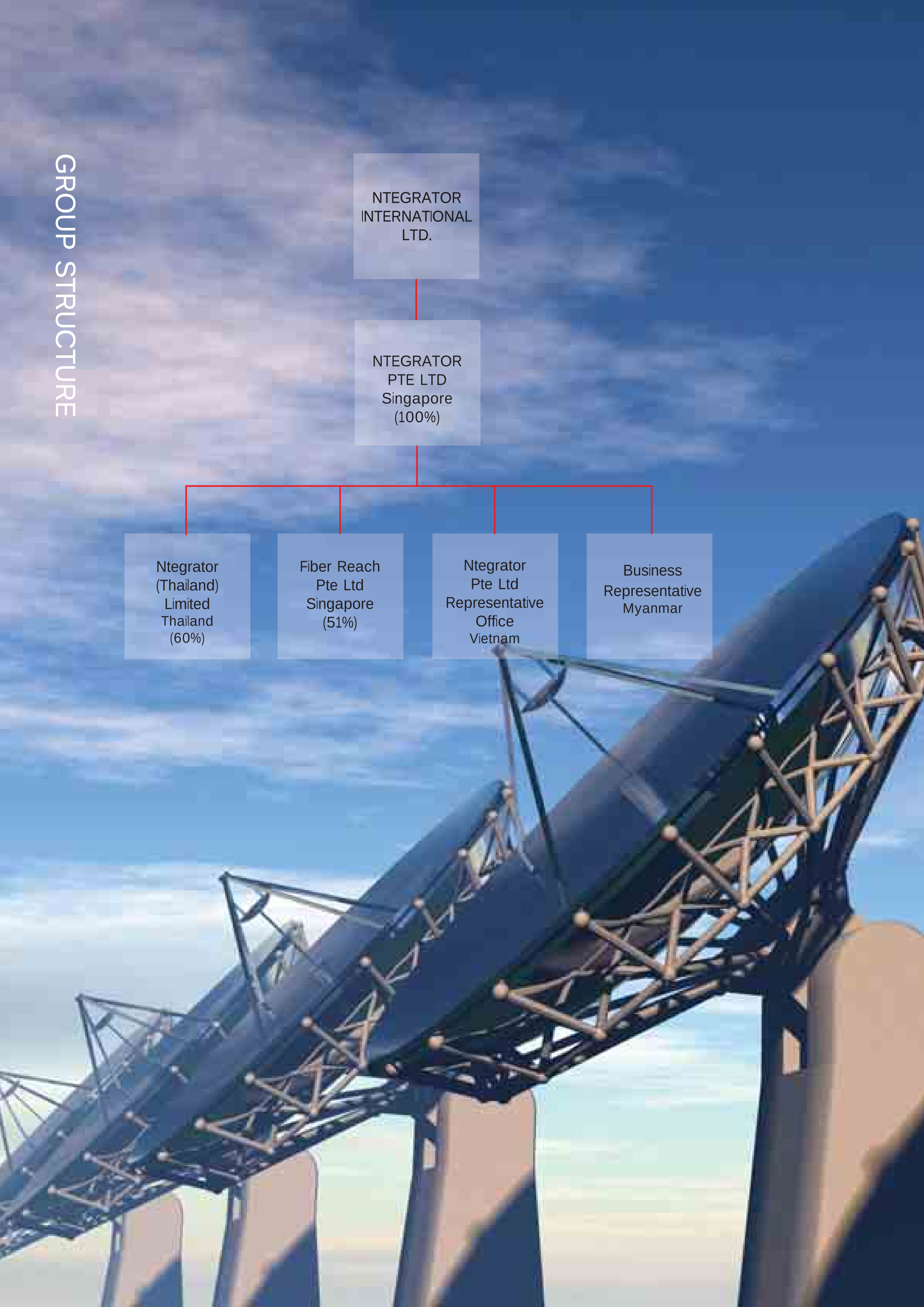
2012
ANNUAL REPORT

INTEGRATING PROGRESS

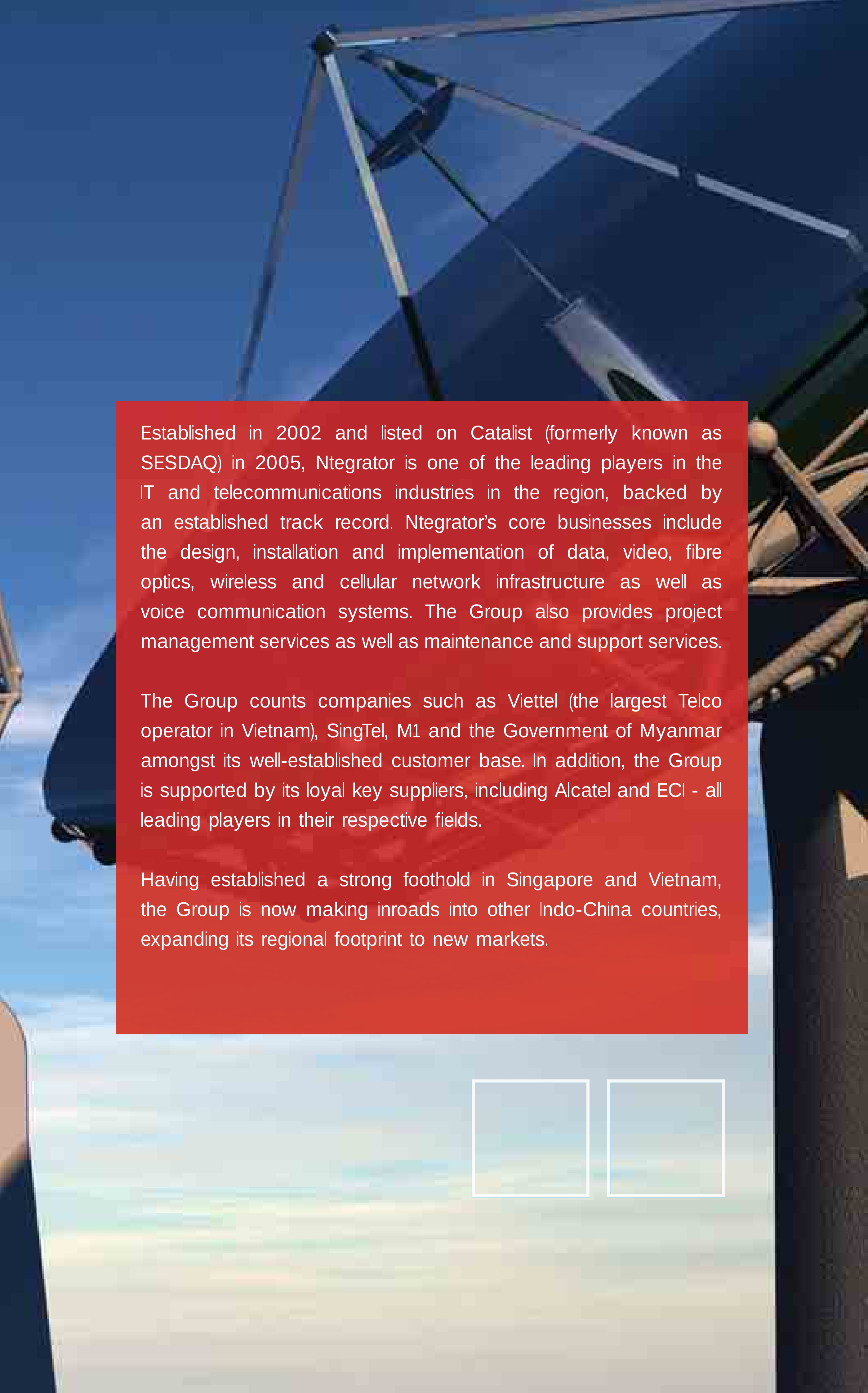
TO BE A GLOBAL, WORLD-CLASS PROVIDER
OF INFORMATION TECHNOLOGY
AND TELECOMMUNICATIONS SOLUTIONS,

OFFERING HIGH-TECH NETWORK INFRASTRUCTURE AND VOICE COMMUNICATION SYSTEMS.

GROUP STRUCTURE



- NTEGRATOR INTERNATIONAL LTD.
  - NTEGRATOR PTE LTD Singapore (100%)
    - Ntegrator (Thailand) Limited Thailand (60%)
    - Fiber Reach Pte Ltd Singapore (51%)
    - Ntegrator Pte Ltd Representative Office Vietnam
    - Business Representative Myanmar



Established in 2002 and listed on Catalist (formerly known as SESDAQ) in 2005, Ntegrator is one of the leading players in the IT and telecommunications industries in the region, backed by an established track record. Ntegrator's core businesses include the design, installation and implementation of data, video, fibre optics, wireless and cellular network infrastructure as well as voice communication systems. The Group also provides project management services as well as maintenance and support services.

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

Having established a strong foothold in Singapore and Vietnam, the Group is now making inroads into other Indo-China countries, expanding its regional footprint to new markets.

PROJECT SALES

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

NETWORK INFRASTRUCTURE

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

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

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

VOICE COMMUNICATION SYSTEMS

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

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

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

PROJECT MANAGEMENT AND MAINTENANCE SERVICES

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

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

Bernard Chen Tien Lap | Chairman

3 April 2013

DEAR SHAREHOLDERS,

I am pleased to report three positive developments:

First, Ntegrator continued to deliver another year of profitability, notwithstanding a lower revenue due to project delays, investment in new equipment and tools for our growing Project Management and Maintenance Services business and higher costs of projects in new international markets.

Secondly, our cash position has further strengthened considerably and Project Management and Maintenance business is growing well into a significant steady recurring earnings stream. Since FY2010, we had embarked on a strategic journey to enhance our cash flows through the implementation of a tightened credit policy and to grow a steady recurrent earnings steam to mitigate our predominantly project-based earnings. We are pleased to report that these strategic initiatives are paying off.

Last but not least, in the first three months of this new financial year, Ntegrator has already secured over S$60 million of new orders, bringing our order book to S$72.2 million. This order book is already more than twice the total revenue for FY2012.

THE YEAR IN RETROSPECT

2012 was not without challenges. Global economies and financial markets were volatile as a result of ongoing debt issues in the United States and Europe. In Asia, while Myanmar presented itself as the next economic bright spot, the national parliamentary elections that took place during the year inevitably slowed the progress of new project tenders. On an operating level, we were also affected by slower installation process for a project in Thailand.

Challenges notwithstanding, the Group achieved revenue of S$32.8 million in FY2012, compared to S$36.9 million in FY2011. On a segmental basis, our efforts to grow the Project Management and Maintenance Services business continued to deliver progress, achieving an 11.2% gain in revenue to S$10.5 million in FY2012, from S$9.5 million a year ago. On the other hand, revenue from Project Sales decreased to S$22.3 million, which was partially a result of the abovementioned developments in Myanmar and Thailand.

For FY2012, gross profit from Project Management and Maintenance Services was marginally higher at S$2.6 million. Gross profit contribution from this segment would have been higher if not for the purchase of new equipment and tools worth S$0.5 million, in line with this segment's increasing activities. Project Sales recorded a gross profit of S$5.1 million for FY2012.

Freightage costs and commission and consultancy fees for the year were higher at S$0.3 million and S$0.6 million respectively, as we expanded our geographical reach to new markets in Africa and Peru, growing in symbiosis with one of our key customers, Viettel.

The successful implementation of our revised credit policy continues to contribute to performance, evidenced by a strengthened balance sheet. Shareholders' equity rose to S$17.6 million, while cash and cash equivalents rose over S$3.4 million to S$9.5 million as at the end of the financial year.

We recorded a net profit attributable to shareholders of S$0.4 million, from S$0.2 million in the previous year.

WINNING NEW OPPORTUNITIES

Our commitment to delivering quality products and services and long-standing working relationships with major customers in the region has won us a series of new contracts during the year, in both new and existing geographical markets. We are encouraged that these major customers have continued to place their faith in our capabilities.

We recorded our first contract in Peru, which was awarded by the Viettel Group, a valuable repeat customer since inception. This development marks a geographical milestone for us, as we further expand our business presence into the South America region. This is also the second new market contract awarded to us by the Viettel Group.

OUTLOOK

While the first quarter of FY2013 may just be coming to a close, we have already made significant progress, securing over S$60 million worth of contracts from our repeat customers in the regional telecommunications as well as media and broadcasting sectors. These projects, which are for delivery of products and services to Myanmar, Vietnam, Peru and Singapore, will contribute to the sustained growth of our two core businesses.

While the business environment is competitive, we are sanguine on opportunities in the Indochina region, particularly Myanmar. The country's recent political and business reforms have continued to draw foreign investments, which in turn generated needs for infrastructure development, including network and telecommunications. Having entrenched ourselves in the Myanmar market for over a decade, we are equipped with in-depth local market knowledge and familiarity with the business environment and cultures. As such, we will endeavour to further leverage on our competitive advantages and working relationships with key customers to capture additional business opportunities.

Our order book, which currently stands at a record high of S$72.2 million, will also contribute positively to our financial performance in the current financial year.

ACKNOWLEDGEMENTS

While the business environment remains competitive, we were able to rise above challenges and achieve business growth. Our success would not have been possible if not for the unyielding support of our stakeholders.

Therefore, on behalf of the Board of Directors, I would like express my sincerest appreciation to all employees, customers, shareholders and business partners. As we enter yet another year ahead, I look forward to your continued support and the greater heights that we will scale together.

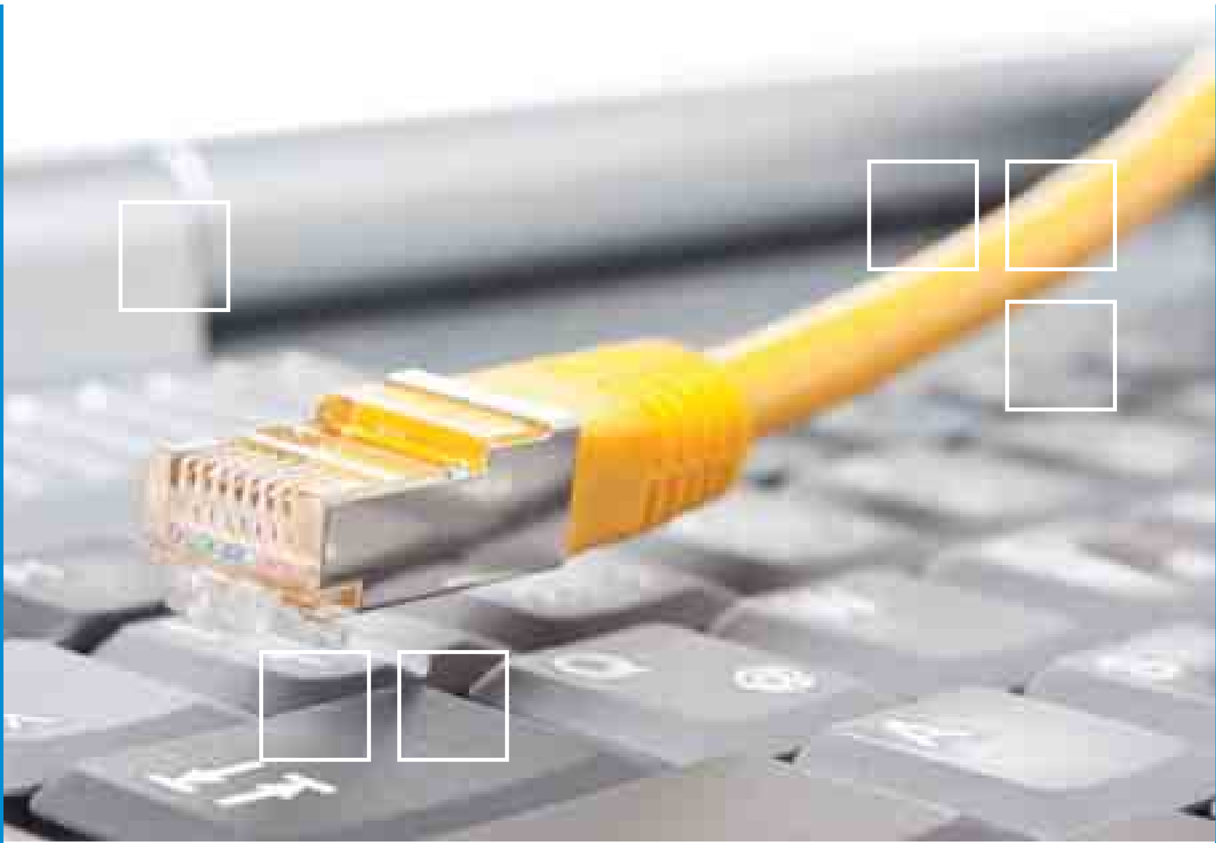
During the year under review, the Group's two divisions – Project Sales and Project Management and Maintenance Services – continued to perform despite operating in an increasingly competitive business environment, exacerbated by political and economic volatility in some of the markets in which we operate.

Nonetheless, potential for growth remains positive underpinned by the world's continued need for modern network and telecommunications infrastructure. During the year, we worked closely with our key customers and business partners and successfully won a slew of new contracts across multiple geographies.



We expanded our business presence to South America with a new market contract from the Viettel Group for the delivery of Synchronous Digital Hierarchy ("SDH") equipment, which is primarily used for high speed data transfer of telecommunication and digital signals to its optical and broadband network in Peru. This contract closely follows another new market contract the Group secured from Viettel in FY2011, for the supply of SDH equipment to its subsidiary in Mozambique, Africa.

For Viettel, we also supplied Dense Wavelength Division Multiplexing ("DWDM") and SDH equipment to its optical and broadband network in Vietnam during the year. DWDM systems are typically used for expanding the fiber optic cable network capacity without having to layer additional fiber optic cables.



Riding on opportunities from emerging Myanmar, we secured and delivered ECI Telecom's transmission equipment and accessories to the Myanmar Government, for the nation's cellular mobile network infrastructure.

On the local front, we supplied various telecommunications and networking hardware, including G.SHDSL (Single-pair High-speed Digital Subscriber Line) extender equipment, clock cesium for network synchronisation, transmitters and receivers, as well as other related network and communication systems to SingTel. We also supplied and installed Optical Distribution Frames for M1's Long Term Evolution ("LTE") services, via a contract from Huawei.

Our strategy to pursue more project management and maintenance business as a percentage of project sales continued to serve us well. We were successful in increasing business activities for this business unit during the year, backed by the support of our customers in the region. This underscored the growing confidence of our current clients in our capabilities as a service provider.

BERNARD CHEN TIEN LAP
Non-Executive Chairman and
Independent Director

Mr Bernard Chen was appointed Chairman of Ntegrator in January 2005, just before the Group listed on Catalist (then known as Sesdaq).

Mr Chen has an illustrious career history that spanned both the government and private sectors. A former Parliamentarian, Mr Chen was a Member of Parliament from 1977 to 2001 and served as Minister of State for Defence from 1977 to 1981. He then left for the private sector, first with the Fraser & Neave Group from 1981 to 1991 where he served as General Manager and Director. Subsequently, he moved on to Intraco Ltd where he served as Chief Executive Officer from 1991 until his retirement from full-time professional appointments in 2000.

Mr Chen currently also serves as Chairman of both Singapore Pools Pte Ltd and CNA Group Ltd, a Singapore-listed group engaged in systems and solutions that enable intelligent buildings and facilities in Singapore, China and the Asia-Pacific region.

A Bachelor of Science (with First Class Honours) graduate from the University of Alberta, Edmonton, Canada, Mr Chen also hold a Master of Public Administration from Harvard University, USA, and a Bachelor of Arts in Theological Studies from the Australian Catholic University which he obtained in 1973 and 2000 respectively.

HAN MENG SIEW
Deputy Chairman and
Executive Director

Mr Han was appointed as a Director of Ntegrator in July 2004, and brings to the Board over 30 years of experience in the telecommunications industry.

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

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

JIMMY CHANG JOO WHUT
Managing Director and
Executive Director

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

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

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

He also serves on the Board of Directors of Bishan Secondary School.

BOARD OF DIRECTORS

LAI CHUN LOONG
Independent Director

Mr Lai was appointed as our Independent Director in September 2005. Currently a Corporate Advisor to Temasek Holdings (Pte) Ltd, and Senior Advisor to Hexagon Development Advisors Pte Ltd, he is also the Executive Director of Prominent Consulting Pte Ltd, which has a representative office in Ho Chi Minh City, Vietnam. Mr Lai was the founding and Executive Chairman of Vietnam Singapore Industrial Park Pte Ltd, and Advisor to Vietnam Investment to Singapore Technologies Pte Ltd. For his contributions to Vietnam, Mr Lai was awarded the Friendship Medal by the President of Vietnam in 2006.

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

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

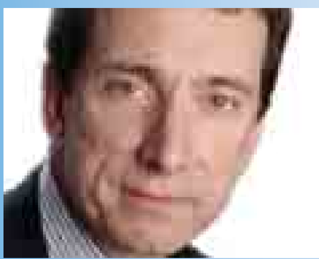
Mr Lai was awarded a Public Service Medal (PBM) in 1992.

CHARLES GEORGE
ST. JOHN REED
Independent Director

Mr Reed was appointed as our Independent Director in June 2003. Currently the CEO of DoCoMo interTouch Pte Ltd, an NTT DoCoMo Group company, Mr Reed began his career as a Senior Associate at Coopers & Lybrand/Deloitte, and subsequently joined PT Excelcomindo Pratama as General Manager where he 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 and was responsible for the business development and infrastructure for British Telecom Cellnet's Global Mobile Internet offering, Genie.

Mr Reed also held senior management positions at Telecom Venture Group, Personal Broadband Australia Pty Limited, 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 holds a Bachelor of Science degree in Engineering Mathematics from Bristol University, United Kingdom.



LOUDON FRANK
MCLEAN OWEN
Non-Executive Director

Mr Owen was appointed as our Non-Executive Director in October 2004. Currently the Managing Partner of McLean Watson Capital Inc., Mr Owen is Chairman of the Board of Hanfeng Evergreen Inc. (TSX), Chairman of the Board of Posera-HDX Inc., and a director of Kilo Goldmines Ltd., all of which are listed in Toronto. He began his career as a lawyer in Campbell Godfrey & Lewtas, and thereafter, moved on to the position of Managing Partner of law firm, Burgess Macdonald Martin Younger.

In 1993, Mr Owen assumed the role of Chief Operating Officer of Softimage Inc, a Nasdaq-listed software corporation, and later cofounded McLean Watson Capital in 1994.

Mr Owen graduated with a Bachelor of Arts degree from University of Toronto, and obtained his Juris Doctor degree from Osgoode Hall Law School of York University, Canada. He also holds a Master of Business Administration from INSEAD (France).

LEE KEEN WHYE
Independent Director

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

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

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

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

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

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

KENNETH SW CHAN KIT
Financial Controller

Jason Leong is another pioneer staff who joined Ntegrator since our inception in 2002 and currently oversees the sales and marketing activities for our Group's network infrastructure products and services in the region.

Jason's career started at Singapore Telecommunications Limited in 1995, where he handled International Transmission Maintenance & Operations and was responsible for European and USA carriers. He later joined Plexus Technology Pte Ltd as Sales Manager, overseeing various government sectors as well as overseas accounts.

He holds a Bachelor's degree in Electronics & Electrical Engineering (First Class Honours) from Loughborough University of Technology.

JASON LEONG WEE SIONG
General Manager,
Network Infrastructure (Regional)

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

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

VINCENT VINU EDWARD
General Manager,
Network Infrastructure (Singapore)

Diana Lee joined our Group on its inception in 2002 and oversees all human resource and administration matters.

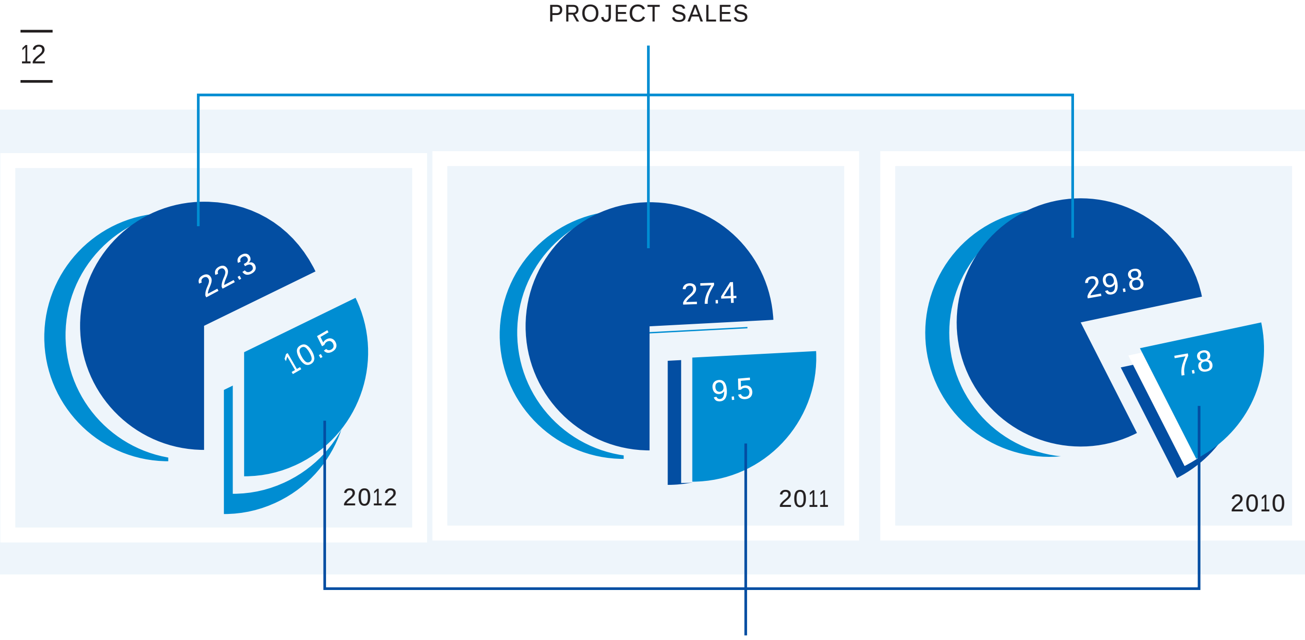
She has developed our Group's HR policies and practices for Singapore as well as our regional operations and has responsibility for all human resource policies, procedures, regulatory filings and compliance.

Prior to joining us, Diana held positions in both Administrative and Personnel departments of several public, private and government organisations, including Teledata (Singapore) Ltd, the Singapore General Hospital and SMRT Corporation Ltd.

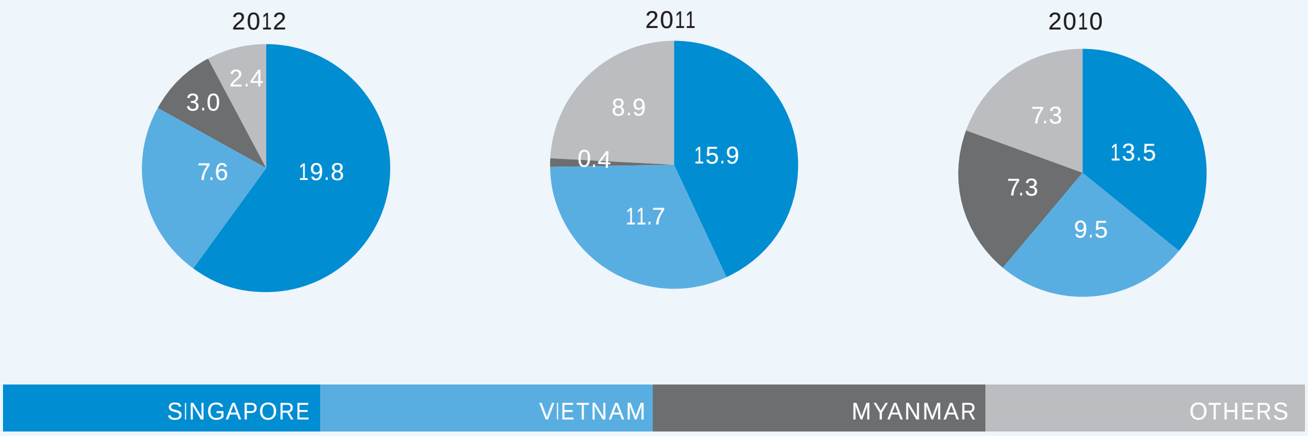
Diana holds a Diploma in Human Resource Management.

DIANA LEE MENG WAH
Director,
Human Resource

REVENUE BREAKDOWN BY ACTIVITIES
(S$ million)



REVENUE BREAKDOWN BY GEOGRAPHICAL MARKETS
(S$ million)



The Board of Directors (the "Board") of Ntegrator International Ltd (the "Company") is committed to maintaining a high standard of corporate governance. The Board confirms that other than the deviations which are explained in this report, the Company has generally adhered to the principles and guidelines as set out in the Code of Corporate Governance 2005 (the "Code"), where they are applicable, relevant and practicable to the Group.

The Board and Management have taken steps to align the governance framework with the recommendations of the revised Code of Corporate Governance which was issued on 2 May 2012 by the Monetary Authority of Singapore (the "2012 Code") and applicable to the Company with effect from financial year commencing 1 January 2013.

As required by Rules of Catalist 710 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules"), this statement outlines the Company's corporate governance processes with specific reference to the Code and/or the 2012 Code.

Board of Directors

Principle 1: The Board's Conduct of 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. to set the Company's values and standards to ensure obligations to shareholders and stakeholders are met;
e. approving the nominations of Board of Directors and appointments of Key Management Personnel[1];
f. approving half year and full year results and announcements;
g. approving annual results and financial statements;
h. review management performance; and
i. assuming responsibility for corporate governance and compliance with the Companies Act and the rules and requirements of regulatory bodies.

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

The Board has adopted internal guidelines that require Board approval, including appointment of Directors, major funding and, investment proposals as well as material capital expenditures.

Management, together with Board Committees including the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") support the Board in discharging its responsibilities. The roles and responsibilities of the Board Committees are set out separately in this Report.

All Board Committees have been constituted with clear written terms of reference ("TOR") which set out the duties, authority and accountabilities of each. The TORs are reviewed on a regular basis to ensure their continued relevance. The TORs of the respective Board Committees had also been updated to be in line with the 2012 Code.

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

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

Board of Directors (Continued)

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

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings in FY2012 are summarised in the table below:

Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nominating Committee Meetings
Bernard Chen Tien Lap	2	-	1	1
Han Meng Siew	2	-	-	-
Chang Joo Whut	2	-	-	-
Tay Koon Chuan[(1)]	2	-	-	1
Loudon Frank McLean Owen (Alt: Zacchaeus Boon Suan Zin)[(2)]	2	2	-	-
Lai Chun Loong	2	2	1	-
Charles George St. John Reed	2	2	1	1
Lee Keen Whye	2	2	-	-
No. of Meetings Held in 2012	2	2	1	1

(1) Resigned on 1 May 2012
(2) Revocation of Alternate Director appointment on 10 August 2012

In 2012, the Board tasked the Management to engage an external party to develop the Policy for Enterprise Risk Management ("ERM"). The ERM would provide the Company with a basis to monitor and manage risks faced by the Group. The annual review is further task to the Audit Committee to review the "Risk Dash Board" of the Group and the results of assurance activities carried out annually to assess if adequate internal controls covering the risks identified within the Group had been addressed.

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

New Directors appointed to the Board would be briefed on the Group's business activities and its strategic directions as well as statutory and other responsibilities as a Director. Formal letters are issued upon appointment, to further explain their duties and obligations.

Principle 2: Board Composition and Guidance

The Board comprises seven Directors, more than half of whom are independent. The Board consists of Directors, who as a group, provide core competencies, such as business or management experience, industry knowledge, finance, strategic planning experience, customer-based experience and knowledge that are necessary and critical to meet the Group's objectives. Details of the Directors' academic, professional qualification and other appointments are set out on pages 9 to 10 of the Annual Report.

The independence of each Director is reviewed annually by the Company's NC. The NC adopts the 2012 Code's definition of what constitutes an Independent Director in its review (i.e. one who has no relationship with the Company or its related corporations, its 10% shareholders or its officers), and further ensures that no individual or group of individuals dominate the Board's decision-making process.

Board of Directors (Continued)

Principle 2: Board Composition and Guidance (Continued)

In considering whether an Independent Director who has served on the Board for more than 9 years is still considered independent, the NC takes into consideration the following factors:

(1) the considerable amount of experience and wealth of knowledge that the Independent Director brings to the Company;

(2) the Independent Director's attendance and active participation in the proceedings and decision making process of the Board and Board Committee meetings; and

(3) the Independent Director provides continuity and stability as well as valuable experience to the Board of the Company and the Group.

In respect of the review of the independence of each Director for FY2012, the NC considered Mr. Bernard Chen Tien Lap, Mr. Charles George St. John Reed, Mr. Lai Chun Loong, Mr. Loudon Frank McLean Owen and Mr. Lee Keen Whye to be independent. Each member of the NC had abstained from deliberations in respect of assessment of his own independence.

Non-Executive Directors met twice yearly together with the Internal and Independence Auditor without the presence of the Management.

The Board composition is as follows:-

Executive Director

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

Non-Executive Director

Bernard Chen Tien Lap (Chairman)*
Charles George St. John Reed*
Lai Chun Loong*
Lee Keen Whye*
Tay Koon Chuan[1]
Loudon Frank McLean Owen*
Zacchaeus Boon Suan Zin (Alternate to Loudon Frank McLean Owen)[2]

* Independent Director
[1] Resigned on 1 May 2012
[2] Revocation of appointment on 10 August 2012

Principle 3: Chairman and Managing Director

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

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

Nominating Committee

Principle 4: Board Membership

The NC comprises three Directors, all of who are independent, namely -

Bernard Chen Tien Lap (Chairman)*
Charles George St. John Reed*
Lee Keen Whye[2]
Tay Koon Chuan[1]

* Independent Director
[1] Resigned on 1 May 2012
[2] Appointed on 23 May 2012 to replace Tay Koon Chuan

The NC has been reconstituted on 23 May 2012, following Mr. Tay Koon Chuan's resignation and relinquished his role as a member of the NC, leaving a vacancy in the NC.

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

The duties of the NC are as follows:

(1) To review annually the independence of each Director with reference to the criteria set out in the Code and the 2012 Code;

(2) To review all nominations for new appointments and re-appointments of Directors (including Directors who are over the age of 70) and put forth their recommendations for approval by the Board; and

(3) To determine whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly, when a Director has multiple Board representations.;

(4) To review Board succession plans , in particular, the Chairman and CEO;

(5) To assess the effectiveness of the Board as a whole and its Board Committees; and

(6) To review training and professional development programmes for the Board.

All Directors subject themselves to re-nomination and re-election at least once every three (3) years. Pursuant to the Article 99(2) of the Company's Articles of Association, Mr. Lai Chun Loong and Mr. Charles George St. John Reed will retire by rotation at the forthcoming Annual General Meeting ("AGM").

Pursuant to Section 153(6) of the Companies Act, Mr. Bernard Chen Tien Lap who is due to retire at the forthcoming AGM, and being eligible, offer himself for re-appointment.

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

Each member of the NC had abstained from voting on any resolutions and making any recommendations/ participating in any deliberations of the NC in respect of his re-nomination as Director.

Principle 5: Board Performance

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

The performance evaluation of the operation and effectiveness of the Board as a whole was conducted using a questionnaire. The areas reviewed comprised -

- Board composition;
- Information to the Board;
- Board procedures;
- Board accountability;
- CEO/Key Management Personnel; and
- Standards of conduct.

Separate assessment of the roles and responsibilities of Board Committees were carried by the AC, RC and NC.

Principle 6: Access to Information

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

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

The background and explanatory information relating to matters were brought before the Board, copies of disclosure documents, budgets and forecast and material variance for projections were also disclosed and explained to the board.

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

Remuneration Committee

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

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

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

* Independent Director

Remuneration Committee (Continued)

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

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

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

The Deputy Chairman and the Managing Director who are on service contracts do not receive Directors' fees. Their remuneration packages comprise of salaries, annual wage supplement, options, performance shares 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 take into account their level of contribution and responsibilities. These fees are subject to shareholders' approval at the AGM.

No Director is involved in determining his own remuneration.

The following tables show a breakdown (in percentage terms) of Directors' remuneration and that of the Group's top 4 (four) Key Management Personnel who are not Directors, for the financial year ended 31 December 2012, falling within broad bands –

(A) Directors' Remuneration

Name	Fees %	Salary[1] %	Other Benefits[2] %	Total %
Between $250,000 to $500,000				
Han Meng Siew	-	94	6	100
Jimmy Chang Joo Whut	-	93	7	100
Below $250,000				
Bernard Chen Tien Lap	100	-	-	100
Charles George St. John Reed	100	-	-	100
Tay Koon Chuan [3]	100	-	-	100
Loudon Frank McLean Owen	100	-	-	100
Lai Chun Loong	100	-	-	100
Lee Keen Whye	100	-	-	100

Remuneration Committee (Continued)

B) Remuneration of top 4 (four) Key Management Personnel who are not Directors

Name	Fees %	Salary[1] %	Other Benefits[2] %	Total %
Between $250,000 to $500,000				
Kenneth Sw Chan Kit	-	90	10	100
Below $250,000				
Vincent Vinu Edward	-	96	4	100
Jason Leong Wee Siong	-	96	4	100
Diana Lee Meng Wah	-	100	-	100

Note:
(1) Includes AWS and CPF
(2) Transport, medical, insurance
(3) Resigned on 1 May 2012

Details of Directors' interests in Shares and the Company's Share Option Scheme are set out on page 24 to 30.

(C) Remuneration of immediate family members of Directors

There were no employees who were immediate family members of any Director or the Managing Director for the financial year ended 31 December 2012.

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 AC 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 AC comprises 4 Directors, all of whom are independent Directors. The composition of the AC is as follows:-

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

* Independent Director
\# Revocation of appointment on 10 August 2012

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

Principle 11: Audit Committee (Continued)

The AC reviews the scope of work, as set out in section 201B(5) of the Companies Act, Cap 50, of both internal and independent auditors and the assistance given by the Company's officers to the independent auditors. It met with the Company's internal and independent auditors to review their audit plans and discuss the results of their respective examinations and their evaluation of the Group's operations and system of internal accounting controls. The AC met the Internal and independent auditors without the presence of the management. The AC also reviews transactions with interested persons and related parties. It recommends the appointment or re-appointment of independent auditor, reviews audit fees and non-audit services performed by the independent 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 undertook a review of the nature and extent of all non-audit services performed by the independent auditors to establish whether their independence had in any way been compromised. The independent auditor had not provided any non-audit services in FY2012

In relation to Catalist Rules 712, 715 and 716, the Company had complied with the appointment and re-appointment of Independent auditors.

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

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

The objectives of the Whistle-Blowing policy are:

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

The Company had a Policy for Enterprise Risk Management (ERM). The ERM would provide the Company with a basis to monitor and manage risks faced by the Group. AC will to review the "Risk Dash Board" of the Group and the results of assurance activities carried out annually to assess if adequate internal controls covering the risks identified within the Group had been addressed.

Principle 12: Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and Company's assets.

The Board recognises the importance of establishing a formal Enterprise Risk Management Framework to facilitate the governance of risks and monitoring the effectiveness of internal controls. Accordingly, in compliance of with Catalist Rule 1204(10) of the Listing Manual, the Company had during the year implemented an Enterprise Risk Management Framework (with the assistance of external consultants) and carried out due processes to address the risks faced by the Group.

The Board, with the concurrence of the AC, is of the opinion that, the Group's internal controls are adequate in addressing material financial, operational and compliance risks based on –

- Internal controls established and maintained by the Group;
- Confirmation by the Managing Director and Financial Controller;
- Reports issued by the internal and external auditors; and
- Regular reviews performed by the management, various Board Committees and the Board.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Principle 13: Internal Audit ("IA")

The Group's IA function is outsourced to an independent service provider.

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.

The IA is an independent function that reports to the AC. 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 reviews the IA activities on a half-yearly basis and the adequacy of the IA function on an annual basis.

Principles 14 & 15: Communications with Shareholders

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

All shareholders of the Group receive the Annual Report and notice of AGM, within the statutory period. At AGMs, shareholders are given the opportunity to voice their views and to direct questions regarding the Group to senior management and Directors, including the Chairman of each of the Board Committee.

All Directors are encouraged to be present at all general meetings of the Company. The Independent Auditors will be present at the forthcoming AGM.

SECURITIES TRANSACTIONS

The Group has adopted a Code of Best Practices for Dealings in Securities (the "Code of Best Practices") which defines the Group's policy on dealings in securities of the Company and implications of Insider Trading. To comply with Rule 1204 (19)(b)(c) and in line with our Code of Best Practices, Directors and Key Management Personnel of the Group who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company during the periods commencing one month before the announcement of the Group's annual or half-year results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. In addition, Directors and Key Management Personnel of the Group are discouraged from dealing in the Company's shares on short-term considerations.

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

ENTERPRISE RISK MANAGEMENT POLICIES AND PROCESSES

The Company's has ERM policies which are summarised as follows:-

Technological Changes

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

Political, Regulatory and Economic

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

Credit Risk

We are exposed to credit risk and such risk is managed through assessment of customer credit-worthiness. Special payment arrangements are reviewed on a case-by-case basis and will be secured by export letters of credits.

Key Management Personnel

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

MATERIAL CONTRACTS

Other than the Service Agreements with each of our Executive Directors, Messrs Han Meng Siew and Jimmy Chang Joo Whut, there were no material contracts in the financial year 2012 which are required to be disclosed under Catalist Rule 1204(8).

INTERESTED PERSON TRANSACTIONS

There were no transactions with Interested Persons in FY2012.

SPONSORS

There were no non-sponsor fees paid to the Sponsor, Asian Corporate Advisors Pte Ltd in the financial year 2012.

Financial Contents

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2012 and the balance sheet of the Company as at 31 December 2012.

Directors

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

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

In accordance with Article 99 (2) of the Company's Articles of Association, Lai Chun Loong and Charles George St. John Reed who are due to retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

Pursuant to Section 153 (6) of the Companies Act, Bernard Chen Tien Lap who are due to retire at the forthcoming Annual General Meeting, and being eligible, offer himself for re-appointment.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Warrants", "Share options" and "Performance share plan" on pages 25 to 29 of this report.

Directors' interests in shares or debentures

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

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2012	At 1.1.2012	At 31.12.2012	At 1.1.2012
Company (No. of ordinary shares)				
Bernard Chen Tien Lap	7,635,000	5,090,000	-	-
Han Meng Siew	7,440,000	6,000,000	28,968,640	30,124,000
Jimmy Chang Joo Whut	10,188,000	12,800,000	9,960,640	7,324,000
Loudon Frank McLean Owen	-	2,372,000	-	-
Charles George St. John Reed	350,000	350,000	4,160,000	4,160,000
Lai Chun Loong	3,060,000	3,060,000	-	-
Lee Keen Whye	8,655,750	8,655,750	-	-
Tay Koon Chuan [(1)]	-	1,240,000	-	-

(1) Resigned on 1 May 2012.

Directors' interests in shares or debentures (Continued)

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2012	At 1.1.2012	At 31.12.2012	At 1.1.2012
Company (No. of Warrants)				
Bernard Chen Tien Lap	-	2,545,000	-	-
Han Meng Siew	3,000,000	4,400,000	5,062,000	25,906,640
Jimmy Chang Joo Whut	6,400,000	10,288,000	3,662,000	6,298,640
Loudon Frank McLean Owen	-	1,967,920	-	-
Charles George St. John Reed	175,000	175,000	2,080,000	2,080,000
Lai Chun Loong	1,530,000	1,530,000	-	-
Tay Koon Chuan (1)	-	620,000	-	-
Zacchaeus Boon Suan Zin (2) (Alternate to Loudon Frank McLean Owen)	-	1,270,000	-	208,000

(1) Resigned on 1 May 2012.
(2) Revocation of appointment on 10 August 2012.

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Ntegrator Share Option Scheme (the "Scheme") and Ntegrator Performance Share Plan (the "PSP") as set out below and under "Share options" and "Performance share plan" on pages 26 to 29 of this report.

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

	Number of options to subscribe	
	At 31.12.2012	At 1.1.2012
Han Meng Siew	5,000,000	5,000,000
Jimmy Chang Joo Whut	5,000,000	5,000,000
Charles George St. John Reed	1,000,000	1,000,000
Lee Keen Whye	800,000	800,000

(c) The directors' interest in the ordinary shares and convertible securities of the Company as at 21 January 2013 were the same as those as at 31 December 2012.

Directors' contractual benefits

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

Share options

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

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

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

(i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five 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 from the date of grant of that option. Options granted with exercise price set at a discount to Market Price shall only be exercisable after 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 RC from time to time.

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

Date of grant	Balance as at 1.1.2012	Granted during the financial year	Exercised during the financial year	Cancelled during the financial year	Balance as at 31.12.2012	Exercise price	Exercisable period
11.09.2006	816,000	-	-	-	816,000	S$0.13	11.09.2007 to 10.09.2017
25.08.2008	18,162,000	-	-	-	18,162,000	S$0.04	25.08.2009 to 25.08.2019
25.08.2008	1,800,000	-	-	-	1,800,000	S$0.04	25.08.2009 to 25.08.2014
	20,778,000	-	-	-	20,778,000		

Share options (Continued)

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

	No. of unissued ordinary shares of the Company under option			
Name of director	Granted in financial year ended 31.12.2012	Aggregate granted since commencement of the Scheme to 31.12.2012	Aggregate exercised since commencement of the Scheme to 31.12.2012	Aggregate outstanding as at 31.12.2012
Bernard Chen Tien Lap [2]	-	1,750,000	1,750,000	-
Han Meng Siew [1]	-	6,000,000	1,000,000	5,000,000
Jimmy Chang Joo Whut [1]	-	6,000,000	1,000,000	5,000,000
Loudon Frank McLean Owen [2]	-	1,050,000	1,050,000	-
Charles George St. John Reed [2]	-	1,250,000	250,000	1,000,000
Lai Chun Loong [2]	-	1,050,000	1,050,000	-
Lee Keen Whye [2]	-	800,000	-	800,000
Tay Koon Chuan [2, 3]	-	800,000	800,000	-
Zacchaeus Boon Suan Zin [2, 4] (Alternate to Loudon Frank McLean Owen)	-	1,050,000	1,050,000	-
	-	19,750,000	7,950,000	11,800,000
Name of executive officer				
Kenneth Sw Chan Kit [1]	-	6,000,000	3,500,000	2,500,000
Total	-	25,750,000	11,450,000	14,300,000

[1] The options granted to these directors and an executive officer are exercisable from 25 August 2009 to 25 August 2019 at the exercise price of S$0.04.
[2] The options granted to these directors are exercisable from 25 August 2009 to 25 August 2014 at the exercise price of S$0.04.
[3] Resigned on 1 May 2012.
[4] Revocation of appointment on 10 August 2012.

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

- No options have been granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of SGX-ST);
- No participant other than Han Meng Siew, Jimmy Chang Joo Whut and Kenneth Sw Chan Kit as mentioned above has received 5% or more of the total options available under the Scheme;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

There were no options granted during the financial year to subscribe for unissued shares of the Company and its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries.

Performance share plan

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

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

(a) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Group;
(b) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;
(c) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and
(d) develop a participatory style of management which instils loyalty and a stronger sense of identification with the long-term goals of the Group.

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

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

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

(i) issuance of new shares; and/or
(ii) delivery of existing shares purchased from the market or shares held in treasury.

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

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

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

Date of grant	Categories	Number of person	Shares awarded during the financial year	Aggregate shares awarded since the commencement of the PSP to 31.12.2012
22.03.2010	Employees	36	-	5,198,553
22.03.2010	Directors	9	-	6,150,000
		45	-	11,348,553

Performance share plan (Continued)

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

Name of director	Shares awarded during the financial year	Aggregate shares awarded since the commencement of the PSP to 31.12.2012
Bernard Chen Tien Lap	-	800,000
Han Meng Siew	-	2,000,000
Jimmy Chang Joo Whut	-	2,000,000
Loudon Frank McLean Owen	-	200,000
Charles George St. John Reed	-	350,000
Lai Chun Loong	-	200,000
Lee Keen Whye	-	200,000
Tay Koon Chuan [1]	-	200,000
Zacchaeus Boon Suan Zin [2] (Alternate to Loudon Frank McLean Owen)	-	200,000
	-	6,150,000
Name of executive officer		
Kenneth Sw Chan Kit	-	2,000,000
Jason Leong Wee Siong	-	800,000
Diana Lee Meng Wah	-	800,000
	-	3,600,000
Total	-	9,750,000

[1] Resigned on 1 May 2012
[2] Revocation of appointment on 10 August 2012

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

- No shares were awarded to the controlling shareholders of the Company and their associates; and

- No participant other than Bernard Chen Tien Lap, Han Meng Siew, Jimmy Chang Joo Whut, Kenneth Sw Chan Kit, Jason Leong Wee Siong and Diana Lee Meng Wah as mentioned above has received 5% or more of the total shares available under the PSP.

The Company has not granted any awards under the PSP for the financial years ended 31 December 2011 and 2012.

Audit committee

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

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

Audit committee (Continued)

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

- reviews the audit plans of the internal and independent auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the internal and independent auditors;
- reviews the annual financial statements and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;
- reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- reviews the assistance given by management to the independent auditor, and discusses problems and concerns, if any, arising from statutory audit, with the management;
- meets with the internal and independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviews the cost effectiveness, independence and objectivity of the independent auditor;
- reviews the nature and extent of non-audit services provided by the independent auditor;
- recommends to the Board of Directors the independent auditor to be nominated, approves the compensation of the independent auditor, and reviews the scope and results of the audit;
- reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- reviews interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual.

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

Independent Auditor

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

On behalf of the Board of Directors,

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

3 April 2013

Statement by Directors

for the financial year ended 31 December 2012

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 33 to 78 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 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

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

On behalf of the Board of Directors,

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

3 April 2013

Independent Auditor's Report to the Members of Ntegrator International Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Ntegrator International Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 33 to 78, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2012, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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

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

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

Opinion
In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

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

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants

Director in-charge: Loh Hui Nee
(Appointed since financial year ended 31 December 2011)

Singapore

3 April 2013

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2012

	Note	2012 S$'000	2011 S$'000
Revenue	4	32,794	36,942
Cost of sales			
- Equipment and consumables used		24,863	29,559
- Freight charges		311	127
- Commission and consultancy		604	55
- Changes in inventories and contract work-in-progress		(706)	(1,311)
		(25,072)	(28,430)
		7,722	8,512
Other income			
- Interest income from bank deposits		42	2
Other gains/ (losses) – net	7	172	(50)
Expenses			
- Administrative		(7,461)	(7,819)
- Finance	8	(203)	(283)
Profit before income tax		272	362
Income tax expense	9	(22)	(108)
Net profit		250	254
Other comprehensive (losses)/ income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses)/ gains		(804)	78
Total comprehensive (losses)/ income		(554)	332
Profit/ (losses) attributable to:			
Equity holders of the Company		447	224
Non-controlling interests		(197)	30
		250	254
Total comprehensive (losses)/ income attributable to:			
Equity holders of the Company		(353)	312
Non-controlling interests		(201)	20
		(554)	332
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic	10(a)	0.09	0.05
- Diluted	10(b)	0.07	0.03

Balance Sheets

as at 31 December 2012

	Note	Group 2012 S$'000	Group 2011 S$'000	Company 2012 S$'000	Company 2011 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	9,487	6,077	2,605	460
Trade and other receivables	12	28,927	34,133	847	270
Inventories	13	377	1,051	-	-
		38,791	41,261	3,452	730
Non-current assets					
Trade and other receivables	15	-	1,584	-	-
Investments in subsidiaries	16	-	-	16,000	16,000
Property, plant and equipment	17	182	174	-	-
Intangible assets	18	-	258	-	-
		182	2,016	16,000	16,000
Total assets		38,973	43,277	19,452	16,730
LIABILITIES					
Current liabilities					
Trade and other payables	19	16,106	18,014	493	505
Current income tax liabilities		-	90	-	-
Borrowings	20	5,227	8,812	-	-
		21,333	26,916	493	505
Non-current liabilities					
Borrowings	20	-	944	-	-
Deferred income tax liabilities	22	-	59	-	-
		-	1,003	-	-
Total liabilities		21,333	27,919	493	505
NET ASSETS		17,640	15,358	18,959	16,225
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	18,663	15,827	18,663	15,827
Treasury shares	23	(11)	(11)	(11)	(11)
Other reserves	24	(1,425)	(625)	355	355
Retained profits/ (accumulated losses)		326	(121)	(48)	54
		17,553	15,070	18,959	16,225
Non-controlling interests		87	288	-	-
Total equity		17,640	15,358	18,959	16,225

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2012

	Note	← Attributable to equity holders of the Company					→		
	Note	Share capital S$'000	Treasury shares S$'000	Employee share option reserve S$'000	Currency translation reserve S$'000	Retained profits / (accumulated losses) S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
2012									
Beginning of financial year		15,827	(11)	355	(980)	(121)	15,070	288	15,358
Share issue pursuant to:-									
- Exercise of warrants	23	2,836	-	-	-	-	2,836	-	2,836
Total comprehensive income/ (losses) for the year		-	-	-	(800)	447	(353)	(201)	(554)
End of financial year		**18,663**	**(11)**	**355**	**(1,780)**	**326**	**17,553**	**87**	**17,640**
				(a)	(a)				
2011									
Beginning of financial year		15,639	(11)	355	(1,068)	476	15,391	268	15,659
Share issue pursuant to:-									
- Exercise of warrants	23	188	-	-	-	-	188	-	188
Dividend relating to 2010 paid	26	-	-	-	-	(821)	(821)	-	(821)
Total comprehensive income for the year		-	-	-	88	224	312	20	332
End of financial year		**15,827**	**(11)**	**355**	**(980)**	**(121)**	**15,070**	**288**	**15,358**
				(a)	(a)				

(a) Not available for distribution.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2012

	Note	2012 S$'000	2011 S$'000
Cash flows from operating activities			
Net profit		250	254
Adjustments for:			
- Income tax expense		22	108
- Depreciation and amortisation		246	291
- Intangible assets written off	7	89	-
- Amortisation of bills receivables	7	(38)	(88)
- Interest expense	8	203	283
- Interest income		(42)	(2)
- Unrealised currency translation (gains)/ losses		(1,017)	126
		(287)	972
Change in working capital:			
- Inventories		674	782
- Trade and other receivables		6,828	7,688
- Trade and other payables		(1,908)	(11,079)
Cash generated from/ (used in) operations		5,307	(1,637)
Interest received		42	2
Interest paid		(203)	(283)
Income tax paid		(171)	(18)
Net cash provided by/ (used in) operating activities		4,975	(1,936)
Cash flows from investing activities			
Additions to property, plant and equipment	17	(102)	(53)
Net cash used in investing activities		(102)	(53)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	23	2,836	188
Proceeds from borrowings		1,200	3,016
Repayment of borrowings		(5,609)	(1,528)
Repayment of lease liabilities		(15)	(20)
Dividends paid to equity holders of the Company	26	-	(821)
Net cash (used in)/ provided by financing activities		(1,588)	835
Net increase/ (decrease) in cash and cash equivalents		3,285	(1,154)
Cash and cash equivalents			
Beginning of financial year		5,054	6,250
Effects of currency translation on cash and cash equivalents		230	(42)
End of financial year	11	8,569	5,054

The accompanying notes form an integral part of these financial statements

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

1. General information

The Company is listed on the Singapore Exchange Securities Trading Limited - Catalist and incorporated and domiciled in Singapore. The address of its registered office is 4 Leng Kee Road, #06-04, SIS Building, Singapore 159088.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 16 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2012

On 1 January 2012, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

The Company has also early adopted the amendment on the FRS 1 *Presentation of Items of Other Comprehensive Income* on 1 January 2012. The amendment is applicable retrospectively to annual periods beginning on or after 1 July 2012 with early adoption permitted. It requires items presented in other comprehensive income ("OCI") to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

An additional balance sheet and related notes at the beginning of the earliest comparative period is not presented as there is no impact on the balance sheet.

2.2 Revenue recognition

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

2. Summary of significant accounting policies (Continued)

2.2 Revenue recognition (Continued)

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

(a) *Project sales*

(i) Revenue is recognised upon the transfer of significant risks 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 possibility of return of goods.

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

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

(b) *Project management and maintenance revenue*

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

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

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.3 Government grants

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

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

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

2. Summary of significant accounting policies (Continued)

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. **Summary of significant accounting policies** (Continued)

2.4 Group accounting (Continued)

(a) *Subsidiaries (Continued)*

(iii) *Disposals*

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

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

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

(b) *Transactions with non-controlling interests*

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

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

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

(ii) *Components of costs*

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

(b) *Depreciation*

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

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

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

(b) *Depreciation (Continued)*

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

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

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

2.6 Intangible assets

Costs directly attributable to the development activities are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the system and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Development costs are initially capitalised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three to five years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Borrowing costs

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

2.8 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.

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

2. **Summary of significant accounting policies** (Continued)

2.8 Contract work-in-progress (Continued)

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

The stage of completion is measured by reference to the successful installation or completion and acceptance by customer. Costs incurred during the financial year in connection with future activities on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

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

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

2.9 Investments in subsidiaries

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

2.10 Impairment of non-financial assets

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

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

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

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

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

A reversal of impairment loss for an asset is recognised in profit or loss.

2. **Summary of significant accounting policies** (Continued)

2.11 Financial assets

(a) *Classification*

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

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

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Notes 12 and 15) and "cash and cash equivalents" (Note 11) on the balance sheet.

(b) *Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

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

Interest income on financial assets is recognised separately in income.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired and recognises an allowance for impairment when there is significant difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments.

2. Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(e) *Impairment (Continued)*

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

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

(f) *Offsetting financial instruments*

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

2.12 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

2.13 Borrowings

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

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

2.14 Trade and other payables

Trade and other payables represent liabilities of goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2. **Summary of significant accounting policies** (Continued)

2.15 Fair value estimation of financial assets and liabilities

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

2.16 Leases

(a) *When the Group is the lessee:*

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

(i) *Lessee – Finance leases*

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

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

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

(ii) *Lessee – Operating leases*

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

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

2.17 Inventories

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

2.18 Income taxes

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

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

2. Summary of significant accounting policies (Continued)

2.18 Income taxes (Continued)

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

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

Deferred income tax is measured:

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

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

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

2.19 Provisions for other liabilities and charges

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

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.20 Employee compensation

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

(a) Defined contribution plans

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

(b) Share-based compensation

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

2. **Summary of significant accounting policies** (Continued)

2.20 Employee compensation (Continued)

(b) *Share-based compensation (Continued)*

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

(c) *Performance shares*

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

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

(d) *Employees leave entitlement*

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

2.21 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

2. Summary of significant accounting policies (Continued)

2.21 Currency translation (Continued)

(b) Transactions and balances (Continued)

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

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

(c) Translation of Group entities' financial statements

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

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

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

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

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

2.22 Segment reporting

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

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.24 Share capital and treasury shares

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

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

2. Summary of significant accounting policies (Continued)

2.24 Share capital and treasury shares (Continued)

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

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

2.25 Dividends to Company's shareholders

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

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical accounting estimates and assumptions

(i) Contract work-in-progress

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

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the revenue on uncompleted contracts at the balance sheet date had been higher/ lower by 5% from management's estimates, the Group's revenue would have been higher/ lower by S$847,000.

If the contract costs of uncompleted contracts to be incurred had been higher/ lower by 5% from management's estimates, the Group's profit would have been lower/ higher by S$265,000.

The carrying value of contract work-in-progress at the end of the financial year was S$5,167,000 (2011: S$4,029,000).

(ii) Impairment of loans and receivables

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

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

3.1 Critical accounting estimates and assumptions (Continued)

(ii) *Impairment of loans and receivables (Continued)*

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Management has assessed and an allowance for impairment and write off amounting to S$35,000 (2011: S$Nil) and S$95,000 (2011: S$Nil) respectively have been made in the financial statements for the financial year ended 31 December 2012.

The carrying value of trade and bills receivables at the end of the financial year was S$17,812,000 (2011: S$23,312,000) which might change within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of financial year.

(iii) *Estimated impairment of non-financial assets – Intangible assets*

Intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates.

An intangible asset with a carrying value of S$89,000 was fully written off in the financial year ended 31 December 2012 as the future economic benefits associated with the intangible asset is not probable. The intangible asset is a development of an IP Clock system, which is a joint research and development project between IP Clock Ltd and Ntegrator Pte Ltd, a subsidiary of the Company and funded by Singapore Israel Industrial Research and Development Foundation.

(iv) *Net realisable value of inventories*

A review is made periodically on inventory for obsolete and excess inventory and declines in net realisable value below cost and an allowance is recorded against the carrying value of inventories for any such obsolescence, excess and declines. These reviews require management to consider the future demands for the inventories. The realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include expected usage, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may affects the carrying value of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. As at 31 December 2012, management has written off approximately S$97,000 (2011: S$1,006,000) of its slow-moving inventories.

The carrying value of inventories at the end of the financial year was S$377,000 (2011: S$1,051,000).

4. Revenue

	Group 2012 S$'000	2011 S$'000
Project sales	22,262	27,473
Project management and maintenance services	10,532	9,469
	32,794	36,942

5. Expenses by nature

	Group 2012 S$'000	2011 S$'000
Auditors' remuneration		
Fees on audit services paid/ payable to:		
- Auditor of the Company	71	58
- Other auditors*	11	12
Fees on non-audit services paid/ payable to:		
- Other auditors	14	14
Amortisation of intangible assets (Note 18)	159	159
Allowance for impairment – trade and bills receivables (Note 29(b)(ii))	35	-
Depreciation of property, plant and equipment (Note 17)	87	132
Employee compensation (Note 6)	5,502	5,092
Inventories written off (Note 13)	97	1,006
Other professional fees	241	117
Rental expenses on operating leases	292	304
Trade receivables written off (Note 29(b)(ii))	95	-
Other	857	925
Total administrative expenses	7,461	7,819

* Includes the network of member firms of Nexia International

6. Employee compensation

	Group 2012 S$'000	2011 S$'000
Wages and salaries	3,375	3,116
Employer's contribution to defined contribution plans including Central Provident Fund	327	282
Directors' remuneration	1,222	1,265
Other short-term benefits	578	429
	5,502	5,092

7. Other gains/ (losses) - net

	Group	
	2012 S$'000	2011 S$'000
Amortisation of bills receivables	38	88
Currency translation gains/ (losses) - net	12	(256)
Grants written off [1]	139	-
Intangible assets written off	(89)	-
Miscellaneous claims [2]	72	118
	172	(50)

[1] Grants written off relates to grant received from Singapore – Israel Industrial Research and Development Foundation ('SIIRD') on the development of IP Clock. The grant was realised and written off as an income to profit or loss due to the write off of the IP Clock (Note 18).

[2] Miscellaneous claims refer to those refunds from bank, discount and rebate given by suppliers as well as late interest charges to customers whom exceeded the credit terms given.

8. Finance expenses

	Group	
	2012 S$'000	2011 S$'000
Interest expense		
- Bank borrowings	202	281
- Finance lease liabilities	1	2
Finance expenses recognised in profit or loss	203	283

9. Income tax expense

	Group	
	2012 S$'000	2011 S$'000
Tax (benefits)/ expense attributable to profit is made up of:		
- Profit from current financial year		
Current income tax		
- Foreign	-	22
Deferred income tax (Note 22)	(59)	-
- Under provision in prior financial years		
Current income tax		
- Singapore	81	86
	22	108

9. Income tax expense (Continued)

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

	Group	
	2012 **S$'000**	**2011** **S$'000**
Profit before income tax	272	362
Tax calculated at tax rate 17% (2011: 17%)	46	62
Effects of:		
- Different tax rates in other countries	(6)	3
- Expenses not deductible for tax purposes	303	97
- Income not subject to tax	(30)	(14)
- Utilisation of deferred tax assets	(395)	(131)
- Over provision of deferred tax assets in prior year	37	-
- Other	(14)	5
Tax (benefits)/ charge	(59)	22

10. Earnings per share

(a) *Basic earnings per share*

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

	2012	**2011**
Net profit attributable to equity holders of the Company (S$'000)	447	224
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	487,580	407,490
Basic earnings per share (cents per share)	0.09	0.05

(b) *Diluted earnings per share*

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

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

10. Earnings per share (Continued)

(b) Diluted earnings per share (Continued)

Diluted earnings per share attributable to the equity holders of the Company is calculated as follows:

	2012	2011
Net profit attributable to equity holders of the Company and used to determine diluted earnings per share (S$'000)	447	224
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	487,580	407,490
Adjustment for ('000)		
- Share options	20,778	20,778
- Warrants	120,862	277,660
	629,220	705,928
Diluted earnings per share (cents per share)	0.07	0.03

11. Cash and cash equivalents

	Group		Company	
	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000
Cash at bank and on-hand	6,968	4,429	2,605	460
Short-term bank deposits	2,519	1,648	-	-
	9,487	6,077	2,605	460

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

	Group	
	2012 S$'000	2011 S$'000
Cash and bank balances (as above)	9,487	6,077
Less: Bank overdraft (Note 20)	(918)	(1,023)
Cash and cash equivalents per consolidated statement of cash flows	8,569	5,054

12. Trade and other receivables – current

	Group		Company	
	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000
Trade receivables				
- Non-related parties	5,129	3,291	-	-
Bills receivables	12,718	20,021	-	-
Less: amount classified as non-current assets (Note 15)	-	(1,584)	-	-
	12,718	18,437	-	-
Less: Allowance for impairment of receivables – non-related parties (Note 29(b)(ii))	(35)	-	-	-
Trade and bills receivables – net	17,812	21,728	-	-
Contract work-in-progress				
- Due from customers (Note 14)	5,209	4,043	-	-
Advance payment for project costs	1,360	1,285	-	-
Unbilled contract revenue	2,305	5,147	-	-
Deposits	125	73	-	-
Prepayments	1,515	1,415	15	15
Other receivables				
- Subsidiary	-	-	832	255
- Staff advances	1	-	-	-
- Other	173	168	-	-
Value added tax recoverable	88	45	-	-
Withholding tax receivable	339	229	-	-
	28,927	34,133	847	270

The amount due from subsidiary is non-trade in nature, unsecured, interest free and repayable on demand.

13. Inventories

	Group	
	2012 S$'000	2011 S$'000
Voice, video and data communication equipment	377	1,051

The cost of inventories recognised as an expense and included as part of "cost of sales – equipment and consumables used" amounts to S$24,692,000 (2011: S$29,482,200).

The Group has recognised an impairment of S$97,000 (2011: S$1,006,000) (Note 5), being write down of slow-moving inventories.

14. Contract work-in-progress

	Group 2012 S$'000	Group 2011 S$'000
Contract work-in-progress		
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts	5,206	4,041
Less: Progress billings	(39)	(12)
	5,167	4,029
Presented as:		
Due from customers on uncompleted contracts (Note 12)	5,209	4,043
Due to customers on uncompleted contracts (Note 19)	(42)	(14)
	5,167	4,029

15. Trade receivables – non-current

	Group 2012 S$'000	Group 2011 S$'000
Bills receivables (Note 12)	-	1,584

At the balance sheet date, the fair value of non-current bills receivables approximate their carrying amount.

16. Investments in subsidiaries

	Company 2012 S$'000	Company 2011 S$'000
Equity investments at cost		
Beginning and end of financial year	16,000	16,000

Details of subsidiaries are as follows:

Name of company	Principal activities	Country of business / incorporation	Equity holding 2012 %	Equity holding 2011 %
Subsidiary held by the Company				
Ntegrator Pte Ltd [1]	To provide system integration services of voice, video and data communication networks	Singapore	100	100
Subsidiary held by Ntegrator Pte Ltd				
Ntegrator (Thailand) Limited [2]	To provide system integration services and sale of voice, video and data communication equipment and networks, maintenance and support services, and project management services for network infrastructure	Thailand	60	60
Fiber Reach Pte. Ltd. [1, 3]	To provide building construction NEC (fiber patching, splicing, installation and maintenance.)	Singapore	100	-

16. **Investments in subsidiaries** (Continued)

[1] Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International

[2] Audited by V.A.T. Accounting, Thailand, a member firm of Nexia International

[3] Newly incorporated on 28 September 2012 and remained dormant since the date of incorporation

17. **Property, plant and equipment**

	Office equipment	Computers	Telephones	Software	Motor vehicle	Demo equipment	Furniture	Fittings	Total
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Group									
2012									
Cost									
Beginning of financial year	224	426	12	204	34	653	103	176	1,832
Currency translation differences	(12)	(20)	(1)	(12)	(1)	(36)	(5)	(9)	(96)
Additions	14	35	–	52	–	–	1	–	102
Disposal	–*	–	–	–	–	–	–	–	–*
End of financial year	226	441	11	244	33	617	99	167	1,838
Accumulated depreciation									
Beginning of financial year	138	379	12	181	23	650	99	176	1,658
Currency translation differences	(7)	(20)	(1)	(10)	(1)	(36)	(5)	(9)	(89)
Depreciation charge (Note 5)	32	33	–*	12	4	3	3	–*	87
Disposal	–*	–	–	–	–	–	–	–	–*
End of financial year	163	392	11	183	26	617	97	167	1,656
Net book value									
End of financial year	**63**	**49**	–	**61**	**7**	–	**2**	–	**182**
Group									
2011									
Cost									
Beginning of financial year	214	406	12	177	35	649	103	176	1,772
Currency translation differences	1	2	–*	1	(1)	4	–*	–*	7
Additions	9	18	–	26	–	–	–	–	53
End of financial year	224	426	12	204	34	653	103	176	1,832
Accumulated depreciation									
Beginning of financial year	106	344	11	172	19	593	96	176	1,517
Currency translation differences	2	1	–*	–*	–*	6	–*	–*	9
Depreciation charge (Note 5)	30	34	1	9	4	51	3	–	132
End of financial year	138	379	12	181	23	650	99	176	1,658
Net book value									
End of financial year	**86**	**47**	–	**23**	**11**	**3**	**4**	–	**174**

* Less than S$1,000.

The carrying amounts of plant and equipment, and motor vehicle held under finance leases are S$9,423 and S$Nil (2011: S$11,852 and S$20,131) respectively at the balance sheet date.

18. Intangible assets – IP clock

	IP Clock	
	2012 S$'000	2011 S$'000
Cost		
Beginning financial year	825	819
Currency translation differences	(45)	6
Written off	(780)	-
End of financial year	-	825
Accumulated amortisation		
Beginning of financial year	567	400
Currency translation differences	(35)	8
Amortisation charge (Note 5)	159	159
Written off	(691)	-
End of financial year	-	567
Net book value	-	258

The intangible assets relate to development costs for communication systems for IP Clock. IP Clock is a joint research and development project between IP Clock Ltd and Ntegrator Pte Ltd, a subsidiary of the Company. The research is funded by Singapore Israel Industrial Research and Development Foundation. The research aims to develop an application-agnostic, cost-effective, standards compliance synchronisation solution for Next Generation Networks, by creating a low cost clock recovery module using a low-cost oscillator and innovative clock recovery algorithms. Such solutions will help to improve the network synchronisation and to provide good quality traffic over the customers' mobile communication networks. During the financial year, the Group has fully written off the development costs of the IP Clock as management had assessed and determined that the possibility of future economic benefits is low.

19. Trade and other payables

	Group		Company	
	2012 S$'000	2011 S$'000	2012 S$'000	2011 S$'000
Trade payables to				
- Non-related parties	3,216	1,973	-	-
Bills payables	6,947	8,244	-	-
Contract work-in-progress				
- Due to customers (Note 14)	42	14	-	-
Accrued projects costs	2,078	3,592	-	-
Advance received for project costs	1,573	2,121	-	-
Grants received in advance	-	143	-	-
Deferred revenue	476	230	-	-
Other payables	675	358	212	184
Accruals for operating expenses	1,099	1,339	281	321
	16,106	18,014	493	505

Bills payables
These payables have an average maturity of 120 – 180 (2011: 120 – 180) days. These payables are denominated in United States Dollar.

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

20. Borrowings

	Group 2012 S$'000	Group 2011 S$'000
Current		
Bank overdraft (Note 11)	918	1,023
Bank borrowings	779	4,359
Trust receipts	3,523	3,415
Finance lease liabilities (Note 21)	7	15
	5,227	8,812
Non-current		
Bank borrowings	-	937
Finance lease liabilities (Note 21)	-	7
	-	944
Total borrowings	5,227	9,756

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

	Group 2012 S$'000	Group 2011 S$'000
6 months or less	2,661	4,445
6 – 12 months	2,566	4,367
1 – 5 years	-	944
	5,227	9,756

(a) *Securities granted*

Bank overdraft and bank borrowings are guaranteed by the Company. Finance lease liabilities of the Group are effectively secured over the leased plant and equipment, and motor vehicles (Note 17), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

(b) *Fair value of non-current borrowings*

	Group 2012 S$'000	Group 2011 S$'000
Bank borrowings	-	884

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

	Group 2012 %	Group 2011 %
Bank borrowings	2.43 – 5.00	2.43 – 5.00

20. **Borrowings** (Continued)

(c) *Breach of loan covenants*

Some of the Group's loan arrangements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. The Group did not fulfil one of its banks' key financial ratios, as follows:

(i) Tangible net worth of not less than S$15,000,000 and consolidated tangible net worth of not less than S$21,000,000

Due to this breach of covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of S$582,135 (2011: S$320,433). The outstanding balance is presented as a current liability as at 31 December 2011 and 2012.

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

As of the date when these financial statements were approved by the Board of Directors, the bank had issued a waiver letter on the non-adherence of the financial ratios and had not requested early repayment of the loan.

21. **Finance lease liabilities**

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

	Group	
	2012 S$'000	2011 S$'000
Minimum lease payments due		
- Not later than one year	7	16
- Between one and five years	-	7
	7	23
Less: Future finance charges	(*)	(1)
Present value of finance lease liabilities	7	22

* Less than S$1,000.

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

	Group	
	2012 S$'000	2011 S$'000
Not later than one year (Note 20)	7	15
Later than one year (Note 20)		
- Between one and five years	-	7
Total	7	22

The fair value of non-current finance lease liabilities approximate their carrying value.

22. Deferred income taxes

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

	Group 2012 S$'000	Group 2011 S$'000
Deferred income tax liabilities, representing accelerated tax depreciation		
- to be settled after one year	-	59

Movement in deferred tax account is as follows:

	Group 2012 S$'000	Group 2011 S$'000
Beginning of financial year	59	59
Tax credited to profit or loss (Note 9)	(59)	-
End of financial year	-	59

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of S$2,712,428 (2011: S$5,008,900) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

23. Share capital and treasury shares

	No. of ordinary shares: Issued share capital	No. of ordinary shares: Treasury shares	Amount: Share capital S$'000	Amount: Treasury shares S$'000
Group and Company				
2012				
Beginning of financial year	411,194,127	(251,000)	15,827	(11)
Shares issued under:				
- Exercise of warrants	153,996,880	-	2,836	-
End of financial year	565,191,007	(251,000)	18,663	(11)
2011				
Beginning of financial year	401,167,289	(251,000)	15,639	(11)
Shares issued under:				
- Exercise of warrants	10,026,838	-	188	-
End of financial year	411,194,127	(251,000)	15,827	(11)

23. Share capital and treasury shares (Continued)

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

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

During the financial year, a total of 153,996,880 shares were issued due to exercise of warrants whereby 81,424,446 warrants were exercised and issued at S$0.017 each and 72,572,434 warrants were exercised and issued at S$0.02 each respectively.

In financial year 2011, a total of 10,026,838 shares were issued due to exercise of warrants whereby 4,321,200 warrants were exercised and issued at S$0.017 each and 5,705,638 warrants were exercised and issued at S$0.02 each respectively.

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

(a) *Treasury shares*

The Company did not acquire any of its new shares in the open market during the financial years ended 31 December 2011 and 2012.

(b) *Share warrants*

Share warrants outstanding at the end of the reporting year totalled 120,861,787 (2011: 277,659,818). These may be converted into shares at the conversion rate which are tabled below for each class of warrants for each ordinary shares of no par value before expiry date.

Warrants	Balance as at 1.1.2012	Awarded during the year	Exercised during the year	Lapsed during the year	Balance as at 31.12.2012	Exercise price	Exercisable period
W121011	84,225,597	-	81,424,446	2,801,151	-	S$0.017	14.09.2009 to 11.10.2012
W131206	193,434,221	-	72,572,434	-	120,861,787	S$0.020	13.12.2010 to 06.12.2013
	277,659,818	-	153,996,880	2,801,151	120,861,787		

(c) *Share options*

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

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

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

(i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five 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.

23. Share capital and treasury shares (Continued)

(c) *Share options (Continued)*

Options granted with the exercise price set at Market Price shall only be exercisable after 12 months from the date of grant of that option. Options granted with exercise price set at a discount to Market Price shall only be exercisable after 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 RC from time to time.

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

	No. of ordinary shares under option						
	Beginning of the financial year	Granted during the financial year	Forfeited during the financial year	Cancelled during the financial year	End of the financial year	Exercise price	Exercisable period
Non-executive directors	1,800,000	-	-	-	1,800,000	S$0.04	25.08.2009 to 25.08.2014[2]
Executive directors	10,000,000	-	-	-	10,000,000	S$0.04	25.08.2009 to 25.08.2019[2]
Key management personnel	6,500,000	-	-	-	6,500,000	S$0.04	25.08.2009 to 25.08.2019[2]
Employees	1,662,000	-	-	-	1,662,000	S$0.04	25.08.2009 to 25.08.2019[2]
	816,000	-	-	-	816,000	S$0.13	11.09.2007 to 10.09.2017[1]
	20,778,000	-	-	-	20,778,000		

[1] The fair value of equity share options as at the date of grant is estimated by an external valuer using a trinomial option pricing model, taking into account the terms and conditions upon which options were granted.

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

[2] The fair value of equity share options as at the date of grant is estimated by an external valuer using a trinomial option pricing model in the Bloomberg Executive Option Valuation Module ("BEOVM") to estimate the fair value of the options as at the date of grant, 25 August 2008.

BEOVM Parameters

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

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

23. Share capital and treasury shares (Continued)

(d) Performance share plan

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

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

(a) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Group;
(b) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;
(c) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and
(d) develop a participatory style of management which instils loyalty and a stronger sense of identification with the long-term goals of the Group.

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

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

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

(i) issuance of new shares; and/or
(ii) delivery of existing shares purchased from the market or shares held in treasury.

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

23. Share capital and treasury shares (Continued)

(d) *Performance share plan (Continued)*

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

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

Name of director	Shares awarded during the financial year	Aggregate shares awarded since the commencement of the PSP to 31.12.2012
Bernard Chen Tien Lap	-	800,000
Han Meng Siew	-	2,000,000
Jimmy Chang Joo Whut	-	2,000,000
Loudon Frank McLean Owen	-	200,000
Charles George St. John Reed	-	350,000
Lai Chun Loong	-	200,000
Lee Keen Whye	-	200,000
Tay Koon Chuan [1]	-	200,000
Zacchaeus Boon Suan Zin [2] (Alternate to Loudon Frank McLean Owen)	-	200,000
	-	6,150,000
Name of executive officer		
Kenneth Sw Chan Kit	-	2,000,000
Jason Leong Wee Siong	-	800,000
Diana Lee Meng Wah	-	800,000
	-	3,600,000
Employees	-	1,598,553
Total	-	11,348,553

[1] Resigned on 1 May 2012
[2] Revocation of appointment on 10 August 2012

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

- No shares were granted to the controlling shareholders of the Company and their associates; and

- No participant other than Bernard Chen Tien Lap, Han Meng Siew, Jimmy Chang Joo Whut, Kenneth Sw Chan Kit, Jason Leong Wee Siong and Diana Lee Meng Wah as mentioned above has received 5% or more of the total shares available under the PSP.

The Company has not granted any awards under the PSP for the financial years ended 31 December 2011 and 2012.

24. Other reserves

	Group 2012 S$'000	Group 2011 S$'000	Company 2012 S$'000	Company 2011 S$'000
(a) Composition:				
Share option reserve	355	355	355	355
Currency translation reserve	(1,780)	(980)	-	-
	(1,425)	(625)	355	355
(b) Movements:				
(i) Share option reserve				
Beginning and end of financial year	355	355	355	355
(ii) Currency translation reserve				
Beginning of financial year	(980)	(1,068)	-	-
Net currency translation differences of financial statements of a foreign subsidiary	(804)	78	-	-
Add: Non-controlling interest	4	10	-	-
End of financial year	(1,780)	(980)	-	-

Other reserves are non-distributable.

25. Retained profits

(a) The retained profits of the Group and the Company are distributable.

(b) Movement in retained profits for the Company is as follows:

	Company 2012 S$'000	Company 2011 S$'000
Beginning of financial year	54	914
Net loss	(102)	(39)
Dividends paid (Note 26)	-	(821)
End of financial year	(48)	54

26. Dividends

	Group and Company 2012 S$'000	Group and Company 2011 S$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of NIL cents (2011: 0.20 cents) per share	-	821

27. Contingencies

The Company has issued corporate guarantees amounting to S$14.8million (2011: S$18.8million) to banks for borrowings of its subsidiaries. These bank borrowings of the subsidiaries amounted to S$5.2million (2011: S$8.8million) at the balance sheet date.

The Company has evaluated the fair values of the corporate guarantees and is of the view that the consequential liabilities derived from its guarantees to the banks with regard to the subsidiaries are minimal. The subsidiaries for which the guarantees were provided are in favourable equity positions and are profitable, with no default in the payment of borrowings and credit facilities.

28. Commitments

Operating lease commitments – where the Group is a lessee

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

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

	Group	
	2012 S$'000	2011 S$'000
Not later than one year	224	263
Between one and five years	77	203
	301	466

29. Financial risk management

Financial risk factors

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

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

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

29. Financial risk management (Continued)

(a) Market risk

(i) Currency risk

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

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD") and Thai Baht ("BAHT").

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

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

	2012					2011				
	SGD S$'000	USD S$'000	BAHT S$'000	OTHER S$'000	TOTAL S$'000	SGD S$'000	USD S$'000	BAHT S$'000	OTHER S$'000	TOTAL S$'000
Financial assets										
Cash and cash equivalents	4,545	4,733	206	3	9,487	1,194	4,347	535	1	6,077
Trade and other receivables	10,005	13,180	4,214	13	27,412	7,057	20,098	7,140	7	34,302
Inter-companies' receivables	1,787	-	-	-	1,787	330	-	-	-	330
	16,337	17,913	4,420	16	38,686	8,581	24,445	7,675	8	40,709
Financial liabilities										
Trade and other payables	4,038	7,013	4,983	72	16,106	2,927	8,869	6,718	-	18,514
Inter-companies' payables	1,672	-	-	-	1,672	241	-	-	-	241
Borrowings	1,704	3,342	-	181	5,227	2,244	6,983	29	-	9,256
	7,414	10,355	4,983	253	23,005	5,412	15,852	6,747	-	28,011
Net financial assets/(liabilities)	**8,923**	**7,558**	**(563)**	**(237)**	**15,681**	**3,169**	**8,593**	**928**	**8**	**12,698**
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	**1,566**	**2**	**151**	**(237)**	**1,482**	**2,220**	-	**148**	**8**	**2,376**

The Company is not exposed to currency risk since all its financial assets and liabilities as at the financial years ended 31 December 2011 and 2012 are denominated in Singapore Dollar.

If the other foreign currencies change against the SGD by 1% (2011: 1%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position on the Group's profit after tax are not significant.

(ii) Price risk

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

29. **Financial risk management** (Continued)

(a) *Market risk (Continued)*

(iii) Cash flow and fair value interest rate risks

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

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in USD. If the USD interest rates had increased/ decreased by 0.5% (2011: 0.5%) with all other variables including tax rate being held constant, the profit after tax would have been higher/ lower by S$22,000 (2011: S$40,000) respectively as a result of higher/ lower interest expense on these borrowings.

(b) *Credit risk*

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

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

The Group has concentration of credit risk with customers, who are foreign government agencies, for whom it has completed several network infrastructure projects. These customers have made an arrangement with a financial institution in its own country to issue irrevocable letters of credit in favour of the Group for the settlement of these projects. As at 31 December 2012, the total amount of the irrevocable letters of credit issued in favour of the Group amounted to S$12,718,000 (2011: S$20,021,000), which are classified as bills receivables (Notes 12 and 15), and represents 71% (2011: 86%) of the total trade receivables of the Group as at that date.

29. Financial risk management (Continued)

(b) Credit risk (Continued)

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

	Company	
	2012	**2011**
	S$'000	**S$'000**
Corporate guarantees provided to banks on subsidiary's loans	14,765	18,848

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

	Group	
	2012	**2011**
	S$'000	**S$'000**
By geographical areas		
Singapore	3,236	1,616
Myanmar	1,533	6,751
Vietnam	11,150	13,270
Other	1,893	1,675
	17,812	23,312
By types of customers		
Non-related parties		
- Government agencies	14,370	21,705
- Other companies	3,442	1,607
	17,812	23,312

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

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

The Group's trade and bills receivables that are not past due amounting to S$13,929,000 (2011: S$21,053,000). The Group has no trade and bills receivables past due or impaired that were re-negotiated during the financial year.

29. Financial risk management (Continued)

(b) *Credit risk (Continued)*

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

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

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

	Group	
	2012	**2011**
	S$'000	**S$'000**
Past due < 3 months	2,643	732
Past due 3 to 6 months	1,240	65
Past due over 6 months	-	1,462
	3,883	2,259

The carrying amount of trade and bills receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2012	**2011**
	S$'000	**S$'000**
Past due over 6 months	35	-
Less: Allowance for impairment	(35)	-
	-	-
Beginning of financial year	-	-
Allowance made	35	-
End of financial year	35	-

An allowance for impairment for trade and bills receivables amounting to S$35,000 (2011: S$Nil) and a write off of certain trade receivables amounting to S$95,000 (2011: S$Nil) have been made to the profit or loss, as recoverability is determined to be low because the customers are in financial difficulties and payments are not forthcoming (Note 5).

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (Note 20). At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

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

29. Financial risk management (Continued)

(c) *Liquidity risk (Continued)*

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

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000
Group			
At 31 December 2012			
Trade and other payables	16,106	-	-
Borrowings	5,227	-	-
	21,333	-	-
At 31 December 2011			
Trade and other payables	18,014	-	-
Borrowings	8,812	944	7
	26,826	944	7
Company			
At 31 December 2012			
Trade and other payables	493	-	-
Financial guarantee contracts	5,200	-	-
At 31 December 2011			
Trade and other payables	505	-	-
Financial guarantee contracts	8,800	-	-

(d) *Capital risk*

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

Management monitors capital based on a debt-equity ratio. The Group and the Company are also required by the banks to maintain a debt-equity ratio of not exceeding 3.0 times (2011: 3.0 times). The Group's and Company's strategies, which were unchanged from 2006, are to maintain debt-equity ratio within 1.0 times to 3.0 times.

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

29. Financial risk management (Continued)

(d) *Capital risk (Continued)*

	Group 2012 S$'000	2011 S$'000
Total liabilities (S$'000)	21,333	27,919
Net tangible asset (S$'000)	17,640	15,100
Debt-equity ratio	**1.21 times**	**1.85 times**

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2011 and 2012 except for the breach of loan covenants as disclosed in Note 20(c) to the financial statements.

(e) *Fair value measurements*

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

30. Related party disclosures

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

(a) Outstanding balances as at 31 December 2012, arising from sales/ purchase of goods and services, are unsecured and receivable within 12 months from the balance sheet date and disclosed in Note 12.

(b) Key management personnel compensation

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

	Group 2012 S$'000	2011 S$'000
Salaries and bonuses	1,667	1,659
Employer's contribution to defined contribution plan, including Central Provident Fund	62	58
Directors' fees	242	284
Other short-term benefits	6	-
	1,977	2,001
Comprised amounts paid to :		
Directors of the Company	1,146	1,187
Directors of subsidiaries	76	78
Other key management personnel	755	736
	1,977	2,001

31. Segment information

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

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

The Group is organised into two operating segments – Project Sales and Project Management and Maintenance Services.

Project Sales segment engages in integration of network infrastructure that enable the customers to communicate electronically within an organisation or with another organisation whether located in the same country or globally. It also provides the customers with seamless integration of a wide variety of voice and data signals used in large institutional telecom applications.

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

Allocation basis and transfer pricing

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

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

No disclosure and presentation of capital expenditure and depreciation of property, plant and equipment by business segments are made as the assets of the Group are used interchangeably by different business segments and therefore, it is not practicable to segregate the assets for disclosure purpose. The Board of Directors of the Company do not consider this information to be meaningful and are not used when making operating decisions about allocating resources to the business segment and assessing its performance.

31. Segment information (Continued)

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

	Project sales		Project management & maintenance services		Consolidated	
	2012	2011	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue						
Revenue to external parties	22,262	27,473	10,532	9,469	32,794	36,942
Segment result	5,077	5,897	2,645	2,615	7,722	8,512
Other income						
- Interest income from bank deposits					42	2
Other gains/ (losses) - net					172	(50)
Unallocated expenses						
- Administrative						
- Finance					(7,461)	(7,819)
					(203)	(283)
Profit before income tax					272	362
Income tax					(22)	(108)
Net profit					250	254
Segment assets	27,470	36,115	1,274	694	28,744	36,809
Unallocated assets					10,229	6,468
Total assets					38,973	43,277
Segment liabilities	14,323	20,490	705	500	15,028	20,990
Unallocated liabilities					6,305	6,929
Total liabilities					21,333	27,919

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

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

Geographical information

	Singapore		Myanmar		Vietnam		Other		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue										
Sales to external parties	19,775	15,940	2,972	415	7,591	11,732	2,456	8,855	32,794	36,942

31. Segment information (Continued)

Other geographical information:

	Singapore		Myanmar		Vietnam		Other		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment assets	33,758	35,739	-	-	-	-	5,215	7,538	38,973	43,277
Capital expenditure - property, plant and equipment	98	49	-	-	-	-	4	4	102	53

Revenue of approximately S$10,964,000 (2011: S$8,715,000) are derived from a single external customer. These revenues are attributable to the project sales and project management and maintenance services segment.

(a) Reconciliation

(i) Segment assets

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

Segment assets are reconciled to total assets as follows:

	Group	
	2012	2011
	S$'000	S$'000
Segment assets for reporting segments	28,744	36,809
Unallocated:		
- Cash and cash equivalents	9,488	6,077
- Other receivables	615	258
- Property, plant and equipment	126	133
	38,973	43,277

(ii) Segment liabilities

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

31. Segment information (Continued)

(a) Reconciliation (Continued)

(ii) Segment liabilities (Continued)

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2012	**2011**
	S$'000	**S$'000**
Segment liabilities for reporting segments	15,028	20,990
Unallocated:		
- Other payables	1,078	939
- Borrowings	5,227	5,841
- Current income tax liabilities	-	90
- Deferred income tax liabilities	-	59
	21,333	27,919

32. Events occurring after balance sheet date

(i) On 24 January 2013, the issued and paid up share capital of Fiber Reach Pte Ltd, a wholly-owned subsidiary of Ntegrator Pte Ltd ("NPL"), has been increased from S$255,000 to S$500,000, through an allotment and issuance of 245,000 new ordinary shares at S$1.00 per share, to a third party. Following the allotment and issuance of 245,000 ordinary shares, NPL and the third party will own 51% and 49% of the issued and paid up share capital of Fiber Reach Pte Ltd, respectively.

(ii) On 2 April 2013, the Company had increased its shareholdings in its wholly-owned subsidiary, NPL, by subscribing for an additional 2,000,000 ordinary shares at a total cash consideration of S$2,000,000. Following the subscription of shares by the Company, NPL's issued and paid-up capital increased from S$16million to S$18million.

33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2013 or later periods and which the Group has not early adopted:

- FRS 19 – Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 28 – Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 32 Financial Instruments – Offsetting of Financial Liabilities and Assets (effective for annual periods beginning on or after 1 January 2014)
- Amendments to FRS 107 Disclosures – Transfer of Financial Assets (effective for annual periods beginning on or after 1 July 2014)
- FRS 110 – Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)
- FRS 111 – Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)
- FRS 112 – Disclosure of Interest in Other Entities (effective for annual periods beginning on or after 1 January 2014)
- FRS 113 – Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Ntegrator International Ltd on 3 April 2013.

Statistics of Shareholdings

As at 15 March 2013

Class of shares	:	Ordinary shares
Issued and fully paid-up capital (including Treasury Shares)	:	S$19,567,302.37
Issued and fully paid-up capital (excluding Treasury Shares)	:	S$19,556,007.37
Number of Shares issued (excluding Treasury Shares)	:	610,169,013
Number (Percentage) of Treasury Shares	:	251,000 (0.04%)
Voting rights (excluding Treasury Shares)	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	31	1.57	15,806	0.00
1,000 - 10,000	281	14.23	1,322,845	0.22
10,001 - 1,000,000	1,583	80.15	249,968,892	40.97
1,000,001 and above	80	4.05	358,861,470	58.81
Total :	**1,975**	**100.00**	**610,169,013**	**100.00**

Substantial Shareholders
(As recorded in the Register of Substantial Shareholders)

	Direct Interest	**%**	**Deemed Interest**	**%**
Han Meng Siew [1]	7,440,000	1.21	28,968,640	4.75
Goh Siok Kuan [1]	22,640,000	3.71	13,768,640	2.25

Notes:

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

Statistics of Shareholdings

As at 15 March 2013

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1.	Maybank Nominees (Singapore) Pte Ltd	42,286,058	6.93
2.	OCBC Securities Private Ltd	28,828,000	4.72
3.	Goh Siok Kuan	22,640,000	3.71
4.	Koh Kow Tee Michael	19,460,600	3.19
5.	Chang Joo Whut	15,418,000	2.53
6.	Tan Yew Bock	11,800,000	1.93
7.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	11,789,000	1.93
8.	Lee Keen Whye	8,655,750	1.42
9.	Phillip Securities Pte Ltd	7,796,807	1.28
10.	Chen Tien Lap Bernard	7,635,000	1.25
11.	Han Meng Siew	7,440,000	1.22
12.	Goh Cheng Miang	7,000,000	1.15
13.	Harry Halim @ Lim Eng Lian	6,800,000	1.11
14.	Sw Chan Kit	6,385,600	1.05
15.	Thng Joo Moi	5,794,100	0.95
16.	Chan Lai Fong Anita	5,300,000	0.87
17.	CIMB Securities (Singapore) Pte. Ltd.	5,015,000	0.82
18.	DB Nominees (S) Pte Ltd	4,306,000	0.71
19.	Neo Tiong Woon (Liang Zhang'en)	4,052,280	0.66
20.	DBS Vickers Securities (Singapore) Pte Ltd	4,000,000	0.66
	Total :	**232,402,195**	**38.09**

Percentage Of Shareholding In Public's Hands

81.2% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Catalist Rule 723 of the Listing Manual of the SGX-ST.

Statistics of Warrantholdings

As at 15 March 2013

(W131206 @ S$0.02 EACH)

Distribution of Warrantholdings

Size of Warrantholdings			No. of Warrantholders	%	No. of Warrants	%
1	-	999	134	26.85	66,629	0.09
1,000	-	10,000	151	30.26	639,481	0.84
10,001	-	1,000,000	196	39.28	17,569,496	23.23
1,000,001	and	above	18	3.61	57,357,175	75.84
Total :			**499**	**100.00**	**75,632,781**	**100.00**

Twenty Largest Warrantholdings

No.	Name	No. of Warrants	%
1.	Maybank Nominees (Singapore) Pte Ltd	18,048,066	23.86
2.	Tan Yew Bock	6,300,388	8.33
3.	Sw Chan Kit	4,042,800	5.35
4.	Han Meng Siew	3,000,000	3.97
5.	Thng Joo Moi	2,897,050	3.83
6.	Koh Kow Tee Michael	2,555,555	3.38
7.	Tee Siew Kiong	2,210,000	2.92
8.	DB Nominees (S) Pte Ltd	2,080,000	2.75
9.	Neo Tiong Woon (Liang Zhang'en)	2,024,000	2.68
10.	Leong Wee Siong	2,000,150	2.64
11.	Goh Siok Kuan	2,000,000	2.64
12.	Neo Lam Tien	2,000,000	2.64
13.	Lai Chun Loong	1,530,000	2.02
14.	Ong Swee Whatt	1,500,000	1.98
15.	Lee Meng Wah	1,455,000	1.92
16.	Mui Cheng Wai (Ruan Qingwei) @ Loh Kee Wai	1,416,666	1.87
17.	Loong Swee Peng	1,195,000	1.58
18.	Sw Chun Hoong	1,102,500	1.46
19.	Song Suh Shin	850,000	1.12
20.	Seow Ser Hoe	500,000	0.66
	Total :	**58,707,175**	**77.60**

Use of Proceeds – Warrants Conversion

As at 3 April 13, approximately S$ 1.1 million from the proceed from issuance of shares arising from conversion of warrants has been utilized, in accordance with its intended use, a summary of which is set out below:-

Items	**Amount (S$)**	
Conversion of W121011	2,109,042.26	
Conversion of W131206	1,579,772.54	
Total Net Conversion of Warrants		**3,688,814.80**
Application of Proceeds		
Professional Fees	113,561.50	
Issuance of Warrants	20,133.54	
Repayment of bank loans	980,229.06	
Total Application of Proceeds		1,113,924.10
Balance of Conversion of Warrants		2,574,890.70

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ntegrator International Ltd. (the "Company") will be held at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 on Friday, 26 April 2013 at 11.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2012 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 99(2) of the Company's Articles of Association:

   Mr Lai Chun Loong **(Resolution 2)**
   Mr Charles George St John Reed **(Resolution 3)**

   Mr Lai Chun Loong will, upon re-election as Director of the Company, remain as a member of the Audit and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

   Mr Charles George St John Reed will, upon re-election as Director of the Company, remain as a Chairman of the Audit Committee and as a member of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

3. To pass the following Ordinary Resolution pursuant to Section 153(6) of the Companies Act, Cap. 50:

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Bernard Chen Tien Lap be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
   [See Explanatory Note (i)] **(Resolution 4)**

   Mr Bernard Chen Tien Lap will, upon re-appointment as a Director of the Company, remain Chairman of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

4. To approve the payment of Directors' fees of S$285,667 for the year ended 31 December 2012 (FY2011: S$284,000). **(Resolution 5)**

5. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

AS SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION: SHARE ISSUE MANDATE**

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

AS SPECIAL BUSINESS (Continued)

7. **ORDINARY RESOLUTION: SHARE ISSUE MANDATE** (Continued)

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred percent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all Shareholders of the Company (the "Shareholders") shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities;

(ii) new Shares arising from exercising Share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, Cap. 50 and otherwise, the Articles of Association of the Company; and

(d) unless revoked or varied by the Company in general meeting, such authority shall continue in force 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 the earlier.
[See Explanatory Note (ii)] **(Resolution 7)**

8. **ORDINARY RESOLUTION: AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE NTEGRATOR SHARE OPTION SCHEME AND NTEGRATOR PERFORMANCE SHARE PLAN**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue Shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Ntegrator Share Option Scheme and the Ntegrator Performance Share Plan (the "Schemes") upon the exercise of such options and in accordance with the terms and conditions of the Schemes, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the Schemes shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.
[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Kenneth SW Chan Kit
Yvonne Choo
Gwendolin Lee Soo Fern
Company Secretaries

Singapore, 11 April 2013

Notes –

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

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

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

Explanatory Notes on Resolutions to be passed:

(i) *The effect of the Ordinary Resolution 4 proposed in item 3 above, is to re-appoint a Director who is over 70 years of age.*

(ii) *Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding one hundred percent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to fifty percent (50%) may be issued other than on a pro-rata basis.*

(iii) *Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue Shares pursuant to the exercise of options outstanding under the Ntegrator Share Option Scheme and/or the vesting of awards granted pursuant to the Ntegrator Performance Share Plan, provided that the aggregate number of Shares to be issued pursuant to the Ntegrator Share Option Scheme and the Ntegrator Performance Share Plan does not exceed fifteen per cent (15%) of the total number of Shares (excluding treasury shares) in the capital of the Company from time to time.*

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

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

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

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Proxy Form

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

(Please see notes overleaf before completing this Form)

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

*I/We, ____

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

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 26 April 2013 at 11.30 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 Financial Statements for the year ended 31 December 2012		
2	Re-election of Lai Chun Loong		
3	Re-election of Charles George St. John Reed		
4	Re-appointment of Mr Bernard Chen Tien Lap		
5	Approval of Directors' fees amounting to S$285,667		
6	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
7	Share Issue Mandate		
8	Authority to allot and issue shares under the Ntegrator Share Option Scheme and Ntegrator Performance Share Plan		

* Delete where inapplicable

Dated this ______ day of April 2013

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

____
Signature of Shareholder(s)
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Bernard Chen Tien Lap
Non-Executive Chairman &
Independent Director

Han Meng Siew
Deputy Chairman &
Executive Director

Jimmy Chang Joo Whut
Managing Director &
Executive Director

Loudon Frank McLean Owen
Independent Director

Lai Chun Loong
Independent Director

Charles George St. John Reed
Independent Director

Lee Keen Whye
Independent Director

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

Independent Directors
Charles George St. John Reed (Chairman)
Lai Chun Loong
Lee Keen Whye
Loudon Frank McLean Owen

COMPANY SECRETARIES

Kenneth Sw Chan Kit
Gwendolin Lee Soo Fern
Yvonne Choo, FCIS

REGISTERED OFFICE

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

SHARE REGISTRAR

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

SPONSOR

Asian Corporate Advisors Pte. Ltd.
112 Robinson Road
#03-02 Singapore 068902
Ms Foo Quee Yin

AUDITORS

Nexia TS Public Accounting Corporation
Certified Public Accountants
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Loh Hui Nee
(Appointed since 31 December 2011)

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Ltd

INVESTOR RELATIONS CONTACTS

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

Citigate Dewe Rogerson, i.MAGE
Elaine Lim / Ng Chung Keat
55 Market Street #02-01
Singapore 048941
Tel: (65) 6534 5122
Fax: (65) 6534 4171
elaine.lim@citigatedrimage.com
chungkeat.ng@citigatedrimage.com

4 Leng Kee Road
#06-04 SIS Building
Singapore 159088

Tel: (65) 6479 6033
Fax: (65) 6472 2966

Website: www.ntegrator.com