines.

Audited by Mohd Noor & Associates, Chartered Accountants, Malaysia.

ⓐ Audited by Ernst & Young, Certified Public Accountants, Thailand.

13. Cash and short-term deposits

	Group		Company	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Cash on hand	3	1	-	-
Cash at banks	1,487	1,043	11	191
	1,490	1,044	11	191
Fixed deposits	42	2,952	-	2,005
Less : Restricted cash classified as non-current assets	-	(559)	-	-
	42	2,393	-	2,005
	1,532	3,437	11	2,196

Restricted cash represents the amount of fixed deposits pledged with financial institutions as securities for credit facilities granted to the Group.

Fixed deposits are placed for varying periods of between four and twelve months depending on the immediate cash requirements of the Group, and earn interest at rates at the respective short-term deposit rates. The effective interest rates of fixed deposits are between 0.325% and 1.6% (2005 : 0.325% and 1.6%) per annum.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group	
	2006 S\$'000	2005 S\$'000
United States dollars	559	170
Euro	59	7
Malaysian Ringgit	31	144
Philippines Peso	28	43
Thai Baht	5	-
	682	364

Notes to the Financial Statements [cont'd]

31 December 2006

13. Cash and short-term deposits [cont'd]

Cash and cash equivalents

For the purpose of consolidated cash flow statement, cash and cash equivalents comprise the following as at 31 December :

	Group	
	2006 S\$'000	2005 S\$'000
Unrestricted cash and short-term deposits	1,532	3,437
Bank overdrafts (Note 22)	(994)	(76)
	538	3,361

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

14. Contract work-in-progress

	Group	
	2006 S\$'000	2005 S\$'000
Cost incurred to date	4,236	492
Less : Progress billings	(525)	(413)
	3,711	79
Comprising :		
Excess of costs incurred over progress billings	3,946	154
Excess of progress billings over costs incurred	(235)	(75)
	3,711	79

15. Trade receivables

	Group	
	2006 S\$'000	2005 S\$'000
Trade receivables	12,281	9,128
Bill receivables	11,165	12,039
Less : Amount classified as non-current assets	(6,975)	(6,575)
	4,190	5,464
	16,471	14,592

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.

Included in trade receivables are amounts that totalled S\$7,576,839 (2005 : S\$3,553,405) denominated in United States dollars.

Notes to the Financial Statements [cont'd]

31 December 2006

15. Trade receivables [cont'd]

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. These receivables are denominated in United States dollars.

The bill receivables as at 31 December 2006 and 2005 arose from projects completed for an overseas customer 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-year period from the date of completion for each phase.

16. Other receivables and prepaid operating expenses

	Group		Company	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Financial assets:				
Due from subsidiaries	-	-	2,658	877
Dividend receivable from a subsidiary	-	-	1,000	2,500
Advance payments for project costs	84	145	-	-
Deposits	118	75	-	-
Staff advances	132	72	-	-
Value added tax recoverable	20	35	-	-
Corporate tax recoverable	1	-	-	-
Grant receivable	-	74	-	-
Others	200	37	44	44
	555	438	3,702	3,421
Non-financial assets:				
Prepaid operating expenses	246	330	55	-
	801	768	3,757	3,421

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

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

17. Loan due from a subsidiary

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

18. Trade payables

	Group		Company	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Trade payables	2,582	1,747	53	-
Bill payables	11,549	8,744	-	-
Accrued project costs	1,303	206	-	-
Accrued operating expenses	465	390	-	-
	15,899	11,087	53	-

Notes to the Financial Statements [cont'd]

31 December 2006

18. Trade payables [cont'd]

Trade payables

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

Included in trade payables of the Group are amounts that totalled S\$1,238,890 (2005 : S\$962,891) denominated in United States dollars.

Bill payables

These payables have an average maturity of 120 - 270 (2005 : 120 - 270) days and the weighted average effective interest is 8% (2005 : 8%) per annum.

19. Other payables

	Group		Company	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Accrued initial public offering expenses	-	143	-	143
Accrued directors' fees	213	200	213	200
Accrued professional fees	63	-	63	-
Accrued other expenses	22	40	-	16
Grant received in advance	98	-	-	-
Payable to a company related to directors of a subsidiary	5	48	-	-
Others	18	36	2	-
	419	467	278	359

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.

20. Deferred revenue

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

21. Finance lease liabilities

The Group purchased certain motor vehicles, computers and software under finance lease agreements which expire over the next five years. The discount rate implicit in the leases is 3.3% (2005 : 3.3% to 6.0%) per annum. Future minimum lease payments under these agreements together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum payments 2006 S\$'000	Present value of payments 2006 S\$'000	Minimum payments 2005 S\$'000	Present value of payments 2005 S\$'000
Not later than one year	6	4	6	4
Later than one year but not later than five years	27	24	33	28
Total minimum lease payments	33	28	39	32
Less: Amount representing finance charges	(5)	-	(7)	-
Present value of minimum lease payments	28	28	32	32

Notes to the Financial Statements [cont'd]

31 December 2006

22. Interest bearing loan and borrowings

	Group	
	2006 S\$'000	2005 S\$'000
Loan from a financial institution	30	145
Bank overdraft (Note 13)	994	76
	1,024	221

The loan from a financial institution is obtained by a pledge of a cash deposit amounting to Nil (2005 : S\$250,000) and is guaranteed by the Company. In the previous year, this loan was also guaranteed by two directors and two executive officers of the Company. The loan is repayable within the next 12 months and has a weighted average effective interest rate of 6.0625% (2005 : 5.693%) per annum. Interest rate of loan is based on 2.5% and 2.625% per annum over and above three-month SIBOR at the time when the facility is drawn down or at the discretion of the financial institution.

The bank overdraft is unsecured but guaranteed by the Company. It is repayable upon demand and have a weighted average effective interest rate of 6.42% (2005 : 7%) per annum. Interest rates of bank overdraft are reviewed and revised as and when the bank's prime rates change.

23. Deferred tax liabilities

	Group			
	Balance Sheet		Profit and Loss Account	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Deferred tax liabilities				
Excess of net book value over tax written-down value of plant and equipment	(59)	(59)	-	-
Deferred tax assets				
Unutilised tax losses	42	38	4	(12)
Foreign currency translation adjustments	-	4	(4)	-
	42	42	-	(12)
Deferred tax expense (Note 8)			-	(12)

Notes to the Financial Statements [cont'd]

31 December 2006

24. Issued share capital

	Group and Company	
	2006 S\$'000	2005 S\$'000
Issued and fully-paid :		
Balance at beginning of the financial year		
- 80,088,586 ordinary shares (2005 : 24,080,210 ordinary shares)	8,009	2,408
Issued during the financial year -		
- Nil (2005 : 5,914,083) ordinary shares at S\$0.268 per share under share option scheme	-	591
- Nil (2005 : 29,994,293) bonus issue of ordinary shares by way of capitalising share premium	-	3,000
- Nil (2005 : 20,100,000) ordinary shares at S\$0.23 per share pursuant to initial public offering	-	2,010
Transfer from share premium reserve	1,370	-
Balance at end of the financial year		
- 80,088,586 (2005 : 80,088,586) ordinary shares	9,379	8,009

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 restriction.

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Company ceased to have a par value and the amount standing in the share premium became part of the Company's share capital.

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 comprise three directors, namely Bernard Chen Tien Lap, Han Meng Siew and Charles George St. John Reed. In compliance with the Code of Corporate Governance 2005, which requires the Committee member to comprise all non-executive directors, Mr Han Meng Siew has been replaced by Mr Lai Chun Loong on 1 December 2006.

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-SESDAQ 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.

Notes to the Financial Statements [cont'd]

31 December 2006

24. Issued share capital (cont'd)

Details of all the options to subscribe for ordinary shares of the Company granted during the financial year pursuant to the Scheme described above are as follows:

Granted on 11 September 2006

	Balance at 11.9.2006	Exercised	Cancelled	Balance at 31.12.2006	Exercise price	Exercisable period
Non-executive directors	1,500,000	-	-	1,500,000	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	-	-	1,484,000	S\$0.13	11.9.2007 to 10.9.2017
Total	<u>6,717,000</u>	-	-	<u>6,717,000</u>		

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 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 option (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.

25. Commitments

Operating lease commitments

The Group has entered into commercial property leases on offices. These leases have remaining non-cancellable terms of up to 13 (2005 : 22) months with no renewal option or escalation clauses in the contracts. There are no restrictions placed upon the Group by entering into these leases. Operating lease payments recognised in the consolidated profit and loss account during the financial year amounted to S\$205,000 (2005 : S\$188,000).

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

	Group	
	2006 S\$'000	2005 S\$'000
Not later than one year	228	134
Later than one year but not later than five years	37	59
	<u>265</u>	<u>193</u>

Notes to the Financial Statements [cont'd]

31 December 2006

26. 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 the Group and related parties who are not member of the Group that took place during the year at terms agreed between the parties are as follows :

- Ntegrator Sdn Bhd, a subsidiary, paid development costs and management fees that amounted to S\$25,000 (2005 : S\$13,989) and S\$2,500 (2005 : S\$29,605), respectively to a company related to one of its directors.

27. 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 [cont'd]

31 December 2006

27. Segment information [cont'd]

Business segments

	Network Infrastructure Projects		Voice Communication Systems		Project Management & Maintenance Services		Consolidated	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Segment revenues								
Sales to external customers	19,108	12,959	5,794	9,188	2,128	1,742	27,030	23,889
Unallocated revenue							455	657
Total revenue							<u>27,485</u>	<u>24,546</u>
Segment result	4,566	6,092	1,786	2,018	1,360	889	7,712	8,999
Unallocated expenses							(5,485)	(4,578)
Operating profit							<u>2,227</u>	<u>4,421</u>
Finance costs							(235)	(199)
Profit before income tax							<u>1,992</u>	<u>4,222</u>
Income tax							(304)	(758)
Net profit for the financial year							<u>1,688</u>	<u>3,464</u>
Segment assets	23,662	17,093	6,505	5,857	1,271	194	31,438	23,144
Unallocated assets							2,260	4,508
Total assets							<u>33,698</u>	<u>27,652</u>
Segment liabilities	11,408	7,628	983	3,323	566	207	12,957	11,158
Unallocated liabilities							5,220	1,630
Total liabilities							<u>18,177</u>	<u>12,788</u>

Geographic segments

	Singapore		Myanmar		Vietnam		Others		Consolidated	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
Segment revenue										
Sales to external customers	11,191	12,964	6,914	5,412	7,215	2,470	1,710	3,043	27,030	23,889
Other geographical information :										
Segment assets	31,791	22,646	-	-	-	-	1,907	5,006	33,698	27,652
Capital expenditure	298	336	-	-	-	-	13	61	311	397

Notes to the Financial Statements [cont'd]

31 December 2006

28. Financial risk management objectives and policies

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 main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below :

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. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, and other receivables (including related parties balances), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. However, cash term, advance payments and letters of credit are required from customers considered to be of high credit risks.

The Group has completed several network infrastructure projects for a customer who is a government agency in Myanmar. This customer has 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 2006, the total amount of the irrevocable letters of credit issued in favour of the Group of S\$11,165,000 (2005 : S\$12,039,000), which are classified as bills receivables (Note 15), and represents 48% (2005 : 57%) of the total trade receivables of the Group as at that date.

The Group also has concentration of credit risk to a customer who is a telecommunication operator in Vietnam. As at 31 December 2006, the amount of trade receivable due from this customer was S\$6,493,000 (2005 : S\$2,407,000) and represents 28% (2005 : 11%) of the total trade receivables of the Group as at that date.

The Group's maximum exposure to credit risk in the event the counter parties fail to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the consolidated balance sheet.

Liquidity risk

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.

Notes to the Financial Statements [cont'd]

31 December 2006

28. Financial risk management objectives and policies [cont'd]

Foreign currency risk

The Group has transactional currency exposures as it provides services and sells goods in several countries, and as a result, is exposed to movements in foreign currency exchange rates. The Group manages the foreign currency risks by monitoring the timing of the inception and settlement of foreign currency transactions and ensuring the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

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.

Interest rate risk

The Group's exposure to interest rate risk is minimal.

29 Financial instruments

(a) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short-term deposits, current trade receivables, other receivables, trade and other payables, loan from a financial institution, and bank overdrafts based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Financial instruments carried at other than fair value

The non-current trade receivable of the Group of S\$6,975,000 (2005 : S\$6,575,000) as at 31 December 2006 is carried at amortised cost using effective interest method.

It is not practical to determine, with sufficient reliability, the fair value of non-current trade receivable of the Group as at 31 December 2006 as there is no appropriate market discount factor or other methods readily available that could reasonably estimate the fair value.

Notes to the Financial Statements [cont'd]

31 December 2006

29 Financial instruments [cont'd](b) Interest rate risk

The following tables sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year S\$'000	1 - 2 years S\$'000	2 - 3 years S\$'000	3 - 4 years S\$'000	4 - 5 years S\$'000	More than 5 years S\$'000	Total S\$'000
2006 Group							
Fixed rate							
Finance lease liabilities	(4)	(5)	(5)	(5)	(5)	(4)	(28)
Floating rate							
Cash assets	1,532	-	-	-	-	-	1,532
Bill payables	(11,125)	-	-	-	-	-	(11,125)
Bank borrowings	(1,024)	-	-	-	-	-	(1,024)
Company							
Floating rate							
Cash assets	11	-	-	-	-	-	11
2005 Group							
Fixed rate							
Finance lease liabilities	(4)	(4)	(5)	(5)	(5)	(9)	(32)
Floating rate							
Cash assets	3,437	-	-	-	-	-	3,437
Bill payables	(8,744)	-	-	-	-	-	(8,744)
Bank borrowings	(221)	-	-	-	-	-	(221)
Company							
Floating rate							
Cash assets	2,196	-	-	-	-	-	2,196

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than six months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Notes to the Financial Statements [cont'd]

31 December 2006

30. Dividend on ordinary shares

	Group and Company	
	2006	2005
	S\$'000	S\$'000
<i>Declared and paid during the financial year:</i>		
Interim exempt (one-tier) dividend : Nil cents (2005 : 2 cents) per share	-	1,200
Final exempt (one-tier) dividend : 1.5 cents (2005 : Nil cents) per share	1,201	-
	<u>1,201</u>	<u>1,200</u>
<i>Proposed but not recognised as a liability as at 31 December :</i>		
Final exempt (one-tier) dividend for 2006 : 1.0 cents (2005 : 1.5 cents) per share	801	1,201
	<u>801</u>	<u>1,201</u>

31. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2006 were authorised for issue in accordance with a resolution of the directors on 27 March 2007.

Statistics of Shareholdings

as at 19 March 2007

SHAREHOLDERS' INFORMATION

Number of Shares	:	80,088,586
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	3	0.74	2,166	0.00
1,000	-	10,000	189	46.32	971,000	1.21
10,001	-	1,000,000	205	50.24	30,307,000	37.84
1,000,001	and	above	11	2.70	48,808,420	60.95
TOTAL:			408	100.00	80,088,586	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Fortune Technology Fund I Ltd	11,940,280	14.91
2.	1413783 Ontario Inc	11,206,000	13.99
3.	Mayban Nominees (Singapore) Private Ltd	8,072,000	10.08
4.	Goh Siok Kuan	6,000,000	7.49
5.	Lim Bee Hwa or Tan Lweng Nghoh	3,107,000	3.88
6.	HSBC (Singapore) Nominees Pte Ltd	2,456,000	3.07
7.	Chang Joo Whut	1,700,000	2.12
8.	Tan Kay Yeong	1,200,000	1.50
9.	Tay Boon Hwee	1,070,000	1.34
10.	Thng Joo Moi	1,043,000	1.30
11.	1413782 Ontario Inc	1,014,140	1.27
12.	Ilan Havered	1,000,000	1.25
13.	Lee Keen Whye	1,000,000	1.25
14.	Lim Cher Kwang	1,000,000	1.25
15.	Nam Jee Wah	1,000,000	1.25
16.	UOB Kay Hian Pte Ltd	860,000	1.07
17.	Tan Lian Neo Winnie	800,000	1.00
18.	Wui Swee Lian	800,000	1.00
19.	Phillip Securities Pte Ltd	741,000	0.93
20.	OCBC Securities Private Ltd	700,000	0.87
TOTAL :		56,709,420	70.82

Substantial Shareholders

as recorded in the Register of Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
Han Meng Siew ⁽¹⁾	1,531,000	1.91	6,000,000	7.49
Goh Siok Kuan ⁽¹⁾	6,000,000	7.49	1,531,000	1.91
Fortune Technology Fund I Ltd (FTFI) ⁽²⁾	11,940,280	14.91	-	-
TIF Asia Pte Ltd ⁽²⁾	-	-	11,940,280	14.91
G-Tech Investments Pte Ltd ⁽²⁾	-	-	11,940,280	14.91
EDB Investments Pte Ltd ⁽²⁾	-	-	11,940,280	14.91
Economic Development Board ⁽²⁾	-	-	11,940,280	14.91
McLean Watson Capital Inc. ⁽³⁾	-	-	12,970,140	16.19
McLean Watson Ventures II Limited Partnership ⁽³⁾	-	-	12,970,140	16.19
1413782 Ontario Inc. ⁽³⁾	1,076,382	1.34	-	-
1413783 Ontario Inc. ⁽³⁾	11,893,758	14.85	-	-

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 FTFI, is deemed by virtue of Section 7(4A) of the Companies' Act, Cap. 50 of Singapore to be interested in the shares in the Company 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 12,970,140 Negrator shares, which are held in trust by 1413782 Ontario Inc. and 1413783 Ontario Inc. (the "Nominee Corporations").

McLean Watson Capital Inc., which is the General Partner and Manager of McLean Watson Ventures, as well as sole shareholder of the Nominee Corporations, is deemed interested in the shares held by McLean Watson Ventures.

Percentage of Shareholding in Public's Hands

49.23% 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 SGX-ST.

Notice of Books Closure

NTEGRATOR INTERNATIONAL LTD.
Incorporated in Singapore
Co. Reg. No: 199904281D

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Ntegrator International Ltd. (the "Company") will be closed on 6 June 2007 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd, 3 Church Street #08-01, Samsung Hub, Singapore 049483 up to 5.00 p.m. on 5 June 2007 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 5 June 2007 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 23 April 2007 will be made on 26 June 2007.

Notice of Annual General Meeting

NTEGRATOR INTERNATIONAL LTD.
Incorporated in Singapore
Co. Reg. No: 199904281D

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 Monday, 23 April 2007 at 3.00 p.m. 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 2006 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of 1.0 Singapore Cent for the year ended 31 December 2006 (2005: 1.5 Singapore Cents). **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 89 of the Company's Articles of Association:

Mr Han Meng Siew	(Resolution 3)
Mr Tay Choon Chong	(Resolution 4)
4. To approve the payment of Directors' fees of S\$271,000 for the year ended 31 December 2006 (2005: S\$213,334). **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
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 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:

 - (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 issued 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 issued 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 percentage of issued shares shall be based on the issued shares of the Company 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 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. **(Resolution 7)**
[See Explanatory Note (i)]

Notice of Annual General Meeting [cont'd]

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 issued shares in the Company from time to time. [See Explanatory Note (ii)]

(Resolution 8)

By Order of the Board

Kenneth Sw Chan Kit
Yvonne Choo
Shirley Lim
Company Secretaries

Singapore, 5 April 2007

Explanatory Notes:

- (i) The Ordinary Resolution 7 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 issued 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 8 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 issued shares in 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 not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorized 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.





Proxy Form

NTEGRATOR INTERNATIONAL LTD.
Incorporated in Singapore
Co. Reg. No: 199904281D

(Please see notes overleaf before completing this Form)

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.

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 Monday, 23 April 2007 at 3.00 pm 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 2006		
2	Payment of proposed final tax exempt (one-tier) dividend		
3	Re-election of Han Meng Siew as a Director		
4	Re-election of Tay Choon Chong as a Director		
5	Approval of Directors' fees for FY2006 amounting to S\$271,000		
6	Re-appointment of Messrs Ernst & Young as Auditors		
7	Authority to allot and issue new shares		
8	Authority to allot and issue shares under the Ntegrator Share Option Scheme		

* Delete where inapplicable

Dated this _____ day of _____ 2007

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.

