Building on
Firm Foundation

ANNUAL REPORT 2017

Ntegrator International Ltd.

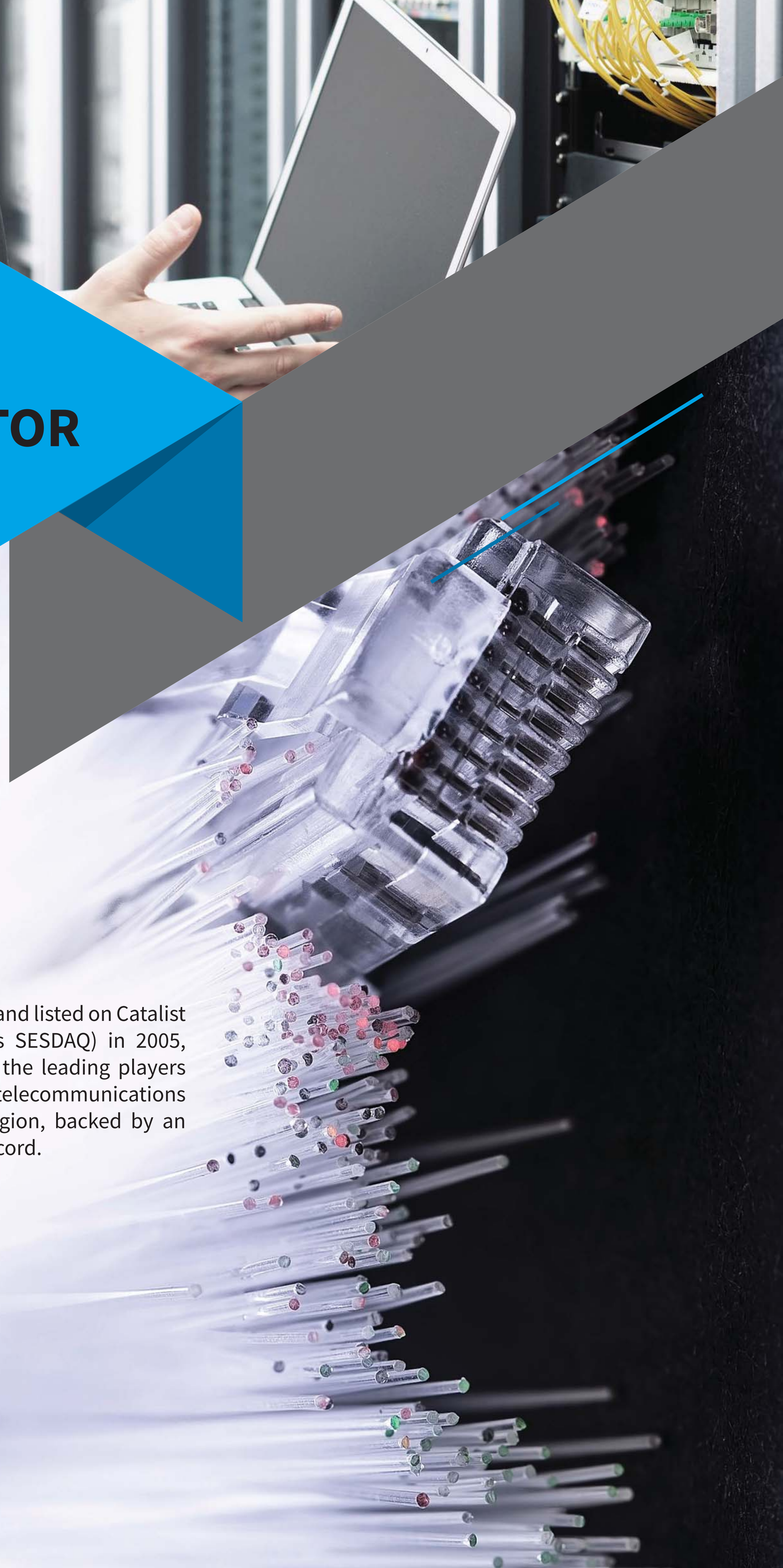
CONTENTS

OUR VISION

To be a Global,
World-Class
Provider of

Information Technology
and Telecommunications
Solutions, offering
High-Tech Network
Infrastructure
and Voice
Communication
Systems

ABOUT NTEGRATOR



Established in 2002 and listed on Catalist (formerly known as SESDAQ) in 2005, Ntegrator is one of the leading players in the IT and telecommunications industries in the region, backed by an established track record.

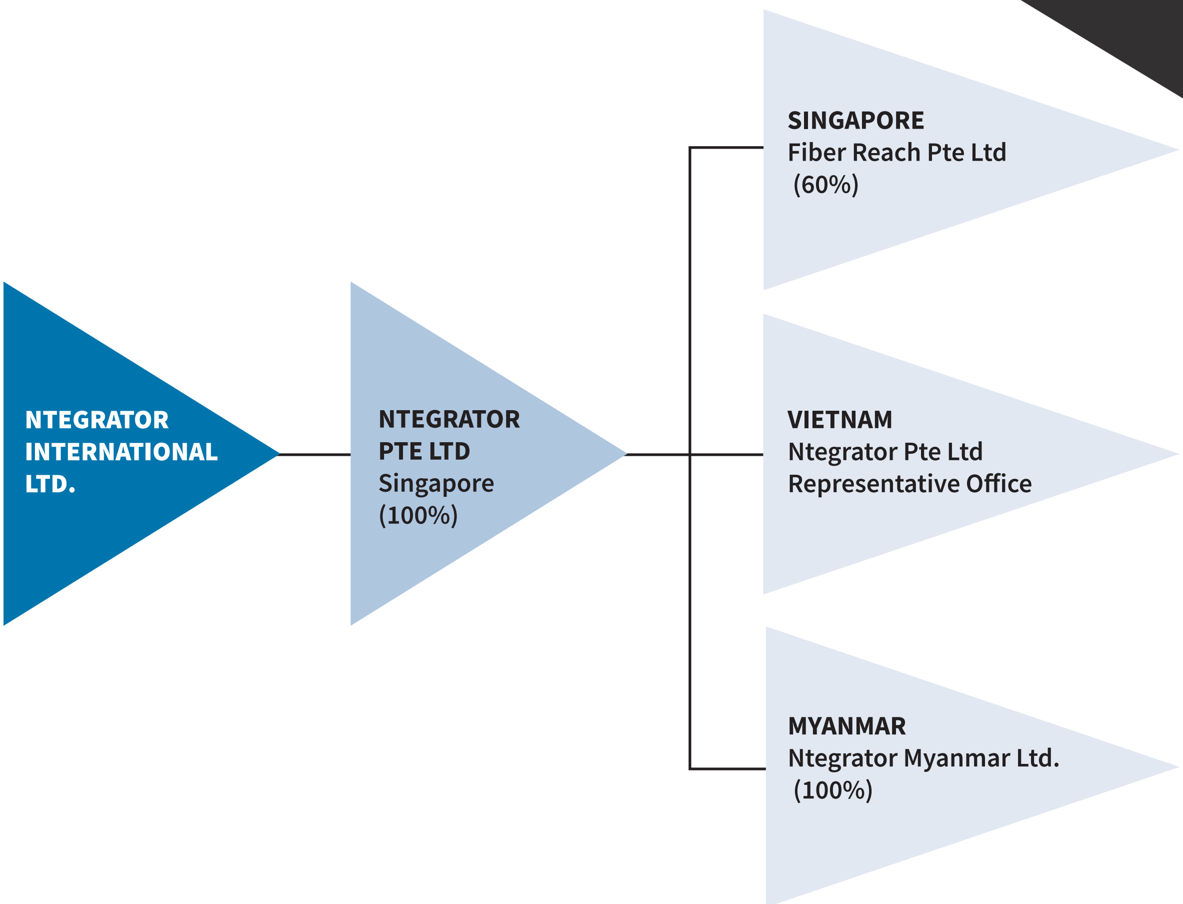
Ntegrator's core businesses include the design, installation and implementation of data, video, fiber optics, wireless and cellular network infrastructure as well as voice communication systems. The Group also provides project management services as well as maintenance and support services.

The Group counts companies such as Viettel (the largest Telco operator in Vietnam), Singtel, M1 and the Government of Myanmar amongst its well-established customer base. In addition, the Group is supported by its loyal key suppliers, including Alcatel Lucent and ECI Telecom - all leading players in their respective fields.

Headquartered in Singapore, Ntegrator has operations in the region, covering Singapore, Vietnam and Myanmar. The Group has established a strong foothold in these markets, and will continue to seek opportunities to expand geographically while growing its presence in existing markets.

The Group counts companies such as Viettel (the largest Telco operator in Vietnam), Singtel, M1 and the Government of Myanmar amongst its well-established customer base

GROUP STRUCTURE



OUR BUSINESS

Project Sales

Our Project Sales Division consists of Network Infrastructure and Voice Communication Systems.

Network Infrastructure

We integrate network infrastructure which enables end-users to communicate electronically within an organisation or with another organisation, either within the same country or globally.

We provide end-to-end infrastructural business solutions, such as:

- Network integration services, from fixed-line, e.g. Optical DWDM, SDH, IPDSLAM and ADSL, to wireless solutions, e.g. Microwave, VSAT and WIMAX;
- Design, installation and implementation of data, video, fiber optics, wireless and cellular network infrastructure; and
- Customised solutions according to customers' needs.

Voice Communication Systems

We are able to seamlessly integrate voice and data signals used in large organisations' telephone network, which include:

- PABX;
- Video conferencing systems;
- Voice messaging, recording or logging systems; and
- VoIP applications.

We also offer flexible and user-configurable systems for exact customisation to our customers' needs, ensuring the delivery of end-to-end enterprise business solutions.

Project Management and Maintenance Services

Our Project Management Services include the provision of installation and implementation services for our network infrastructure and voice communication systems.

We also offer onsite and online maintenance and support services. These services are supported by our 24-hour fault control hotline, hardware and software repair services, online CRM system services, 24-hour onsite support services and 24-hour remote dial-in services.

CHAIRMAN'S MESSAGE

Dear Shareholders,

The financial year ended December 31, 2017 ("FY2017") was a challenging one for Ntegrator International Ltd. ("Ntegrator" or the "Group"). Nonetheless, the Group continued to focus on our Project Sales as well as Project Management and Maintenance Services segments by pressing on with our business development efforts in key markets of Singapore, Myanmar and Vietnam.

Backed by our established track record and strong relationships with our customers, we were encouraged by the success of our efforts which materialised during FY2017 and at the beginning of 2018. However at the same time, we were faced with a blip in Vietnam as a result of unforeseen technical issues. Correspondingly, this had an impact on our financial performance for the financial year.

2017 in review

In FY2017, the Group recorded revenue of S$33.1 million, as compared to S$66.9 million achieved in the previous corresponding financial year. The reduction in revenue was largely due to lower revenue contribution from our Project Sales segment. During the financial year under review, the segment posted a revenue of S$10.5 million, against S$47.6 million in FY2016. The lower sales was mainly due to a number of technical issues faced in Vietnam, which resulted in the Group's customers declining to sign any new contracts and hence, impacting the Group's overall revenue.

Notwithstanding this, the Group's Project Management and Maintenance Services segment continued to provide a steady stream of recurring income, reported a 16.9% increase in revenue to S$22.6 million in FY2017.

In line with the lower Group revenue, Ntegrator's gross profit declined by 40.5% to S$7.0 million in FY2017. Gross profit from the Project Sales Segment decreased by S$1.9 million from S$3.7 million in FY2016 to S$1.8 million in FY2017, while gross profit from the Project Management and Maintenance Services Segment fell by 35.9% to S$5.2 million in FY2017 despite the segment's higher turnover. This is due to the additional costs incurred for a nationwide project which the Group had tendered for, where the project had been delayed for almost a year.

Overall, Ntegrator incurred a net loss of S$2.0 million in FY2017 compared to a net profit of S$2.9 million in FY2016.

At the close of FY2017, the Group maintained a sound balance sheet, with cash and cash equivalents of S$7.4 million, while total borrowings stood at S$20.6 million as at December 31, 2017. Shareholder's equity amounted to S$18.7 million as at December 31, 2017, while it stood at S$21.0 million as at December 31, 2016.

Moving into 2018: Building on a firm foundation

As we moved into 2018, the Group expects the business environment to stay challenging. With rising costs and keen competition to persist in the sector, margins are expected to be undermined.

Nevertheless, we are pleased to be awarded four new contracts from our repeat customers in Myanmar and Singapore in February 2018. Also, after resolving the technical issues in Vietnam, we have resumed discussions with our customers in Vietnam, including sending proposals to them. Additionally, we are awaiting the outcome of a tendered nationwide project in Singapore which has been pushed back for a year.

Moving forward, we will build on our firm foundation to drive growth and further strengthen our brand name in the industry. The Group will continue to capitalise on our strong relationships with existing customers and proven capabilities, as well as seek opportunities to expand our clientele base and strengthen our order book further. As at December 31, 2017, the Group's orderbook came to an all-time high of S$75.5 million, since our listing on the Singapore Exchange in 2005.

We reaffirm our commitment to sustainability with the publication of our maiden sustainability report guided by the Global Reporting Initiative Standards: Core option. For this sustainability report, we provide insights into the way we do business, while highlighting our environmental, social, governance and economic performance.

As a leading integration specialist for network infrastructure and voice communication systems, we are committed to maintain a sound sustainability reporting ("SR") framework to fulfil our social responsibility and safeguard the interest of the Group's stakeholders.

Han Meng Siew
Executive Chairman

April 2, 2018

Appreciation

In closing, I would like to express my sincere appreciation to our suppliers and customers for their unwavering support, which has helped us to build and reinforce our position as one of the leading players in the IT and telecommunications industries in the region.

I would also like to thank our Board members, management team and staff for their commitment and valuable contribution to the Group. Finally, to our shareholders, your continued faith in us will drive us to press ahead to overcome any unforeseen challenges and seize growth opportunities in our targeted markets.

OPERATIONS AND FINANCIAL REVIEW

The operating environment remained challenging in 2017 due to uncertainties in the global economy. Many customers in the network and communications space delayed spending for infrastructure projects, which contributed to the slowdown in demand worldwide, and subsequently intensified competition in the sector.

The difficult operating conditions were exacerbated when the Group had to deal with technical issues in Vietnam, which hindered the signing of new contracts by our customers in the country. As a result, the Group posted a 50.5% decline in revenue to S$33.1 million, which also contributed to the net loss of S$2.0 million incurred in FY2017.

The technical glitch we faced in Vietnam was from a single manufacturer and for a period of about six months. We worked with the customer and the manufacturer to determine the source and circumstances surrounding the technical glitch, and also checked on the warranty coverage of the equipment in question. During this period of time, the Group's Vietnamese customer declined approval of any new contracts until the issues were resolved. The issues have now been resolved with the replacement of the affected equipment by the manufacturer, which are covered under warranty. More importantly, we have started to present sales proposals to our Vietnamese customer.

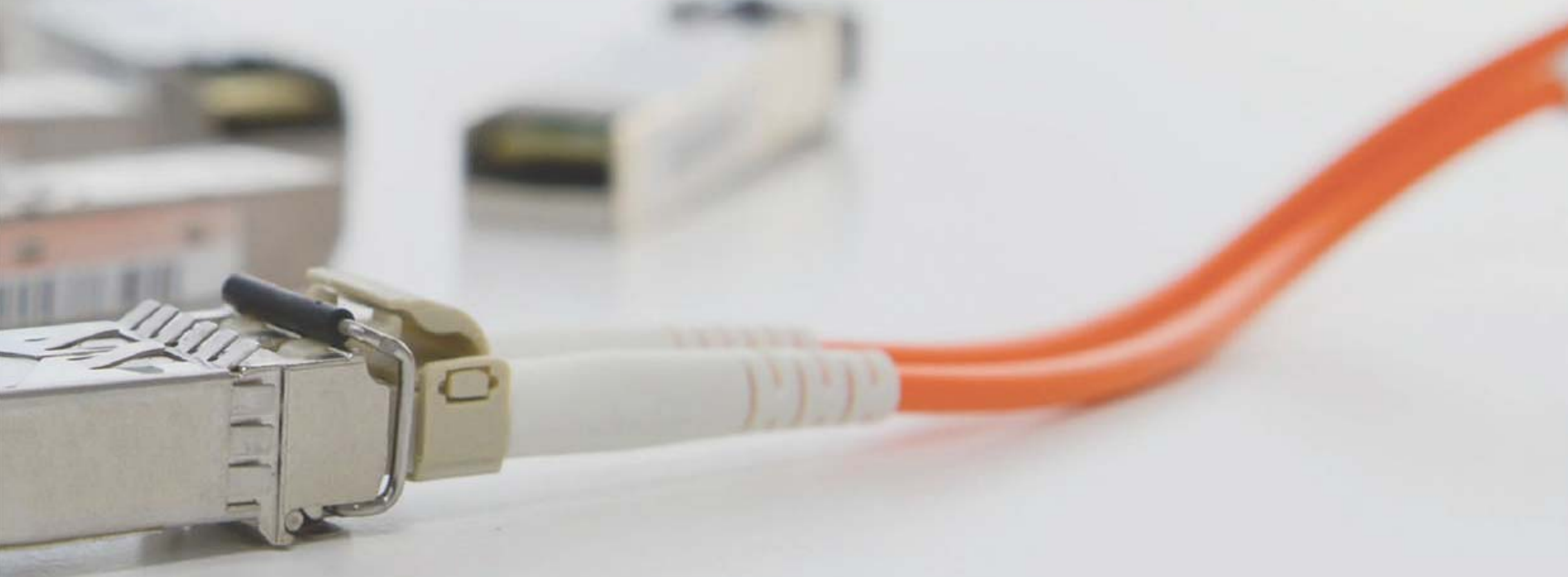
As a testament to the entrenched relationships we have established with our customers, the Group continued to secure repeat orders from them. At the outset of the financial year under review, we secured two major contracts worth a total value of S$47.8 million from a regional service provider and another Singapore based customer. Under the contracts, Ntegrator will provide fibre installation and maintenance services to these repeat customers.

Over in Myanmar, the Group continued our marketing efforts to expand our customer base and revenue streams. Although we did not secure any new contracts in FY2017, our efforts paid off when we were awarded a US$2.0 million (approximately S$2.7 million[1]) contract subsequent to the financial year end. Ntegrator will supply spare parts and ECI equipment to the Ministry of Defence which is completed in March 2018.

Additionally, the Group clinched three other projects in Singapore after FY2017. Under one of the three contracts, the Group will provide services in relation to a broadband fiber network. These services include installation, patching and re-instatement works, which commenced in January 2018, covering a contract period of three years.

The remaining two contracts from a regional service provider include a project to provide fiber works, while the other is an addition to an existing contract to supply pipeline and manhole works.

The above-mentioned three contracts are expected to contribute positively to the Group's financial performance over the next three financial years, subject to timely completion of the projects and effective cost management.



Excluding the four contract wins secured in February 2018, the Group's outstanding order book stood at S$75.5 million as at December 31, 2017, compared to S$36.2 million as at end of 2016. The rise in order book was largely due to repeat orders from Singapore. The Group expects a significant portion of the order book to be completed and contribute to Ntegrator's financial performance in the financial year ending December 31, 2018.

Moving forward, we will continue to leverage on our trusted brand name, proven track record and established relationships with customers to capture growth opportunities in our targeted markets of Singapore, Myanmar and Vietnam.

[1] *Based on exchange rate of USD$1.00 : S$1.31*

BOARD OF DIRECTORS

HAN MENG SIEW

EXECUTIVE CHAIRMAN

Mr Han was appointed as our Director in July 2004 and subsequently appointed as Chairman in March 2015. Mr Han was last re-elected to the Board in April 27, 2015. Mr Han brings to the Board over 30 years of experience in the telecommunications industry.

Mr Han started his career in the telecoms industry with Singapore Telecommunications Limited in 1981, following which he moved to Teledata (Singapore) Ltd ("Teledata") in 1987, serving as General Manager and subsequently, Managing Director. He was instrumental in the turnaround of Teledata, guiding it to its SGX-ST listing in 1994.

Mr Han holds a 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 AND EXECUTIVE DIRECTOR

Mr Chang was appointed as our Director in July 2002. He has been our Managing Director since the establishment of the Group in 2002, responsible for managing the day-to-day business operations and overseeing the business, development and engineering support of our Group.

Mr Chang began his career in the telecommunications industry at Singapore Telecommunications Limited in 1980. After a five-year stint at Wandel & Goltermann Ltd as a Consultant and subsequently, Regional Manager, Mr Chang joined Teledata in 1993, moving on to be an Executive Director cum General Manager of Plexus Technology Pte Ltd, a subsidiary of Teledata, in 1996.

Mr Chang has an Industrial Technician Certificate in Electrical Engineering from the Singapore Technical Institute and a Diploma in Telecommunications from City & Guild in London.

He also serves as a School Advisory Committee Member of Pierce Secondary School.

CHARLES GEORGE ST. JOHN REED

LEAD INDEPENDENT DIRECTOR

Mr Reed was first appointed as our Independent Director in June 2003 and was last re-elected to the Board on April 25, 2016. He was further appointed as the Lead Independent Director in March 2015. Mr Reed began his career in the British Army as an officer in the Royal Engineers. After the Army, he joined PriceWaterhouseCoopers in the Management Consultancy division and subsequently joined PT Excelcomindo Pratama as General Manager where he was responsible for launching the 3rd national GSM telephone company in Indonesia.

Mr Reed also held senior management positions at British Telecom (Hong Kong) as Director of Programme Management, Telecom Venture Group (a Hong Kong based private equity fund), Personal Broadband Australia Pty Limited, Capena Ltd (BVI), DOCOMO interTouch Pte Ltd. (NTT DOCOMO's wholly-owned subsidiary) and was an audit committee member of Mobile Telecom Network (Holdings) Limited which was listed on the Hong Kong Stock Exchange's Growth Enterprise Market.

Mr Reed is currently the Chief Executive Officer and Managing Director of Royal Greyhound Pte Ltd one of the leading marine port operators in Singapore.

Mr Reed holds a Bachelor of Science degree in Engineering Mathematics from Bristol University, United Kingdom.

LAI CHUN LOONG

INDEPENDENT DIRECTOR

Mr Lai was appointed as our Independent Director in September 2005 and was last re-elected to the Board on April 25, 2016.

He is a Corporate Advisor to Temasek International Advisors Pte Ltd.

Mr Lai was the founding and Executive Chairman of the Vietnam Singapore Industrial Park. He assisted to bring foreign investments to Vietnam from 1996. For his contributions to Vietnam, Mr Lai was awarded the Friendship Medal by the President of Vietnam in 2006.

He started his career at the Chartered Industries of Singapore ("CIS") in 1968 and rose to the position of Managing Director in 1983. Mr Lai was later appointed as President of CIS in 1989. He moved to head Sembawang Industrial Pte Ltd as its Deputy Chairman and President in 1993.

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 Harvard Advanced Management Program in fall 1987.

Mr Lai was awarded a Public Service Medal (PBM) in 1992.

LEE KEEN WHYE

INDEPENDENT DIRECTOR

Mr Lee was appointed as our Independent Director in August 2008 and was last re-elected to the Board on April 26, 2017. He is the Managing Director of Strategic Alliance Capital Pte Ltd ("SAC"), a venture capital and investment management advisory company. Before founding SAC, Mr Lee was the founder and Managing Director of Rothschild Ventures Asia Pte Ltd, a member of the N M Rothschild & Sons global merchant banking group from 1990 to 1997. Prior to that, he was an Associate Director with Kay Hian James Capel Pte Ltd, which he joined in 1987 as Head of Research for Singapore and Malaysia.

Between 1985 and 1987, Mr Lee was based in California and worked with venture capital companies seeking investments in emerging growth companies. Prior to that, he was an Investment Manager with the Government of Singapore Investment Corporation.

Mr Lee currently sits on the Boards of several SGX-ST companies, including Vard Holdings Ltd and Santak Holdings Ltd. Mr Lee holds a Master's degree in Business Administration from Harvard Business School and a Bachelor's degree in Business Administration from the University of Singapore.

KEY MANAGEMENT

KENNETH SW CHAN KIT

FINANCIAL CONTROLLER

As the Financial Controller, Kenneth Sw is responsible for our Group's financial activities. As one of our pioneer staff who joined Ntegrator since our inception in 2002, he has developed, built and implemented the region-wide financial framework, support, processes and procedures necessary to support the Group's operations.

Kenneth started his career with Matsushita Electronics (S) Pte Ltd and has, in the course of more than 30 years in the financial field, moved up to positions of higher responsibilities, both at HQ and region-wide levels. He has held positions as Finance Manager and CFO in various organisations, including Sembawang Engineering Pte Ltd, Teledata (Singapore) Ltd, e-Cop Pte Ltd and Intrawave Pte Ltd.

Kenneth is a Fellow of the Association of Chartered Certified Accountants and non-practising fellow member of the Institute of Singapore Chartered Accountants.

VINCENT VINU EDWARD

GENERAL MANAGER, NETWORK INFRASTRUCTURE (SINGAPORE)

Another pioneer staff, Vincent Edward also joined Ntegrator since we started in 2002 and he currently oversees the sales and marketing activities of our Group's network infrastructure products and services in Singapore. Previously a Project Engineer with Sembawang Corporation Limited, Vincent joined Teledata (Singapore) Ltd in the same capacity. He was seconded to Plexus Technology Pte Ltd in 1999 as its Group Manager.

Vincent graduated from National University of Singapore with Master of Science in System Design and Management and Aberdeen University with a Bachelor's degree in Engineering (Honours).

RAYMOND CHIA KOK HIAN

GENERAL MANAGER, NETWORK INFRASTRUCTURE (REGIONAL)

Raymond Chia joined our Group in 2007 where he was the Project & Pre-sale Manager in charge of planning project schedules as well as preparing tenders for submission.

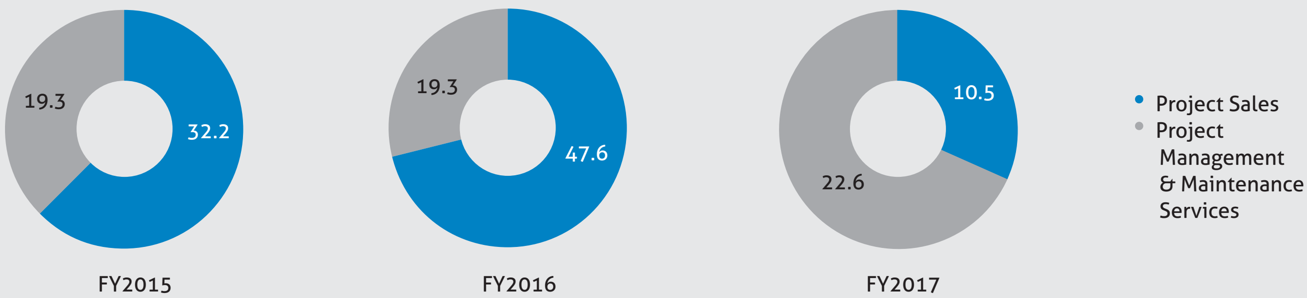
He was appointed Managed Service Consultant in 2012 and oversaw the implementation of all phases of selected Managed Service projects by the Group. In 2014, Raymond was the Sales Director for the Group's Myanmar Market, where he was responsible for sourcing premier buyers, as well as formulating sales plans to help the Group adapt to changes in the market. Raymond currently holds the title of General Manager, Network Infrastructure (Regional).

Prior to joining Ntegrator, Raymond held various engineering positions in companies such as Zhone Technologies Inc., AT & T Paradyne, Teledata (Singapore) Ltd and Philip Singapore Pte Ltd.

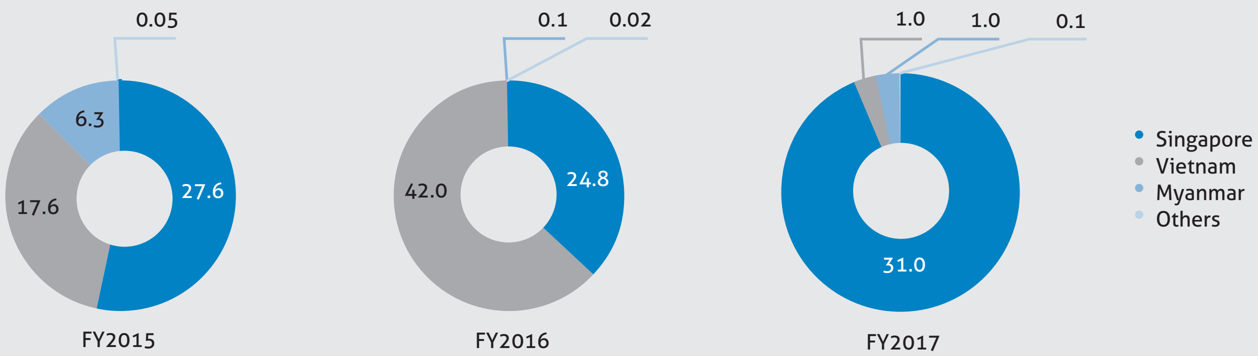
Raymond holds a Diploma in Electronic Engineering.

FINANCIAL HIGHLIGHTS

Revenue Breakdown by Activities
(S$million)



Revenue Breakdown by Geographical Markets
(S$million)



Gross Profit & Net Profit/ (Loss) After Income Tax
(S$' million)

	FY2015	FY2016	FY2017
Gross Profit	10.99	11.76	6.99
Net Profit/ (Loss)	2.03	2.86	(2.04)

Earnings/ (Loss) Per Share
(cents)

	FY2015	FY2016	FY2017
Earnings/ (Loss) Per Share	0.17	0.30	(0.17)

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Ntegrator International Ltd (the "Company") is committed to maintaining a high standard of corporate governance. The Board and Management have taken steps to align the governance framework with the 2012 Code of Corporate Governance (the "Code").

As required by Rules of Catalist 710 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules"), the Company is pleased to disclose below a description of its corporate governance processes and activities with specific reference to the Code. Other than the specific deviations or alternative corporate governance practices adopted by the Company as set out in this report, the Company has complied with the principles and guidelines of the Code.

Board of Directors

Principle 1: The Board's Conduct of Affairs

The principal functions of the Board are:

a. Providing entrepreneurial leadership, setting corporate objectives and approving the Group's key business strategies, human resources and financial objectives;
b. approving the annual budget, major investments and divestments, and funding proposals;
c. overseeing the processes for evaluating the adequacy of internal controls and risk management covering, financial reporting risks, operational risks, information technology risks and compliance risks annually;
d. setting the Company's values and standards to ensure obligations to shareholders and other stakeholders are met including safeguarding of shareholders' interests and the company's assets;
e. identify key stakeholder groups and recognize the importance of their perception on the Company's standing and reputation;
f. approving the nominations of Board of Directors and appointments of Key Management Personnel[1];
g. approving financial statements, half year and full year results and relevant announcements;
h. reviewing management performance; and
i. assuming responsibility for corporate governance and compliance with the Companies Act and the rules and requirements of regulatory bodies; and
j. consider sustainability issues, e.g. environmental and social factors as part of the Group's strategic foundation.

The Board has adopted internal guidelines on matters reserved for the Board's approval including, the following material transactions –

- Strategies and objectives of the Group;
- Investment and divestment;
- Funding and major capital investment;
- Acceptance of term loans and lines of credit from banks and financial institutions;
- Announcement of half-year and full-year results;
- Chairman's statement, corporate governance report and issue of Annual Report;
- Issuance of shares; and
- Proposal of/declaration of dividends.

To assist the Board in discharging its fiduciary duties and responsibilities at all times in the interests of the Company, the Board delegates specific authority to its Board Committees including the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each Board committee operates within its own Terms of Reference which set out the duties, authority and responsibilities of each committee. Board Committees remain accountable to the Board.

The Board conducts regular scheduled meetings during the year. When required, ad-hoc meetings are conducted to address significant issues or approve major transactions.

The Company's Articles of Association allow Board Meetings to be conducted by way of telephone conferencing or any other electronic means of communications.

1 Key Management Personnel means the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.

Board of Directors (continued)

Principle 1: The Board's Conduct of Affairs (continued)

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings in the Financial Year 2017 ("FY2017") are summarised in the table below:

Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nominating Committee Meetings
Han Meng Siew	2	-	-	-
Chang Joo Whut	2	-	-	-
Lai Chun Loong	2	2	1	1
Charles George St. John Reed	2	2	1	1
Lee Keen Whye	2	2	1	1
No. of Meetings Held in 2017	**2**	**2**	**1**	**1**

The Directors are familiar with the Group's business and governance practices and have been briefed on their responsibilities as Directors of a listed company.

Directors (including the first time directors) are encouraged to attend training courses funded by the Company to keep abreast with latest developments in corporate, financial, accounting, legal, industry-specific knowledge and other compliance requirements.

New Directors, when appointed to the Board, would be briefed on the Group's business activities and its strategic directions as well as statutory and other responsibilities as a Director. Formal letters are issued upon appointment, to further explain their duties and obligations. There was no appointment of new Director in 2017.

Principle 2: Board Composition and Guidance

The Board comprises 5 Directors, more than half of whom are Independent Directors.

The composition of the Board is –

Executive Directors

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

Independent Non-Executive Directors

Charles George St. John Reed (Lead Independent Director)
Lai Chun Loong
Lee Keen Whye

The Board comprises Directors who are professionals with core competencies, such as business or management expertise, finance and strategic planning experience, customer and industry-based exposure and knowledge. As a group the Board, provides an appropriate balance and diversity of skills, experience and knowledge that each Director brings in harnessing Group strategy and objective.

Details of the Directors' academic, professional qualification and other appointments are set out on pages 10 and 11 of the Annual Report.

The NC reviews the independence of non-executive Directors annually, particularly those who have served more than nine years. For FY2017, the NC had assessed the independence of Mr Charles George St. John Reed, Mr Lai Chun Loong and Mr Lee Keen Whye, who have served the Board for more than nine years. In this assessment, the NC had taken into account the approach, character, integrity, objectivity and attitude of each Independent Director in dealing with affairs of the Company and, in particular each of his business, contractual or, other relationships which could be perceived to interfere with the exercise of the Director's independent business judgement. This assessment is further supported by the written confirmation of independence which each Independent Director is required to complete and submit to the NC for review.

Board of Directors (continued)

Principle 2: Board Composition and Guidance (continued)

Based on the assessment, the NC had determined that Mr Charles George St. John Reed's, Mr Lai Chun Loong's and Mr Lee Keen Whye's tenure had not affected their independence or ability to bring about independent and considered judgement to bear in the discharge of their duties as Members of the Board. The NC had recommended and the Board had concurred that Mr Reed, Mr Lai and Mr Lee continue to be independent not withstanding the length of tenure in office.

None of the Independent Directors are related to and do not have any relationship with the Company, its related corporations, its 10% shareholders, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement. In its assessment, the NC has taken into account the definition of independence as stated in the Code.

Each member of the NC had abstained from deliberation in respect of assessment of his own independence and length of service.

Taking into account the nature and scope of the Group's operations and the requirements of its business, the Board is of the view that its current size and composition are appropriate to facilitate effective decision making.

The Independent and Non-Executive Directors are encouraged to constructively challenge and assist with development of Management's business proposals and, to review and monitor Management's performance in meeting agreed goals and objectives.

Independent Directors communicate with each other without the presence of Management, as and when the need arises.

Principle 3: Chairman and Managing Director

The functions of the Chairman and the Managing Director are assumed by two individuals. The Chairman, Mr Han Meng Siew and the Managing Director, Mr Jimmy Chang are both Executive Directors.

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

The Chairman:-
- (a) leads the Board to ensure its effectiveness on all aspects of its role;
- (b) sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promotes a culture of openness and debate at the Board;
- (d) ensures that the Directors receive complete, adequate and timely information;
- (e) ensures effective communication with shareholders;
- (f) encourages constructive relations within the Board and between the Board and Management;
- (g) facilitates the effective contribution of Non-Executive Directors in particular; and
- (h) promotes high standards of corporate governance.

In line with the recommendation in Guideline 3.3 of the Code, Mr Charles George St. John Reed was appointed as Lead Independent Director with effect from 2 March 2015. As Lead Independent Director, Mr St. John Reed is available to address shareholders' concerns on issues for which communication with the Executive Chairman or Financial Controller has failed to resolve, or where such communication is inappropriate.

Where appropriate and necessary, the Independent Directors would meet without the presence of the Executive Directors and Management, for the Lead Independent Director to provide feedback to the Chairman.

Nominating Committee

Principle 4: Board Membership

The NC comprises 3 Directors, all of whom are independent, namely -

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

The 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.

The duties of the NC are as follows:
(1) To review the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;
(2) To review annually the independence of each Director with reference to the criteria set out in the Code;
(3) To review all nominations for new appointments and re-appointments of Directors and put forth their recommendations for approval by the Board;
(4) To determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations;
(5) To review Board succession plans, in particular, the Chairman and Managing Director;
(6) To assess the effectiveness of the Board as a whole and its Board Committees and Directors;
(7) To review training and professional development programmes for the Board; and
(8) To develop a process for evaluation of the performance of the Board, its Board Committee and Directors.

Other than the Managing Director, all Directors are subject to re-nomination and re-election at least once every three (3) years. Mr Han Meng Siew will retire by rotation at the forthcoming Annual General Meeting ("AGM") and has offered himself for re-election.

The NC has recommended the nomination of Mr Han Meng Siew retiring by rotation for re-election at the forthcoming AGM.

Although some of the Directors have multiple Board representations, the NC is satisfied that each Director had accorded sufficient time and effort in fulfilling his duties, responsibilities and obligations as a Board member. The NC and Board believe that setting a maximum number of listed company board representations is not meaningful as Directors should be assessed through qualitative factors such as competencies, contribution to discussions, attendance and time commitment in dealing with the Company's affairs.

None of the Directors have appointed any Alternate Director.

Key information regarding Directors and their profiles are set out on pages 10 and 11 of the Annual Report. The shareholdings and interests of each Director is set out in the Directors' Statement under the relevant sections on page 33 to 38 of the Annual Report.

When required, the search for new Directors will first be initiated through contacts or, recommendations of Board members and/or business associates. The NC assesses the suitability of the candidate based on his/her character, skills, knowledge and experience and, his/her ability and willingness to commit time to the Company, before making a recommendation to the Board for appointment.

Principle 5: Board Performance

The NC has in place a Board performance evaluation process where the effectiveness of the Board as a whole is assessed. This annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allowed Directors to discharge their duties effectively and to propose changes which may be made to enhance Board effectiveness as a whole.

Nominating Committee (continued)

Principle 5: Board Performance (continued)

Performance evaluation for FY2017 was conducted by having all Directors complete a questionnaire covering the following areas –

- Board structure
- Strategy and performance
- Governance – Board Risk Management & Internal Controls
- Board Function – Information to the Board, Board Procedures, CEO/Top Management and Standards of Conduct

No external facilitator was engaged by the Board for the evaluation.

In evaluating its performance, the Board also took into account the attendance, contribution and participation of each Director at Board Meetings.

The NC, having reviewed the performance of the Board, is of the view that the performance of the Board as a whole and, the contribution of each Director to the effectiveness of the Board has been satisfactory.

Separate assessments of performance of Board Committees were carried by the AC, RC and NC.

Principle 6: Access to Information

Reports on the Company's performance and business activities are provided to every Board member in a complete, adequate and timely manner. Such information includes background information, copies of disclosure documents, management reports, budgets, forecasts, financial statements, variance analysis and related documents in respect of matters brought before the Board for discussion. In respect of budget, any material variances between projections and results will be disclosed and explained.

To keep the Board abreast with the Group's business, the Executive Chairman meets with the Independent Directors on a monthly basis to keep them updated and apprised of Group strategies, on-going projects, business environment and related developments that may impact the Group.

All Directors have direct and independent access to senior management and to the Company Secretary and are entitled to request from Management and are provided with such additional information as needed to make informed decisions, in a timely manner.

The appointment of the Company Secretary and any change thereof is a matter for the Board. The Company Secretary attends all Board and Board Committee meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with.

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

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:-

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

Remuneration Committee (RC) (continued)

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration (continued)

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 Management Personnel 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 and performance share plan in accordance with the rules of the Company's Share Option Scheme and Performance Share Plan.

The Group's remuneration policy comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is determined, after taking into consideration the performance of the Group and the individual employee, as well as the general economic climate.

In setting remuneration packages for Executive Directors and Key Management Personnel 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 Management Personnel. The RC may seek external professional advice on compensation and other employment-related matters, as and when required. No external consultant was engaged in FY2017.

Executive Directors are on service contracts, which are subject to annual review. The RC is of the view that the Executive Directors' service contracts are not excessively long or include onerous removal clauses.

The Executive Directors who are on service contracts which may be terminated by either party giving three months' notice, do not receive Directors' fees. Their remuneration packages comprise salaries, annual wage supplement, performance shares and a share of profits based on the Group's performance. The performance-related share award and benefits are to align their interests with those of the shareholders and link rewards to corporate and individual performance. No performance shares have been awarded to Executive Directors since 2010.

Independent and Non-Executive Directors receive Directors' fees, which take into account their level of contribution, time and effort spent and responsibilities. Non-executive Directors are not over-compensated to the extent that their independence may be compromised and are subject to shareholders' approval at the AGM.

No Director is involved in determining his own remuneration.

The use and application of clawback provisions in remuneration contracts of Executive Directors and Key Management Personnel is subject to further consideration by the Company.

In view of confidentiality and sensitivity attached to remuneration matters, the Board is of the view that it is not in the interest of the Company to fully disclose the remuneration of each Director and Key Management personnel as well as the aggregate remuneration of the Key Management personnel.

A breakdown (in percentage terms) of Directors' remuneration and that of the Group's top 3 Key Management Personnel who are not Directors, for the financial year ended 31 December 2017, falling within broad bands, are set out below –

(A) Directors' Remuneration

Name	Fees %	Salary[1] %	Other Benefits[2] %	Total %
Between $500,000 to $750,000				
Han Meng Siew	-	94.4	5.6	100
Between $250,000 to $500,000				
Jimmy Chang Joo Whut	-	93.8	6.2	100
Below $250,000				
Charles George St. John Reed	100	-	-	100
Lai Chun Loong	100	-	-	100
Lee Keen Whye	100	-	-	100

Remuneration Committee (RC) (continued)

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration (continued)

(B) Remuneration of top 3 Key Management Personnel who are not Directors

Name	Salary[1] %	Other Benefits[2] %	Total %
Between $250,000 to $500,000			
Kenneth Sw Chan Kit	91.6	8.4	100
Below $250,000			
Vincent Vinu Edward	96.5	3.5	100
Raymond Chia Kok Hian	96.1	3.9	100

Notes:
(1) Includes AWS and CPF
(2) Transport, medical, insurance.

Details of Directors' interests in Shares and the Company's Share Option Scheme are set out on page 33 to 37 of the Annual Report.

(C) Remuneration of immediate family members of Directors

There were no employees who were immediate family members of any Director or, the Managing Director, in FY2017.

(D) There were no termination, retirement or post-employment benefits granted to Directors and the top 3 Key Management Personnel (who are not Directors).

Principle 10: Accountability

The Board is accountable to shareholders while Management is accountable to the Board. Management presents to the Board half-year and full-year financial statements and such other reports, as may be required.

Management provides the Board with appropriate detailed management accounts together with explanation and information, in a timely manner and, as and when required by the Board, to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

To ensure that the Company complies with relevant regulatory requirements, the Board reviews legislative and regulatory updates, with the assistance from the Company Secretary. These updates may be supplemented with attendance at related seminars/courses, at the Company's expense.

Principle 11: Risk Management & Internal Controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

The Group's Risk Management Framework which identifies key risks within the Group's businesses, is aligned with the ISO 31000:2018 Risk Management framework. The Risk Management Framework is reviewed by the Audit Committee and approved by the Board.

Principle 11: Risk Management & Internal Controls (continued)

The AC oversees risk governance which includes the following roles and responsibilities:

- proposes the risk governance approach and risk policies for the Group to the Board;
- reviews the risk management methodology adopted by the Group;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and
- reviews Management's assessment of risks and Management's action plans to mitigate such risks.

Annually, Management presents a report to the AC and the Board on the Group's risk profile, the risk mitigation action plans and the results of various assurance activities carried out on the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management and, internal and external audits performed by the internal and external auditors.

The Board has received assurance from the Managing Director and the Financial Controller that -

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and
(b) the Company's risk management and internal control systems are effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, various Board Committees and the Board, the Board (with concurrence of the AC) is of the opinion that the Group's risk management and internal control systems addressing financial, operational, compliance and information technology controls, are adequate and effective.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee

The AC comprises 3 Directors, all of whom are Independent Directors. The composition of the AC is as follows:-

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

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

The AC assists the Board in its oversight of financial, risk, audit and compliance matters.

The AC reviews the scope and results of work and the effectiveness, 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 met with the Company's Internal Auditors and External Auditors to review their audit plans and discuss the results of their respective examinations and their evaluation of the Group's operations and system of internal accounting controls and reporting to the Board bi-annually.

The AC met the Internal Auditors and External Auditors once a year without the presence of the management. The AC also reviews transactions with interested persons and related parties (if any). It recommends the appointment or re-appointment of External Auditors, reviews audit fees and non-audit services performed by the External Auditors.

The External Auditors provide regular updates and periodic briefing to the AC on changes or amendments to accounting standards to enable AC members keep abreast with such changes and their corresponding impact, if any, on financial statements.

Principle 12: Audit Committee (continued)

The AC performed independent reviews of the financial statements of the Company and the Group and any announcement relating to Company's performance.

The External Auditors had not provided any non-audit services in FY2017.

The AC and the Board are satisfied that the appointment of a different auditor for a subsidiary in Myanmar would not compromise the standard and effectiveness of the audit of the Group. The Company has complied with Catalist Rules 712, 715 and 716 in respect of the appointment and re-appointment of External Auditors.

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 and, reasonable resources to enable it to function properly.

Whistle-Blowing Policy

The Company has a Whistle-Blowing Policy which serves to encourage and to provide a channel for staff of the Group, to report and to raise in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other matters. This Policy is to ensure that arrangements are in place, for the independent investigation of such matters and concerns raised on financial or other improprieties, and for appropriate follow-up action.

The objectives of the Whistle-Blowing policy are:

- To communicate the Company's expectation of employees of the Group in detecting fraudulent activities or malpractices;
- To guide employees on the course of action when addressing their concerns or suspicions of fraudulent activities or malpractices;
- To provide a process for investigations and management reporting; and
- To establish the policies for protecting whistle-blowers against reprisal by any person internal or external of the Group.

Principle 13: Internal Audit ("IA")

The internal audit function of the Group is outsourced to Yang Lee & Associates ("IA"), an independent firm. The IA is guided by the Standards of the Professional Practice of Internal Auditors, prescribed by the Institute of Internal Auditors.

The IA reports to the AC functionally, and to the Managing Director and Financial Controller administratively. The IA have unfettered access to all the Company's documents, records, assets and personnel, including access to the AC. The AC approves the appointment, removal, evaluation and compensation of the IA.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that the internal audits are performed effectively. The AC is satisfied that the IA is staffed by qualified and experienced personnel.

The IA completed two reviews in FY2017 in accordance with the internal control plan developed and approved by the Board under the Group Risk Management Framework. The findings and recommendations of the IA, Management's responses, and Management's implementation of remedial actions have been reviewed and approved by the AC.

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Board places strong emphasis on investor relations for the Company to maintain high standard of transparency so as to promote better investor communications. Shareholders are kept apprised of any changes in its business and information that would likely affect the value of the Company's shares are provided on a timely basis.

The Company disseminates material information simultaneously through press releases via SGXNet and electronic mail to the media. Press releases, interim and full-year financial results and annual reports which are posted on SGX's website are also available on the Company's website www.ntegrator.com. All shareholders of the Company receive the Annual Report and Notice of AGM, within the statutory period. In order to gather views or inputs and address shareholders' concerns, shareholders are given the opportunity to voice their views and to direct questions regarding the Group to Senior Management and Directors, including the Chairman and Chairmen of Board Committees, at shareholders' meetings. The External Auditors will also be present at AGMs to assist the Board in addressing shareholders' queries.

All Directors are encouraged to be present at all general meetings of the Company.

The Company allow corporations which provide nominee services to appoint more than 2 proxies so that shareholders who hold shares through such corporations can attend and participate in shareholders' meetings as proxies.

At present, the Company has not adopted any procedures for shareholders to vote in absentia and will review this option, when guidelines for such procedures are developed, in the future.

At general meetings, separate resolutions are proposed for each substantially separate issue to avoid bundling of resolutions unless the resolutions are inter-dependent and linked to form one significant proposal.

At general meetings resolutions are voted on by poll and the results, including the number of votes cast for and against each resolution, are announced via SGXNet.

Minutes of general meetings incorporating relevant substantial comments from shareholders, are made available to shareholders present at the relevant meeting, upon request.

The Company currently, does not have a formal dividend policy. Before proposing any dividend, the Board considers factors such as earnings, financial results and position, capital requirements, cash flows and business development plans.

SECURITIES TRANSACTIONS

The Group has adopted a Code of Best Practices for Dealings in Securities (the "Code of Best Practices") which defines the Group's policy on dealings in securities of the Company and implications of Insider Trading. To comply with Rule 1204(19)(b) and in line with our Code of Best Practices, Directors and Key Management Personnel of the Group who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company during 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. In addition, Directors and Key Management Personnel of the Group are not allowed to deal in the Company's shares or, securities, on short-term considerations.

Directors and Key Management Personnel are required to confirm annually that they have complied with the Code of Best Practices with regards to their securities transactions.

ENTERPRISE RISK MANAGEMENT POLICIES AND PROCESSES

The Company's Enterprise Risk Management policies are summarised as follows:-

Technological Changes

We are dependent on principals to improve and innovate 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. Special payment arrangements are reviewed on a case-by-case basis and will be secured by export letters of credits.

Suppliers

We procure and supply equipment to customers which are sourced from reputable suppliers or, manufacturers approved by customers. These equipment which may fail to meet customers' expectation or, operating requirements are covered by manufacturers' warranties.

Key Management Personnel

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

MATERIAL CONTRACTS

Other than the Service Agreements with each of our Executive Directors, Messrs Han Meng Siew and Jimmy Chang Joo Whut, there were no material contracts in FY2017 which are required to be disclosed under Catalist Rule 1204(8).

INTERESTED PERSON TRANSACTIONS

There were no transactions with Interested Persons in FY2017.

SPONSORS

No non-sponsor fees were paid to the Sponsor, Asian Corporate Advisors Pte. Ltd. in 2017.

Sustainability Management

1. Board's Statement

With the publication of our maiden sustainability report ("Report"), we reaffirm our commitment to sustainability with the publication of our maiden sustainability report guided by the Global Reporting Initiative ("GRI") Standards: Core option. For this sustainability report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") and economic performance.

Whilst mindful of our profit oriented objective, we are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure a long term future of our Group. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in this sustainability report.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organizational and external developments.

2. Reporting Framework

In preparing this sustainability report, we are guided by the GRI Standards: Core option.

3. Reporting Period

This sustainability report is applicable for the Group's financial year ended 31 December 2017 ("FY 2017"). A sustainability report will be published annually thereafter in accordance with our SR Policy.

4. Availability

Our sustainability report, published as part of our Annual Report, is available both in print and as a downloadable PDF on our website at http://www.ntegrator.com.

5. Feedback

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: ir@ntegrator.com

6. Stakeholder Engagement

The Group's efforts on sustainability is focused on creating sustainable value for its key stakeholders, which comprise customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by operations of the Group. We actively engage our key stakeholders through the following channels:

6. Stakeholder Engagement (continued)

S/N	Key stakeholder	Engagement channel
1	Customer	Customers are encouraged to provide their feedback through channels such as email communication, phone calls and tele-conferences.
2	Employee	Senior management holds regular communication sessions with employees for effective flow of information and alignment of business goals across all levels of workforce and regular staff evaluation sessions where employees can pose questions in person.
3	Regulator	The Group participates in consultations and briefing organised by key regulatory bodies such as Singapore Stock Exchange so as to furnish feedback on proposed regulatory changes that impact the Company's business.
4	Shareholder	The Group conveys timely, full and credible information to shareholders through announcement on SGXNET, Company's website (http://www.ntegrator.com), annual general meetings, annual reports, and other channels such as business publications and investors' relation events.
5	Supplier	The Group works closely with suppliers to ensure smooth delivery of products. In general, new and existing suppliers are assessed by respective work teams based on specified criteria. The feedbacks are provided to suppliers to ensure standards of products or services delivered by suppliers.

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

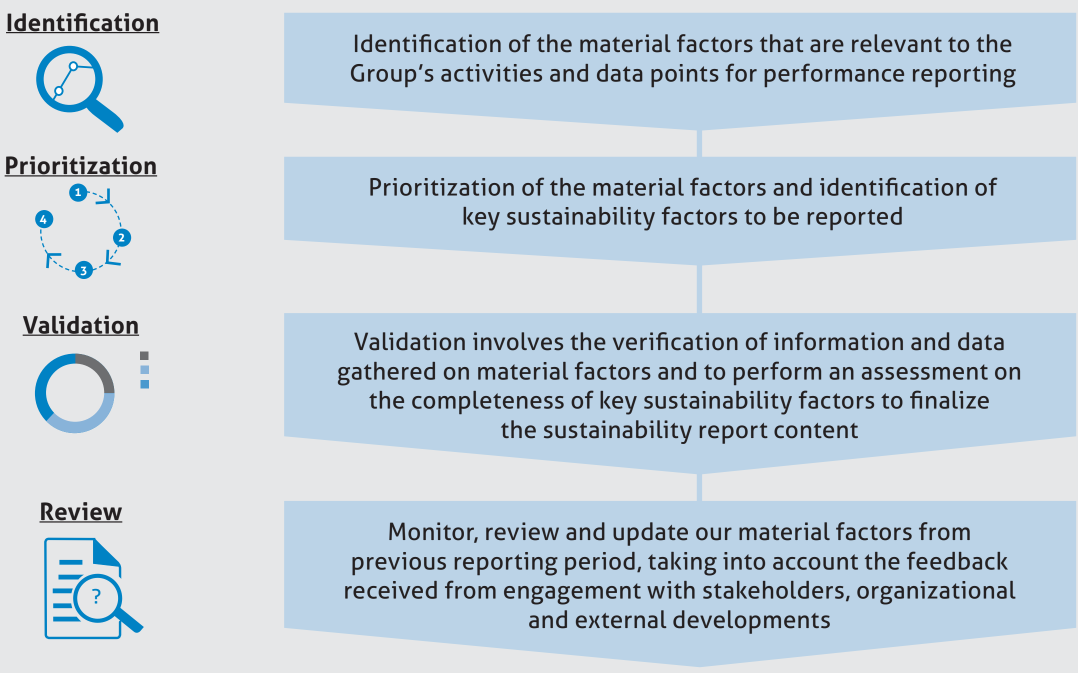
7. Policy, Practice and Performance Reporting

7.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Committee, which includes the Executive Chairman, Managing Director and Financial Controller, is tasked to develop the sustainability strategy, review its material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Sustainability Report.

7.2 Sustainability Reporting Processes

Under our SR Policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritized as material factors which are then validated. The end results of this process is a list of material factors disclosed in this sustainability report. Inter-relations of which are as shown in the chart below:



7. Policy, Practice and Performance Reporting (continued)

7.3 Materiality Assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

Reporting priority	Description	Criteria
I	High	Factors with high reporting priority should be reported on in detail.
II	Medium	Factors with medium reporting priority should be considered for inclusion in the Report. We may decide to exclude them in the Report, if immaterial.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. If immaterial, these factors may be excluded from the report.

The reporting priority is supported by a materiality factor matrix against the level of concern to external stakeholders and potential impact on business.

7.4 Performance Tracking and Reporting

We track the progress of our materiality factors by identifying the relevant data points and measuring them. In addition, performance targets that are aligned with our strategy will be set to ensure that we maintain the right course in our path to sustainability. We will consistently enhance our performance-monitoring processes and improving our data capture systems.

8. Material Factors

Our materiality assessment for FY 2017 was performed by the Group's Senior Management who identified sustainability factors deemed material to the Group's businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

Presented below are a list of key sustainability factors (level I and selected level II reporting priority) applicable to our Group:

S/N	Material factor	Key stakeholder	Reporting priority
Social			
1	Employee retention	Employee	II
2	Welfare of foreign workers	Employee (foreign worker)	II
3	Safe working environment	Employee	I
Economic			
4	Sustainable business performance	Shareholder, customer, supplier	I
Governance			
5	Robust corporate governance framework	Shareholder, regulator	II

We will update the materiality factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each key sustainability factor are presented as follows:

8. **Material Factors** (continued)

8.1 Employee Retention

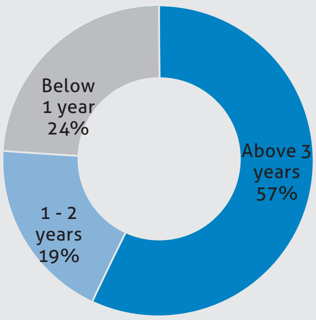
The continual success of our business relies on a team of professional, skilled and experienced staff and managers. We are committed to employee retention through the following efforts:

- A code of conduct in place to provide guidance on employee benefits and dissemination of corporate culture
- Competitive remuneration and benefits package
- Staff assessments are performed regularly to evaluate staff performance and staff are encouraged to undergo training that will improve their skills and abilities. In FY 2017, all our employees received regular staff assessment
- Loyal employees are presented with long service awards

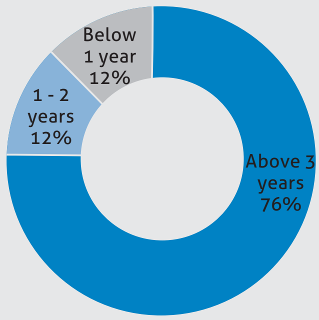
The total number of employees[1] as at 31 December 2017 was 89.

We strongly believe that a low turnover improves the sustainability of our operations and also allows the Group to contribute positively to the development of social and human capital in a wider community. As at 31 December 2017, 57% of employees[1] and 76% of managers[1] have served more than 3 years with us.

Years of Service (All Employees)



Years of Service (Managers)



8.2 Welfare of Foreign Workers

The business for providing cable laying services for projects is labour intensive requiring the services of a large number of foreign workers. We recognise that foreign workers play an important role in the Group's value chain. Accordingly, we are committed to protect the welfare and rights of our foreign workers.

There were 377[2] foreign workers as at 31 December 2017.

We reaffirm our commitment to foreign workers through the following efforts:

- Align the Group's business to the broader national policy pertaining to foreign workers, such as Employment of Foreign Manpower Act, which regulates the employment of foreign workers and protect their well-being
- Ensure that foreign workers are provided living and working conditions that not only comply with regulations, but are also reasonably clean, spacious, safe and livable. Our foreign workers are housed in licensed dormitories
- Foreign workers are provided with relevant training to upgrade their skills. As at 31 December 2017, our higher skilled foreign workers[3] as a proportion of total foreign workers is approximately 38%

Approximately
38%
of our foreign
workers are
highly skilled[3]

On a broader context, our foreign workers supplement our nation's workforce and contribute to the building of our nation's telecommunications infrastructure.

1 Figure excludes term contract workers that are hired for the fiber cable laying business.
2 Term contract workers hired for the fiber cable laying business.
3 Based on criteria set by the Ministry of Manpower on relevant years of experience, academic qualifications, skill-based test qualification and minimum fixed monthly salary

8. Material Factors (continued)

8.3 Safe Working Environment

A safe work environment allows the employees to work safely without fear of getting injured at project sites. This helps to build loyalty amongst employees and supports business sustainability. Accordingly, we place high priority to maintain a safe and secure conscious culture amongst all employees.

Our Group has to comply with the relevant workplace safety and health regulations for projects undertaken in Singapore.

Below are our key measures taken to manage health and safety in the workplace environment:

- A set of safety rules and regulations is in place
- A safety committee is in place and safety inspections are performed regularly by safety officers and reported to senior managers
- All new employees are briefed on the Group's safety procedures and policies during orientation
- Toolbox meetings are conducted regularly at project sites to brief employees on workplace hazards and safe work practices

We recorded zero workplace fatality during the reporting period and 6 non-fatal workplace injuries[4], resulting in 84 man-days lost during the reporting period.

Our key subsidiaries, Ntegrator Pte Ltd and Fiber Reach Pte Ltd are bizSAFE Star and bizSAFE Level 3 certified respectively by the Workplace Safety and Health Council. Both certifications recognize the Group's continuous efforts to incorporate safety as part of the business model.

8.4 Sustainable Business Performance

We believe continuous growth and development of the business are dependent on the long-standing relationship with customers and key suppliers. Accordingly, the Group is committed to leverage our strong relationships with existing and new suppliers, to create long-term economic value for shareholders.

Details of our economic performance can be found in the financial contents and audited financial statements of this Annual Report.

8.5 Robust Corporate Governance Framework

A high standard of corporate governance is integral in ensuring sustainability of the Group's business as well as safeguarding shareholders' interest and maximizing long term shareholder value.

Our overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School was 50 for FY 2017.

You may refer to Corporate Governance Report on Page 14 to 24 of this Annual Report for details for our corporate governance practices.

8.6 Environment

We are primarily a service company and our impact on the environment, after assessing the level of concern to external stakeholders and potential impact on business, is deemed not to be a material sustainability factor. Nonetheless, we constantly track and control our resource consumption which comprises energy, water and waste.

9. Target Setting

Given that this is our inaugural report, we are in the process of compiling performance data to form a trend for the purpose of setting targets. Accordingly, the process of target setting is deferred till a time when adequate data is available to set reasonable targets.

4 A workplace injury is defined as one whereby an employee is injured in a work accident resulting in (i) hospitalisation of at least 24 hours and/or (ii) an issuance of a medical certificate of more than 3 days (need not be consecutive)

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G4-2	Key impacts, risks, and opportunities	Corporate Governance Report > Principle 11: Risk Management & Internal Control	20 - 21
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G4-3	Name of the organisation	Cover page	-
G4-4	Activities, brands, products, and services	• About Ntegrator • Our Business • Financials Contents > Notes to the Financial Statements > Investments in Subsidiary Corporations	2 - 3 5 66
G4-5	Location of headquarters	Corporate Information	Last page of Cover
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G4-10	Information on employees and other workers	• Sustainability Report > Employee Retention • Sustainability Report > Welfare of Foreign Workers	28 28
G4-11	Collective bargaining agreements	Not applicable as we are not a unionised company	-
G4-12	Supply chain	• About Ntegrator • Corporate Governance Report > Suppliers	3 24
G4-13	Significant changes to the organisation and its supply chain	There was no significant changes to the organisation and its supply chain during the reporting period	-
G4-14	Precautionary Principle or approach	None	-
G4-15	External initiatives	None	-
G4-16	Membership of associations	None	-
Identified material aspects and boundaries			
G4-17	Entities included in the consolidated financial statements	• Group Structure • Financials Contents > Notes to the Financial Statements > Investments in Subsidiary Corporations	4 66
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G4-19	List of material factors	Sustainability Report > Material Factors	27
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G4-21	Aspect boundary outside the organisation	Sustainability Report > Material Factors	27
G4-22	Restatements of information	Not applicable as this is our maiden sustainability report guided by GRI standards	-
G4-23	Changes in reporting	Not applicable as this is our maiden sustainability report guided by GRI standards	-

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FINANCIAL CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 42 to 87 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Han Meng Siew	Chairman
Jimmy Chang Joo Whut	Managing Director
Charles George St. John Reed	
Lai Chun Loong	
Lee Keen Whye	

In accordance with Article 99 (2) of the Company's Articles of Association, Han Meng Siew is due to retire at the forthcoming Annual General Meeting, being eligible, offer himself for re-election.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options", "Performance share plan" and "Warrants" on pages 34 to 37 of this statement.

Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2017	At 1.1.2017	At 31.12.2017	At 1.1.2017
Company (No. of ordinary shares)				
Han Meng Siew	11,390,640	5,000,000	16,491,000	28,390,640
Jimmy Chang Joo Whut	25,290,640	25,290,640	-	-
Charles George St. John Reed	6,765,000	6,765,000	-	-
Lai Chun Loong	9,770,000	5,385,000	-	-
Lee Keen Whye	18,911,500	9,455,750	-	-

Directors' interests in shares or debentures (continued)

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2017	At 1.1.2017	At 31.12.2017	At 1.1.2017
Company (No. of warrants)				
Han Meng Siew	11,390,640	5,000,000	9,729,000	28,390,640
Jimmy Chang Joo Whut	25,290,640	25,290,640	-	-
Charles George St. John Reed	6,765,000	6,765,000	-	-
Lai Chun Loong	-	5,385,000	-	-
Lee Keen Whye	-	9,455,750	-	-

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Ntegrator Share Option Scheme (the "Scheme") and Ntegrator Performance Share Plan (the "PSP") as set out below and under "Share options" and "Performance share plan" on pages 34 to 37 of this statement.

Options to subscribe for ordinary shares at an exercise price of S$0.04 per share pursuant to the Scheme were as follows:-

	Number of options to subscribe	
	At 31.12.2017	At 1.1.2017
Han Meng Siew	5,000,000	5,000,000
Jimmy Chang Joo Whut	3,000,000	3,000,000

(c) The directors' interest in the ordinary shares and convertible securities of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

Share options

The Company implemented the Ntegrator Share Option Scheme (the "Scheme") in 2005 for granting of options to full-time employees and directors of the Company and its subsidiary corporations. 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 shall be in force up to a maximum period of ten (10) years from the date on which the scheme was implemented. The Scheme may continue beyond the said stipulated period or terminated at any time with the approval of shareholders by way of an ordinary resolution passed at a general meeting and of relevant authorities which may then be required.

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

The exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the RC 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 Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) 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.

Share options (continued)

Options granted with the exercise price set at Market Price shall only be exercisable after twelve (12) months from the date of grant of that option. Options granted with exercise price set at a discount to Market Price shall only be exercisable after twenty-four (24) months from the date of grant of that option. All options granted shall be exercised before the end of one hundred and twenty (120) months (or sixty (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 RC from time to time.

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

Date of grant	Balance as at 1.1.2017	Granted during the financial year	Exercised during the financial year	Lapsed during the financial year	Balance as at 31.12.2017	Exercise price	Exercisable period
11.09.2006	516,000	-	-	(516,000)*	-	S$0.13	11.09.2007 to 10.09.2017
25.08.2008	11,235,000	-	-	-	11,235,000	S$0.04	25.08.2009 to 25.08.2019
	11,751,000	-	-	(516,000)*	11,235,000		

* The share options have lapsed during the financial year due to the expiry of option.

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

	No. of unissued ordinary shares of the Company under option				
Name of director	Granted in financial year ended 31.12.2017	Aggregate granted since commencement of the Scheme to 31.12.2017	Aggregate exercised since commencement of the Scheme to 31.12.2017	Aggregate lapsed since commencement of the Scheme 31.12.2017	Aggregate outstanding as at 31.12.2017
Han Meng Siew (1)	-	6,000,000	1,000,000	-	5,000,000
Jimmy Chang Joo Whut (1)	-	6,000,000	3,000,000	-	3,000,000
Charles George St. John Reed (2)	-	1,250,000	250,000	1,000,000	-
Lai Chun Loong (2)	-	1,050,000	1,050,000	-	-
Lee Keen Whye (2)	-	800,000	800,000	-	-
	-	15,100,000	6,100,000	1,000,000	8,000,000
Name of executive officer					
Kenneth Sw Chan Kit (1)	-	6,000,000	6,000,000	-	-
Total	-	21,100,000	12,100,000	1,000,000	8,000,000

(1) The options granted to these Directors and Executive Officer are exercisable from 25 August 2009 to 25 August 2019 at the exercise price of S$0.04.

(2) The options granted to these Directors are exercisable from 25 August 2009 to 25 August 2019 at the exercise price of S$0.04.

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 or their associates (as defined in the Listing Manual of SGX-ST);
- 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' STATEMENT

For the financial year ended 31 December 2017

Share options (continued)

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

Performance share plan

The Company implemented the Ntegrator Performance Share Plan (the "PSP") in 2010 which was approved at the Extraordinary General Meeting ("EGM") held on 12 February 2010. The PSP provides for the award of fully paid-up ordinary shares in the share capital of the Company, free of charge to selected employees of the Company and/or its subsidiary corporations, including the directors of the Company, and other selected participants when and after pre-determined performance target(s) have been accomplished within the performance period.

The PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the PSP will help to achieve the following positive objectives:

(a) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Group;

(b) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;

(c) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and

(d) develop a participatory style of management which instils loyalty and a stronger sense of identification with the long-term goals of the Group.

The PSP is administered by the RC which comprises three directors, namely Lai Chun Loong, Charles George St. John Reed and Lee Keen Whye.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the PSP was adopted by the Company in EGM, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.

(i) The Company may deliver shares pursuant to awards granted under the PSP by way of issuance of new shares; and/or

(ii) delivery of existing shares purchased from the market or shares held in treasury.

The total number of ordinary shares over which the Company may grant under the PSP shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

In 2010, a share award under the PSP was granted to employees and directors of the Group on 22 March 2010 in accordance with the approval by Shareholders at the EGM on 12 February 2010.

Details of the shares awarded under the PSP were as follows:

Date of grant	Categories	Number of person	Shares awarded during the financial year	Aggregate shares awarded since the commencement of the PSP to 31.12.2017
22.03.2010	Employees	36	-	5,198,553
22.03.2010	Directors	9	-	6,150,000
		45	-	11,348,553*

* Total issuance including shares awarded to resigned directors and employees.

Performance share plan (continued)

Details of the shares awarded to directors and executive officers of the Group pursuant to the PSP were as follows:

Name of director	Shares awarded during the financial year	Aggregate shares awarded since the commencement of the PSP to 31.12.2017
Han Meng Siew	-	2,000,000
Jimmy Chang Joo Whut	-	2,000,000
Charles George St. John Reed	-	350,000
Lai Chun Loong	-	200,000
Lee Keen Whye	-	200,000
	-	4,750,000
Name of executive officer		
Kenneth Sw Chan Kit	-	2,000,000
Total	-	6,750,000

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

- No shares were awarded to the controlling shareholders of the Company and their associates; and
- 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 shares available under the PSP.

The Company has not granted any awards under the PSP since the financial year ended 31 December 2011 till 31 December 2017.

Warrants

On November 2015, the Company allotted and issued additional 99,468,870 W160603 and 809,965,632 W181123 free warrants to existing shareholders on the basis of one warrant for every one existing ordinary shares pursuant to a general mandate for the bonus warrants issue approved by shareholders of the Company at a general meeting dated 27 April 2015. Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at an exercise price of S$0.014 and S$0.01 respectively and will expire on 3 June 2016 and 23 November 2018 respectively. The warrants comprised in W160603 had expired on 3 June 2016.

During the financial year ended 31 December 2017, 159,367,240 warrants under W181123 were exercised and converted into ordinary shares of the Company.

Audit committee

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Charles George St. John Reed	Chairman, Independent
Lai Chun Loong	Independent
Lee Keen Whye	Independent

The members of the Audit Committee (the "AC") comprises three members, all of whom are non-executive directors.

Audit committee (continued)

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC:-

- reviews the audit plans of the internal and independent auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the internal and independent auditors;

- reviews the annual financial statements and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;

- reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

- reviews the assistance given by management to the independent auditor, and discusses problems and concerns, if any, arising from statutory audit, with the management;

- meets with the internal and independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- reviews the cost effectiveness, independence and objectivity of the independent auditor;

- reviews the nature and extent of non-audit services provided by the independent auditor;

- recommends to the Board of Directors the independent auditor to be nominated for re-appointment, approves the compensation of the independent auditor, 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 Listing Manual of SGX-ST.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

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

On behalf of the Board of Directors

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

2 April 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTEGRATOR INTERNATIONAL LTD.

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ntegrator International Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 87.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of trade and bills receivables
(Refer to Note 12 to the financial statements)

Area of focus

As at financial year ended 31 December 2017, the Group has trade and bills receivables amounting to S$30,926,000, representing 61% of the current assets, which is a significant component to the financial statement.

The Group makes allowances for impairment on trade and bills receivables based on the assessment of recoverability of the debtors when there are events of changes in the circumstances that indicate that the receivables may not be collectible. The estimation of allowance for impairment requires the use of estimates such as historical collection pattern, financial position of the customer and the overall economic condition. Where the expectation is different from the original assessment, such differences may impact the carrying value of trade and bills receivables and the allowance impairment expenses are charged for the financial year.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we have performed the following procedures:

- Reviewed and assessed management's basis and assumptions used in the assessment of the recoverability of trade and bills receivables;
- Challenged management's view of credit risk and recoverability by taking into consideration historical trends, aging analysis and actual and future expected cash flows for long outstanding trade and bills receivables; and
- Assessed the adequacy of impairment related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTEGRATOR INTERNATIONAL LTD.

Report on Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Impairment of trade and bills receivables (continued)
(Refer to Note 12 to the financial statements) (continued)

Our findings

The approach in deriving the assumptions to impairment is reasonable based on supportable information available, and that management had applied its knowledge of the business in determining the impairment by taking into consideration of historical trends, aging analysis and actual and future expected cash flows for long outstanding trade and bills receivables. Disclosure in the financial statements are appropriate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NTEGRATOR INTERNATIONAL LTD.

Report on Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Chin Chee Choon.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
2 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	2017 S$'000	2016 S$'000
Revenue	4	33,125	66,924
Cost of sales			
- Equipment and consumables used		(26,167)	(54,674)
- Freight charges		(71)	(247)
- Commission and consultancy		(93)	(102)
- Changes in inventories and contract work-in-progress		200	(140)
		(26,131)	(55,163)
Gross profit		6,994	11,761
Other income			
- Interest income from bank deposits		17	13
Other (losses)/ gains – net	7	(99)	654
Expenses			
- Distribution and marketing		(160)	(135)
- Administrative		(9,396)	(9,446)
- Finance	8	(63)	(94)
(Loss)/ profit before income tax		(2,707)	2,753
Income tax credit	9	668	103
Net (loss)/ profit		(2,039)	2,856
Other comprehensive (loss)/ income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Reclassification		-	*
- (Losses)/ gains		(897)	244
Total comprehensive (loss)/ income		(2,936)	3,100
Net (loss)/ profit attributable to:			
Equity holders of the Company		(1,631)	2,544
Non-controlling interests		(408)	312
		(2,039)	2,856
Total comprehensive (loss)/ income attributable to:			
Equity holders of the Company		(2,528)	2,788
Non-controlling interests		(408)	312
		(2,936)	3,100
(Loss)/ earnings per share for (loss)/ profit attributable to equity holders of the Company (cents per share)			
- Basic	10(a)	(0.17)	0.30
- Diluted	10(b)	(0.10)	0.16

* Less than S$1,000

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	7,371	15,570	56	621
Trade and other receivables	12	42,795	47,655	6,955	5,765
Inventories	13	348	363	-	-
		50,514	63,588	7,011	6,386
Non-current assets					
Investments in subsidiary corporations	15	-	-	18,000	18,000
Property, plant and equipment	16	1,881	1,539	-	-
Deferred income tax assets	20	771	408	-	-
		2,652	1,947	18,000	18,000
Total assets		53,166	65,535	25,011	24,386
LIABILITIES					
Current liabilities					
Trade and other payables	17	13,864	28,695	389	420
Borrowings	18	20,237	15,224	-	-
Income tax liabilities		-	206	-	-
		34,101	44,125	389	420
Non-current liabilities					
Borrowings	18	379	289	-	-
Deferred income tax liabilities	20	-	80	-	-
		379	369	-	-
Total liabilities		34,480	44,494	389	420
NET ASSETS		18,686	21,041	24,622	23,966
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	25,794	24,201	25,794	24,201
Treasury shares	21	(11)	(11)	(11)	(11)
Other reserves	22	(680)	217	231	231
Accumulated losses		(7,042)	(4,399)	(1,392)	(455)
		18,061	20,008	24,622	23,966
Non-controlling interests	15	625	1,033	-	-
Total equity		18,686	21,041	24,622	23,966

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Note	← Attributable to equity holders of the Company					→		
		Share capital	Treasury shares	Employee share option reserve [a]	Currency translation reserve [a]	Accumulated losses	Total	Non-controlling interests	Total equity
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2017									
Beginning of financial year		24,201	(11)	231	(14)	(4,399)	20,008	1,033	21,041
Total comprehensive loss for the financial year		-	-	-	(897)	(1,631)	(2,528)	(408)	(2,936)
Share issue pursuant to:- - Exercise of warrants	21	1,593	-	-	-	-	1,593	-	1,593
Dividends relating to 2016 paid		-	-	-	-	(1,012)	(1,012)	-	(1,012)
End of financial year		25,794	(11)	231	(911)	(7,042)	18,061	625	18,686
2016									
Beginning of financial year		23,559	(11)	231	(258)	(6,943)	16,578	293	16,871
Total comprehensive income for the financial year		-	-	-	244	2,544	2,788	312	3,100
Share issue pursuant to:- - Exercise of warrants	21	642	-	-	-	-	642	-	642
Deconsolidation of subsidiary corporation	11	-	-	-	*	*	-	198	198
Non-controlling interests contributions		-	-	-	-	-	-	230	230
End of financial year		24,201	(11)	231	(14)	(4,399)	20,008	1,033	21,041

[a] Not available for distribution.

* Less than S$1,000

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Note	2017 S$'000	2016 S$'000
Cash flows from operating activities			
Net (loss)/ profit		(2,039)	2,856
Adjustments for:			
- Income tax credit	9	(668)	(103)
- Depreciation of property, plant and equipment	5	652	477
- Loss on disposal of property, plant and equipment	7	31	27
- Finance expenses	8	63	94
- Gain on deconsolidation of subsidiary corporation	7	-	(297)
- Interest income		(17)	(13)
- Unrealised currency translation (gains)/ losses		(1,071)	377
		(3,049)	3,418
Change in working capital:			
- Inventories		15	32
- Trade and other receivables		4,860	(24,363)
- Trade and other payables		(14,831)	21,683
Cash (used in)/ generated from operations		(13,005)	770
Interest received		17	13
Income tax paid		(24)	-
Net cash (used in)/ provided by operating activities		(13,012)	783
Cash flows from investing activities			
Additions to property, plant and equipment		(609)	(564)
Disposal of property, plant and equipment		22	6
Deconsolidation of subsidiary corporation, net of cash deconsolidated	11	-	(321)
Net cash used in investing activities		(587)	(879)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		(1,012)	-
Bank deposits discharged/ (pledged)		2,017	(2,788)
Proceeds from issuance of ordinary shares, net of issuance costs	21	1,593	642
Proceeds from borrowings		15,500	11,986
Repayment of borrowings		(11,141)	(7,824)
Repayment of finance lease liabilities		(274)	(157)
Interest paid		(63)	(94)
Capital contributions from non-controlling interests of a subsidiary corporation		-	230
Net cash provided by financing activities		6,620	1,995
Net (decrease)/ increase in cash and cash equivalents		(6,979)	1,899
Cash and cash equivalents			
Beginning of financial year		12,418	10,672
Effects of currency translation on cash and cash equivalents		234	(153)
End of financial year	11	5,673	12,418

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

Reconciliation of liabilities arising from financing activities

	1 January 2017	Principal and interest proceeds/ (payments)	Non-cash changes			31 December 2017
			Acquisition	Interest expense	Foreign exchange movement	
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Bank borrowings	3,562	12,983	-	19	-	16,564
Trust receipts	11,141	(11,141)	2,498	-	-	2,498
Finance lease liabilities	446	(302)	455	28	-	627

The accompanying notes form an integral part of these financial statements

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

1. General information

Ntegrator International Ltd. (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 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 its subsidiary corporations are disclosed in Note 15 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 to the financial statements.

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statement.

2.2 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Project sales

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 or completion of each stage and acceptance of the project by the customer. An expected loss on the project is recognised as an expense immediately when it is probable that total project costs will exceed total project revenue.

Please refer to paragraph "Contract work-in-progress" for the accounting policy for revenue from contract works.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) Project management and maintenance revenue

Project management revenue is recognised upon rendering of the service to the customer and upon completion of the project.

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 statement of financial position as deferred revenue.

(c) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests comprise the portion of a subsidiary corporation's net assets of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

2. **Significant accounting policies** (continued)

2.4 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired, is recorded as goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

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

(ii) *Components of costs*

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

(b) *Depreciation*

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

	Useful lives
Office equipment	5 years
Computers	3 years
Telephones	5 years
Software	3 years
Motor vehicles	10 years
Demo and site equipment	5 years
Furniture	5 years
Fittings	2 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at end of each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the consolidated financial statements.

(c) *Subsequent expenditure*

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

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/ gains – net".

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2. Significant accounting policies (continued)

2.7 Contract work-in-progress

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

When the outcome of a contract work can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date ("percentage-of-completion method"). When the outcome of the contract work cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the successful installation or completion of each stage and acceptance by 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.

At the reporting date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on contract work-in-progress within "Trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on contract work-in-progress within "Trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "Trade and other receivables". Advances received are included within "Trade and other payables".

2.8 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiary corporations

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

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets.

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the assets is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

Property, plant and equipment
Investments in subsidiary corporations (continued)

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

At the end of reporting date, the Group does not hold any of the financial assets except for loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 12) and "Cash and cash equivalents" (Note 11) on the statement of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

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

Loans and receivables

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

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(e) *Impairment* (continued)

Loans and receivables (continued)

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

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

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

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

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting date, in which case they are presented as non-current liabilities.

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

2.14 Trade and other payables

Trade and other payables represent liabilities of goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2. Significant accounting policies (continued)

2.15 Fair value estimation of financial assets and liabilities

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

2.16 Leases

When the Group is the lessee:

The Group leases certain property, plant and equipment under finance leases and office equipment and commercial property such as offices and warehouses under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

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

(ii) Lessee – Operating leases

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

Contingent rents are recognised as an expense in profit or loss when incurred.

2.17 Inventories

Inventories comprise of materials and supplies to be consumed in the rendering of system integration services and project sales. Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprise of materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in rendering of system integration services and project sales, less the applicable costs of conversion to complete the services and project sales, and applicable variable selling expenses.

2.18 Income taxes

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

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

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

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

2. Significant accounting policies (continued)

2.18 Income taxes (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.19 Provisions for other liabilities and charges

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

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "Treasury shares" account, when treasury shares are re-issued to the employees.

2. Significant accounting policies (continued)

2.20 Employee compensation (continued)

(c) *Performance shares*

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(d) *Short-term compensated balances*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(e) *Bonus plan*

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.21 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other (losses)/ gains – net".

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

2. Significant accounting policies (continued)

2.21 Currency translation (continued)

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

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.24 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2. Significant accounting policies (continued)

2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical accounting estimates and assumptions

(i) Contract work-in-progress

The Group uses the stage of completion method to account for its contract revenue. The stage of completion is measured by reference to the successful installation or completion and acceptance by customer.

Significant assumptions are used to estimate the contract costs incurred in relation to the accuracy of the cost incurred for the individual projects. In making these estimates, management has placed reliance on past experience.

If the revenue on uncompleted contracts at the reporting date had been higher/ lower by 5% from management's estimates, the Group's revenue would have been higher/ lower by S$118,000 (2016: S$346,000).

If the contract costs of uncompleted contracts to be incurred had been higher/ lower by 5% from management's estimates, the Group's profit would have been lower/ higher by S$48,000 (2016: S$40,000).

The carrying amount of contract work-in-progress at the end of the reporting date was S$554,000 (2016: S$339,000).

(ii) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Management has assessed and a write off amounting to S$21,000 (2016: S$217,000) has been made in the financial statements for the financial year ended 31 December 2017.

The carrying amount of trade and bills receivables at the end of the reporting date was S$30,926,000 (2016: S$38,525,000) which might change within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of financial year.

If the net present value of estimated cash flows had been lower by 5% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been S$142,000 (2016: S$122,000).

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Critical accounting estimates and assumptions (continued)

(iii) Net realisable value of inventories

A review is made periodically on inventories for obsolete and excess inventories and declines in net realisable value below cost and a write-down is recorded against the carrying amount of the inventories balance for any such obsolescence, excess and declines. The review requires management to consider the future demand for the inventories. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of write-down include expected usage analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and affects the carrying amount of inventories at the end of the reporting years. Possible changes in these estimates could result in revisions to the stated value of the inventories. As at 31 December 2017, management has written down approximately S$1,000 (2016: S$54,000) of its slow-moving inventories.

The carrying amount of inventories at the end of the reporting date was S$348,000 (2016: S$363,000).

If the net realisable value of inventories is lower by 10% from management's estimates, the carrying amount of the Group's inventories would have been lower by S$35,000 (2016: S$36,000).

3.2 Critical judgements in applying the entity's accounting policies

Deferred income tax assets

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised.

A deferred tax asset is recognised for tax losses and donations carried forward if it is probable that the entities within the Group will generate sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations.

Due to their inherent nature, assessments of likelihood are judgmental and not subjected to precise determination. The Group has unrecognised tax losses of S$6,557,000 (2016: S$7,296,000) and donations of S$518,000 (2016: S$336,000) carried forward at the reporting date.

If the tax authority regards the entities within the Group as not satisfying and/ or meeting certain statutory requirements in their respective countries of incorporation, the unrecognised tax losses and donations will be forfeited.

4. Revenue

	Group	
	2017 S$'000	2016 S$'000
Project sales	10,547	47,617
Project management and maintenance services	22,578	19,307
	33,125	66,924

5. Expenses by nature

	Group 2017 S$'000	Group 2016 S$'000
Auditors' remuneration		
Fees on audit services paid/ payable to:		
- Auditor of the Company	84	83
- Other auditors	1	6
Fees on non-audit services paid/ payable to:		
- Other auditors	20	24
Bank charges	310	230
Depreciation of property, plant and equipment (Note 16)	652	477
Employee compensation (Note 6)	6,255	6,184
Entertainment	115	45
Inventories written down (Note 13)	1	54
Other professional fees	235	524
Rental expense on operating leases	769	655
Marketing expenses	160	135
Sponsorship fees	130	130
Telephone and internet	80	79
Trade receivables written off	21	217
Other	723	738
Total distribution and marketing and administrative expenses	9,556	9,581

6. Employee compensation

	Group 2017 S$'000	Group 2016 S$'000
Wages and salaries	4,720	4,628
Employer's contribution to defined contribution plans including Central Provident Fund	501	465
Directors' fees	204	148
Other short-term benefits	830	943
	6,255	6,184

7. Other (losses)/ gains – net

	Group 2017 S$'000	Group 2016 S$'000
Bad debts recovered	-	4
Currency exchange losses – net	(272)	(100)
Gain on deconsolidation of subsidiary corporation (Note 11)	-	297
Government grant		
- PIC bonus [(1)]	15	143
- WCS [(2)]	40	158
- SEC [(3)]	24	31
- TEC [(4)]	29	38
- WTU [(5)]	24	-
- iSPRINT [(6)]	3	-
Miscellaneous claims [(7)]	69	110
Loss on disposal of property, plant and equipment	(31)	(27)
	(99)	654

7. Other (losses)/ gains – net (continued)

(1) As announced in Budget 2014, businesses that invest in qualifying activities under the Productivity and Innovation Credit (PIC) scheme will receive a PIC Bonus in order to help businesses defray rising operatingcosts such as wages and rentals and encourages businesses to undertake improvements in productivity and innovation.

(2) As announced in Budget 2013, businesses will receive wage credit payouts under the Wage Credit Scheme(WCS) to free up resources to make investments in productivity and to share the productivity gains with their employees.

(3) As announced in Budget 2011, businesses whom provide continuing support to hire older Singaporeanworkers and Persons with Disabilities (PWDs) will receive payouts under the Special Employment Credit (SEC) to support employers, and to raise the employability of older low-wage Singaporeans.

(4) As announced in Budget 2015, businesses will receive a one-year offset of 0.5% of wages for its Singaporean and Singapore Permanent Resident (PR) employees in 2015 under the Temporary Employment Credit (TEC) as a Budget 2014 initiative to help business for adjustment of 1 percentage point increase in Medisave contribution rates, which took effect in January 2015.

(5) An initiative under the Construction Productivity and Capability Fund (CPCF), businesses that continually enroll their employees in productivity-related courses under the Workforce Training and Upgrading (WTU) Scheme will receive enhanced funding to help businesses defray the cost of building up a more competent and productive workforce for the built environment sector.

(6) An initiative launched by the Infocomm Development Authority of Singapore (IDA) with the aim of boosting businesses' productivity and growth through infocomm, businesses that adopt the use of information and communications technology under the iSPRINT Scheme will receive funding support to defray up to 70% of qualifying project costs.

The amount a company will receive depends on the fulfilment of certain qualifying conditions under the respective scheme.

(7) Miscellaneous claims refer to cash rebates from corporate credit cards, discount and rebate given by suppliers as well as late charges imposed on customers whom exceeded the credit terms given.

8. Finance expenses

	Group	
	2017	2016
	S$'000	S$'000
Interest expense		
- Bank borrowings	19	52
- Finance lease liabilities	28	16
- Shareholder of a subsidiary corporation	16	26
Finance expenses recognised in profit or loss	63	94

9. Income tax credit

	Group	
	2017	2016
	S$'000	S$'000
Tax credit attributable to (loss)/ profit is made up of:		
- (Loss)/profit for the financial year:		
Current income tax		
- Singapore	-	206
- Foreign	7	-
	7	206
Deferred income tax (Note 20)	(486)	(309)
	(479)	(103)
- Over provision in prior financial years:		
Current income tax	(189)	-
	(668)	(103)

The tax on the Group's (loss)/ profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	Group	
	2017	2016
	S$'000	S$'000
(Loss)/ profit before income tax	(2,707)	2,753
Tax calculated at tax rate 17% (2016: 17%)	(460)	468
Effects of:		
- Different tax rates in other countries	(1)	7
- Tax incentives	(163)	(345)
- Expenses not deductible for tax purposes	69	276
- Income not subject to tax	(3)	(163)
- Utilisation of previously unrecognised tax losses	(13)	(387)
- Deferred tax assets not recognised	83	-
- Over provision of tax in prior financial years	(189)	-
- Other	9	41
	(668)	(103)

10. (Loss)/ earnings per share

(a) Basic (loss)/ earnings per share

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

	2017	2016
Net (loss)/ profit attributable to equity holders of the Company (S$'000)	(1,631)	2,544
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	984,751	840,048
Basic (loss)/ earnings per share (cent per share)	(0.17)	0.30

10. (Loss)/ earnings per share (continued)

(b) Diluted (loss)/ earnings per share

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

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

Diluted (loss)/ earnings per share attributable to equity holders of the Company are calculated as follows:

	2017	2016
Net (loss)/ profit attributable to equity holders of the Company and used to determine diluted (loss)/ earnings per share (S$'000)	(1,631)	2,544
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	984,751	840,048
Adjustments for ('000)		
- Share options	11,235	11,751
- Warrants	613,262	772,630
	1,609,249	1,624,429
Diluted (loss)/ earnings per share (cent per share)	(0.10)	0.16

11. Cash and cash equivalents

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Cash at bank and on hand	5,872	7,679	56	621
Short-term bank deposits	1,499	7,891	-	-
	7,371	15,570	56	621

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

	Group	
	2017 S$'000	2016 S$'000
Cash and bank balances (as above)	7,371	15,570
Less: Bank deposits pledged	(771)	(2,788)
Less: Bank overdraft (Note 18)	(927)	(364)
Cash and cash equivalents per consolidated statement of cash flows	5,673	12,418

Bank deposits are pledged in relation to the security granted for certain borrowings (Note 18).

11. Cash and cash equivalents (continued)

Deconsolidation of subsidiary corporation

As at 31 August 2016, the Company had lost its control over a subsidiary corporation, Ntegrator (Thailand) Limited, with effect from the appointment of a liquidator from the subsidiary corporation's jurisdiction.

The effects of the deconsolidation on the cash flows of the subsidiary corporation were:

	2016 S$'000
Carrying amounts of assets and liabilities deconsolidated	
Cash and cash equivalents	321
Trade and other receivables	2,024
Total assets	2,345
Trade and other payables	(2,386)
Borrowings	(454)
Total liabilities	(2,840)
Net liabilities deconsolidated	(495)
Less: Non-controlling interests	198
Net liabilities deconsolidated	(297)

The aggregate cash outflows arising from the deconsolidation of the subsidiary corporation:

	2016 S$'000
Net liabilities deconsolidated of (as above)	(297)
Reclassification of currency translation reserve (Note 22(b)(ii))	*
	(297)
Gain on deconsolidation (Note 7)	297
Consideration received from deconsolidation	-
Less: Cash and cash equivalents in subsidiary corporation deconsolidated	(321)
Net cash outflow on deconsolidation	(321)

* Less than S$1,000

12. Trade and other receivables

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Trade receivables				
- Non-related parties	3,656	4,830	-	-
Bills receivables	27,270	33,695	-	-
Trade and bills receivables	30,926	38,525	-	-
Contract work-in-progress				
- Due from customers (Note 14)	954	793	-	-
Advance payment for project costs	445	206	-	-
Unbilled contract revenue	8,804	6,897	-	-
Other receivables				
- Subsidiary corporations	-	-	6,915	5,730
- Non-related parties	68	24	-	-
Other receivables	68	24	6,915	5,730
Deposits	1,112	735	-	-
Prepayments	486	475	40	35
	42,795	47,655	6,955	5,765

The amounts due from subsidiary corporations are non-trade in nature, unsecured, interest free and repayable on demand.

13. Inventories

	Group	
	2017 S$'000	2016 S$'000
Voice, video and data communication equipment	348	363

The cost of inventories recognised as an expense and included as part of "Cost of sales" amounts to S$25,967,000 (2016: S$54,814,000).

The Group has recognised a write-down on its slow-moving inventories amounting to S$1,000 (2016: S$54,000) (Note 5).

14. Contract work-in-progress

	Group	
	2017 S$'000	2016 S$'000
Contract work-in-progress		
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts	954	793
Less: Progress billings	(400)	(454)
	554	339
Presented as:		
Due from customers on contract work-in-progress (Note 12)	954	793
Due to customers on contract work-in-progress (Note 17)	(400)	(454)
	554	339

15. Investments in subsidiary corporations

	Company 2017 S$'000	Company 2016 S$'000
Equity investments at cost		
Beginning and end of financial year	18,000	18,000

The Group had the following subsidiary corporations as at 31 December 2017 and 2016:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent*		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by non-controlling interests	
			2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Ntegrator Pte Ltd [(1)]	To provide system integration services of voice, video and data communication networks and building construction cable/civil works for underground, road and inbuilding	Singapore	100	100	100	100	-	-
Ntegrator (Thailand) Limited [(2)]	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	-	-	-	-	-	-
Fiber Reach Pte. Ltd. [(1)]	To provide building construction NEC (fiber patching, splicing, installation and maintenance)	Singapore	-	-	60	60	40	40
Ntegrator Myanmar Limited [(3)]	To provide system integration services, maintenance and support services in connection with network infrastructure in Myanmar	Myanmar	-	-	100	100	-	-

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International

(2) As at 31 August 2016, the Company had lost its control over the subsidiary corporation, with effect from the appointment of a liquidator from the subsidiary corporation's jurisdiction. The subsidiary corporation is currently with the official receiver under the Bankruptcy Court of Thailand.

(3) Reviewed by Nexia TS Public Accounting Corporation, for consolidation purpose

* Parent is referring to the Company

In accordance to Rule 716 of Section B of the Listing Manual of the SGX-ST: Rules of Catalist, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its overseas subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group and the Company.

Carrying value of non-controlling interests

	Group 2017 S$'000	Group 2016 S$'000
Fiber Reach Pte. Ltd.	625	1,033

15. Investments in subsidiary corporations (continued)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporation that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial year ended 31 December 2017 and 2016.

Summarised statement of financial position

	Fiber Reach Pte. Ltd. As at 31 December	
	2017 S$'000	2016 S$'000
Current		
Assets	4,772	4,818
Liabilities	(4,617)	(3,249)
Total current net assets	155	1,569
Non-current		
Assets	1,744	1,325
Liabilities	(337)	(312)
Total non-current net assets	1,407	1,013
Net assets	1,562	2,582

Summarised income statement

	Ntegrator (Thailand) Limited For the financial year ended 31 December		Fiber Reach Pte. Ltd. For the financial year ended 31 December	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Revenue	-	-	19,159	16,736
(Loss)/ profit before income tax	-	(473)	(1,339)	1,539
Income tax credit/ (expense)	-	-	320	(286)
Total comprehensive (loss)/ income	-	(473)	(1,019)	1,253
Total comprehensive (loss)/ income allocated to non-controlling interests	-	(189)	(408)	501

Summarised cash flows

	Fiber Reach Pte. Ltd. For the financial year ended 31 December	
	2017 S$'000	2016 S$'000
Cash flows from operating activities		
Cash generated from operations	1,569	539
Income tax paid	(16)	-
Net cash generated from operating activities	1,553	539
Net cash used in investing activities	(600)	(510)
Net cash used in financing activities	(246)	(244)
Net increase/ (decrease) in cash and cash equivalents	707	(215)
Cash and cash equivalents at beginning of the financial year	355	570
Cash and cash equivalents at financial year end	1,062	355

15. Investments in subsidiary corporations (continued)

Summarised cash flows (continued)

The effects of the cash flows for the financial year ended 31 December 2016 arising from the deconsolidation of the subsidiary corporation, Ntegrator (Thailand) Limited, have been disclosed in "Cash and cash equivalents" (Note 11).

16. Property, plant and equipment

	Office equipment S$'000	Computers S$'000	Telephones S$'000	Software S$'000	Motor vehicles S$'000	Demo and site equipment S$'000	Furniture S$'000	Fittings S$'000	Total S$'000
Group									
2017									
Cost									
Beginning of financial year	468	728	12	352	243	2,713	122	249	4,887
Currency translation differences	(24)	(50)	-	(19)	(10)	(65)	(9)	(16)	(193)
Additions	40	91	-	12	158	685	12	66	1,064
Disposal	(41)	(1)	-	-	(31)	(72)	-	(1)	(146)
End of financial year	443	768	12	345	360	3,261	125	298	5,612
Accumulated depreciation									
Beginning of financial year	320	693	12	296	88	1,598	110	231	3,348
Currency translation differences	(21)	(47)	-	(19)	(4)	(61)	(9)	(15)	(176)
Depreciation charge (Note 5)	46	27	-	31	43	466	5	34	652
Disposal	(25)	(1)	-	-	(13)	(53)	-	(1)	(93)
End of financial year	320	672	12	308	114	1,950	106	249	3,731
Net book value									
End of financial year	123	96	-	37	246	1,311	19	49	1,881
2016									
Cost									
Beginning of financial year	386	691	12	305	232	2,124	119	228	4,097
Currency translation differences	5	12	-	4	1	16	2	4	44
Additions	96	28	-	43	18	613	1	17	816
Disposal	(19)	(3)	-	-	(8)	(40)	-	-	(70)
End of financial year	468	728	12	352	243	2,713	122	249	4,887
Accumulated depreciation									
Beginning of financial year	282	641	12	264	59	1,285	104	217	2,864
Currency translation differences	5	12	-	5	1	15	2	4	44
Depreciation charge (Note 5)	41	43	-	27	29	323	4	10	477
Disposal	(8)	(3)	-	-	(1)	(25)	-	-	(37)
End of financial year	320	693	12	296	88	1,598	110	231	3,348
Net book value									
End of financial year	148	35	-	56	155	1,115	12	18	1,539

Included within additions in the consolidated financial statements are site equipment and motor vehicles acquired under finance leases amounting to S$353,000 (2016: S$252,000) and S$102,000 (2016: S$Nil).

The carrying amounts of site equipment, motor vehicles and office equipment held under finance leases are S$621,000 (2016: S$408,000), S$164,000 (2016: S$78,000) and S$Nil (2016: S$21,000) at the reporting date.

17. Trade and other payables

	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
Trade payables				
- Non-related parties	2,253	1,715	-	-
Bills payables	7,329	21,174	-	-
Contract work-in-progress				
- Due to customers (Note 14)	400	454	-	-
Accrued project costs	1,340	3,113	-	-
Deferred revenue	350	180	-	-
Other payables				
- Non-related parties	377	282	190	162
- Shareholder of a subsidiary corporation	200	200	-	-
Accruals for operating expenses	1,615	1,577	199	258
	13,864	28,695	389	420

Amount due to shareholder of a subsidiary corporation are non-trade in nature, bear interest of 8% (2016: 8%) per annum, unsecured and repayable on demand.

Bills payables

These payables have an average maturity of 120 – 180 (2016: 120 – 180) days. These payables are denominated in United States Dollar.

Deferred revenue

Deferred revenue represents maintenance services revenue received in advance.

18. Borrowings

	Group 2017 S$'000	Group 2016 S$'000
Current		
Bank overdraft (Note 11)	927	364
Bank borrowings	16,564	3,562
Trust receipts	2,498	11,141
Finance lease liabilities (Note 19)	248	157
	20,237	15,224
Non-current		
Finance lease liabilities (Note 19)	379	289
Total borrowings	20,616	15,513

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting dates are as follows:

	Group 2017 S$'000	Group 2016 S$'000
6 months or less	20,113	15,146
6 – 12 months	124	78
1 – 5 years	379	289
	20,616	15,513

18. Borrowings (continued)

(a) Securities granted

Bank overdraft, bank borrowings and trust receipts drawn by the respective subsidiary corporations are guaranteed by the Company. Certain bank borrowings of the Group are secured over certain bank deposits (Note 11). Finance lease liabilities of the Group are effectively secured over the leased plant and equipment (Note 16), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) Fair value of non-current borrowings

	Group	
	2017 S$'000	**2016 S$'000**
Finance lease liabilities	297	198

The fair values above are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group	
	2017 S$'000	**2016 S$'000**
Finance lease liabilities	2.00 – 2.99	2.00 – 2.99

(c) Breach of loan covenants

Some of the Group's loan arrangements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios.

During the financial year ended 31 December 2017, the Group did not fulfil its banks' key financial ratio of maintaining a minimum interest coverage ratio of 4 times.

Due to this breach of covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of S$3.8 million. The outstanding balance is presented as a current liability as at 31 December 2017.

The management is cognisant of the above mentioned non-adherence of the financial ratios and has taken steps subsequent to reporting date to obtain the approval of the relevant bank to waive the above.

There is no non-adherence of covenant clauses noted during the financial year ended 31 December 2016.

19. Finance lease liabilities

The Group leases certain plant and equipment from non-related parties under finance lease. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2017 S$'000	2016 S$'000
Minimum lease payments due		
- Not later than one year	269	173
- Between one and five years	394	308
	663	481
Less: Future finance charges	(36)	(35)
Present value of finance lease liabilities	627	446

The present values of finance lease liabilities are analysed as follows:

	Group	
	2017 S$'000	2016 S$'000
Not later than one year (Note 18)	248	157
Later than one year (Note 18)		
- Between one and five years	379	289
Total	627	446

20. Deferred income taxes

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

	Group	
	2017 S$'000	2016 S$'000
Deferred income tax assets		
- To be recovered after one year	(771)	(408)
Deferred income tax liabilities		
- To be settled after one year	-	80

Movement in deferred income tax account is as follows:

	Group	
	2017 S$'000	2016 S$'000
Beginning of financial year	(328)	-
Currency translation differences	43	(19)
Credited to profit or loss (Note 9)	(486)	(309)
End of financial year	(771)	(328)

20. Deferred income taxes (continued)

Deferred income tax assets are recognised for tax losses and donations carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of S$6,557,000 (2016: S$7,296,000) and donations of S$518,000 (2016: S$336,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and donations in their respective countries of incorporation.

Movement in deferred income tax assets and liabilities is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation S$'000
2017	
Beginning of financial year	80
Currency translation differences	*
Credited to profit or loss	(80)
End of financial year	-
2016	
Beginning of financial year	-
Currency translation differences	*
Charged to profit or loss	80
End of financial year	80

Deferred income tax assets

	Tax losses S$'000
2017	
Beginning of financial year	(408)
Currency translation differences	43
Credited to profit or loss	(406)
End of financial year	(771)
2016	
Beginning of financial year	-
Currency translation differences	(19)
Credited to profit or loss	(389)
End of financial year	(408)

* Less than S$1,000

21. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital S$'000	Treasury shares S$'000
Group and Company				
2017				
Beginning of financial year	869,571,020	(251,000)	24,201	(11)
Shares issued pursuant to:-				
- Exercise of warrants	159,367,240	-	1,593	-
End of financial year	1,028,938,260	(251,000)	25,794	(11)
2016				
Beginning of financial year	813,515,632	(251,000)	23,559	(11)
Shares issued pursuant to:-				
- Exercise of warrants	56,055,388	-	642	-
End of financial year	869,571,020	(251,000)	24,201	(11)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares (except for treasury shares) carry one vote per share and carry a right to dividends as and when declared by the Company.

During the financial year ended 31 December 2017, a total of 159,367,240 shares were issued pursuant to:

(i) exercise of 159,367,240 warrants at S$0.01 per share under W181123.

During the financial year ended 31 December 2016, a total of 56,055,388 shares were issued pursuant to:

(i) exercise of 20,269,373 warrants at S$0.014 per share under W160603; and

(ii) exercise of 35,786,015 warrants at S$0.01 per share under W181123.

The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) Treasury shares

The Company did not acquire any of its shares in the open market during the financial years ended 31 December 2017 and 2016.

(b) Share warrants

Share warrants outstanding at the end of the reporting year totalled 613,262,377 (2016: 772,629,617). These may be converted into shares at the conversion rate which are tabled below for each class of warrants for each ordinary shares of no par value before expiry date.

Warrants	Balance as at 1 January	Awarded during the financial year	Exercised during the financial year	Lapsed during the financial year	Balance as at 31 December	Exercise price	Exercisable period
2017							
W181123	772,629,617	-	159,367,240	-	613,262,377	S$0.010	27.11.2015 to 23.11.2018
2016							
W160603	318,510,665	-	20,269,373	298,241,292	-	S$0.014	07.06.2013 to 03.06.2016
W181123	808,415,632	-	35,786,015	-	772,629,617	S$0.010	27.11.2015 to 23.11.2018
	1,126,926,297	-	56,055,388	298,241,292	772,629,617		

21. Share capital and treasury shares (continued)

(c) Share options

The Company implemented the Ntegrator Share Option Scheme (the "Scheme") in 2005 for granting of options to full-time employees and directors of the Company and its subsidiary corporations. 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 RC which comprises three directors, namely Lai Chun Loong, Charles George St. John Reed and Lee Keen Whye.

The exercise price for each ordinary share in respect of which an option is exercisable shall be determined by the RC 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 Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) 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 twelve (12) months from the date of grant of that option. Options granted with exercise price set at a discount to Market Price shall only be exercisable after twenty-four (24) months from the date of grant of that option. All options granted shall be exercised before the end of one hundred and twenty (120) months (or sixty (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 RC from time to time.

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

	No. of ordinary shares under option						
	Balance as at 1 January	Granted during the financial year	Exercised during the financial year	Lapsed during the financial year	Balance as at 31 December	Exercise price	Exercisable period
2017							
Executive directors	8,000,000	-	-	-	8,000,000	S$0.04	25.08.2009 to 25.08.2019(2)
Key management personnel	2,000,000	-	-	-	2,000,000	S$0.04	25.08.2009 to 25.08.2019(2)
Employees	1,235,000	-	-	-	1,235,000	S$0.04	25.08.2009 to 25.08.2019(2)
	516,000	-	-	(516,000)*	-	S$0.13	11.09.2007 to 10.09.2017(1)
	11,751,000	-	-	(516,000)	11,235,000		
2016							
Executive directors	8,000,000	-	-	-	8,000,000	S$0.04	25.08.2009 to 25.08.2019(2)
Key management personnel	2,000,000	-	-	-	2,000,000	S$0.04	25.08.2009 to 25.08.2019(2)
Employees	1,662,000	-	-	(427,000)**	1,235,000	S$0.04	25.08.2009 to 25.08.2019(2)
	616,000	-	-	(100,000)**	516,000	S$0.13	11.09.2007 to 10.09.2017(1)
	12,278,000	-	-	(527,000)	11,751,000		

* The share options have lapsed during the financial year due to the expiry of option.
** The share options have lapsed during the financial year due to resignation of the staff

21. Share capital and treasury shares (continued)

(c) Share options

(1) 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 in the Bloomberg Executive Option Valuation Module ("BEOVM"), taking into account the terms and conditions upon which options were granted.

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.

(2) 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 in the BEOVM to estimate the fair value of the options as at the date of grant, 25 August 2008.

Out of the unexercised options for 11,235,000 (2016: 11,751,000) shares, options for all shares are exercisable at the reporting date.

BEOVM Parameters

The actual parameters applied in the BEOVM to estimate the fair values of the Options as at the date of grant are shown below:

Date of Grant	Vesting Date	Estimated Exercise Date	Subscription Price (S$)	Last Traded Price (S$)	Estimated Volatility (%)	Risk-free Rate (%)
25-Aug-08	25-Aug-09	25-Aug-10	0.04	0.04	100	1.145

(d) Performance share plan

The Company implemented the Ntegrator Performance Share Plan (the "PSP") in 2010 which was approved at the Extraordinary General Meeting ("EGM") held on 12 February 2010. The PSP provides for the award of fully paid-up ordinary shares in the share capital of the Company, free of charge to selected employees of the Company and/or its subsidiary corporations, including the directors of the Company, and other selected participants when and after pre-determined performance target(s) have been accomplished within the performance period.

The PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that the PSP will help to achieve the following positive objectives:

(a) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Group;

(b) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;

(c) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and

(d) develop a participatory style of management which instils loyalty and a stronger sense of identification with the long-term goals of the Group.

The PSP is administered by the RC which comprises three directors, namely Lai Chun Loong, Charles George St. John Reed and Lee Keen Whye.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the PSP was adopted by the Company in EGM, provided always that the PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under the PSP by way of:-

(i) issuance of new shares; and/or

(ii) delivery of existing shares purchased from the market or shares held in treasury.

21. Share capital and treasury shares (continued)

(d) Performance share plan (continued)

The total number of ordinary shares over which the Company may grant under the PSP shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

In 2010, a share award under the PSP was granted to employees and directors of the Group on 22 March 2010 in accordance with the approval by Shareholders at the EGM on 12 February 2010.

Details of the shares awarded pursuant to the PSP were as follows:

Name of director	Shares awarded during the financial year 2017	Aggregate shares awarded since the commencement of the PSP to 31.12.2017	Shares awarded during the financial year 2016	Aggregate shares awarded since the commencement of the PSP to 31.12.2016
Han Meng Siew	-	2,000,000	-	2,000,000
Jimmy Chang Joo Whut	-	2,000,000	-	2,000,000
Charles George St. John Reed	-	350,000	-	350,000
Lai Chun Loong	-	200,000	-	200,000
Lee Keen Whye	-	200,000	-	200,000
	-	4,750,000	-	4,750,000
Name of executive officer				
Kenneth Sw Chan Kit	-	2,000,000	-	2,000,000
Diana Lee Meng Wah [1]	-	-	-	800,000
	-	2,000,000	-	2,800,000
Employees	-	1,314,214	-	1,314,214
Total	-	8,064,214	-	8,864,214

[1] Retired on 31 March 2017

Since the commencement of the PSP till the end of the financial year ended 31 December 2017:

- No shares were granted to the controlling shareholders of the Company and their associates; and
- No participant other than Han Meng Siew, Jimmy Chang Joo Whut, Kenneth Sw Chan Kit and Diana Lee Meng Wah as mentioned above has received 5% or more of the total shares available under the PSP.

The Company has not granted any awards under the PSP since the financial year ended 31 December 2011 till 31 December 2017.

22. Other reserves

	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
(a) Composition:				
Share option reserve	231	231	231	231
Currency translation reserve	(911)	(14)	-	-
	(680)	217	231	231

22. Other reserves (continued)

	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
(b) Movements:				
(i) Share option reserve				
Beginning and end of financial year	231	231	231	231
(ii) Currency translation reserve				
Beginning of financial year	(14)	(258)	-	-
Reclassification on deconsolidation of a subsidiary corporation (Note 11)	-	*	-	-
Net currency translation differences of financial statements of foreign subsidiary corporations	(897)	244	-	-
End of financial year	(911)	(14)	-	-

Other reserves are non-distributable.

* Less than S$1,000

23. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company 2017 S$'000	Company 2016 S$'000
Beginning of financial year	(455)	(1,428)
Net (loss)/ profit	(937)	973
End of financial year	(1,392)	(455)

24. Contingencies

Corporate guarantees

The Company has issued corporate guarantees amounting to S$48.1 million (2016: S$63.8 million) to banks for borrowings of its subsidiary corporations. These bank borrowings of the subsidiary corporations amounted to S$20.0 million (2016: S$15.1 million) at the reporting date.

The Company has evaluated the fair values of the corporate guarantees are not material and is of the view that the consequential liabilities derived from its guarantees to the banks with regard to the subsidiary corporations are minimal. The subsidiary corporations for which the guarantees were provided are in favourable equity positions, with no default in the payment of borrowings and credit facilities.

25. Commitments

Operating lease commitments – where the Group is a lessee

The Group leases office equipment and commercial property such as offices and warehouses from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under the non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2017 S$'000	2016 S$'000
Not later than one year	1,582	1,099
Between one and five years	641	80
	2,223	1,179

26. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. It is, and has been throughout the financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identifies and evaluates financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Financial Controller. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Vietnam and Myanmar. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currency such as the United States Dollar ("USD").

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations has been monitored throughout the year and the impacts to the Group's financial statements are not significant.

26. Financial risk management (continued)

(a) *Market risk* (continued)

(i) Currency risk (continued)

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

	2017 SGD S$'000	2017 USD S$'000	2017 OTHER S$'000	2017 TOTAL S$'000	2016 SGD S$'000	2016 USD S$'000	2016 OTHER S$'000	2016 TOTAL S$'000
Financial assets								
Cash and cash equivalents	4,541	2,828	2	7,371	6,984	8,584	2	15,570
Trade and other receivables	13,662	28,183	19	41,864	11,823	35,151	-	46,974
Receivables from subsidiary corporations	11,008	-	-	11,008	9,544	-	-	9,544
	29,211	31,011	21	60,243	28,351	43,735	2	72,088
Financial liabilities								
Trade and other payables	4,129	8,880	105	13,114	6,406	21,652	3	28,061
Borrowings	5,013	15,603	-	20,616	4,372	11,141	-	15,513
Payables to subsidiary corporations	11,222	-	-	11,222	9,888	-	-	9,888
	20,364	24,483	105	44,952	20,666	32,793	3	53,462
Net financial assets/ (liabilities)	**8,847**	**6,528**	**(84)**	**15,291**	**7,685**	**10,942**	**(1)**	**18,626**
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	**2,306**	**2**	**(83)**	**2,225**	**(1,761)**	**2**	**(1)**	**(1,760)**

The Company is not exposed to currency risk since all its financial assets and liabilities as at 31 December 2017 and 2016 are denominated in Singapore Dollar.

If the foreign currencies change against the SGD by 8.2% (2016: 1.6%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/ liabilities position on the Group's (loss)/ profit after tax are not significant.

(ii) Price risk

The Group does not have exposure to equity price risk as it does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bank overdrafts and borrowings at floating interest rate. The Group manages its interest rate risks by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in USD. If the USD interest rates had increased/ decreased by 0.5% (2016: 0.5%) with all other variables including tax rate being held constant, the (loss)/ profit after tax would have been lower/ higher by S$86,000 (2016: S$64,000) respectively as a result of higher/ lower interest expense on these borrowings.

(b) *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk.

26. Financial risk management (continued)

(b) *Credit risk* (continued)

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

The Group has concentration of credit risk with customers, who are foreign government agencies, for whom it has completed several network infrastructure projects. These customers have made an arrangement with a financial institution in its own country to issue irrevocable letters of credit in favour of the Group for the settlement of these projects. As at 31 December 2017, the total amount of the irrevocable letters of credit issued in favour of the Group amounted to S$27,270,000 (2016: S$33,695,000), which are classified as bills receivables (Note 12), and represents 88% (2016: 87%) of the total trade and bills receivables of the Group as at that date.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Group	
	2017	**2016**
	S$'000	**S$'000**
Corporate guarantees provided to banks on subsidiary corporation's loans (Note 24)	19,989	15,067

The trade and bills receivables of the Group comprise of three debtors (2016: three debtors) that individually represented 3% - 75% of trade and bills receivables.

The credit risk for trade and bills receivables based on the information provided to key management are as follows:

	Group	
	2017	**2016**
	S$'000	**S$'000**
By geographical areas		
Singapore	3,653	4,727
Myanmar	-	6
Vietnam	27,270	33,792
Other	3	-
	30,926	38,525
By types of customers		
Non-related parties		
- Government agencies	27,309	34,071
- Other companies	3,617	4,454
	30,926	38,525

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

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

26. Financial risk management (continued)

(b) *Credit risk* (continued)

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

The Group's trade and bills receivables that are not past due amount to S$28,086,000 (2016: S$36,095,000). The Group has no trade and bills receivables past due or impaired that were re-negotiated during the financial year.

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

There is no other class of financial assets that is past due and/or impaired except for trade and bills receivables.

The age analysis of trade and bills receivables past due but not impaired is as follows:

	Group	
	2017 S$'000	2016 S$'000
Past due < 3 months	2,654	2,233
Past due 3 to 6 months	186	197
	2,840	2,430

A write off of certain trade receivables amounting to S$21,000 (2016: S$217,000) have been made to the profit or loss, as recoverability is determined to be low because the customers or debtors are in financial difficulties and payments are not forthcoming (Note 5).

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

Management monitors rolling forecasts of the liquidity reserve, comprises of undrawn borrowing facility and cash and cash equivalents (Note 11) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000
Group			
At 31 December 2017			
Trade and other payables	13,114	-	-
Borrowings	20,237	217	177
At 31 December 2016			
Trade and other payables	28,061	-	-
Borrowings	15,224	125	183

26. Financial risk management (continued)

(c) *Liquidity risk* (continued)

	Less than 1 year S$'000
Company	
At 31 December 2017	
Trade and other payables	389
Financial guarantee contracts	19,989
At 31 December 2016	
Trade and other payables	420
Financial guarantee contracts	15,067

(d) *Capital risk*

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

Management monitors capital based on a debt-equity ratio. Additionally, the Group is also required by the banks to maintain a debt-equity ratio of not exceeding 3.0 times (2016: 3.0 times).

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

	Group		Company	
	2017	2016	2017	2016
Total liabilities (S$'000)	34,480	44,494	389	420
Net tangible assets (S$'000)	18,686	21,041	24,622	23,966
Debt-equity ratio	**1.85 times**	**2.11 times**	**0.02 times**	**0.02 times**

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 2016 except for the breach of loan covenants for the financial year ended 31 December 2017 which was disclosed in Note 18(c) to the financial statements.

(e) *Fair value measurements*

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximates their fair values.

(f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position, except for the following:

	Group		Company	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Loans and receivables	49,235	62,544	6,971	6,351
Financial liabilities at amortised cost	33,730	43,574	389	420

27. Related party disclosures

No transactions took place between the Group and related parties other than those disclosed elsewhere in the financial statements.

(a) Sales/ purchases of goods

Outstanding balances as at 31 December 2017, arising from sales/ purchase of goods and services, are unsecured and receivable within 12 months from the reporting date and disclosed in Note 12 to the financial statements.

(b) Key management personnel compensation

Key management personnel compensation representing directors and other key management personnel are as follows:

	Group	
	2017 S$'000	2016 S$'000
Salaries and bonuses	1,654	1,563
Employer's contribution to defined contribution plan, including Central Provident Fund	68	59
Directors' fees	204	148
	1,926	1,770
Comprised amounts paid to :		
Directors of the Company	1,187	1,100
Other key management personnel	739	670
	1,926	1,770

28. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors comprises of executive and non-executive directors.

The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas namely, Singapore, Myanmar and Vietnam. All geographic locations are engaged in the project sales and project management and maintenance services.

The Group is organised into two operating segments – Project sales and Project management and maintenance services.

Project sales 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. It also provides the customers with seamless integration of a wide variety of voice and data signals used in large institutional telecom applications.

Project management and maintenance services segment provides installation and implementation services of the network infrastructure or voice communication systems that have been purchased by the customers from the Group's principals, and maintenance and support services mainly for the network infrastructure and voice communication systems.

28. Segment information (continued)

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 agreed terms 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 and presentation of capital expenditure and depreciation of property, 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 Board of Directors of the Company do not consider this information to be meaningful and this information is not used when making operating decisions about allocating resources to the business segment and assessing its performance.

The segment information provided to the Board of Directors for the reportable segments are as follows:

	Project sales		Project management and maintenance services		Consolidated	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Segment revenue						
Revenue to external parties	10,547	47,617	22,578	19,307	33,125	66,924
Segment result	1,827	3,704	5,167	8,057	6,994	11,761
Other income						
- Interest income from bank deposits					17	13
Other (losses)/ gains - net					(99)	654
Unallocated expenses						
- Distribution and marketing					(160)	(135)
- Administrative					(9,396)	(9,446)
- Finance					(63)	(94)
(Loss)/ profit before income tax					(2,707)	2,753
Income tax credit					668	103
Net (loss)/ profit					(2,039)	2,856
Segment assets	41,579	46,798	472	426	42,051	47,224
Unallocated assets					11,115	18,311
Total assets					53,166	65,535
Segment liabilities	9,723	25,350	622	438	10,345	25,788
Unallocated liabilities					24,135	18,706
Total liabilities					34,480	44,494

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on a measure of gross profit, (loss)/ profit before tax and segment results for the Group's operations. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs, impairment loss and other administrative expenses including interest income and interest expenses that are either not expected to recur regularly in every period or allocated to the segments as these type of activities are separately analysed and driven by the finance department, which manages the financial position of the Group.

28. Segment information (continued)

Geographical information

	Singapore		Myanmar		Vietnam		Other		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue										
Sales to external parties	31,008	24,805	1,031	95	992	42,001	94	23	33,125	66,924

Other geographical information:

	Singapore		Consolidated	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Non-current assets	2,652	1,947	2,652	1,947

Revenue of approximately S$21,742,000 (2016: S$39,199,000) are derived from a single external customer. These revenues are attributable to the project sales and project management and maintenance services segment.

(a) Reconciliation

(i) Segment assets

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the property, plant and equipment, inventories, certain trade and other receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than deferred income tax assets, cash and cash equivalent, certain trade and other receivables and property, plant and equipment.

Segment assets are reconciled to total assets as follows:

	Group	
	2017	2016
	S$'000	S$'000
Segment assets for reporting segments	42,051	47,224
Unallocated:		
- Deferred income tax assets	771	408
- Cash and cash equivalents	7,371	15,570
- Trade and other receivables	1,092	794
- Property, plant and equipment	1,881	1,539
	53,166	65,535

(ii) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than certain trade and other payables, borrowings and current and deferred income tax liabilities.

28. Segment information (continued)

(a) Reconciliation (continued)

(ii) Segment liabilities (continued)

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2017 S$'000	2016 S$'000
Segment liabilities for reporting segments	10,345	25,788
Unallocated:		
- Current income tax liabilities	-	206
- Deferred income tax liabilities	-	80
- Trade and other payables	3,572	2,974
- Borrowings	20,563	15,446
	34,480	44,494

29. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2018 or later periods and which the Company has not early adopted:

- Effective for annual period beginning on or after 1 January 2018
  - > FRS 28 Investments in Associates and Joint Ventures
  - > FRS 40 Transfers of Investment Property
  - > FRS 101 First-Time Adoption of Financial Reporting Standards
  - > FRS 102 Classification and Measurement of Share-based Payment Transactions
  - > FRS 109 Financial Instruments
  - > FRS 115 Revenue from Contracts with Customers

- Effective for annual period beginning on or after 1 January 2019
  - > FRS 116 Leases
  - > Amendments to FRS 12 Income Taxes
  - > Amendments to FRS 23 Borrowing Costs
  - > Amendments to FRS 103 Business Combinations
  - > Amendments to FRS 111 Joint Arrangements

- Effective date of this Amendments had been revised from 1 January 2018 to a date to be determined by ASC
  - > Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The management anticipates that the adoption of the above FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

- FRS 115 Revenue from contracts with customers

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

29. New or revised accounting standards and interpretations (continued)

- FRS 115 Revenue from contracts with customers (continued)

    - Step 1: Identify the contract(s) with a customer
    - Step 2: Identify the performance obligations in the contract
    - Step 3: Determine the transaction price
    - Step 4: Allocate the transaction price to the performance obligations in the contract
    - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

    FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

    Management is currently assessing the effects of applying the new standard on the Group's financial statements.

- FRS 116 Leases

    FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

    The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S$2,223,000 (Note 25). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's loss and classification of cash flows.

30. Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 31 March 2018 in April 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also apply new major SFRS(I) equivalent of IFRS 15 Revenue from Contracts with Customers.

The management does not expect significant adjustments to the Group's financial statements arising from the adoption of SFRS(I) on the Group's financial statements.

31. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Ntegrator International Ltd. on 2 April 2018.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2018

CLASS OF SHARES	:	Ordinary shares
Issued and fully paid-up capital (including Treasury Shares)	:	S$25,947,427
Issued and fully paid-up capital (excluding Treasury Shares)	:	S$25,936,132
Number of Shares issued (excluding Treasury Shares)	:	1,028,837,260 ordinary shares
Number (Percentage) of Treasury Shares	:	251,000 (0.03%)
Voting rights (excluding Treasury Shares)	:	One vote per share
Number of Subsidiary Holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	0.22	257	0.00
100 - 1,000	101	4.51	77,632	0.01
1,001 - 10,000	174	7.76	1,042,616	0.10
10,001 - 1,000,000	1,815	80.95	374,996,464	36.45
1,000,001 and above	147	6.56	652,720,291	63.44
Total	**2,242**	**100.00**	**1,028,837,260**	**100.00**

As at 19 March 2018, there is no substantial shareholder in the register of the Company.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	OCBC SECURITIES PRIVATE LIMITED	38,213,583	3.71
2	KOH KOW TEE MICHAEL	36,252,867	3.52
3	PHILLIP SECURITIES PTE LTD	26,357,716	2.56
4	CHANG JOO WHUT	25,290,640	2.46
5	DBS NOMINEES (PRIVATE) LIMITED	25,024,660	2.43
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	19,031,937	1.85
7	LEE KEEN WHYE	18,911,500	1.84
8	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	16,870,716	1.64
9	GOH SIOK KUAN	16,491,000	1.60
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	14,373,300	1.40
11	YOW HOCK GUAN	14,000,000	1.36
12	LOW CHIN YEE	11,898,500	1.16
13	HAN MENG SIEW	11,390,640	1.11
14	RAFFLES NOMINEES (PTE) LIMITED	11,068,250	1.08
15	STEPHEN KANG YEW JIN	10,324,700	1.00
16	TANG SOI LIK OR TANG EI FUN (CHEN YIFEN)	10,000,000	0.97
17	LAI CHUN LOONG	9,770,000	0.95
18	SW CHAN KIT	8,575,400	0.83
19	LOI SIEW HOONG	8,062,000	0.78
20	LEE MENG WAH	7,474,688	0.73
	TOTAL	**339,382,097**	**32.98**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

91.4% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Catalist Rule 723 of the Listing Manual of the SGX-ST.

WARRANTS (W181123) STATISTICS OF WARRANTHOLDINGS

As at 19 March 2018

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTHOLDINGS	%
1 - 99	9	0.57	448	0.00
100 - 1,000	101	6.35	79,778	0.01
1,001 - 10,000	162	10.18	974,224	0.16
10,001 - 1,000,000	1,221	76.74	203,139,128	33.15
1,000,001 and above	98	6.16	408,667,799	66.68
Total	**1,591**	**100.00**	**612,861,377**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	CHANG JOO WHUT	25,290,640	4.13
2	KOH KOW TEE MICHAEL	21,016,155	3.43
3	SW CHAN KIT	20,623,400	3.37
4	LAM WING HONG	19,668,900	3.21
5	PHILLIP SECURITIES PTE LTD478	17,485,616	2.85
6	OCBC SECURITIES PRIVATE LIMITED	14,008,498	2.29
7	HAN MENG SIEW	11,390,640	1.86
8	EIO HOCK CHUAR	11,200,000	1.83
9	DBS NOMINEES (PRIVATE) LIMITED	10,420,860	1.70
10	GOH SIOK KUAN	9,729,000	1.59
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,971,089	1.46
12	NEO LAM TIEN	8,500,000	1.39
13	LOI SIEW HOONG	7,562,000	1.23
14	CHOW KENG KWOK	7,300,200	1.19
15	KOH BENG HONG MICHAEL	7,039,200	1.15
16	LEE MENG WAH	7,000,000	1.14
17	HARRY HALIM @ LIM ENG LIAN	6,800,000	1.11
18	CHARLES GEORGE ST JOHN REED	6,765,000	1.10
19	STEPHEN KANG YEW JIN	6,740,000	1.10
20	NEO TIONG WOON (LIANG ZHANG'EN)	6,576,280	1.07
	TOTAL	**234,087,478**	**38.20**

USE OF PROCEEDS - WARRANTS CONVERSION

As at 31 December 2017, approximately S$1.9 million of the proceeds from issuance of shares arising from conversion of warrants has been utilised, in accordance to its intended use as stated in OIS dated 20 November 2015, a summary of which is set out below:-

Items	Amount (S$)	S$
Conversion of W181123	1,967,032.55	
Total Net Conversion of Warrants		**1,967,032.55**
Application of Proceeds		
Professional Fees	27,900.00	
Repayment of bank loans	1,883,170.74	
Total Application of Proceeds		**1,911,070.74**
Balance of Conversion of Warrants		**55,961.81**

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of NTEGRATOR INTERNATIONAL LTD. (the "Company") will be held at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 on Thursday, 26 April 2018 at 11.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon. ***(Resolution 1)***

2. To re-elect Mr Han Meng Siew as Director of the Company. ***(Resolution 2)***

3. To approve the payment of Directors' fees of S$184,000 for the financial year ended 31 December 2017 (FY2016: S$194,000). ***(Resolution 3)***

4. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. ***(Resolution 4)***

5. To transact any other ordinary business which may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. **Authority to Allot and Issue Shares**

That pursuant to Section 161 of the Companies Act, Cap. 50, of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Section B: Rules of Catalist ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

A. (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise, and/or

(ii) 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 for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

B. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below,

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

6. **Authority to Allot and Issue Shares** (continued)

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] ***(Resolution 5)***

7. **Authority to Allot and Issue Shares under the Ntegrator Share Option Scheme and Ntegrator Performance Share Plan**

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 and the Ntegrator Performance Share Plan (the "Schemes") upon the exercise of such options and in accordance with the terms and conditions of the Schemes, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Schemes shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
[See Explanatory Note (ii)] ***(Resolution 6)***

By Order of the Board

Shirley Lim Keng San
Kenneth Sw Chan Kit
Company Secretaries
Singapore, 10 April 2018

Explanatory Notes on Resolutions to be passed:

(i) Ordinary Resolution 5 proposed in item 6 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 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro rata basis.

(ii) Ordinary Resolution 6 proposed in item 7 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 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options and/or vesting of performance shares under the Schemes.

NOTICE OF ANNUAL GENERAL MEETING

Notes –

1. (a) A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead.

   (b) A Relevant Intermediary* may appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by him.

   ** "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.*

2. A proxy need not be a Member of the Company.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. 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.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a member consents to the collection, use and disclosures of the member's personal data by the Company (or its agent) for any of the Purposes.

This Notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this Notice including the correctness of any of the figures used, statements or opinions made.

This Notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Notice including the correctness of any of the statements or opinions made or reports contained in this Notice.

The contact person for the Sponsor is Ms Foo Quee Yin.
Telephone number: 6221 0271.

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NTEGRATOR INTERNATIONAL LTD.
(Incorporated In the Republic of Singapore)
(Co. Reg. No: 199904281D)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

CPF Investors
1. For investors who have used their CPF monies to buy the Company'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 Thursday, 26 April 2018 at 11.00 am 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' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2	Re-election of Han Meng Siew as a Director		
3	Approval of Directors' fees amounting to S$184,000		
4	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
5	Authority to allot and issue new shares		
6	Authority to allot and issue shares under the Ntegrator Share Option Scheme and Ntegrator Performance Share Plan		

** Delete where applicable.*

Dated this _______ day of April 2018

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

____
Signature of Shareholder(s)/and,
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 81SF of the Securities and Futures Act, Chapter 289), 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. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. 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 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her 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.

8. 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 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Han Meng Siew
EXECUTIVE CHAIRMAN

Jimmy Chang Joo Whut
MANAGING DIRECTOR & EXECUTIVE DIRECTOR

Charles George St. John Reed
LEAD INDEPENDENT DIRECTOR

Lai Chun Loong
INDEPENDENT DIRECTOR

Lee Keen Whye
INDEPENDENT DIRECTOR

NOMINATING COMMITTEE

INDEPENDENT DIRECTORS
Lee Keen Whye (Chairman)
Charles George St. John Reed
Lai Chun Loong

REMUNERATION COMMITTEE

INDEPENDENT DIRECTORS
Lai Chun Loong (Chairman)
Charles George St. John Reed
Lee Keen Whye

AUDIT COMMITTEE

INDEPENDENT DIRECTORS
Charles George St. John Reed (Chairman)
Lai Chun Loong
Lee Keen Whye

COMPANY SECRETARIES

Kenneth Sw Chan Kit
Shirley Lim Keng San

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

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Chin Chee Choon
(Appointed since 31 December 2016)

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Ltd

INVESTOR RELATIONS CONTACTS

Ntegrator International Ltd.
Jimmy Chang Joo Whut
4 Leng Kee Road
#06-04 SIS Building
Singapore 159088
Tel: (65) 6479 6033
Fax: (65) 6472 2966
ir@ntegrator.com

Citigate Dewe Rogerson Singapore Pte Ltd
Winston Choo/Carol Chong
55 Market Street
#02-01
Singapore 048941
Tel: (65) 6534 5122
Fax: (65) 6534 4171
winston.choo@citigatedewerogerson.com
carol.chong@citigatedewerogerson.com

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