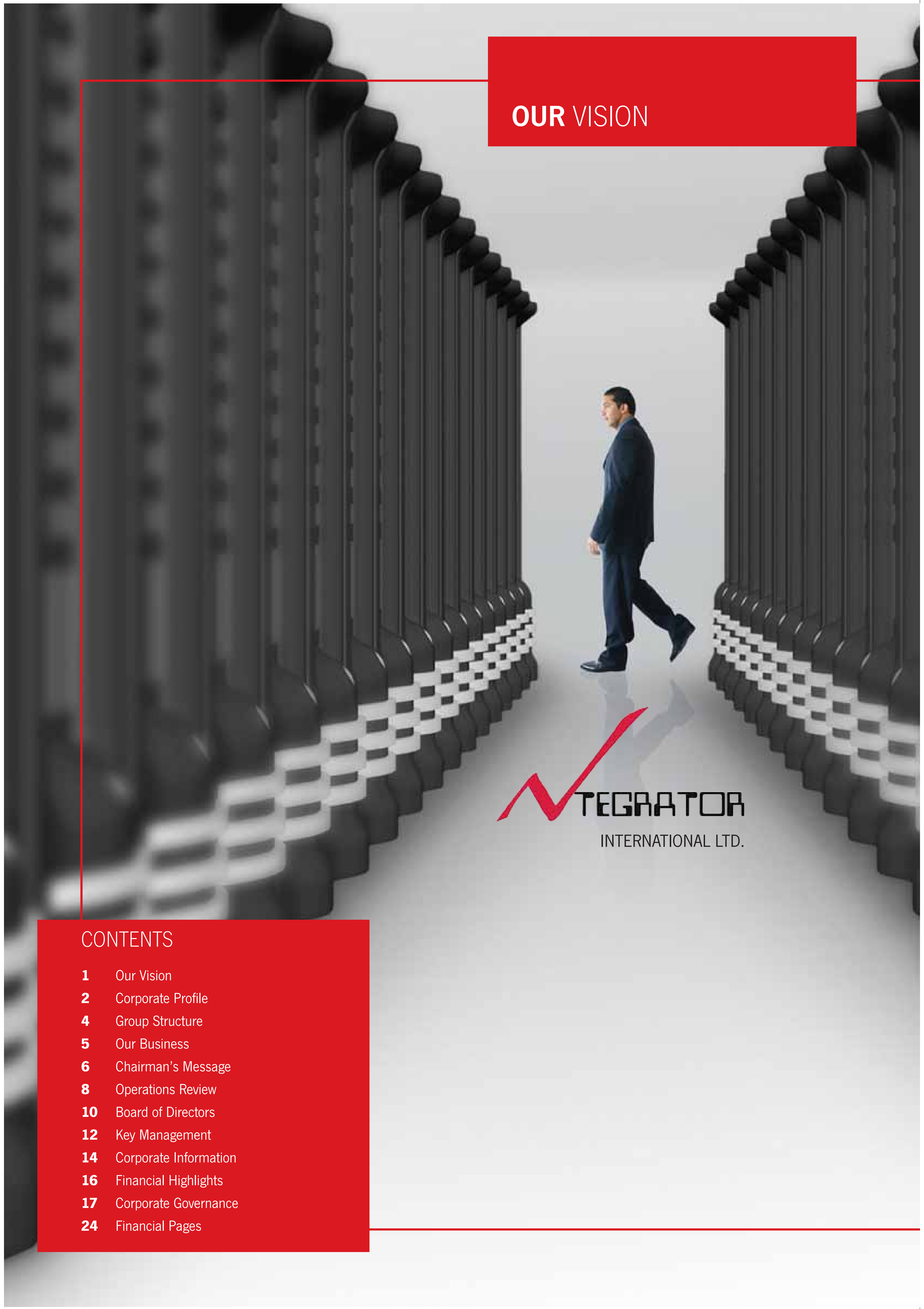
NTEGRATOR
INTERNATIONAL LTD.

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



OUR VISION

NTEGRATOR
INTERNATIONAL LTD.

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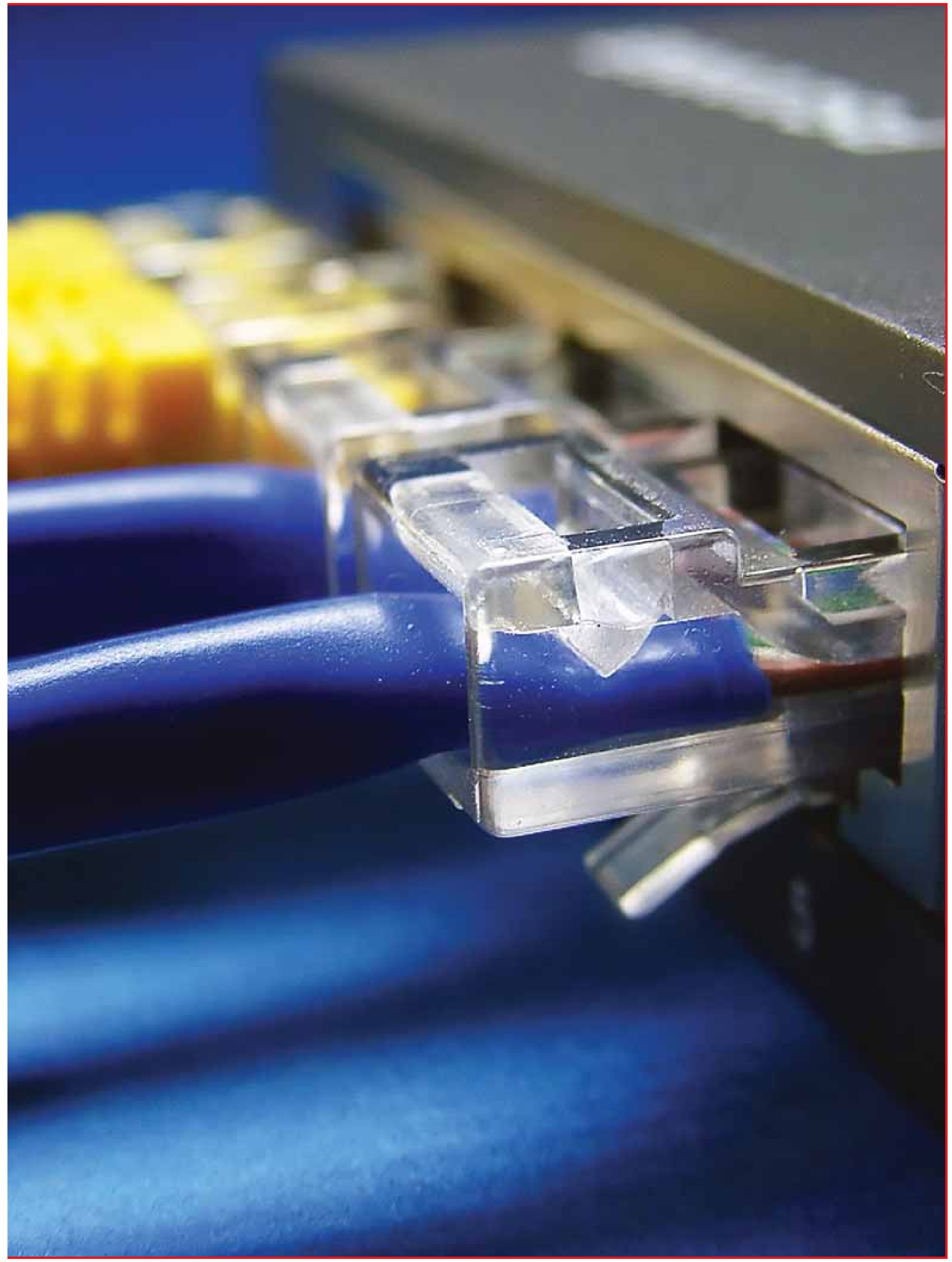
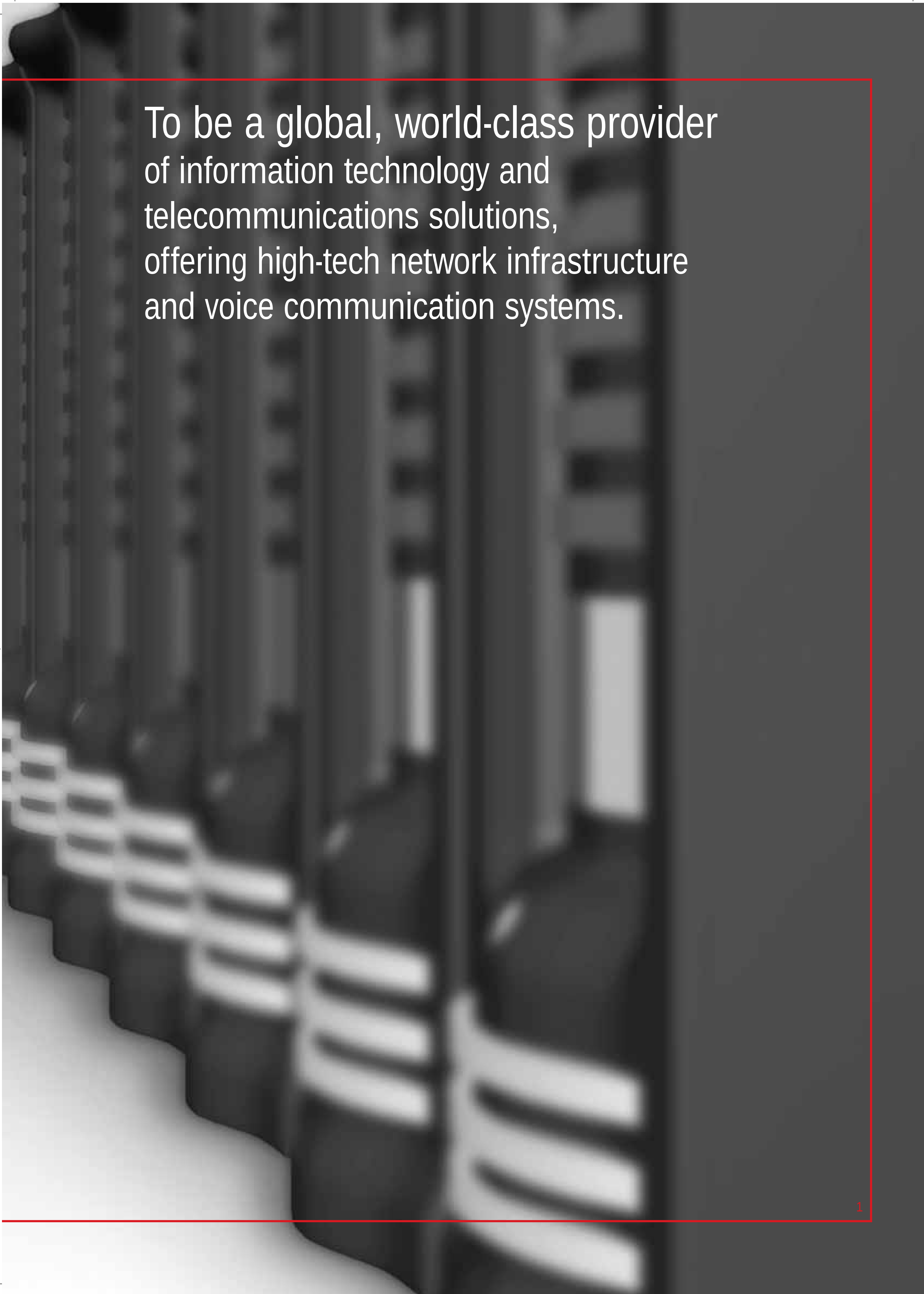
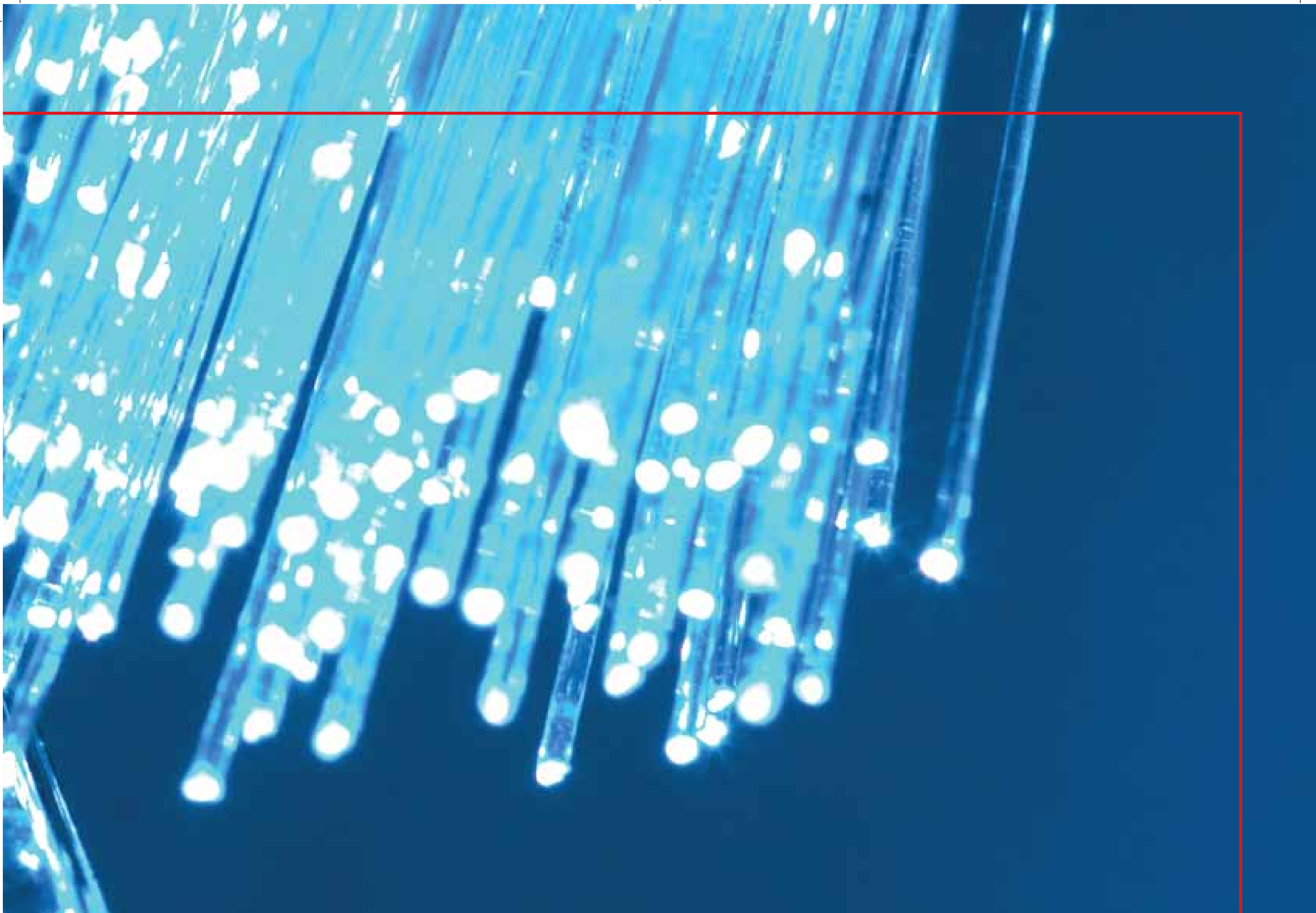




To be a global, world-class provider of information technology and telecommunications solutions, offering high-tech network infrastructure and voice communication systems.

COPORATE PROFILE



Established in April 2002, Ntegrator International Ltd. ("Ntegrator")'s core businesses include the design, installation and implementation of data, video, fibre optics, wireless and cellular network infrastructure as well as voice communication systems. The Group provides project management services as well as maintenance and support services. Recently, the Group has expanded its business portfolio to include the provision of turnkey solutions for medical equipment.

Since its inception, Ntegrator expanded its operations regionally into Vietnam, Myanmar, Malaysia, the Philippines and Thailand. Its customers comprise of leading telcos, governments and MNCs such as :

- MobileOne, Standard Chartered Bank, Alcatel, SingTel;
- Viettel, the second largest telecommunications operator in Vietnam; and
- Ministry of Defence, Myanmar and Myanmar Post & Telecommunications.

The Group's principal suppliers include ECI, Avaya, Alcatel and Nortel who are industry leaders for their respective equipment and products, and with whom the Group partners in various projects undertaken in partnership with them.

In November 2005, Ntegrator clinched 28th position in the 2005 Enterprise 50 ("E50") list, shortly after being conferred the Regional Headquarters Award from the Economic Development Board. Earlier, it clinched the Most Promising SME Award for companies with turnover of between S$20 million and S$50 million for the fiscal year 2004.

Ntegrator has been profitable throughout its four years of operation, and was listed on the SGX-Sesdaq on October 26, 2005.

GROUP STRUCTURE

Ntegrator International Ltd.

100%
Ntegrator Singapore

60%	60%	60%
Ntegrator Malaysia	Ntegrator Philippines	Ntegrator Thailand

- Representative Office in Vietnam
- Business Representative in Myanmar

OUR BUSINESS

Network Infrastructure

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

Includes sub-category:

Turnkey Solutions for Medical Equipment

- Expanded our current business portfolio to include the provision of turnkey solutions for medical equipment

Voice Communication Systems

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

Maintenance and Support Services and Project Management Services

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

CHAIRMAN'S MESSAGE

I am pleased to present to you our maiden annual report for the financial year ended December 31, 2005 ("FY2005").

FY2005 represents an eventful year as, having made inroads and established our presence in six countries in the region, we are now successfully tapping the good growth potential in the region's infocommunications industry. We have observed and welcome the rising demand for specialised integration services in the neighbouring developing countries.

I am pleased to announce that our Group reported a 6.3% increase in net profit to S$3.5 million in FY2005. This was achieved despite a 24.3% decrease in revenue to S$23.9 million, mainly attributable to the timing in completion of projects in Myanmar and Thailand. Voice Communication Systems, and Project Management and Maintenance Services continued to improve with growth of 8.0% to S$9.2 million, and 5.6% to S$1.7 million respectively. The improvement was a result of our focus on selling higher end products and improved maintenance income.

Since our IPO in October 2005, we have achieved several important milestones in our corporate history which brings us closer towards realising our goal to be a global, world-class provider of IT and telecommunications solutions, offering customers our high-tech network infrastructure and voice communication systems.

We clinched several industry awards namely, the 2005 Enterprise 50 and the Economic Development Board's Regional Headquarters Award. These Awards provide additional impetus for us to expand further in the region and to tap new business opportunities and markets in the region. They also attest to the industry's recognition of our financial growth since our first year of operation, and our track record of being profitable throughout the years of operation. The Regional Headquarters Award provides our Group with the necessary tax incentives, which allow us to divert our cash to more opportunities.

Since our inception in 2002, we have established several subsidiaries in the region. Today, with an established presence in six countries, we are well positioned to tap into these markets which offer competitive labour cost, higher rate of growth in fixed and mobile communications tools and infrastructure, as well as economies of scale.

We have carved a niche in the marketplace for our services. As a provider of network infrastructure and voice communication systems, our Group is considered technically specialised with few major players who can match our specialised integration services that offer total solutions and services to customers.

We service telcos, governments and MNCs. Our impressive list of customers and suppliers who partner us is testimony of the infocommunication industry's confidence in our Group and our people. We are indeed proud to have garnered blue-chip customers, such as:

- MobileOne, Standard Chartered Bank, Alcatel and SingTel;
- Viettel, the second largest telecommunications operator in Vietnam; and
- Ministry of Defence, Myanmar and Myanmar Post & Telecommunications.

Our Group also continues to derive mutual benefits with our principal suppliers, such as ECI, Avaya, Alcatel and Nortel, which are industry leaders in their respective fields, as we engage in various projects undertaken in partnership with them.

We believe that our industry's prospects are positive as telecommunication service providers are expected to continue their investment in network infrastructure and voice communication systems for upgrading and to keep abreast with new technology. The advent of newer and technologically advanced telecommunication solutions has also created a growing demand for our Group's products and services. Therefore, we are well positioned in the region to derive economies of scope and synergies to bridge the technology gap and cater to the rising demand. Such growing trends in voice and telecommunications underpin our confidence that the Group will, over time, become a regional leader in the industry.

We have begun to further expand and diversify our current business portfolio by providing turnkey solutions for medical equipment. This is to meet the increasing demand in the healthcare sector as more governments in Indochina seek to improve their healthcare services. We are therefore optimistic about our business prospects and regional outlook, and will continue to develop and strengthen our core competencies.

Going forward, we aim to expand our network of suppliers, strategically expand our operations both locally and regionally, as well as develop our corporate branding. We shall continue to commit resources in the areas of advanced technology, recruit and retain experienced staff to ensure quality service, and implement adequate risk management controls in all our business and operational areas.

We will also expand our business through acquisitions whenever the opportunities arise. I believe all these will further enlarge our footprint and propel our Group towards greater heights.

In appreciation of our shareholders' loyal support and confidence in our Group, the Board of Directors has proposed a final dividend of 1.5 cents per ordinary share, tax exempt under the One-Tier System.

I take this opportunity to thank our shareholders, customers, business partners for your unwavering commitment in the past and we look forward to your continued support in the future. We would also like to specially thank our management and staff who have put in their best efforts and contributed towards the success of our Group.

Bernard Chen Tien Lap
Chairman

OPERATIONS REVIEW

OVERVIEW

Group net profit increased 6.3% to S$3.5 million for the year ended December 2005. This was achieved despite a 24.3% decrease in revenue to S$23.9 million. Our star performer was the Voice and Communication Systems division. Representing about a quarter of our Group's gross profit, this division enjoyed a significant 82.6% increase in gross profit to S$2.0 million.

Geographically, our Group's main market, Singapore, which made up about 54.2% of total revenue, was up 17.5% to reach S$13.0 million. The region made up the remaining 45.8%.

In terms of contribution to gross profit, Network Infrastructure Projects made up approximately 67.2% while Voice Communication Systems constituted about 22.8%. Project Management and Maintenance Services made up about 10.0% of gross profit.

More specifically, the financial performance for each of these divisions is detailed as follows: -

NETWORK INFRASTRUCTURE

Network Infrastructure, the primary contributor to our revenue as it represents 54.2% of total Group sales, declined by 39.5% to S$13.0 million in FY2005 mainly due to the timing in completion of projects in Myanmar and Thailand. Correspondingly, gross profit declined marginally by 12.9% to S$6.0 million.

Our Group has diversified to include the provision of turnkey solutions for medical equipment, which we have incorporated as an integral part of our Network Infrastructure division. We supply, install, test and commission equipment such as X-ray machines as well as ultrasound, mammogram and CT-scan units.

VOICE COMMUNICATION SYSTEMS

Turnover from our Group's Voice Communication Systems, which represents 38.5% of total Group revenue, increased by 8.0% to S$9.2 million in FY2005. The improvement was mainly attributable to our focus on selling higher end products. Gross profit for Voice Communication Systems improved significantly by 82.7% to S$2.0 million.

This division experienced increase in demand as corporate users continued to invest in this area due to several reasons, namely the constant upgrading of voice communications to keep up with new technology and to support the advanced features of new communication devices.

As business grow and become more complex, there is a need for customisation. Our Group has the support staff with technical expertise and skills to provide total end-to-end enterprise business solutions. In addition, we have in place, flexible and user-configurable systems for exact customisation of all our customers' requirements.

2005 marks the year of our transformation into a listed entity, and we are pleased to present our maiden set of results for FY2005.

PROJECT MANAGEMENT AND MAINTENANCE SERVICES

Turnover for our Project Management and Maintenance Services division rose 5.6% in FY2005 to S$1.7 million due to improved maintenance income. With continuing growth in maintenance income, gross profit also edged up 3.1% to S$0.9 million.

Project Management and Maintenance Services grew in tandem with the demand in Voice Communication Systems and Network Infrastructure. We will also continue to improve our services and expand resources to support our 24-hour on-site as well as remote dial-in services. Our experienced engineers have the requisite skills and expertise, and are in demand, as evident from their being engaged by our suppliers on project basis to provide installation and implementation services of network infrastructure or voice communication systems that had been purchased by their customers.

PROSPECTS

Going forward, business conditions are expected to remain positive, though challenging, for the Group in the current financial year. We will make the necessary organisational changes to better prepare us for the challenges ahead. The key priority is for our Group to continue focusing on the key markets that we are in as growth in these markets are expected to remain steady in FY2006.

Few market players can replicate our specialist integration services in providing total solutions in network infrastructure, voice communication system and complete turnkey networking solutions, and although we are dependent on the telecommunications industry as our products are mainly used by state-owned or private telecommunications providers, we are confident we can maintain our strong foothold in the industry.

We believe our industry prospects are positive as telecommunication service providers are increasingly investing in network infrastructure and voice communication systems, which create a demand for our products and services. Moreover, new handheld and communications devices entering the market regularly also require corresponding hardware and network upgrading by telecommunications providers to support these features.

Our business relationships with principal suppliers such as ECI, Avaya, Alcatel and Nortel, all of whom are industry leaders for their respective equipment and products, also present opportunities for us to undertake projects as their preferred business partner. In addition, with increased fixed-line and mobile penetration in Asia, particularly in the Indochina market, we believe that we have the competitive edge to tap this growth potential and therefore, capture a larger market share of our network integration and voice communication services.

Our Group intends to continue to prudently expand our operations both locally and overseas through possible strategic partnerships or joint ventures.

The Group also plans to capitalise on Indochina’s developing healthcare sector as more governments in these countries realise the importance of and therefore, invest in medical care. We therefore expect positive contribution from this sub-category in the future.

Barring unforeseen circumstances, the Group is expected to be positive in the current financial year.

Bernard Chen Tien Lap

Han Meng Siew

BOARD OF DIRECTORS

Bernard Chen Tien Lap
Non-Executive Chairman & Independent Director

Currently the Chairman of Cisco Security Pte Ltd and Chairman of Singapore Health Services Pte Ltd, Mr Chen was previously with the Ministry of Finance, a Member of Parliament and Minister of State for Defence. Prior to this, he was the General Manager & Director of Fraser & Neave group before moving on to become the CEO of Intraco Ltd and later, a Director of Blue Dot Capital Pte Ltd.

Mr Chen holds a Master degree in Public Administration from Harvard University, a Bachelor of Arts degree in Theological Studies from the Australian Catholic University and a Bachelor of Science (First Class Honours) degree from the University of Alberta in Edmonton, Canada.

Han Meng Siew
Deputy Chairman & Executive Director

With more than 20 years' experience in the telecommunications industry, Mr Han is responsible for the strategic planning and growth of the Ntegrator Group. During his previous employment with Teledata (Singapore) Limited ("Teledata"), Mr Han was instrumental in propelling Teledata towards listing on the SGX-ST in 1994, and was subsequently appointed as its Managing Director. He has also served as an elected Council Member in the Singapore Confederation of Industries.

Mr Han obtained a Bachelor degree in Electrical Engineering 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

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

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

Tay Choon Chong
Non-Executive Director

Mr Tay is currently the Vice President of Business Development & Head of Strategic Relations at Singapore Technologies Engineering Ltd. Prior to this, he was the President of Fortune Venture Management Pte Ltd and managed two private equity funds totaling S$100 million. He began his career as an Engineer in Singapore Technologies Aerospace Ltd whereby he was promoted to Senior Engineer, then Project Development Manager. He was one of their overseas scholars.

In addition, Mr Tay also sits on the board of the Republic Polytechnic, and was a member of the advisory board of the Singapore Management University's Business School and Exploit, the commercialisation arm of AStar. He is currently the President of the Stanford Alumni Club in Singapore.

Mr Tay holds a Master of Science degree in Electrical Engineering from Stanford University, and a Bachelor of Engineering (First Class Honours) degree in Electrical Engineering from Imperial College at the University of London.

Jimmy Chang Joo Whut

Tay Choon Chong

Loudon Frank McLean Owen
Non-Executive Director

Currently the Managing Partner of McLean Watson Capital, Mr Owen began his career as a lawyer in Campbell Godfrey & Lewtas before becoming Managing Partner of law firm Burgess Macdonald Martin Younger. He left to become the Chief Operating Officer of Softimage Inc, a Nasdaq-listed software corporation, and later co-founded McLean Watson Capital.

Mr Owen holds an MBA from INSEAD, a Bachelor of Law degree from Osgoode Hall Law School, and a Bachelor of Arts degree from University of Toronto.

Lai Chun Loong
Independent Director

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

He started his career at the Chartered Industries of Singapore ("CIS") and rose to the position of Managing Director. Concurrently, he was the Managing Director of Singapore Technology Corporation Pte Ltd during this period. Mr Lai was later appointed as President of CIS and thereafter, moved to head Sembawang Industrial Pte Ltd as its Deputy Chairman & President.

Some of the previous directorships held by Mr Lai in public listed companies included the Insurance Corporation of Singapore Ltd, First Capital Corporation Ltd, Singapore Automotive Engineering Ltd, and RDC, Ltd.

Mr Lai serves in numerous community positions and was an active member of several regional trade, tourism and business promotion organisations. He served as a Member of the Management Council of the German-Singapore Institute, and was a Member of the Board of Governors of the Singapore Polytechnic. He was awarded a Public Service Medal (PBM) in 1992.

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

Charles George St. John Reed
Independent Director

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

Mr Reed obtained a Bachelor of Science degree in Engineering Mathematics from Bristol University in UK.


Loudon Frank McLean Owen


Lai Chun Loong


Charles George St. John Reed

Kenneth Sw Chan Kit

Benjamin Tay Boon Hwee

KEY MANAGEMENT

Our key executives and their working experiences are set out as follows: -

Kenneth Sw Chan Kit
Financial Controller

Mr Sw is a qualified accountant with 20 years' experience in financial reporting and accounting, and is overall responsible for our Group's financial and accounting activities. He began his career with Matsushita Electronics (S) Pte Ltd and moved on to Kuhne & Nagel (S) Pte Ltd and Serac Fashion. Mr Sw then joined Sembawang Engineering Pte Ltd and as Finance Manager, was seconded to its various overseas subsidiaries to establish their finance departments and implement computerised accounting systems. Thereafter, he joined Teledata as Financial Accountant before being promoted to Senior Manager. He has held the positions of Chief Financial Officer of E-Cop Pte Ltd and Senior Manager of IntraWave Pte Ltd, both subsidiaries of Teledata.

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

Benjamin Tay Boon Hwee
General Manager, Voice Communications

Mr Tay currently oversees the sales and marketing activities of the Group's Voice Communication Systems division in Singapore and overseas. Before becoming a Freelance Consultant, Mr Tay held the positions of Managing Director at Redback Networks Inc., Regional Manager (Taiwan, Thailand, Philippines and Indonesia) at Fore Systems Inc and Business Manager, Datacoms at Nera Telecoms Ltd.

Mr Tay holds an MBA with a major in Investments & Finance from the University of Hull, a Bachelor degree in Electrical & Electronic Engineering from the Nanyang Technological University, and a Diploma in Electrical & Electronic Engineering from the Singapore Polytechnic.

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

Having joined our Group since its inception, Mr Leong currently oversees the sales and marketing activities for our Group's network infrastructure products and services in the region. Mr Leong was handling International Transmission Maintenance & Operations at Singapore Telecommunications Limited before being promoted to Capacity Investment Manager responsible for European & USA carriers. He later joined Plexus Technology Pte Ltd as Sales Manager, overseeing various government sectors as well as overseas account.

Mr Leong holds a Bachelor degree in Electronics & Electrical Engineering (First Class Honours) from Louborough University of Technology.

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

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

Mr Edward holds a Bachelor degree in Engineering (Honours) from Aberdeen University.

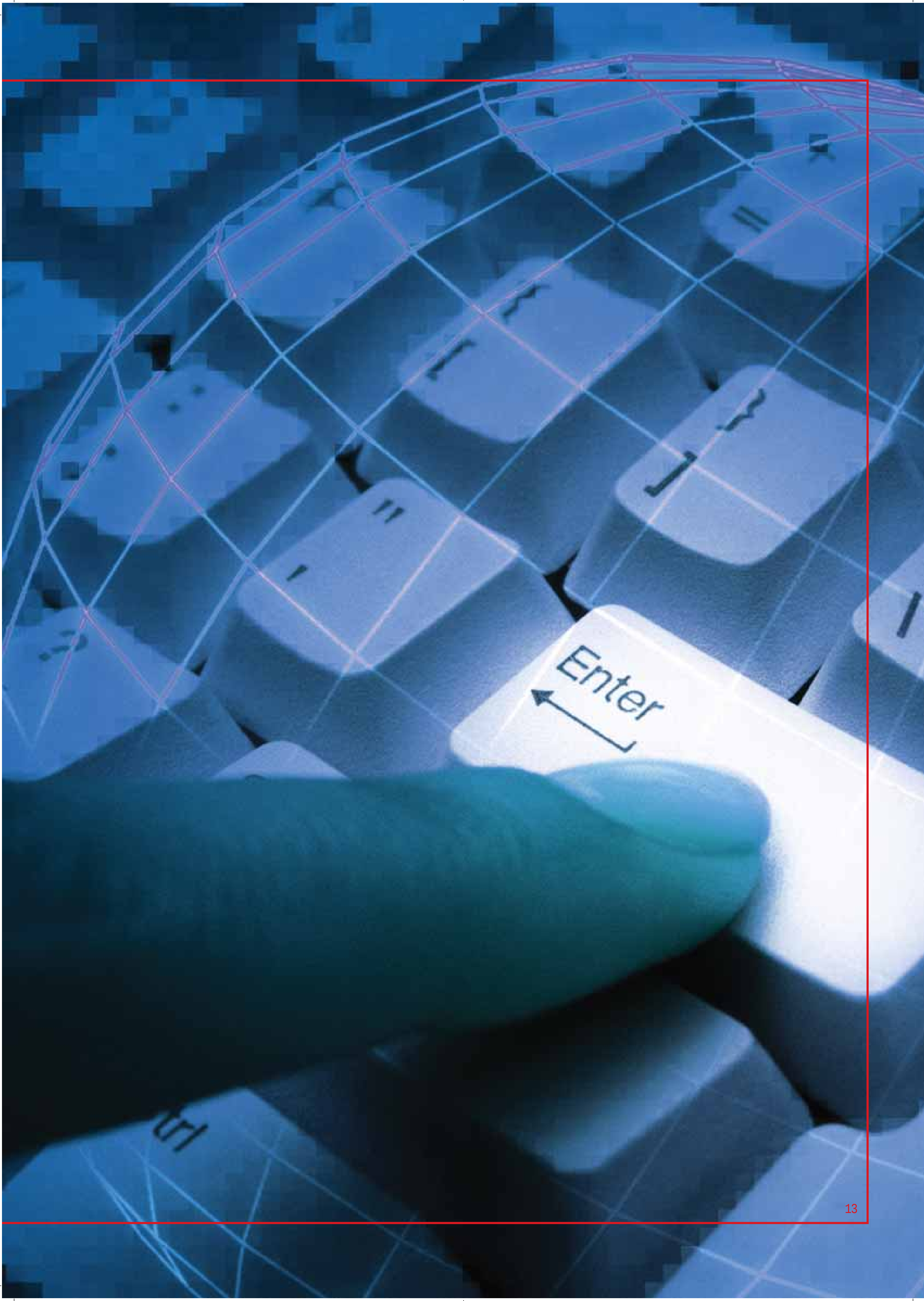
Diana Lee Meng Wah
Director, Human Resource

Ms Lee joined our Group when it commenced business, and is responsible for our Group's human resource activities and administration matters. Before she joined our Group, she was working in Teledata as the Administration Manager and Secretary to the Managing Director, assisting in administration and operational matters. Using her knowledge and skill in leadership and office management, Ms Lee had previously worked in the Personnel and Administration Departments of several private and government organisations such as Wireforms Pte Ltd, the Singapore General Hospital and SMRT Corporation Ltd.

Jason Leong Wee Siong

Vincent Vinu Edward

Diana Lee Meng Wah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CORPORATE INFORMATION

BOARD OF DIRECTORS

Bernard Chen Tien Lap
Non-Executive Chairman & Independent Director

Han Meng Siew
Deputy Chairman & Executive Director

Jimmy Chang Joo Whut
Managing Director

Tay Choon Chong
Non-Executive Director

Loudon Frank McLean Owen
Non-Executive Director

Lai Chun Loong
Independent Director

Charles George St. John Reed
Independent Director

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

Executive Director
Han Meng Siew

AUDIT COMMITTEE

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

COMPANY SECRETARY

Kenneth Sw Chan Kit
Yvonne Choo
Lim Keng San Shirley

REGISTERED OFFICE

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

SHARE REGISTRAR & TRANSFER OFFICE

Lim Associates (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building, Singapore 049315

AUDITORS

Ernst & Young
Certified Public Accountants
10 Collyer Quay
#21-01 Ocean Building
Singapore 049315
Partner-in-charge : Yen Heng Fook
[Appointed wef financial year 31 December 2003]

PRINCIPAL BANKERS

1) Malayan Banking Berhad
2) The Development Bank of Singapore Ltd
3) United Overseas Bank Ltd
4) Hong Leong Finance Ltd
5) Citibank, N.A.

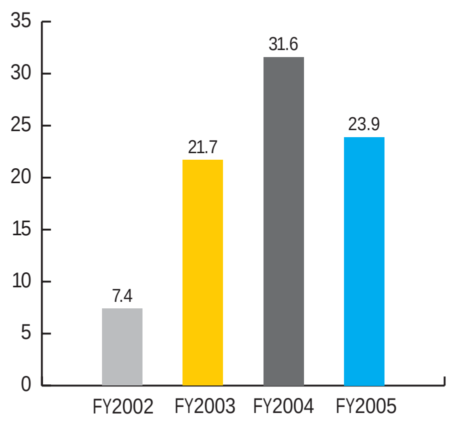
INVESTOR RELATIONS CONTACT

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

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

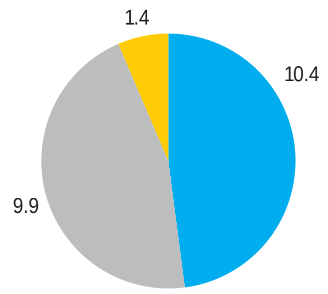
FINANCIAL HIGHLIGHTS

REVENUE S$ MIL



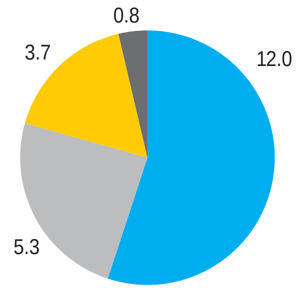
REVENUE BREAKDOWN BY ACTIVITIES S$ MIL

FY2003

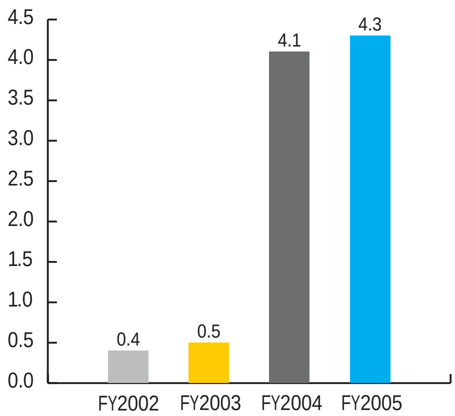


REVENUE BREAKDOWN BY GEOGRAPHICAL MARKET S$ MIL

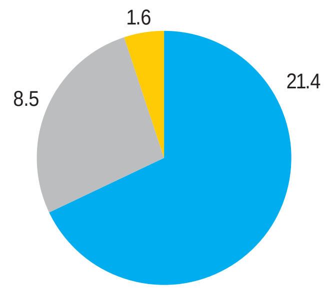
FY2003



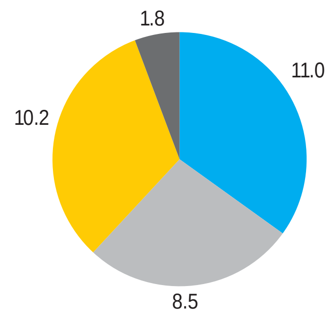
PROFIT BEFORE TAX S$ MIL



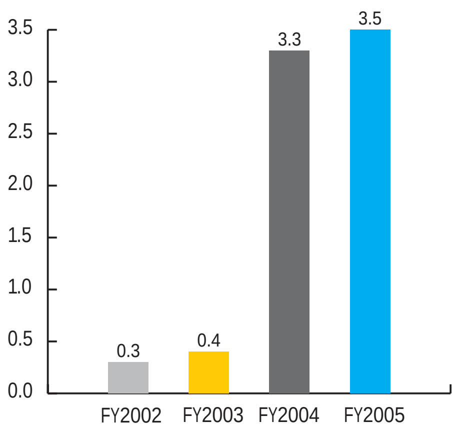
FY2004



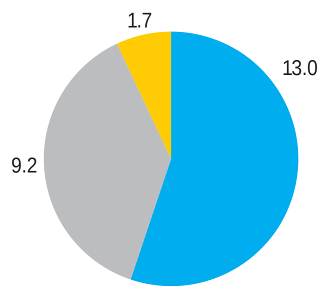
FY2004



NET PROFIT S$ MIL

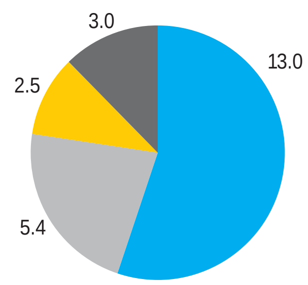


FY2005



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

FY2005



- Singapore
- Myanmar
- Vietnam
- Others

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

As required by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this report describes the Company's corporate governance processes with specific reference to the Code of Corporate Governance ("the Code") recommended by the Council on Corporate Disclosure and Governance.

Board of Directors

Principle 1: Board's Conduct of its Affairs

The principal functions of the Board are:

a. approving the Group's key business strategies 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, risk management, financial reporting and compliance;
d. approving half year and full year accounts and announcements; and
e. assuming responsibility for corporate governance.

The Board has adopted internal guidelines that require Board approval, including appointment of Directors, major funding and investment proposals and material capital expenditures. The Board discharges its responsibilities either directly or indirectly through the various Board Committees.

The Board conducts at least two regular scheduled meetings a year. Ad-hoc meetings are convened to address significant issues or approve major transactions. The Company's Articles of Association allows a Board Meeting to be conducted by way of telephone conferencing or any other electronic means of communications. The attendance of Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings, is disclosed in this report.

The Board of Directors is familiar with the Group's business and governance practices and have been briefed on their responsibilities as Directors of a listed company. There is an orientation programme to familiarize Directors with the Group's business and governance practices. External training courses at the Company's expenses are made available to all Directors.

Principle 2: Board Composition and Balance

The Board comprises seven Directors, one-third of whom is independent.

The composition of the Board is as follows:-

Executive Director

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

Non-Executive Director

Bernard Chen Tien Lap (Chairman) *
Loudon Frank McLean Owen
Tay Choon Chong
Charles George St. John Reed *
Lai Chun Loong *

* Independent Director

The independence of each Director is reviewed annually by the Nominating Committee which has determined that no individual or small group of individuals dominate the Board's decision making.

The Directors bring with them invaluable business, professional and commercial experience and whose core competencies, skills, qualifications and experiences are extensive and complementary. Key information on Directors is set out on pages 10 to 11 of the Annual Report. Directors attendance at Board meeting is set out on page 80 of the Annual Report.

Principle 3: Role of Chairman and Managing Director

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

The Deputy Chairman and the Managing Director are the most senior executives in the Company and assumes executive responsibility for the Company's business while the Chairman assumes responsibility for the management of the Board. The Chairman, the Deputy Chairman and the Managing Director are not related.

Principle 4: Nominating Committee ("NC")

The NC comprises two independent and one non-executive Directors, namely : –

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

* *Independent Director*

The NC has adopted written terms reference approved by the Board. The NC is principally responsible for : –

– recommending the nomination of new Directors for appointment;
– recommending the re-nomination of Directors for re-election;
– reviewing the Company's succession planning;
– reviewing the Board composition and size;
– reviewing the independence of Board members; and
– evaluating the performance of the Board.

Principle 5: Board Performance

As the Company was listed on SGX-ST in October 2005, the NC is of the view that it would not be meaningful to perform an assessment of the Board's performance for 2005. The NC has considered it more appropriate to focus on the collective assessment of Board performance and defer individual assessment of each Director.

Principle 6: Access to Information

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

All Directors have direct access to senior management and to the Company Secretary. The Company Secretary attends all Board meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also present at meetings of Board Committees.

Remuneration Committee ("RC")

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration

The RC comprises three members, a majority of whom are Independent Directors. The composition of the RC is as follows:-

Bernard Chen Tien Lap (Chairman) *
Charles George St. John Reed *
Han Meng Siew

** Independent Director*

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

Remuneration Committee ("RC") *cont'd*

Principle 7: Procedures for Developing Remuneration Policies *cont'd*
Principle 8: Level and Mix of Remuneration *cont'd*

In setting remuneration packages for Executive Directors and key executives of the Group, the pay and employment conditions within the industry and in comparable companies are taken into account to maintain an appropriate and competitive level of remuneration that will attract, retain and motivate key executives.

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

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

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

No Director was involved in the determination of his own remuneration.

The Directors' and Key Executives' remuneration report is set out on page 81 of the Annual Report. Directors' interests in shares and options of the Company are set out in the Directors' Report.

Principle 10: Accountability

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

Principle 11: Audit Committee

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

Lai Chun Loong (Chairman) *
Charles George St. John Reed *
Loudon Frank McLean Owen

* *Independent Director*

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

Remuneration Committee ("RC") *cont'd*

Principle 11: Audit Committee *cont'd*

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

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

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

Principal 12: Internal Control
Principal 13: Internal Audit ("IA")

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

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

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

Principles 14 & 15: Communication with Shareholders

Price-sensitive information relating to the Group is released through SGXNET and available to public on the SGX website. The interim and full year results and annual reports issued within the the prescribed period are also released to the public via SGXNET. The Company's Annual Report is available at its website www.ntegrator.com.

Remuneration Committee ("RC") *cont'd*

Principles 14 & 15: Communication with Shareholders *cont'd*

Shareholders of the Company receive the Annual Report and Notice of Annual General Meeting. At Annual General Meetings, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to senior management and Directors, including the Chairman of each of the Board Committee.

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

Risk Management

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

Technological Changes

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

Political, Regulatory and Economic

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

Credit Risk

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

Key Personnel

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

Securities Transactions

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

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

Material Contracts

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

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

CONTENTS

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Ntegrator International Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2005.

Change of company name and corporate status

On 15 September 2005, the Company was converted from a private limited by shares into a public company and changed its name from Ntegrator International Pte Ltd to Ntegrator International Ltd.

On 26 October 2005, the Company was admitted to the Official List of Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System ("SGX-SESDAQ").

Directors

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

Bernard Chen Tien Lap	*Chairman*
Han Meng Siew	*Deputy Chairman*
Jimmy Chang Joo Whut	*Managing Director*
Tay Choon Chong	
Loudon Frank McLean Owen	
Charles George St. John Reed	
Lai Chun Loong	

In accordance with Articles 88 and 89 of the Company's Articles of Association, Loudon Frank McLean Owen, Charles George St. John Reed and Lai Chun Loong retire and being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate other than pursuant to the share option schemes implemented by the Company as described below.

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of Director	**At beginning of financial year/date of appointment**	**At end of financial year**	**At beginning of financial year/date of appointment**	**At end of financial year**
The Company				
Ordinary shares				
Bernard Chen Tien Lap	–	200,000	–	–
Han Meng Siew	–	1,531,000	3,000,000	6,000,000
Jimmy Chang Joo Whut	1,000,000	3,531,000	–	–
Loudon Frank McLean Owen	–	200,000	–	–
Charles George St. John Reed	–	550,000	–	–
Lai Chun Loong	–	100,000	–	–
Tay Choon Chong	–	400,000	–	–
Options to subscribe for ordinary shares at exercise price of S$0.268 per share				
Bernard Chen Tien Lap	100,000	–	–	–
Han Meng Siew	700,000	–	–	–
Jimmy Chang Joo Whut	700,000	–	–	–
Tay Choon Chong	200,000	–	–	–
Loudon Frank McLean Owen	100,000	–	–	–
Charles George St. John Reed	200,000	–	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2006.

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

Directors' contractual benefits

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

Options

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

The committee set up by the Company to administer the Scheme (the "Committee") comprise three directors, namely Bernard Chen Tien Lap, Han Meng Siew and Charles George St. John Reed.

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

(i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the SGX-SESDAQ for the five consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or

(ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

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

No option was granted under the Scheme described above.

Details of the options to subscribe for ordinary shares of S$0.10 each of the Company granted to directors, executive officers and employees of the Group pursuant to an option scheme ("Pre-IPO Option Scheme") that was effective prior to the implementation of the Scheme described above were as follows :

Date of grant	Balance at 1.1.2005	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2005	Exercise price #	Exercisable period #
26.4.2004*	2,877,333	–	(2,861,083)	(16,250)	–	S$0.268	14.1.2004 to 13.1.2010
22.10.2004	3,110,000	–	(3,053,000)	(57,000)	–	S$0.268	22.10.2005 to 21.10.2011
	5,987,333	–	(5,914,083)	(73,250)	–		

* The committee administering the Pre-IPO Option Scheme has determined that the date of grant for these options was fixed on 14 January 2003.

The exercise price and exercisable period were determined by a committee administering the Pre-IPO Option Scheme.

Options *cont'd*

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

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to end of the financial year	Aggregate options exercised since commencement of the Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year
Bernard Chen Tien Lap	–	100,000	(100,000)	–
Han Meng Siew [1]	–	700,000	(700,000)	–
Jimmy Chang Joo Whut [1]	–	700,000	(700,000)	–
Tay Choon Chong [2]	–	200,000	(200,000)	–
Loudon Frank McLean Owen [2]	–	100,000	(100,000)	–
Charles George St. John Reed	–	200,000	(200,000)	–

[1] These directors received 5% or more of the total option available under the Pre-IPO Option Scheme since its commencement till the end of the financial year.

[2] These directors were associates of the controlling shareholders of the Company prior to its admission to the SGX-SESDAQ.

Except as disclosed, since the commencement of the Pre-IPO Option Scheme till the end of the financial year :

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant has received 5% or more of the total options available under the Pre-IPO Option 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.

Audit committee

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

Lai Chun Loong	*Chairman, Independent*
Charles George St. John Reed	*Independent*
Loudon Frank McLean Owen	

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

- Reviews the audit plans of the internal and external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
- Reviews the annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors of the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened one meeting since the Company was admitted to the Official List of SGX-SESDAQ with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

Auditors

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

On behalf of the board of directors,

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

Singapore
8 April 2006

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

(i) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005, and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, and

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

On behalf of the board of directors,

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

Singapore
8 April 2006

We have audited the accompanying financial statements of Ntegrator International Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 33 to 73, for the financial year ended 31 December 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and a subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
8 April 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the financial year ended 31 December 2005

	Notes	2005 S$	2004 S$ (Restated)
Revenue	3	23,888,995	31,567,479
Other income	4	1,163,049	83,694
Annual accretion of income on bills receivables		526,240	–
Changes in stocks and contract work-in-progress		381,329	(1,737,790)
Equipment and consumables used		(15,518,639)	(18,641,195)
Freight costs		(424,570)	(698,785)
Commission and consultancy expenses		(500,004)	(1,688,023)
Staff costs	5	(3,963,865)	(3,184,138)
Depreciation of plant and equipment		(197,348)	(233,106)
Foreign exchange gain/(loss), net		27,416	(514,079)
Finance costs	6	(58,747)	(52,586)
Other operating expenses	7	(1,102,149)	(804,119)
		(19,667,288)	(27,470,127)
Profit before income tax		4,221,707	4,097,352
Income tax	8	(757,799)	(839,430)
Net profit for the financial year		3,463,908	3,257,922
Attributable to:			
Shareholders of the Company		3,458,480	3,317,123
Minority interests, net of income tax		5,428	(59,201)
		3,463,908	3,257,922
Basic earnings per share (cents)	9	6.3	6.9*

* This amount has been recalculated to include the effect of one-to-one bonus issue of shares on 9 September 2005. Because the bonus issue was without consideration, it is treated as if it had occurred before the beginning of 1 January 2004, the earliest period presented.

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

BALANCE SHEETS
as at 31 December 2005

	Notes	Group 2005 S$	Group 2004 S$ (Restated)	Company 2005 S$	Company 2004 S$ (Restated)
Non-current assets					
Plant and equipment	10	510,008	337,274	–	–
Deferred expenditure	11	–	375,062	–	375,062
Intangible assets	12	78,348	–	–	–
Deferred tax assets	24	41,884	26,490	–	–
Investments in subsidiaries	13	–	–	4,350,000	4,350,000
Cash and short-term deposits	14	559,489	964,008	–	–
Trade receivables	16	6,575,287	5,235,650	–	–
		7,765,016	6,938,484	4,350,000	4,725,062
Current assets					
Stocks		936,684	459,727	–	–
Contract work-in-progress	15	153,756	174,858	–	–
Trade receivables	16	14,591,869	8,772,894	–	–
Other receivables and prepayments	17	768,088	345,552	3,421,326	5,000
Loan to a subsidiary	18	–	–	2,497,730	3,800
Cash and short-term deposits	14	3,436,929	5,147,202	2,195,815	34,254
		19,887,326	14,900,233	8,114,871	43,054
Current liabilities					
Contract work-in-progress	15	75,439	913	–	–
Trade payables	19	11,087,245	10,425,915	–	–
Other payables	20	466,723	706,502	359,157	410,172
Deferred revenue	21	77,202	128,623	–	–
Finance lease liabilities	22	3,943	13,052	–	–
Interest bearing loan and borrowings	23	221,068	1,134,068	–	–
Income tax payable		770,262	831,036	–	–
		12,701,882	13,240,109	359,157	410,172
Net current assets/(liabilities)		7,185,444	1,660,124	7,755,714	(367,118)
Non-current liabilities					
Finance lease liabilities	22	(27,919)	(24,512)	–	–
Deferred tax liabilities	24	(59,000)	(59,000)	–	–
		(86,919)	(83,512)	–	–
Net assets		14,863,541	8,515,096	12,105,714	4,357,944

	Notes	Group 2005 S$	Group 2004 S$ (Restated)	Company 2005 S$	Company 2004 S$ (Restated)
Equity attributable to shareholders of the Company					
Issued share capital	25	8,008,859	2,408,021	8,008,859	2,408,021
Share premium		1,370,027	2,029,477	1,370,027	2,029,477
Employee share option reserve		–	25,666	–	25,666
Foreign currency translation reserve		(23,625)	(25,124)	–	–
Retained profits/ (accumulated losses)		5,310,707	3,973,057	2,726,828	(105,220)
		14,665,968	8,411,097	12,105,714	4,357,944
Minority interests		197,573	103,999	–	–
Total equity		14,863,541	8,515,096	12,105,714	4,357,944

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

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2005

Group 2005	Attributable to shareholders of the Company						Minority interests	Total equity
	Issued share capital (Note 25)	Share premium	Employee share option reserve	Foreign currency translation reserve	Retained profits	Total reserves		
	S$	S$	S$	S$	S$	S$	S$	S$
Balance as at 31 December 2004 and 1 January 2005 as previously reported	2,408,021	2,029,477	–	(25,124)	3,998,723	8,411,097	103,999	8,515,096
Adoption of FRS 39 (Note 2.2)	–	–	–	–	(921,058)	(921,058)	–	(921,058)
Cumulative effect of adopting of FRS 102 (Note 2.2)	–	–	25,666	–	(25,666)	–	–	–
Balance as at 1 January 2005 as restated	2,408,021	2,029,477	25,666	(25,124)	3,051,999	7,490,039	103,999	7,594,038
Foreign currencies translation adjustment	–	–	–	1,499	–	1,499	1,002	2,501
Issuance of shares under share options scheme	591,408	993,566	–	–	–	1,584,974	–	1,584,974
Bonus issue by way of capitalising share premium	2,999,430	(2,999,430)	–	–	–	–	–	–
Issuance of shares pursuant to initial public offering	2,010,000	2,613,000	–	–	–	4,623,000	–	4,623,000
Initial public offering expenses *	–	(1,358,864)	–	–	–	(1,358,864)	–	(1,358,864)
Contribution of share capital in a subsidiary	–	–	–	–	–	–	87,144	87,144
Share option expense	–	–	66,612	–	–	66,612	–	66,612
Exercise of share option	–	92,278	(92,278)	–	–	–	–	–
Dividend on ordinary shares (Note 30)	–	–	–	–	(1,199,772)	(1,199,772)	–	(1,199,772)
Net profit for the financial year	–	–	–	–	3,458,480	3,458,480	5,428	3,463,908
Balance as at 31 December 2005	8,008,859	1,370,027	–	(23,625)	5,310,707	14,665,968	197,573	14,863,541
Total income and expenses recognised directly in equity :								
- Foreign currency translation adjustment	–	–	–	1,499	–	1,499	1,002	2,501
- Initial public offering expenses	–	(1,358,864)	–	–	–	(1,358,864)	–	(1,358,864)
	–	(1,358,864)	–	1,499	–	(1,357,365)	1,002	(1,356,363)
Net profit for the financial year	–	–	–	–	3,458,480	3,458,480	5,428	3,463,908
Total income and expenses recognised	–	(1,358,864)	–	1,499	3,458,480	2,101,115	6,430	2,107,545
Group 2004								
Balance as at 1 January 2004 as previously reported	2,408,021	2,029,477	–	(12,979)	664,727	5,089,246	171,296	5,260,542
Cumulative effect of adopting FRS 102 (Note 2.2)	–	–	8,793	–	(8,793)	–	–	–
Balance at 1 January 2004 as restated	2,408,021	2,029,477	8,793	(12,979)	655,934	5,089,246	171,296	5,260,542
Foreign currency translation adjustment	–	–	–	(12,145)	–	(12,145)	(8,096)	(20,241)
Share option expense	–	–	16,873	–	–	16,873	–	16,873
Net profit for the financial year	–	–	–	–	3,317,123	3,317,123	(59,201)	3,257,922
Balance as at 31 December 2004	2,408,021	2,029,477	25,666	(25,124)	3,973,057	8,411,097	103,999	8,515,096
Total income and expenses recognised directly in equity :								
- Foreign currency translation adjustment	–	–	–	(12,145)	–	(12,145)	(8,096)	(20,241)
Net profit for the financial year	–	–	–	–	3,317,123	3,317,123	(59,201)	3,257,922
Total income and expenses recognised	–	–	–	(12,145)	3,317,123	3,304,978	(67,297)	3,237,681

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

	Attributable to shareholders of the Company				
Company 2005	**Issued share capital (Note 25) S$**	**Share premium S$**	**Employee share option reserve S$**	**Accumulated losses/retained profits S$**	**Total equity S$**
Balance as at 31 December 2004 and 1 January 2005 as previously reported	2,408,021	2,029,477	–	(79,554)	4,357,944
Cumulative effect of adopting FRS 102 (Note 2.2)	–	–	25,666	(25,666)	–
Balance at 1 January 2005 as restated	2,408,021	2,029,477	25,666	(105,220)	4,357,944
Issuance of shares under share options scheme	591,408	993,566	–	–	1,584,974
Bonus issue by way of capitalising share premium	2,999,430	(2,999,430)	–	–	–
Issuance of shares pursuant to initial public offering	2,010,000	2,613,000	–	–	4,623,000
Initial public offering expenses *	–	(1,358,864)	–	–	(1,358,864)
Share opton expense	–	–	66,612	–	66,612
Exercise of share option	–	92,278	(92,278)	–	–
Dividend on ordinary shares (Note 30)	–	–	–	(1,199,772)	(1,199,772)
Net profit for the financial year	–	–	–	4,031,820	4,031,820
Balance as at 31 December 2005	8,008,859	1,370,027	–	2,726,828	12,105,714
Total income and expenses recognised directly in equity :					
- Initial public offering expenses	–	(1,358,864)	–	–	(1,358,864)
Net profit for the financial year	–	–	–	4,031,820	4,031,820
Total income and expenses recognised	–	(1,358,864)	–	4,031,820	2,672,956
Company 2004					
Balance as at 1 January 2004 as previously reported	2,408,021	2,029,477	–	(52,490)	4,385,008
Cumulative effective of adopting FRS 102 (Note 2.2)	–	–	8,793	(8,793)	–
Balance at 1 January 2004 as restated	2,408,021	2,029,477	8,793	(61,283)	4,385,008
Share option expense	–	–	16,873	–	16,873
Net loss for the financial year	–	–	–	(43,937)	(43,937)
Balance as at 31 December 2004	2,408,021	2,029,477	25,666	(105,220)	4,357,944

* Included a fee paid to auditors of the Company that amounted to S$150,000 in relation to their roles as reporting auditors.

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

CONSOLIDATED CASH FLOW STATEMENT
for the financial year ended 31 December 2005

	Notes	2005 S$	2004 S$ (Restated)
Cash flows from operating activities :			
Profit before income tax		4,221,707	4,097,352
Adjustments for :			
Depreciation of plant and equipment		197,348	233,106
Loss on disposals of plant and equipment		21,770	1,515
Share option expense		66,612	16,873
Interest expense		58,747	52,586
Interest income		(50,064)	(20,141)
Foreign currency translation adjustment		(12,242)	(16,294)
		4,503,878	4,364,997
(Increase)/decrease in stocks and contract work-in-progress		(381,329)	1,211,404
Increase in trade and other receivables, and prepayments		(8,502,206)	(4,786,043)
Increase in trade and other payables		370,130	2,764,522
Cash (used in)/generated from operations		(4,009,527)	3,554,880
Interest received		50,064	20,141
Interest paid		(58,747)	(52,586)
Income tax paid		(830,229)	(114,629)
Net cash (used in)/from operating activities		(4,848,439)	3,407,806
Cash flows from investing activities :			
Purchase of plant and equipment		(397,345)	(112,906)
Payment for intangible assets		(78,347)	–
Proceeds from disposals of plant and equipment		16,497	8,741
Net cash flows used in investing activities		(459,195)	(104,165)
Cash flows from financing activities :			
Proceeds from/(repayment) loan from a financial institution		10,903	(595,128)
Repayment of finance leases		(5,702)	(27,155)
Proceeds from issuance of share capital by the Company		6,207,974	–
Payments for deferred expenditure		(983,802)	(375,062)
Increase/(decrease) in fixed deposits pledged with financial institutions		404,519	(119,508)
Contribution of capital by shareholder in a subsidiary		87,144	–
Dividend paid		(1,199,772)	–
Net cash flows from/(used in) financing activities		4,521,264	(1,116,853)

for the financial year ended 31 December 2005

	Notes	2005 S$	2004 S$ (Restated)
Net (decrease)/increase in cash and cash equivalents		(786,370)	2,186,788
Cash and cash equivalents at beginning of the financial year	14	4,147,539	1,960,751
Cash and cash equivalents at end of the financial year	14	3,361,169	4,147,539

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

1. Corporate information

Ntegrator International Ltd. (the "Company") is a public limited company incorporated in Singapore.

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

On 15 September 2005, the Company was converted from a private company limited by shares into a public company and changed its name from Ntegrator International Pte Ltd to Ntegrator International Ltd.

On 26 October 2005, the Company was admitted to the Official List of Singapore Exchange Securities Trading Limited Dealing and Automated Quotation System ("SGX-SESDAQ").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

The financial statements have been prepared on a historical cost basis except for financial assets classified as loans and receivables and financial liabilities (other than derivative financial instruments), that are measured and carried at amortised cost using the effective interest method.

The financial statements are presented in Singapore Dollars ("S$").

2.2 *Changes in accounting policies*

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below :

(a) *Adoption of new FRS*

On 1 January 2005, the Group and the Company adopted the following accounting standard mandatory for annual financial periods beginning on or after 1 January 2005.

- FRS 39 – Financial Instruments: Recognition and Measurement
- FRS 102 – Share-based Payment

2.2 ***Changes in accounting policies*** *cont'd*

(i) FRS 39 – Financial Instruments: Recognition and Measurement

The Group and the Company had adopted FRS 39 prospectively on 1 January 2005. At that date, financial assets within the scope of FRS 39 were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

Financial assets that were classified as financial assets at fair value through profit or loss and available-for-sale financial assets were measured at fair value while loans and receivables and held-to-maturity investments were measured at amortised cost using the effective interest rate method. At 1 January 2005, differences between the carrying values and fair values of financial assets at fair value through profit or loss were recognised in retained profits while the differences between carrying values and fair values of available-for-sale financial assets were recognised in the fair value adjustment reserve. For investments carried at amortised cost, any differences between the carrying values and amortised costs as at 1 January 2005 were recognised in retained profits.

At 1 January 2005, financial liabilities (other than derivative financial instruments) within the scope of FRS 39 were measured at amortised costs using the effective interest rate method. Any difference between the carrying values and amortised costs as at 1 January 2005 were recognised in retained profits.

According to FRS 39, all derivative financial instruments held by the Group and the Company were recognised as assets or liabilities in the balance sheets and classified as financial assets or financial liabilities at fair value through profit or loss. Fair value adjustments of derivative financial instruments, except for those designated as hedging instruments in cash flow hedges, were recognised in retained profits at 1 January 2005.

On 1 January 2005, the Group has non-interest bearing bills receivables that were repayable over three years and non-interest bearing. At that date, such receivables which amounted to S$7,790,289 were carried at cost. Upon the adoption of FRS 39, the Group carries its bills receivables at amortised cost which is measured using the effective interest method. Under the transitional provisions of FRS 39, the change in accounting policy on 1 January 2005 resulted in the following adjustments as at that date :

- S$921,058 debit to the Group's retained earnings; and
- S$921,058 credit to the Group's bills receivables.

2.2 ***Changes in accounting policies*** *cont'd*

(ii) FRS 102 – Share-based payment

The main impact of FRS 102 on the Group and the Company is the recognition of an expense and a corresponding entry to equity for share options granted to directors, senior executives and general employees.

The Group and the Company have applied FRS 102 retrospectively and have taken advantage of the transitional provisions of FRS 102 in respect of equity-settled awards. As a result, the Group and the Company have applied FRS 102 only to equity-settled awards granted after 22 November 2002 that had not vested on 1 January 2005.

Under the transitional provision of FRS 102, the change in accounting policy has resulted in the following financial effects :

At 1 January 2005 :
- An increase in the Group's and the Company's employee share option reserve respectively by S$25,666 (2004:S$8,793);
- A decrease in the Group's retained profit by S$25,666 (2004:S$8,793);
- An increase in the Company's accumulated losses by S$25,666 (2004:S$8,793);

For the financial year ended 31 December 2005 :
- A decrease in the Group's and the Company's net profit for the financial year by S$66,612 (2004:S$16,873) due to an increase in the share option expenses; and
- A decrease in basic earnings per share by 0.1 cents (2004:NIL).

(b) *Adoption of revised FRS*

In addition, the Group and the Company have adopted the following new and revised accounting standards which did not result in any significant change in accounting policies:

FRS 1 (revised)	–	Presentation of Financial Statements
FRS 2 (revised)	–	Inventories
FRS 8 (revised)	–	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised)	–	Events after the Balance Sheet Date
FRS 16 (revised)	–	Property, Plant and Equipment
FRS 17 (revised)	–	Leases
FRS 21 (revised)	–	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised)	–	Related Party Disclosures
FRS 27 (revised)	–	Consolidated and Separate Financial Statements
FRS 32 (revised)	–	Financial Instruments: Disclosure and Presentation
FRS 33 (revised)	–	Earnings Per Share
FRS 36 (revised)	–	Impairment of Assets
FRS 38 (revised)	–	Intangible Assets

2.3 ***Significant accounting estimates***

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

Key sources of estimation uncertainty

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

(i) Allowance for doubtful debts, unbilled receivables and accrual for project costs

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

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables at 31 December 2005 was S$770,262 (2004: S$831,036).

2.4 ***Foreign currency translation***

(i) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be S$. Sale prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in S$.

2.4 ***Foreign currency translation*** *cont'd*

(ii) *Foreign currency transactions*

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

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

(iii) *Foreign currency translation*

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the transaction dates.

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

2.5 ***Principles of consolidation***

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

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

2.5 ***Principles of consolidation*** *cont'd*

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

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

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

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

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

2.6 ***Revenue recognition***

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

Rendering of system integration services

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

Sale of goods

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

2.6 ***Revenue recognition*** *cont'd*

Maintenance revenue

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

2.7 ***Employee benefits***

Defined contribution plans

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

Employee leave entitlement

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

Employee share option plans

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

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

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

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

2.7 ***Employee benefits*** *cont'd*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

In accordance with the transitional provisions of FRS 102 in respect of equity-settled awards, the Group and the Company has applied FRS 102 only to equity-settled awards granted after 22 November 2002 that had not vested on or before 1 January 2005.

2.8 ***Borrowing costs***

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

2.9 ***Plant and equipment***

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

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

Furniture	-	5	years
Fittings	-	2	years
Office equipment	-	5	years
Computers	-	3	years
Telephones	-	5	years
Software	-	3	years
Motor vehicle	-	10	years
Demo equipment	-	2	years

2.9 ***Plant and equipment*** *cont'd*

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

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

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

2.10 ***Development cost***

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

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

2.11 ***Subsidiaries***

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

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

2.12 ***Impairment of non-current assets***

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

2.12 ***Impairment of non-current assets*** *cont'd*

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

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

2.13 ***Stocks***

Stocks consist of voice, video and data communication equipment.

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

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

2.14 ***Contract work-in-progress***

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

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

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

2.15 ***Financial assets***

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When loan and receivables are recognised initially, they are measured at fair value. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this classification at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Other than loans and receivables, the Group and the Company do not have other categories of financial assets within the scope of FRS 39 :

- *Loans and receivables*

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

2.16 ***Trade and other receivables***

Trade and other receivables, including amounts due from subsidiaries and related companies, and loans to related companies are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.15.

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

2.17 ***Cash and cash equivalents***

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

Cash and short-term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.15.

2.18 ***Trade and other payables***

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are de-recognised as well as through the amortisation process.

2.19 ***Derecognition of financial assets and liabilities***

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where :

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

2.20 ***Impairment of financial assets***

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

Assets carried at amortised cost

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

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

2.21 ***Provisions***

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.22 ***Leases***

As lessee

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

2.22 ***Leases*** *cont'd*

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

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

2.23 ***Income taxes***

Current tax

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

Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except :

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.23 ***Income taxes*** *cont'd*

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

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

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

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

Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

2.24 ***Government grants***

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

3. Revenue

	Group	
	2005	**2004**
	S$	**S$**
Revenue from system integration services	12,958,797	21,414,510
Revenue from maintenance services	1,741,884	1,649,022
Sale of goods	9,188,314	8,503,947
	23,888,995	31,567,479

4. Other income

	Group 2005 S$	Group 2004 S$
Interest income from banks	50,064	20,141
Write-back of costs on projects completed in previous years no longer required	1,032,093	–
Grant income	74,315	–
Others	6,577	63,553
	1,163,049	83,694

5. Staff costs

	Group 2005 S$	Group 2004 S$ (Restated)
Salaries and bonuses	2,813,987	2,340,050
Defined contribution pension plans	277,876	237,044
Directors' fees	200,000	–
Share option expense	66,612	16,873
Others	605,390	590,171
	3,963,865	3,184,138

Compensation of directors and key management personnel :

Salaries and bonuses	1,049,041	935,571
Defined contribution pension plans	74,000	76,682
Directors' fees	200,000	–
Share option expense	42,177	10,051
Others	163,081	163,438
	1,528,299	1,185,742

Comprised amounts paid to :

Directors of the Company	410,868	5,621
Directors of subsidiaries	374,361	474,841
Key management personnel	743,070	705,280
	1,528,299	1,185,742

6. Finance costs

	Group 2005 S$	Group 2004 S$
Interest expense on bank borrowings	57,025	49,094
Finance charges on finance lease liabilities	1,722	3,492
	58,747	52,586

7. Other operating expenses

	Group 2005 S$	Group 2004 S$
Other operating expenses include :		
Loss on disposals of plant and equipment	21,770	1,515
Expensed assets	2,158	1,065
Stocks written-down	7,955	–

8. Income tax

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

	Group 2005 S$	Group 2004 S$
Current	769,455	875,000
Deferred (Note 24)	(11,656)	(2,000)
Current year tax expense	757,799	873,000
Under/(over) provision in respect of previous year		
- current	–	(56,000)
- deferred (Note 24)	–	22,430
	757,799	839,430

A reconciliation between the income tax expense and profit before income tax multiplied by the applicable tax rates for the years ended 31 December was as follows :

	Group 2005 S$	Group 2004 S$ (Restated)
Profit before income tax	4,221,707	4,097,352
Tax at the domestic rates applicable to profits in the countries in which the Group operates	882,830	801,240
Adjustments for tax effect of :		
Tax savings due to concessionary tax rate	(83,794)	–
Expenses not deductible for tax purposes	19,518	13,134
Income not subject to tax	(105,248)	–
Statutory stepped income exemption	(10,813)	(10,500)
Change in tax rate on deferred tax liabilities	(3,135)	(6,119)
Tax losses of overseas subsidiaries not available for set-off	39,162	48,832
Deferred tax assets not recognised	–	5,413
Utilisation of previously unrecognised tax losses and capital allowance	(28,125)	–
Others	47,404	21,000
Current year tax expense	757,799	873,000

8. Income tax *cont'd*

The Company's subsidiary in Singapore has been granted the Development and Expansion Incentive ("DEI") under the Regional Headquarters Award by the Economic Development Board ("EDB") for a period of three years from 1 April 2005. Under the DEI, the subsidiary's qualifying income is taxed at a concessionary rate of 15%.

The subsidiary will enjoy the 15% concessionary tax rate for another two years on qualifying income if it satisfies all the additional minimum requirements specified by the EDB.

9. Earnings per share

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

No dilutive earnings per share is computed as there are no potential dilutive shares.

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

	Group	
	2005 **S$**	**2004** **S$** (Restated)
Net profit attributable to shareholders of the Company used in computation of basic earnings per share	3,458,480	3,317,123
Weighted average number of ordinary shares for basic earnings per share computation	55,213,875	48,160,420*

* Included the effect of one-to-one bonus issue of shares on 9 September 2005. Because the bonus issue was without consideration, it is treated as if it had occurred before the beginning of 1 January 2004, the earliest period presented.

10. Plant and equipment

Group

	Office equipment	Computers	Telephones	Software	Motor vehicle	Demo equipment	Furniture	Fittings	Capital work-in-progress	Total
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Cost										
Balance at 1.1.2004	50,738	135,696	5,730	33,610	56,000	170,535	70,765	117,012	69,615	709,701
Addition	21,797	24,314	659	1,668	–	50,075	5,922	2,771	5,700	112,906
Reclassification	–	–	–	67,415	–	–	–	–	(67,415)	–
Disposals	(600)	(3,947)	–	–	–	(1,008)	–	–	(7,900)	(13,455)
Foreign currency translation	(1,057)	(799)	(24)	(60)	–	(1,479)	(414)	(1,006)	–	(4,839)
Balance at 31.12.2004 and 1.1.2005	70,878	155,264	6,365	102,633	56,000	218,123	76,273	118,777	–	804,313
Addition	22,173	83,950	1,797	18,258	36,800	129,216	37,301	67,850	–	397,345
Disposal	–	–	–	–	(56,000)	–	–	–	–	(56,000)
Foreign currency translation	1,357	802	50	125	–	7,395	53	4,555	–	14,337
Balance at 31.12.2005	94,408	240,016	8,212	121,016	36,800	354,734	113,627	191,182	–	1,159,995
Accumulated depreciation										
Balance at 1.1.2004	13,425	57,142	1,147	16,036	9,333	42,827	18,790	79,324	–	238,024
Charge for the year	17,364	51,130	1,295	22,513	5,600	89,699	15,586	29,919	–	233,106
Disposals	(290)	(2,741)	–	–	–	(168)	–	–	–	(3,199)
Foreign currency translation	(252)	(211)	(5)	(2)	–	(86)	(76)	(260)	–	(892)
Balance at 31.12.2004 and 1.1.2005	30,247	105,320	2,437	38,547	14,933	132,272	34,300	108,983	–	467,039
Charge for the year	23,638	44,567	1,480	31,791	4,333	66,712	16,016	8,811	–	197,348
Disposals	–	–	–	–	(17,733)	–	–	–	–	(17,733)
Foreign currency translation	1,213	558	44	56	–	586	35	841	–	3,333
Balance at 31.12.2005	55,098	150,445	3,961	70,394	1,533	199,570	50,351	118,635	–	649,987
Charge for 2004	17,364	51,130	1,295	22,513	5,600	89,699	15,586	29,919	–	233,106
Net book value										
As at 31.12.2005	39,310	89,571	4,251	50,622	35,267	155,164	63,276	72,547	–	510,008
As at 31.12.2004	40,631	49,944	3,928	64,086	41,067	85,851	41,973	9,794	–	337,274

As at 31 December 2005, the net book value of plant and equipment held under finance leases was S$31,720 (2004 : S$49,532).

11. Deferred expenditure

As at 31 December 2004, deferred expenditure referred to certain expenses incurred in connection with the initial public offering of the ordinary shares of the Company. The deferred expenditure, together with those incurred during the financial year, totalling S$1,358,864, has been offset against share premium account.

12. Intangible assets

	Group 2005 S$	Group 2004 S$
Deferred development costs :		
Balance at beginning of the financial year	–	–
Additions	78,348	–
Balance at end of the financial year	78,348	–

These relate to the development costs of a server-based telephone system. No amortisation has been charged during the financial year as the system was under development.

13. Investments in subsidiaries

	Company 2005 S$	Company 2004 S$
Unquoted shares, at cost	4,350,000	4,350,000

The details of subsidiaries are as follows :

Name	Principal activities	Country of incorporation	Effective equity interest 2005 %	Effective equity interest 2004 %
Held by the Company				
* Ntegrator Pte Ltd	To provide system integration services of voice, video and data communication networks	Singapore	100	100
Held by Ntegrator Pte Ltd				
** Ntegrator Philippines Inc	To provide system integration services and sale of voice, video and data communication equipment networks, maintenance and support services, and project management services for network infrastructure	Philippines	60	60

13. Investments in subsidiaries *cont'd*

	Name	Principal activities	Country of incorporation	Effective equity interest 2005 %	Effective equity interest 2004 %
#	Ntegrator Sdn Bhd	To provide system integration services and sale of voice, video and data communication equipment and networks, maintenance and support services, and project management services for network infrastructure	Malaysia	60	60
@	Ntegrator (Thailand) Limited	To provide system integration services and sale of voice, video and data communication equipment and networks, maintenance and support services, and project management services for network infrastructure	Thailand	60	60

* Audited by Ernst & Young, Certified Public Accountants, Singapore.
** Audited by Punongbayan & Araullo, Certified Public Accountants, Philippines.
\# Audited by Mohd Noor & Associates, Chartered Accountants, Malaysia.
@ Audited by Ernst & Young, Certified Public Accountants, Thailand.

14. Cash and short-term deposits

	Group 2005 S$	Group 2004 S$	Company 2005 S$	Company 2004 S$
Cash on hand	1,075	557	–	–
Cash at banks	1,043,219	5,146,645	191,250	34,254
	1,044,294	5,147,202	191,250	34,254
Fixed deposits	2,952,124	964,008	2,004,565	–
Less : Restricted cash classified as non-current assets	(559,489)	(964,008)	–	–
	2,392,635	–	2,004,565	–
	3,436,929	5,147,202	2,195,815	34,254

14. Cash and short-term deposits *cont'd*

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

Fixed deposits are placed for varying periods of between four and twelve months depending on the immediate cash requirements of the Group, and earn interest at rates at the respective short-term deposit rates. The effective interest rates of fixed deposits are between 0.325% and 1.6% (2004 : 0.25% and 1.25%) per annum.

Cash and cash equivalents

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

	Group	
	2005 S$	**2004 S$**
Unrestricted cash and short-term deposits	3,436,929	5,147,202
Bank overdrafts (Note 23)	(75,760)	(999,663)
	3,361,169	4,147,539

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

15. Contract work-in-progress

	Group	
	2005 S$	**2004 S$**
Cost incurred to date	491,656	175,541
Less : Progress billings	(413,339)	(1,596)
	78,317	173,945
Comprising :		
Excess of costs incurred over progress billings	153,756	174,858
Excess of progress billings over costs incurred	(75,439)	(913)
	78,317	173,945

16. Trade receivables

	Group	
	2005	**2004**
	S$	**S$**
Trade receivables	9,127,761	6,176,392
Retention sums	–	41,863
Bill receivables	12,039,395	7,790,289
Less : Amount classified as non-current assets	(6,575,287)	(5,235,650)
	5,464,108	2,554,639
	14,591,869	8,772,894

Trade receivables

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

Included in trade receivables are amounts that totalled S$3,553,405 (2004 : S$3,590,439) denominated in United States dollars.

Bills receivables

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

The bill receivables as at 31 December 2005 and 2004 arose from projects completed for an overseas customer who had arranged for a financial institution in its country to issue irrevocable letters of credit in favour of the Group for the settlement of these projects. The total amount is to be settled over a three-year period with effect from October 2005.

17. Other receivables and prepayments

	Group		Company	
	2005	**2004**	**2005**	**2004**
	S$	**S$**	**S$**	**S$**
Due from subsidiaries	–	–	877,326	–
Dividend receivable from a subsidiary	–	–	2,500,000	–
Advance payments for project costs	145,083	151,295	–	–
Deposits	75,008	49,172	–	–
Prepayments	330,438	73,197	–	–
Staff advances	71,649	39,568	–	–
Value added tax recoverable	34,817	–	–	–
Grant receivable	74,315	–	–	–
Others	36,778	32,320	44,000	5,000
	768,088	345,552	3,421,326	5,000

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

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

18. Loan to a subsidiary

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

19. Trade payables

	Group	
	2005	**2004**
	S$	**S$**
Trade payables	1,747,087	1,821,085
Bills payables	8,744,013	4,998,160
Accrued project costs	205,814	3,147,430
Accrued operating expenses	390,331	459,240
	11,087,245	10,425,915

Trade payables

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

Included in trade payables of the Group are amounts that totalled S$962,891 (2004 : S$1,182,753) denominated in United States dollars.

Bills payables

These payables have an average maturity of 120-270 (2004 : 120-270) days and the weighted average effective interest is 8% (2004 : 8%) per annum.

20. Other payables

	Group		Company	
	2005	**2004**	**2005**	**2004**
	S$	**S$**	**S$**	**S$**
Due to a subsidiary	–	–	–	277,257
Accrued initial public offering expenses	143,157	132,915	143,157	132,915
Advance payments from customers	–	554,648	–	–
Accrued directors' fees	200,000	–	200,000	–
Accrued expenses	40,432	18,939	16,000	–
Payable to a company related to directors of a subsidiary	47,635	–	–	–
Others	35,499	–	–	–
	466,723	706,502	359,157	410,172

The amount due to a subsidiary by the Company was non-trade related, unsecured, interest-free and had been repaid during the current financial year.

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

21. Deferred revenue

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

22. Finance lease liabilities

The Group purchased certain motor vehicles, computers and software under finance lease agreements which expire over the next five years. The discount rate implicit in the leases ranges from 3.3% to 6.0% (2004 : 3.3% to 6.0%) per annum. Future minimum lease payments under these agreements together with the present value of the net minimum lease payments are as follows : -

	Minimum payments 2005 S$	Present value of payments 2005 S$	Minimum payments 2004 S$	Present value of payments 2004 S$
Not later than one year	5,832	3,943	14,845	13,052
Later than one year but not later than five years	32,970	27,919	27,016	24,512
Total minimum lease payments	38,802	31,862	41,861	37,564
Less: Amount representing finance charges	(6,940)	–	(4,297)	–
Present value of minimum lease payments	31,862	31,862	37,564	37,564

23. Interest bearing loan and borrowings

	Group 2005 S$	Group 2004 S$
Loans from a financial institution	145,308	134,405
Bank overdrafts (Note 14)	75,760	999,663
Balance at end of financial year	221,068	1,134,068

The loan from a financial institution is obtained by the pledge of a cash deposit amounting to S$250,000 (2004 : S$250,000) and is guaranteed by the Company, two directors of the Company and two executive officers of a subsidiary. The loan is repayable within the next 12 months and has a weighted average effective interest rate of 5.693% (2004 : 5.25%) per annum. Interest rate of loan is based on 2.5% and 2.625% per annum over and above three-month SIBOR at the time when the facility is drawn down or at the discretion of the financial institution.

The bank overdrafts are unsecured but guaranteed by the Company. They are repayable upon demand and have a weighted average effective interest rate of 7% (2004 : 7%) per annum. Interest rates of bank overdrafts are reviewed and revised as and when the bank's prime rate changes.

24. Deferred tax liabilities

	Group			
	Balance Sheet		Profit and Loss Account	
	2005	2004	2005	2004
	S$	S$	S$	S$
Deferred tax liabilities				
Excess of net book value over tax written-down value of plant and equipment	(59,000)	(59,000)	–	11,992
Others	–	–	–	13,810
	(59,000)	(59,000)	–	25,802
Deferred tax assets				
Unutilised tax losses	38,316	26,490	(11,826)	(5,372)
Unrealised foreign exchange differences	(170)	–	170	–
Foreign currency translation differences	3,738	–	–	–
	41,884	26,490	(11,656)	(5,372)
Deferred tax expense (Note 8)			(11,656)	20,430

As at the balance sheet date, the Group has unutilised tax losses and unabsorbed capital allowances of approximately NIL (2004 : S$86,000) and NIL (2004 : S$11,000) respectively that are available for offset against future taxable profits of a subsidiary in which the losses and capital allowance arose for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of the countries in which the companies operate.

25. Share capital

	Group and Company	
	2005	2004
	S$	S$
Authorised :		
Balance at beginning of the financial year		
- 100,000,000 ordinary shares of S$0.10 each (2004 : 10,000,000 ordinary shares of S$1 each)	10,000,000	10,000,000
Subdivision of one ordinary share of S$1 each into 10 ordinary shares of S$0.10 each in 2004	–	–
Balance at end of the financial year 100,000,000 (2004 : 100,000,000) ordinary shares of S$0.10 each	10,000,000	10,000,000

25. Share capital *cont'd*

	Group and Company 2005 S$	2004 S$
Issued and fully-paid :		
Balance at beginning of the financial year		
- 24,080,210 ordinary shares of S$0.10 each (2004 : 2,408,021 ordinary shares of S$1 each)	2,408,021	2,408,021
Subdivision of one ordinary share of S$1 each into 10 ordinary shares of S$0.10 each in 2004	–	–
Issued during the financial year -		
- 5,914,083 (2004 : Nil) ordinary shares of S$0.10 each at S$0.268 per share under share option scheme	591,408	–
- 29,994,293 (2004 : Nil) bonus issue of ordinary shares of S$0.10 each by way of capitalising share premium	2,999,430	–
- 20,100,000 (2004 : Nil) ordinary shares of S$0.10 each of S$0.23 per share pursuant to initial public offering	2,010,000	–
Balance at end of the financial year		
- 80,088,586 (2004 : 24,080,210) ordinary shares of S$0.10 each	8,008,859	2,408,021

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

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

The committee set up by the Company to administer the Scheme (the "Committee") comprise three directors, namely Bernard Chen Tien Lap, Han Meng Siew and Charles George St. John Reed.

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

(i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the SGX-SESDAQ for the five consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or

(ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

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

No option was granted under the Scheme described above.

25. Share capital *cont'd*

Details of the options to subscribe for ordinary shares of S$0.10 each of the Company granted to directors, executive officers and employees of the Group pursuant to an option scheme ("Pre-IPO Option Scheme") that was effective prior to implementation of the Scheme described above are as follows :

Date of grant	Balance at 1.1.2005	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2005	Exercise price #	Exercisable period #
26.4.2004 *	2,877,333	–	(2,861,083)	(16,250)	–	S$0.268	14.1.2004 to 13.1.2010
22.10.2004	3,110,000	–	(3,053,000)	(57,000)	–	S$0.268	22.10.2005 to 21.10.2011
	5,987,333	–	(5,914,083)	(73,250)	–		

* The committee administering the Pre-IPO Option Scheme had determined that the date of grant for these options was fixed on 14 January 2003.

The exercise price and exercisable period were determined by a committee administering the Pre-IPO Option Scheme.

Details of the options to subscribe for ordinary shares of S$0.10 each of the Company granted to directors of the Company pursuant to the Pre-IPO Option Scheme are as follows :

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to end of the financial year	Aggregate options exercised since commencement of the Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year
Bernard Chen Tien Lap	–	100,000	(100,000)	–
Han Meng Siew	–	700,000	(700,000)	–
Jimmy Chang Joo Whut	–	700,000	(700,000)	–
Tay Choon Chong	–	200,000	(200,000)	–
Loudon Frank Mclean Owen	–	100,000	(100,000)	–
Charles George St. John Reed	–	200,000	(200,000)	–

26. Commitments

Operating lease commitments

The Group has entered into commercial property leases on offices. These leases have remaining non-cancellable terms of 22 (2004 : 17) months with no renewal option or escalation clauses in the contracts. There are no restrictions placed upon the Group by entering into these leases. Operating lease payments recognised in the consolidated profit and loss account during the financial year amounted to S$187,895 (2004 : S$171,170).

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

	Group	
	2005	**2004**
	S$	**S$**
Not later that one year	134,230	158,509
Later than one year but not later than five years	59,237	55,713
	193,467	214,222

27. Related party disclosures

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

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

(ii) it is subject to common control or common significant influence.

In addition to those related party information disclosed elsewhere in the financial statements, the significant transactions between the Group and related parties who are not member of the Group that took place during the year at terms agreed between the parties are as follows :

(a) Ntegrator Sdn Bhd, a subsidiary, paid development costs and management fees that amounted to S$13,989 (2004 : Nil) and S$29,605 (2004 : Nil), respectively to a company related to one of its directors.

(b) Certain directors of the Company have provided personal guarantees to a financial institution to secure trade facilities for the Group which include trade facilities, letter of credit and invoice financing. As at 31 December 2005, the amount of guarantees totalled S$1,500,000 (2004 : S$26,570,000).

28. Segment information

Reporting format

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

Business segments

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

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

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

Geographical segments

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

Allocation basis and transfer pricing

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

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

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

28. Segment information *cont'd*

Business segment

	Network Infrastructure Projects 2005 S$	Network Infrastructure Projects 2004 S$	Voice Communication Systems 2005 S$	Voice Communication Systems 2004 S$	Project Management & Maintenance Services 2005 S$	Project Management & Maintenance Services 2004 S$	Consolidated 2005 S$	Consolidated 2004 S$ (Restated)
Segment revenue								
Sales to external customers	12,958,797	21,414,510	9,188,314	8,503,946	1,741,884	1,649,023	23,888,995	31,567,479
Unallocated revenue							657,195	83,694
Total revenue							24,546,190	31,651,173
Segment result	5,951,976	6,834,118	2,017,867	1,104,769	889,361	862,799	8,859,204	8,801,686
Unallocated expenses							(4,578,750)	(4,651,748)
Operating profit							4,280,454	4,149,938
Finance costs							(58,747)	(52,586)
Profit before income tax							4,221,707	4,097,352
Income tax							(757,799)	(839,430)
Profit after income tax							3,463,908	3,257,922
Minority interests, net of income tax							(5,428)	59,201
Net profit for the financial year							3,458,480	3,317,123
Segment assets	17,092,876	13,070,672	5,857,107	1,265,084	194,214	212,984	23,144,197	14,548,740
Unallocated assets	–	–	–	–	–	–	4,508,145	7,289,977
Total assets	17,092,876	13,070,672	5,857,107	1,265,084	194,214	212,984	27,652,342	21,838,717
Segment liabilities	7,627,587	7,995,594	3,322,975	2,226,341	206,795	561,532	11,157,357	10,783,467
Unallocated liabilities	–	–	–	–	–	–	1,631,444	2,540,154
Total liabilities	7,627,587	7,995,594	3,322,975	2,226,341	206,795	561,532	12,788,801	13,323,621

28. Segment information *cont'd*

Geographic segments

	Singapore		Myanmar		Vietnam		Others		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Segment revenue										
Sales to external customers	12,963,781	11,027,335	5,411,878	8,488,068	2,470,132	10,223,192	3,043,204	1,828,884	23,888,995	31,567,479

Other geographical information :

	Singapore		Myanmar		Vietnam		Others		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Segment assets	22,646,417	21,394,761	–	–	–	–	5,005,925	443,956	27,652,342	21,838,717
Capital expen-diture	336,547	33,591	–	–	–	–	60,798	79,315	397,345	112,906

29. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans and overdrafts, finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

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

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

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

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

29. Financial risk management objectives and policies *cont'd*

Credit risk cont'd

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

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

The Group has completed several network infrastructure projects for a customer who is a government agency in an overseas country. This customer has made an arrangement with a financial institution in its own country to issue irrevocable letters of credit in favour of the Group for the settlement of these projects. As at 31 December 2005, the total amount of the irrevocable letters of credit issued in favour of the Group of S$12,039,395 (2004 : S$7,790,289), which are classified as bills receivables (Note 16), represent 57% (2004 : 56%) of the total trade receivables of the Group as at that date.

The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations as at 31 December 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the consolidated balance sheet.

Liquidity risk

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

Foreign currency risk

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

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

Interest rate risk

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

Fair values

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

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables (other than bills receivables), bank overdrafts, trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

30. Dividend on ordinary shares

	Group and Company	
	2005	**2004**
	S$	**S$**
Declared and paid during the financial year :		
Interim exempt (one-tier) dividend for 2005 : 2 cents (2004 : Nil) per share	1,199,772	–
Proposed but not recognised as a liability as at 31 December :		
Final exempt (one-tier) dividend for 2005 : 1.5 cents (2004 : Nil) per share	1,201,328	–

31. Comparative figures

Certain comparative figures in these financial statements have been changed from the previous financial year due to a change in accounting policy as described in Note 2 of the financial statements.

32. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2005 were authorised for issue in accordance with a resolution of the directors on 8 April 2006.

STATISTICS OF SHAREHOLDINGS
as at 15 March 2006

Class of Shares : Ordinary shares
Voting Rights : One vote per share

Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	3	0.71	2,166	0.00
1,000	-	10,000	217	51.42	1,133,000	1.42
10,001	-	1,000,000	191	45.26	25,469,000	31.80
1,000,001	and	above	11	2.61	53,484,420	66.78
		TOTAL :	422	100.00	80,088,586	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Fortune Technology Fund I Ltd	11,940,280	14.91
2.	1413783 Ontario Inc	11,206,000	13.99
3.	Maybank Nominees (Singapore) Private Ltd	10,855,000	13.55
4.	Goh Siok Kuan	6,000,000	7.49
5.	HSBC (Singapore) Nominees Pte Ltd	3,732,000	4.66
6.	Lim Bee Hwa or Tan Lweng Ngoh	3,107,000	3.88
7.	Chang Joo Whut	1,700,000	2.12
8.	Teo Hwee Kheng	1,500,000	1.87
9.	UOB Kay Hian Pte Ltd	1,360,000	1.70
10.	Tay Boon Hwee	1,070,000	1.34
11.	1413782 Ontario Inc	1,014,140	1.27
12.	Lee Keen Whye	1,000,000	1.25
13.	Lim Cher Kwang	1,000,000	1.25
14.	Nam Jee Wah	1,000,000	1.25
15.	Thng Joo Moi	1,000,000	1.25
16.	Wui Swee Lian	800,000	1.00
17.	Leong Wee Siong	661,000	0.83
18.	Chan Hong Lee	600,000	0.75
19.	Chan Nghee Eng	600,000	0.75
20.	Loong Swee Peng	600,000	0.75
	TOTAL :	60,745,420	75.86

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

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

Notes:

(1) Mdm Goh Siok Kuan is the spouse of Mr Han Meng Siew. Mr Han Meng Siew is deemed to be interested in the shares held by his wife. Ms Goh Siok Kuan is similarly deemed interested in the Shares held by Mr Han Meng Siew.

(2) TIF Asia Pte Ltd ("TIF Asia") which hold 50% in FTFI, is deemed by virtue of Section 7(4A) of the Companies Act, Cap. 50 of Singapore to be interested in the shares in the Company held by FTFI.

Economic Development Board ("EDB") and EDB Investments Pte Ltd ("EDBI") are deemed to be substantial shareholders of the Company through TIF Asia. TIF Asia is a subsidiary of G-Tech Investment Pte Ltd which is a subsidiary of EDBI. EDBI is a wholly-owned subsidiary of EDB.

(3) McLean Watson Ventures II Limited Partnership ("McLean Watson Ventures") is the beneficial owner of an aggregate of 12,970,140 Ntegrator shares, which are held in trust by 1413782 Ontario Inc. and 1413783 Ontario Inc. (the "Nominee Corporations")

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

Percentage of Shareholding in Public's Hands

59.50% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with rule 723 of the Listing Manual of SGX-ST.

NOTICE OF BOOKS CLOSURE

Ntegrator International Ltd.
(Incorporated in Singapore)
(Co. Reg. No. 199904281D)

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Ntegrator International Ltd. (the "Company") will be closed on 8 May 2006 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08, Ocean Building, Singapore 049315 up to 5.00 p.m. on 5 May 2006 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 5 May 2006 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 29 April 2006 will be made on 16 May 2006.

Ntegrator International Ltd.
(Incorporated in Singapore)
(Co. Reg. No. 199904281D)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ntegrator International Ltd. ("the Company") will be held at Sheraton Towers Singapore, Amber Room, 39 Scotts Road, Singapore 228230 on Saturday, 29 April 2006 at 10.30 am for the following purposes :

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2005 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 1.5 Singapore cents for the year ended 31 December 2005 (2004: Nil). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Articles 88 and 89 of the Company's Articles of Association:

Mr Lai Chun Loong	(Retiring under Article 88)	**(Resolution 3)**
Mr Loudon Frank McLean Owen	(Retiring under Article 89)	**(Resolution 4)**
Mr Charles George St. John Reed	(Retiring under Article 89)	**(Resolution 5)**

Mr Lai Chun Loong, Mr Loudon Frank McLean Owen and Mr Charles George St. John Reed will, upon re-election as Directors of the Company, remain the Chairman and a member of the Audit Committee respectively and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$213,334 for the year ended 31 December 2005 (2004: Nil). **(Resolution 6)**

5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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

Ntegrator International Ltd.
(Incorporated in Singapore)
(Co. Reg. No. 199904281D)

AS SPECIAL BUSINESS

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

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

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued shares in the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares in the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.
   [See Explanatory Note (i)] **(Resolution 8)**

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

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

By Order of the Board

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

Singapore, 13 April 2006

Ntegrator International Ltd.
(Incorporated in Singapore)
(Co. Reg. No. 199904281D)

Explanatory Notes:

(i) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued shares in the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued shares in the Company.

For the purpose of this resolution, the percentage of issued shares is based on the Company's issued shares at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued shares in the Company from time to time pursuant to the exercise of the options under the Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. 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.

DIRECTORS' ATTENDANCE AT BOARD MEETING IN 2005

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Bernard Chen Tien Lap	4	4
Han Meng Siew	4	4
Jimmy Chang Joo Whut	4	4
Tay Choon Chong	4	4
Loudon Frank McLean Owen	4	4
Charles George St. John Reed	4	4
Lai Chun Loong [1]	4	3

[1] Mr. Lai was appointed as a Director on 14 September 2005.

The following table shows the breakdown (in percentage terms) of the remuneration and fees of the Directors for the year ended 31 December 2005.

Directors' Remuneration

Remuneration Band / Name	Fees %	Salary %	Bonus/AWS %	Total %
S$500,000 and above	NIL			
S$250,000 to S$499,000				
Han Meng Siew		92	8	100
Below S$250,000				
Bernard Chen Tien Lap				-
Jimmy Chang Joo Whut		91	9	100
Tay Choon Chong				-
Loudon Frank McLean Owen				-
Charles George St. John Reed				-
Lai Chun Loong				-

Key Executives' Remuneration

Remuneration Band / Name	Fees %	Salary %	Bonus/AWS %	Total %
S$250,000 to S$499,000	NIL			
Below S$250,000				
Kenneth Sw Chan Kit		92	8	100
Benjamin Tay Boon Hwee		100		100
Jason Leong Wee Siong		92	8	100
Vincent Vinu Edward		92	8	100
Diana Lee Meng Wah		92	8	100

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PROXY FORM

(Please see notes overleaf before completing the form)
Ntegrator International Ltd.
(Incorporated in Singapore)
(Co. Reg. No. 199904281D)

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

I/We, ____
of ____
being a member/members of Ntegrator International Ltd. (the "Company"), hereby appoint :

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Saturday, 29 April 2006 at 10.30 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' Report and Audited Accounts for the year ended 31 December 2005		
2	Payment of proposed final tax exempt (one-tier) dividend		
3	Re-election of Mr Lai Chun Loong as a Director		
4	Re-election of Mr Loudon Frank McLean Owen as a Director		
5	Re-election of Mr Charles George St. John Reed as a Director		
6	Approval of Directors' fees for FY2005 amounting to S$213,334		
7	Re-appointment of Messrs Ernst & Young as Auditors		
8	Authority to allot and issue new shares		
9	Authority to allot and issue shares under the Ntegrator Share Option Scheme		

*Delete where inapplicable

Dated this day of 2006

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

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

Ntegrator International Ltd.
(Incorporated in Singapore)
(Co. Reg. No. 199904281D)

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 not less than forty-eight (48) hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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