

NTEGRATOR INTERNATIONAL LTD.

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

In response to SGX query, we would like to include further clarification on the performance of our group's performance:

1. **Please explain the fluctuations with supporting figures or other quantitative statistics and where possible details on the nature of the line item for the following between 31 Dec 05 & 31 Dec 04:**

For the Profit & Loss,

- a. **Equipment and consumables**

For the Balance Sheet & Cashflow,

- b. **stock**
- c. **deferred expenditure**
- d. **loan to subsidiary**

Response:

1a. Equipment and consumables

	<u>2005</u>	<u>2004</u>
	\$'000	\$'000
Equipment and consumables	15,519	18,641

Equipment and consumables includes voice communications systems, data, video, fibre optics and wireless network infrastructure products, software licences, cables, bank charges on project financing for the purchase of equipment and consumables, and other miscellaneous items.

In the Group Income Statement, the item "Changes in stocks and contract work-in-progress" should be read together with "Equipment and consumables used" to reflect the total equipment and consumables. For clarity, these items have been divided into two line items in our Group Income Statement.

The decrease in the equipment and consumables are in line with the decrease in revenue.

1b.Stocks

	<u>2005</u>	<u>2004</u>
	\$'000	\$'000
Stock	937	460

The increase in stocks is due to (i) stocks held in our regional subsidiaries for project completion in 2006 and (ii) rolling stocks held for both maintenance and sales.

1c. Deferred Expenditure

There is no deferred expenditure in 2005. The deferred expenditure of S\$ 375k in 2004 is a portion of expense incurred in connection with the initial public offering of the ordinary shares of the company.

These expenses has been set off against the share premium account in 2005 upon completion of the IPO of the company.

1d. Loan to a subsidiary

	<u>2005</u>	<u>2004</u>
	\$'000	\$'000
Loan to a subsidiary	2,498	4

The loan to a subsidiary comprises mainly of the loan from Ntegrator International Ltd (the holding company) to Ntegrator Pte Ltd (our wholly owned Singapore subsidiary). This is mainly from the proceeds of the IPO in October 2005. The loan to the subsidiary is to fund for the expansion of both our local and oversea operations including the purchase of demonstration and office equipment, increase in headcounts, corresponding office expansion to house them and working capital needs. This is in line with the use of proceeds from our IPO exercise.

2. **On the FRS39 explanation para 5, why have the comparative figures for years prior to 1 Jan 2005 not been related to account for effect of the changes in the policy, kindly explain why this is acceptable.**

Response:

This is a typo error. The word "related" should be read as "restated" instead. We reproduce the amended statement as follows:

There are no material changes on the financial statements of the Group arising from the adoption of the new/revised FRS, except as discussed below:

FRS 39 – Financial Instruments : Recognition and Measurement

In accordance with the transitional provisions of FRS 39, the comparative figures of the Group for years prior to 1 January 2005, as presented in this announcement, have not been **restated** to account for the effect of the above change in accounting policy. The change in accounting policy resulted in recognition of a fair value loss on the Group's bills receivables of S\$0.9 million which has been adjusted against opening retained profits as at 1 January 2005.

By Order of the Board

Jimmy Chang Joo Whut
Managing Director

27 February 2006

The Initial Public Offering of the Company was sponsored by UOB Asia Ltd.