2016 ANNUAL REPORT

NTEGRATOR

Ntegrator – Integrated, Connected

Contents

To be a

Global, World-Class

Provider of

Our Vision

Information Technology

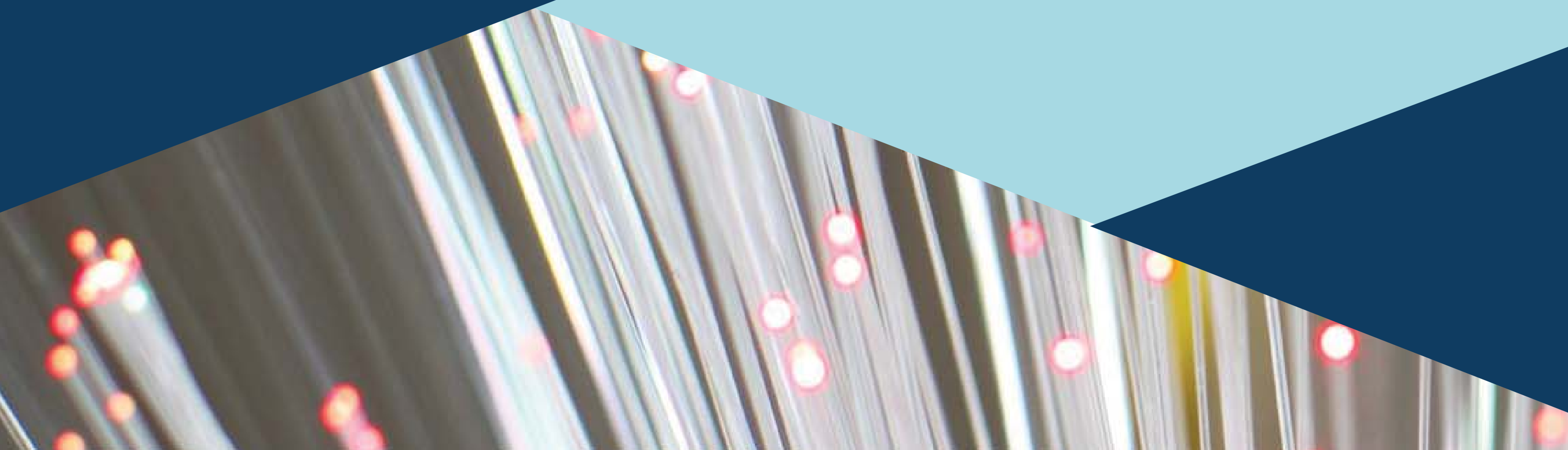
and Telecommunications Solutions,

offering High-Tech Network Infrastructure

and Voice Communication Systems

About Ntegrator

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



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

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

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

Group Structure

NTEGRATOR INTERNATIONAL LTD.

NTEGRATOR PTE LTD
Singapore
(100%)

Myanmar
Ntegrator Myanmar Ltd.
(100%)

Vietnam
Ntegrator Pte Ltd
Representative Office

Singapore
Fiber Reach Pte Ltd
(60%)

Our Business

Project Sales

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

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

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

Voice Communication Systems
We are able to seamlessly integrate voice and data signals used in large organisations' telephone network, which include:
- PABX;
- Video conferencing systems;
- Voice messaging, recording or logging systems; and
- VoIP applications.

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

Project Management And Maintenance Services

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

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

Chairman's Message

Dear Shareholders,

Ntegrator International Ltd. ("Ntegrator" or the "Group") has had another year of positive developments in the financial year ended December 31, 2016 ("FY2016"), as the Group achieved yet another year of net profit, following the successful turnaround to profitability in the financial year ended December 31, 2015 ("FY2015"). The Group continued to focus on the Project Sales and Project Management and Maintenance Services Segments, which is aligned with Ntegrator's strategy to grow its core businesses in its key markets. Despite the evolving and volatile macroeconomic environment, Ntegrator's sound business strategy played a pivotal role in guiding the Group's business decisions, and enabled the Group to strengthen its order book.

The Group intends to build on its progress achieved in FY2016, which has strengthened Ntegrator's established position as a leading network specialist and systems integrator. The contract wins across Ntegrator's key markets further highlighted the Group's expertise and track record in the regional markets. We are pleased to present to you our annual report for FY2016, and highlight Ntegrator's key developments over the past year and our strategies for the coming year.

Looking Back in 2016

Despite the challenging business environment in 2016, the Group achieved a 29.8% growth in overall revenue, from S$51.5 million in FY2015 to S$66.9 million in FY2016. The Project Sales Segment remained a key growth driver for the Group, registering a 47.8% jump to S$47.6 million in FY2016, compared to S$32.2 million a year ago. This was mainly attributable to the completion of major projects in Vietnam and Singapore in the financial year. While revenue for the Group's Project Management and Maintenance Services Segment fell marginally by 0.2% to S$19.3 million, the Segment continued to provide the Group with a steady stream of recurring income.

Ntegrator's gross profit rose 7.1% to S$11.8 million, from S$11.0 million in FY2015, backed by the Group's higher revenue contribution. Gross profit from the Project Sales Segment increased 3.5% to S$3.7 million in FY2016, while gross profit from the Project Management and Maintenance Services Segment improved by 8.8% to S$8.1 million despite a decline in revenue for this Segment.

Backed by the Group's sound business strategy and committed team, Ntegrator registered a 40.7% growth in net profit for FY2016. Net profit for the Group rose to S$2.9 million, compared to S$2.0 million a year ago. The Group maintained a healthy balance sheet, with cash and cash equivalents of S$15.6 million, while total borrowings stood at S$15.5 million as at December 31, 2016. Shareholder's equity also improved from S$16.9 million to S$21.0 million as at December 31, 2016.

Moving into FY2017 and Beyond

Moving into 2017, the Group expects the business environment to remain challenging, driven by the changes in the geopolitical landscape as well as intensifying market competition. Ntegrator will remain aligned with its strategy to focus on its core businesses, which has proven successful in enabling the Group to achieve a stable performance amid market challenges. The Group will continue to leverage its strong relationships with existing customers, as well as seek opportunities to reach out to new customers, in order to grow our revenue and safeguard profitability.

In line with Ntegrator's business strategy, the Group will continue to ride on the developments in the information communications technologies and related infrastructure industry to identify new opportunities to strengthen our operations in Singapore, Vietnam and Myanmar. Ntegrator will continue to closely monitor industry developments and keep pace with the technological and regulatory changes in the sector. The Group will actively identify areas to strengthen our operational efficiency, thereby maximizing productivity and generating greater returns for the business.

The Group's strategy has delivered success in FY2016, with a strong order book of S$36.2 million as at December 31, 2016, and multiple contract wins from repeat customers. More notably, Ntegrator secured its single largest supply contract placed to-date by Viettel, worth approximately S$20.8 million. All these underscore the sound business strategy adopted by the Group, which has allowed Ntegrator to deliver consistent results. Moving forward, the Group continues to stay firm in its strategy and work hard towards becoming a leading provider of information technology and telecommunications solutions.

Appreciation

In closing, I would like to express my sincere appreciation to our valued shareholders for their continued trust and support towards Ntegrator. I would also like to thank our Board members, suppliers and customers who have played an integral role in supporting our business. Last but not least, I would like to express my heartfelt gratitude to the management team and staff for their dedication and valuable contribution to the Group. It is a privilege to work with such a dynamic and capable team and I am heartened to see the team's success in driving the Group's consistent performance and growth over the years. I look forward to your continued support as we work towards delivering sustainable returns for our shareholders.

Han Meng Siew
Executive Chairman
31 March 2017

Operations and Financial Review

The overall market environment in 2016 remained challenging, driven by significant events happening around the world, as well as the intensifying competition within the industry. Despite the challenges, Ntegrator achieved a strong performance as revenue rose 29.8% for FY2016. This underscores the Group's success in tailoring its business strategy to focus on Ntegrator's core businesses of Project Sales, as well as Project Management and Maintenance Services. During the year, the Group grew its presence in Singapore, its home market, as well as in Vietnam. Through establishing greater foothold in its key markets, the Group was able to remain resilient in the face of a challenging market environment.

In FY2016, the Group successfully secured seven new contracts with a combined value of approximately S$43.1 million. The stable flow of contract wins is testament to Ntegrator's expertise in this field.

The Group's long-standing relationships with its repeat customers also continues to play a pivotal role in supporting Ntegrator's business development and growth.

SINGAPORE

In Singapore, the Infocomm Media 2025 plan continues to drive the creation of a globally competitive infocomm ecosystem that enables and complements Singapore's Smart Nation vision. The governmental support towards the industry bodes well for the Group and has enabled Ntegrator to secure several contracts in Singapore. In May 2016, the Group was awarded three contracts in Singapore. The first was awarded by a Singapore-based service provider and involved the supply, installation and commissioning of optical distribution frames and all fiber cabling accessories. The remaining two contracts were awarded by a Singapore-based regional service provider, and involved the provision of pipeline installation and maintenance services, as well as the supply of telecommunications equipment.

VIETNAM

The Group continued to leverage on its strong working relationship with Viettel, Vietnam's largest mobile network operator. In 2016, Ntegrator was awarded three contracts for the supply of high-performance batteries to Viettel. In particular, the contract secured in October 2016 worth approximately S$20.8 million is the single largest supply contract placed to-date by Viettel under a frame contract signed in 2015. The contract wins marked a continuing affirmation of the Group's strong relationship with Viettel, as well as Ntegrator's ability to deliver quality product and services.

MYANMAR

Myanmar remains a key growth area for the Group, supported by the country's fast-growing mobile market. In FY2016, Ntegrator received a few orders from Myanmar although no major contracts were secured. However, the Group remains committed to strengthening its business presence in the country. Tapping on past contracts with customers such as Myanmar's Directorate of Procurement, Myanmar Radio and Television, and Myanmar Economic Cooperation, the Group will continue to actively identify opportunities to deepen its network in Myanmar.

Order Book

The Group's outstanding order book stood at S$36.2 million as at December 31, 2016, backed by repeat orders from customers in Singapore, Vietnam and Myanmar. A significant portion of these contracts is slated for completion in the coming financial year and is expected to contribute positively to Ntegrator's financial performance in the financial year ending December 31, 2017.

Looking ahead, the Group will continue to focus on its core businesses, tapping on new and existing customers to strengthen its foothold in its key markets. The Group will also adopt an opportunistic yet prudent approach towards new opportunities in other markets.

Board of Directors

Han Meng Siew
Executive Chairman

Mr Han was appointed as our Director in July 2004 and subsequently appointed as Chairman in March 2015. Mr Han brings to the Board over 30 years of experience in the telecommunications industry.

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

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

Jimmy Chang Joo Whut
Managing Director and Executive Director

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

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

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

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

Charles George St. John Reed

Lead Independent Director

Mr Reed was first appointed as our Independent Director in June 2003 and was last re-elected to the Board on April 25, 2016. He was further appointed as the Lead Independent Director in March 2015. Mr Reed began his career 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 reengineering 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 (a Hong Kong based private equity fund), Personal Broadband Australia Pty Limited, Capena Ltd (BVI), DOCOMO interTouch Pte Ltd. (NTT DOCOMO's wholly-owned subsidiary) and was an audit committee member of Mobile Telecom Network (Holdings) Limited, which is listed on the Hong Kong Stock Exchange's Growth Enterprise Market.

Mr Reed is currently the CEO of AltCap Management Pte Ltd, a special situation company focusing on technology companies.

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

Lai Chun Loong

Independent Director

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

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

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

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

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

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

Lee Keen Whye

Independent Director

Mr Lee was appointed as our Independent Director in August 2008 and was last re-elected to the Board on April 24, 2014. He is the Managing Director of Strategic Alliance Capital Pte Ltd ("SAC"), a venture capital and investment management advisory company. Before founding SAC, Mr Lee was the founder and Managing Director of Rothschild Ventures Asia Pte Ltd, a member of the N M Rothschild & Sons global merchant banking group from 1990 to 1997. Prior to that, he was an Associate Director with Kay Hian James Capel Pte Ltd, which he joined in 1987 as Head of Research for Singapore and Malaysia.

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

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

Key Management

Kenneth Sw Chan Kit

Financial Controller

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

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

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

Vincent Vinu Edward

General Manager, Network Infrastructure (Singapore)

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

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

Raymond Chia Kok Hian

General Manager, Network Infrastructure (Regional)

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

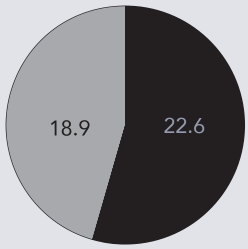
He was appointed Managed Service Consultant in 2012 and oversaw the implementation of all phases of selected Managed Service projects by the Group. In 2014, Raymond was the Sales Director for the Group's Myanmar Market, where he was responsible for sourcing premier buyers, as well as formulating sales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

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

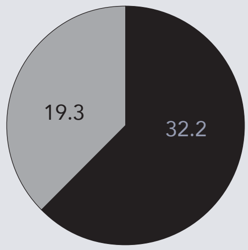
Raymond holds a Diploma in Electronic Engineering.

Financial Highlights

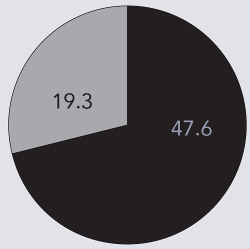
Revenue Breakdown by Activities
(S$million)



FY2014



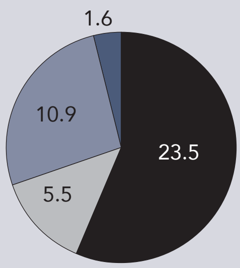
FY2015



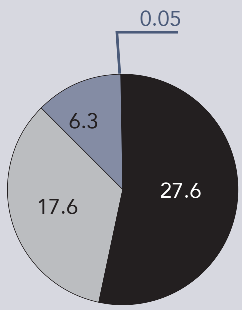
FY2016

- Project Sales
- Project Management & Maintenance Services

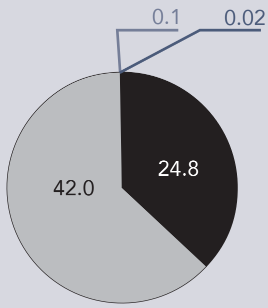
Revenue Breakdown by Geographical Markets
(S$million)



FY2014



FY2015



FY2016

- Singapore
- Vietnam
- Myanmar
- Others

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

	FY2014	FY2015	FY2016
Gross Profit	8.36	10.99	11.76
Net (Loss)/ Profit	(5.65)	2.03	2.86

(Loss)/ Earnings Per Share
(cents)

	FY2014	FY2015	FY2016
(Loss)/ Earnings Per Share	(0.64)	0.17	0.30

CORPORATE GOVERNANCE REPORT

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

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

Board of Directors

Principle 1: The Board's Conduct of Affairs

The principal functions of the Board are:

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

[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 on matters reserved for the Board's approval including, the following material transactions –

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

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

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

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

CORPORATE GOVERNANCE REPORT

Board of Directors - continued

Principle 1: The Board's Conduct of Affairs - continued

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings in the Financial Year 2016 ("FY2016") are summarised in the table below:

Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nominating Committee Meetings
Han Meng Siew	2	-	-	-
Chang Joo Whut	2	-	-	-
Lai Chun Loong	2	2	1	1
Charles George St. John Reed	2	2	1	1
Lee Keen Whye	2	2	1	1
No. of Meetings Held in 2016	**2**	**2**	**1**	**1**

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

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

New Directors appointed to the Board would be briefed on the Group's business activities and its strategic directions as well as statutory and other responsibilities as a Director. Formal letters are issued upon appointment, to further explain their duties and obligations. There was no appointment of new Director in 2016.

Principle 2: Board Composition and Guidance

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

The composition of the Board is –

Executive Directors

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

Independent Non-Executive Directors

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

Besides core competencies, such as business or management expertise, finance and strategic planning experience, customer and industry-based exposure and knowledge, the Board as a group, provides a balance and diversity of skills, experience and knowledge that are necessary and critical in meeting the Group's objectives.

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

CORPORATE GOVERNANCE REPORT

Board of Directors - continued

Principle 2: Board Composition and Guidance - continued

The NC reviews the independence of Non-Executive Directors annually, particularly those who have served more than nine years. For FY2016, the NC had assessed the independence of Mr Charles George St. John Reed and Mr Lai Chun Loong, who have served the Board for more than nine years. In this assessment, the NC had taken into account the approach, character, integrity, objectivity and attitude of each Independent Director in dealing with affairs of the Company and, in particular each of his business, contractual or, other relationships which could be perceived to interfere with the exercise of the Director's independent business judgement. This assessment is further supported by the written confirmation of independence which each Independent Director is required to complete and submit to the NC for review.

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

None of the Independent Directors are related to and do not have any relationship with the Company, its related corporations, its 10% shareholders, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement.

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

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

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

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

Principle 3: Chairman and Managing Director

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

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

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

CORPORATE GOVERNANCE REPORT

Board of Directors - continued

Principle 3: Chairman and Managing Director - continued

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

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

Nominating Committee

Principle 4: Board Membership

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

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

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

The duties of the NC are as follows:

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

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

The NC has recommended the nomination of Mr Lee Keen Whye retiring by rotation for re-election at the forthcoming AGM. In considering the nomination, the NC took into account his contribution with reference to his attendance and participation at Board and other Board Committee meetings, as well as the efficiency with which he has discharged his responsibilities.

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

None of the Directors have appointed any Alternate Director.

Nominating Committee - continued

Principle 4: Board Membership - continued

Key information regarding Directors and their profiles are set out on pages 10 and 11 of the Annual Report. The shareholdings and interests of each Director is set out in the Directors' Statement under "Directors of the Company" on page 27 to 31 of the Annual Report.

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

Principle 5: Board Performance

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

Performance evaluation for FY2016 was conducted by having all Directors complete a questionnaire covering the following areas –

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

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

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

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

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

Principle 6: Access to Information

Reports on the Company's performance and business activities are provided to every Board member in a timely manner. Such information includes background information, copies of disclosure documents, management reports, budgets, forecasts, financial statements, variance analysis and related documents in respect of matters brought before the Board for discussion.

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

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

CORPORATE GOVERNANCE REPORT

Principle 6: Access to Information - continued

The appointment of the Company Secretary and any change thereof is a matter for the Board as a whole. The Company Secretary attends all Board and Board Committee meetings and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary ensure good information flows with the Board and its board committees and between Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.

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

Remuneration Committee (RC)

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

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

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

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

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

In setting remuneration packages for Executive Directors and Key Management Personnel of the Group, the pay and employment conditions within the industry and in comparable companies are taken into account to maintain an appropriate and competitive level of remuneration that will attract, retain and motivate Key Management Personnel. The RC may seek external professional advice on compensation and other employment-related matters, as and when required. No external consultant was engaged in FY2016.

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

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

Independent and Non-Executive Directors receive Directors' fees, which take into account their level of contribution, time and effort spent and responsibilities. These fees are subject to shareholders' approval at the AGM.

No Director is involved in determining his own remuneration.

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

Remuneration Committee (RC) - continued

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

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

A breakdown (in percentage terms) of Directors' remuneration and that of the Group's top 3 Key Management Personnel who are not Directors, for the financial year ended 31 December 2016, falling within broad bands, are set out below –

(A) Directors' Remuneration

Name	Fees %	Salary[1] %	Other Benefits[2] %	Total %
Between $500,000 to $750,000				
Han Meng Siew	-	94.2	5.8	100
Between $250,000 to $500,000				
Jimmy Chang Joo Whut	-	93.8	6.2	100
Below $250,000				
Charles George St. John Reed	100	-	-	100
Lai Chun Loong	100	-	-	100
Lee Keen Whye	100	-	-	100

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

Name	Salary[1] %	Other Benefits[2] %	Total %
Between $250,000 to $500,000			
Kenneth Sw Chan Kit	91.2	8.8	100
Below $250,000			
Vincent Vinu Edward	96.4	3.6	100
Diana Lee Meng Wah *(retired on 31 March 2017)*	100	-	100

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

Details of Directors' interests in shares and the Company's Share Option Scheme are set out on page 27 to 31 of the Annual Report.

(C) Remuneration of immediate family members of Directors

There were no employees who were immediate family members of any Director or, the Managing Director, in FY2016.

CORPORATE GOVERNANCE REPORT

Principle 10: Accountability

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

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

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

Principle 11: Risk Management & Internal Controls

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

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

The Group's Risk Management Framework which identifies key risks within the Group's businesses, is aligned with the ISO 31000:2009 Risk Management framework. The Risk Management Framework is reviewed by the AC and approved by the Board.

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Principle 11: Risk Management & Internal Controls - continued

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

Principle 12: Audit Committee

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

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

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

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

The AC reviews the scope of work and the effectiveness, as set out in section 201B(5) of the Companies Act, Cap 50, of both Internal Auditor and External Auditors and the assistance given by the Company's officers to the External Auditors. It met with the Company's Internal Auditor and External Auditors to review their audit plans and discuss the results of their respective examinations and their evaluation of the Group's operations and system of internal accounting controls.

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

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

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

The External Auditors had not provided any non-audit services in FY2016.

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

The AC has explicit authority to investigate any matter within its TOR, full access to and co-operation by Management and full discretion to invite any personnel to attend its meetings and, reasonable resources to enable it to function properly.

CORPORATE GOVERNANCE REPORT

Principle 12: Audit Committee - continued

Whistle-Blowing Policy

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

The objectives of the Whistle-Blowing Policy are:

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

Principle 13: Internal Audit ("IA")

The Company outsources its internal audit function to Yang Lee & Associates. The Internal Auditors ("IA") report directly to the AC. Internal control weaknesses identified during the internal audit reviews and the recommended remediation actions are reported to the AC periodically whilst, administrative matters fall within the purview of the Managing Director.

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

The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

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

The IA completed two reviews in FY2016 in accordance with the internal control plan developed and approved by the Board under the Group Risk Management Framework. The findings and recommendations of the IA, management's responses, and management's implementation of remediation actions have been reviewed and approved by the AC.

CORPORATE GOVERNANCE REPORT

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

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

The Company disseminates material information simultaneously through press releases via SGXNet and electronic mail to the media. Press releases, interim and full-year financial results and Annual Reports which are posted on SGX's website are also available on the Company's website www.ntegrator.com.

All shareholders of the Company receive the Annual Report and Notice of AGM, within the statutory period. In order to gather views or inputs and address shareholders' concerns, shareholders are given the opportunity to voice their views and to direct questions regarding the Group to Senior Management and Directors, including the Chairman and Chairmen of Board Committees, at shareholders' meetings. The External Auditors will also be present at AGMs to assist the Board in addressing shareholders' queries.

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

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

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

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

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

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

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

SECURITIES TRANSACTIONS

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

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

CORPORATE GOVERNANCE REPORT

ENTERPRISE RISK MANAGEMENT POLICIES AND PROCESSES

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

Technological Changes

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

Political, Regulatory and Economic

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

Credit Risk

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

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, Mr Han Meng Siew and Mr Jimmy Chang Joo Whut, there were no material contracts in FY2016 which are required to be disclosed under Catalist Rule 1204(8).

INTERESTED PERSON TRANSACTIONS

There were no transactions with Interested Persons in FY2016.

SPONSORS

No non-sponsor fees were paid to the Sponsor, Asian Corporate Advisors Pte. Ltd. in 2016.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the Directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 36 to 83 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

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

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

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options", "Performance share plan" and "Warrants" on pages 28 to 31 of this statement.

Directors' interests in shares or debentures

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

	Holdings registered in name of Director		Holdings in which Director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016	At 31.12.2016	At 1.1.2016
Company (No. of ordinary shares)				
Han Meng Siew	5,000,000	5,000,000	28,390,640	28,390,640
Jimmy Chang Joo Whut	25,290,640	14,668,000	-	10,622,640
Charles George St. John Reed	6,765,000	6,765,000	-	-
Lai Chun Loong	5,385,000	5,385,000	-	-
Lee Keen Whye	9,455,750	9,455,750	-	-

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Directors' interests in shares or debentures - continued

	Holdings registered in name of Director or nominee		Holdings in which Director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016	At 31.12.2016	At 1.1.2016
Company (No. of warrants)				
Han Meng Siew	5,000,000	10,075,000	28,390,640	51,148,854
Jimmy Chang Joo Whut	25,290,640	25,302,300	-	20,499,054
Charles George St. John Reed	6,765,000	11,669,625	-	-
Lai Chun Loong	5,385,000	5,385,000	-	-
Lee Keen Whye	9,455,750	16,311,169	-	-

During the financial year ended 31 December 2016, the Warrants relating to the Directors' holdings and Directors' interest of the Warrants W160603 has expired and lapsed respectively.

(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 28 to 31 of this statement.

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

	Number of options to subscribe	
	At 31.12.2016	At 1.1.2016
Han Meng Siew	5,000,000	5,000,000
Jimmy Chang Joo Whut	3,000,000	3,000,000

(c) The Directors' interest in the ordinary shares and convertible securities of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

Share options

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

The Scheme shall be in force up to a maximum period of ten years from the date on which the Scheme was implemented. The Scheme may continue beyond the said stipulated period or terminated at any time with the approval of shareholders by way of an ordinary resolution passed at a General Meeting and of relevant authorities which may then be required.

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

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

(i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Share options - continued

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

Options granted with the exercise price set at Market Price shall only be exercisable after twelve (12) months from the date of grant of that option. Options granted with exercise price set at a discount to Market Price shall only be exercisable after twenty-four (24) months from the date of grant of that option. All options granted shall be exercised before the end of one hundred and twenty (120) months (or sixty (60) months where the participant is a Non-Executive Director) of the date of grant of that option and subject to such other conditions as may be introduced by the RC from time to time.

Details of the options to subscribe for ordinary shares of the Company granted to Directors, Executive Officers and employees of the Group pursuant to the Scheme described above are as follows:

Date of grant	Balance as at 1.1.2016	Granted during the financial year	Exercised during the financial year	Lapsed during the financial year	Balance as at 31.12.2016	Exercise price	Exercisable period
11.09.2006	616,000	-	-	(100,000)*	516,000	S$0.13	11.09.2007 to 10.09.2017
25.08.2008	11,662,000	-	-	(427,000)*	11,235,000	S$0.04	25.08.2009 to 25.08.2019
	12,278,000	-	-	(527,000)*	11,751,000		

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

Details of the options to subscribe for ordinary shares of the Company granted to Directors and Executive Officer of the Company pursuant to the Scheme were as follows:

	No. of unissued ordinary shares of the Company under option				
Name of Director	Granted in financial year ended 31.12.2016	Aggregate granted since commencement of the Scheme to 31.12.2016	Aggregate exercised since commencement of the Scheme to 31.12.2016	Aggregate lapsed since commencement of the Scheme 31.12.2016	Aggregate outstanding as at 31.12.2016
Han Meng Siew [1]	-	6,000,000	1,000,000	-	5,000,000
Jimmy Chang Joo Whut [1]	-	6,000,000	3,000,000	-	3,000,000
Charles George St. John Reed [2]	-	1,250,000	250,000	1,000,000	-
Lai Chun Loong [2]	-	1,050,000	1,050,000	-	-
Lee Keen Whye [2]	-	800,000	800,000	-	-
	-	15,100,000	6,100,000	1,000,000	8,000,000
Name of Executive Officer					
Kenneth Sw Chan Kit [1]	-	6,000,000	6,000,000	-	-
Total	-	21,100,000	12,100,000	1,000,000	8,000,000

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

(2) The options granted to these Directors are exercisable from 25 August 2009 to 25 August 2014 at the exercise price of S$0.04.

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

- No options have been granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of SGX-ST);
- No participant other than Han Meng Siew, Jimmy Chang Joo Whut and Kenneth Sw Chan Kit as mentioned above has received 5% or more of the total options available under the Scheme;

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Share options - continued

- 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 or its subsidiary corporations.

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

Performance share plan

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

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Performance share plan - continued

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 31.12.2016
22.03.2010	Employees	36	-	5,198,553
22.03.2010	Directors	9	-	6,150,000
		45	-	11,348,553*

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

Details of the shares awarded to Directors and Executive Officers of the Group pursuant to the PSP were as follows:

Name of Director	Shares awarded during the financial year	Aggregate shares awarded since the commencement of the PSP to 31.12.2016
Han Meng Siew	-	2,000,000
Jimmy Chang Joo Whut	-	2,000,000
Charles George St. John Reed	-	350,000
Lai Chun Loong	-	200,000
Lee Keen Whye	-	200,000
	-	4,750,000
Name of Executive Officer		
Kenneth Sw Chan Kit	-	2,000,000
Diana Lee Meng Wah (1)	-	800,000
	-	2,800,000
Total	-	7,550,000

(1) Retired on 31 March 2017

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

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

The Company has not granted any awards under the PSP since the financial year ended 31 December 2011 till 31 December 2016.

Warrants

On November 2015, the Company allotted and issued additional 99,468,870 W160603 and 809,965,632 W181123 free warrants to existing shareholders on the basis of one warrant for every one existing ordinary shares pursuant to a general mandate for the bonus warrants issue approved by shareholders of the Company at a General Meeting dated 27 April 2015. Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at an exercise price of S$0.014 and S$0.01 respectively and will expire on 3 June 2016 and 23 November 2018 respectively. During the financial year ended 31 December 2016, 20,269,373 warrants under W160603 and 35,786,015 warrants under W181123 were exercised and converted into ordinary shares of the Company, respectively. The Warrants comprised in W160603 expired on 3 June 2016.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

Audit committee

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

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

The members of the Audit Committee (the "AC") comprises three members, all of whom are Non-Executive Directors.

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

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

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

Independent auditor

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

On behalf of the Board of Directors

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director
31 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NTEGRATOR INTERNATIONAL LTD.

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ntegrator International Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 83.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Area of focus

As at financial year ended 31 December 2016, the Group has trade and bills receivables amounting to $39 million, representing 61% of the current assets, which is a significant component to the financial statement.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NTEGRATOR INTERNATIONAL LTD.

Report on Audit of the Financial Statements - continued

Key Audit Matters - continued

How our audit addressed the area of focus

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

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

Our findings

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NTEGRATOR INTERNATIONAL LTD.

Auditor's Responsibilities for the Audit of the Financial Statements - continued

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
31 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	2016 S$'000	2015 S$'000
Revenue	4	66,924	51,547
Cost of sales			
- Equipment and consumables used		(54,674)	(39,890)
- Freight charges		(247)	(221)
- Commission and consultancy		(102)	(246)
- Changes in inventories and contract work-in-progress		(140)	(205)
		(55,163)	(40,562)
Gross profit		11,761	10,985
Other income			
- Interest income from bank deposits		13	6
Other gains – net	7	654	631
Expenses			
- Distribution and marketing		(135)	(250)
- Administrative		(9,446)	(9,254)
- Finance	8	(94)	(88)
Profit before income tax		2,753	2,030
Income tax credit	9	103	-
Net profit		2,856	2,030
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Reclassification		*	-
- Gains		244	802
Total comprehensive income		3,100	2,832
Net profit attributable to:			
Equity holders of the Company		2,544	1,299
Non-controlling interests		312	731
		2,856	2,030
Total comprehensive income attributable to:			
Equity holders of the Company		2,788	2,097
Non-controlling interests		312	735
		3,100	2,832
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
- Basic	10(a)	0.30	0.17
- Diluted	10(b)	0.16	0.07

* Less than S$1,000

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	15,570	10,885	621	548
Trade and other receivables	12	47,655	25,316	5,765	4,234
Inventories	13	363	395	-	-
		63,588	36,596	6,386	4,782
Non-current assets					
Investments in subsidiary corporations	15	-	-	18,000	18,000
Property, plant and equipment	16	1,539	1,233	-	-
Deferred income tax assets	20	408	-	-	-
		1,947	1,233	18,000	18,000
Total assets		65,535	37,829	24,386	22,782
LIABILITIES					
Current liabilities					
Trade and other payables	17	28,695	9,853	420	431
Borrowings	18	15,224	10,903	-	-
Income tax liabilities		206	-	-	-
		44,125	20,756	420	431
Non-current liabilities					
Borrowings	18	289	202	-	-
Deferred income tax liabilities	20	80	-	-	-
		369	202	-	-
Total liabilities		44,494	20,958	420	431
NET ASSETS		21,041	16,871	23,966	22,351
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	24,201	23,559	24,201	23,559
Treasury shares	21	(11)	(11)	(11)	(11)
Other reserves	22	217	(27)	231	231
Accumulated losses		(4,399)	(6,943)	(455)	(1,428)
		20,008	16,578	23,966	22,351
Non-controlling interests	15	1,033	293	-	-
Total equity		21,041	16,871	23,966	22,351

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Note	← Attributable to equity holders of the Company					→		
		Share capital	Treasury shares	Employee share option reserve [a]	Currency translation reserve [a]	Accumulated losses	Total	Non-controlling interests	Total equity
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2016									
Beginning of financial year		23,559	(11)	231	(258)	(6,943)	16,578	293	16,871
Total comprehensive income for the financial year		-	-	-	244	2,544	2,788	312	3,100
Share issue pursuant to:-									
- Exercise of warrants	21	642	-	-	-	-	642	-	642
Deconsolidation of subsidiary corporation	11	-	-	-	*	*	-	198	198
Non-controlling interests' contributions		-	-	-	-	-	-	230	230
End of financial year		24,201	(11)	231	(14)	(4,399)	20,008	1,033	21,041
2015									
Beginning of financial year		23,001	(11)	231	(1,056)	(8,204)	13,961	(480)	13,481
Total comprehensive income for the financial year		-	-	-	798	1,299	2,097	735	2,832
Share issue pursuant to:-									
- Exercise of warrants	21	709	-	-	-	-	709	-	709
Share issue expenses	21	(151)	-	-	-	-	(151)	-	(151)
Deemed acquisition of non-controlling interests		-	-	-	-	(38)	(38)	38	-
End of financial year		23,559	(11)	231	(258)	(6,943)	16,578	293	16,871

[a] Not available for distribution.

* Less than S$1,000

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	2016 S$'000	2015 S$'000
Cash flows from operating activities			
Net profit		2,856	2,030
Adjustments for:			
- Income tax credit	9	(103)	-
- Depreciation of property, plant and equipment	5	477	431
- Loss on disposal of property, plant and equipment	7	27	11
- Finance expenses	8	94	88
- Gain on deconsolidation of subsidiary corporation	7	(297)	-
- Interest income		(13)	(6)
- Unrealised currency translation losses		377	1,355
		3,418	3,909
Change in working capital:			
- Inventories		32	37
- Trade and other receivables		(24,363)	(4,517)
- Trade and other payables		21,683	(968)
Cash generated from/ (used in) operations		770	(1,539)
Interest received		13	6
Net cash provided by/ (used in) operating activities		783	(1,533)
Cash flows from investing activities			
Additions to property, plant and equipment		(564)	(384)
Disposal of property, plant and equipment		6	16
Deconsolidation of subsidiary corporation, net of cash deconsolidated	11	(321)	-
Net cash used in investing activities		(879)	(368)
Cash flows from financing activities			
Bank deposits pledged		(2,788)	-
Proceeds from issuance of ordinary shares, net of issuance costs	21	642	558
Proceeds from borrowings		11,986	8,579
Repayment of borrowings		(7,824)	(1,309)
Repayment of finance lease liabilities		(157)	(166)
Interest paid		(94)	(88)
Capital contributions from non-controlling interests of a subsidiary corporation		230	-
Net cash provided by financing activities		1,995	7,574
Net increase in cash and cash equivalents		1,899	5,673
Cash and cash equivalents			
Beginning of financial year		10,672	5,557
Effects of currency translation on cash and cash equivalents		(153)	(558)
End of financial year	11	12,418	10,672

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

1. General information

Ntegrator International Ltd. (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 4 Leng Kee Road, #06-04, SIS Building, Singapore 159088.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 15 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue recognition

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

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

(a) Project sales

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.2 Revenue recognition - continued

(b) *Project management and maintenance revenue*

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

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

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.3 Government grants

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

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

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

2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that 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 unless the transactions provide evidence of an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.4 Group accounting - continued

(a) *Subsidiary corporations* - continued

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) *Disposals*

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

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

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

(b) *Transactions with non-controlling interests*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

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

(ii) *Components of costs*

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

(b) *Depreciation*

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

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

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

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

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

2.6 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.7 Contract work-in-progress

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

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

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

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

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

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

2.8 Investments in subsidiary corporations

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

2.9 Impairment of non-financial assets
Property, plant and equipment
Investments in subsidiary corporations

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.9 Impairment of non-financial assets - continued
Property, plant and equipment
Investments in subsidiary corporations

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

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

2.10 Financial assets

(a) Classification

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

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

Loans and receivables

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

(b) Recognition and derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.10 Financial assets - continued

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

Loans and receivables

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

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

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

2.11 Offsetting financial instruments

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

2.12 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.13 Borrowings

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

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

2.14 Trade and other payables

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

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

2.15 Fair value estimation of financial assets and liabilities

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

2.16 Leases

When the Group is the lessee:

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

(i) Lessee – Finance leases

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

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

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

(ii) Lessee – Operating leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.17 Inventories

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

2.18 Taxes

(a) 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 end of the reporting date.

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

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

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

Deferred income tax is measured:

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

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

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

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

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

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.

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 grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

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

(c) Performance shares

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.20 Employee compensation - continued

(c) *Performance shares* - continued

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 reporting date.

(e) *Bonus plan*

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

2.21 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2. Significant accounting policies - continued

2.21 Currency translation - continued

(c) Translation of Group entities' financial statements

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

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

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

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

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

2.22 Segment reporting

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

2.23 Cash and cash equivalents

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

2.24 Share capital and treasury shares

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

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

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

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

2.25 Dividends to Company's shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical accounting estimates and assumptions

(i) Contract work-in-progress

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

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

If the revenue on uncompleted contracts at the reporting date had been higher/ lower by 5% from management's estimates, the Group's revenue would have been higher/ lower by S$346,000 (2015: S$400,000).

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$40,000 (2015: S$25,000).

The carrying amount of contract work-in-progress at the end of the reporting date was S$339,000 (2015: S$447,000).

(ii) Impairment of loans and receivables

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

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. Management has assessed and a write off amounting to S$217,000 (2015: S$Nil) has been made in the financial statements for the financial year ended 31 December 2016.

The carrying amount of trade and bills receivables at the end of the reporting date was S$38,525,000 (2015: S$15,434,000) which might change within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of financial year.

If the net present value of estimated cash flows had been lower by 5% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been S$122,000 (2015: S$204,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

3. Critical accounting estimates, assumptions and judgements - continued

3.1 Critical accounting estimates and assumptions - continued

(iii) Net realisable value of inventories

A review is made periodically on inventories for obsolete and excess inventories and declines in net realisable value below cost and a write-down is recorded against the carrying amount of the inventories balance for any such obsolescence, excess and declines. The review requires management to consider the future demand for the inventories. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of write-down include expected usage analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and affects the carrying amount of inventories at the end of the reporting years. Possible changes in these estimates could result in revisions to the stated value of the inventories. As at 31 December 2016, management has written down approximately S$54,000 (2015: S$44,000) of its slow-moving inventories.

The carrying amount of inventories at the end of the reporting date was S$363,000 (2015: S$395,000).

If the net realisable value of inventories is lower by 10% from management's estimates, the carrying amount of the Group's inventories would have been lower by S$36,000 (2015: S$40,000).

3.2 Critical judgements in applying the entity's accounting policies

(i) Deferred income tax assets

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

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

Due to their inherent nature, assessments of likelihood are judgmental and not subjected to precise determination. The Group has unrecognised tax losses of S$7,369,000 (2015: S$11,689,000) and donations of S$360,000 (2015: S$229,000) carried forward at the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

4. Revenue

	Group 2016 S$'000	Group 2015 S$'000
Project sales	47,617	32,209
Project management and maintenance services	19,307	19,338
	66,924	51,547

5. Expenses by nature

	Group 2016 S$'000	Group 2015 S$'000
Auditors' remuneration		
Fees on audit services paid/ payable to:		
- Auditor of the Company	83	83
- Other auditors*	6	14
Fees on non-audit services paid/ payable to:		
- Other auditors	24	20
Bank charges	230	348
Depreciation of property, plant and equipment (Note 16)	477	431
Employee compensation (Note 6)	6,184	6,096
Entertainment	45	205
Inventories written down (Note 13)	54	44
Other professional fees	524	425
Rental expense on operating leases	655	704
Marketing expenses	135	250
Sponsorship	130	132
Telephone and internet	79	86
Trade receivables written off	217	-
Other	738	666
Total distribution and marketing and administrative expenses	9,581	9,504

* Includes the network of member firms of Nexia International

6. Employee compensation

	Group 2016 S$'000	Group 2015 S$'000
Wages and salaries	4,628	4,804
Employer's contribution to defined contribution plans including Central Provident Fund	465	376
Directors' fees	148	150
Other short-term benefits	943	766
	6,184	6,096

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

7. Other gains – net

	Group 2016 S$'000	Group 2015 S$'000
Bad debts recovered	4	5
Currency exchange (loss)/ gains – net	(100)	275
Gain on deconsolidation of subsidiary corporation (Note 11)	297	-
Government grant		
- PIC bonus (1)	143	157
- WCS (2)	158	149
- SEC (3)	31	28
- TEC (4)	38	8
Miscellaneous claims (5)	110	20
Loss on disposal of property, plant and equipment	(27)	(11)
	654	631

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

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

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

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

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

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

8. Finance expenses

	Group 2016 S$'000	Group 2015 S$'000
Interest expense		
- Bank borrowings	52	28
- Finance lease liabilities	42	60
Finance expenses recognised in profit or loss	94	88

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9. Income tax credit

	Group 2016 S$'000	Group 2015 S$'000
Tax expense/ (credit) attributable to profit is made up of:		
- Current income tax	206	-
- Deferred income tax (Note 20)	(309)	-
	(103)	-

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

	Group 2016 S$'000	Group 2015 S$'000
Profit before income tax	2,753	2,030
Tax calculated at tax rate 17% (2015: 17%)	468	345
Effects of:		
- Different tax rates in other countries	7	(5)
- Tax incentives	(345)	(17)
- Expenses not deductible for tax purposes	276	92
- Income not subject to tax	(163)	(10)
- Utilisation of previously unrecognised		
• Tax losses	(387)	(417)
• Capital allowances	-	(181)
- Deferred tax assets not recognised	-	187
- Other	41	6
	(103)	-

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.

	2016	2015
Net profit attributable to equity holders of the Company (S$'000)	2,544	1,299
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,048	781,909
Basic earnings per share (cent per share)	0.30	0.17

(b) *Diluted earnings per share*

For the purpose of calculating diluted earnings per share, net 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

10. Earnings per share - continued

(b) *Diluted earnings per share* - continued

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.

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

	2016	2015
Net profit attributable to equity holders of the Company and used to determine diluted earnings per share (S$'000)	2,544	1,299
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	840,048	781,909
Adjustments for ('000)		
- Share options	11,751	12,278
- Warrants	772,630	1,126,926
	1,624,429	1,921,113
Diluted earnings per share (cent per share)	0.16	0.07

11. Cash and cash equivalents

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Cash at bank and on hand	7,679	7,365	621	548
Short-term bank deposits	7,891	3,520	-	-
	15,570	10,885	621	548

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

	Group	
	2016 S$'000	2015 S$'000
Cash and bank balances (as above)	15,570	10,885
Less: Bank deposits pledged	(2,788)	-
Less: Bank overdraft (Note 18)	(364)	(213)
Cash and cash equivalents per consolidated statement of cash flows	12,418	10,672

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

11. Cash and cash equivalents - continued

Deconsolidation of subsidiary corporation

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

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

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

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

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

* Less than S$1,000

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For the financial year ended 31 December 2016

12. Trade and other receivables

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade receivables				
- Non-related parties	4,830	6,366	-	-
Bills receivables	33,695	9,068	-	-
Trade and bills receivables	38,525	15,434	-	-
Contract work-in-progress				
- Due from customers (Note 14)	793	492	-	-
Advance payment for project costs	206	676	-	-
Unbilled contract revenue	6,897	7,492	-	-
Other receivables				
- Subsidiary corporations	-	-	5,730	4,205
- Non-related parties	24	158	-	-
- Value added tax recoverable	-	136	-	-
- Withholding tax receivable	-	16	-	-
Other receivables	24	310	5,730	4,205
Deposits	735	429	-	-
Prepayments	475	483	35	29
	47,655	25,316	5,765	4,234

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

13. Inventories

	Group	
	2016 S$'000	2015 S$'000
Voice, video and data communication equipment	363	395

The cost of inventories recognised as an expense and included as part of "Cost of sales" amounts to S$54,814,000 (2015: S$40,095,000).

The Group has recognised a write-down on its slow-moving inventories amounting to S$54,000 (2015: S$44,000) (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

14. Contract work-in-progress

	Group	
	2016 S$'000	2015 S$'000
Contract work-in-progress		
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts	793	492
Less: Progress billings	(454)	(45)
	339	447
Presented as:		
Due from customers on contract work-in-progress (Note 12)	793	492
Due to customers on contract work-in-progress (Note 17)	(454)	(45)
	339	447

15. Investments in subsidiary corporations

	Company	
	2016 S$'000	2015 S$'000
Equity investments at cost		
Beginning and end of financial year	18,000	18,000

The Group had the following subsidiary corporations as at 31 December 2015 and 2016:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent*		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
Ntegrator Pte Ltd [(1)]	To provide system integration services of voice, video and data communication networks	Singapore	100	100	100	100	-	-
Ntegrator (Thailand) Limited [(2)]	To provide system integration services and sale of voice, video and data communication equipment and networks, maintenance and support services, and project management services for network infrastructure	Thailand	-	-	-	60	-	40
Fiber Reach Pte. Ltd. [(1) (4)]	To provide building construction NEC (fiber patching, splicing, installation and maintenance)	Singapore	-	-	60	60	40	40
Ntegrator Myanmar Limited [(3)]	To provide system integration services, maintenance and support services in connection with network infrastructure in Myanmar	Myanmar	-	-	100	100	-	-

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

(2) Reviewed by Nexia TS Public Accounting Corporation for consolidation purpose. As at 31 August 2016, the Company had lost its control over the subsidiary corporation, with effect from the appointment of a liquidator from the subsidiary corporation's jurisdiction.

(3) Audited by Myat Lwin Moe, Certified Public Accountant, Myanmar.

(4) On 7 September 2015, the Group's subsidiary corporation, Fiber Reach Pte Ltd ("FR"), issued 225,000 ordinary shares for a total cash consideration of S$225,000 to provide funds for the subsidiary corporation's operations. Consequently, the Group's equity interest in FR increased from 51% to 60% as at 31 December 2015. The carrying amount of the non-controlling interests in FR at the date of acquisition was S$38,000. The Group derecognised the non-controlling interests of S$38,000.

* Parent is referring to the Company

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15. Investments in subsidiary corporations - continued

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

Carrying value of non-controlling interests

	2016 S$'000	2015 S$'000
Ntegrator (Thailand) Limited	-	(239)
Fiber Reach Pte Ltd	1,033	532
Total	1,033	293

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

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

There were no transactions with non-controlling interests for the financial year ended 31 December 2016. During the financial year ended 31 December 2015, the Company had acquired additional interest in its subsidiary corporation from the non-controlling interests.

Summarised statement of financial position

	Ntegrator (Thailand) Limited As at 31 December		Fiber Reach Pte. Ltd. As at 31 December	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Current				
Assets	-	1,923	4,818	2,908
Liabilities	-	(2,520)	(3,249)	(2,406)
Total current net (liabilities)/ assets	-	(597)	1,569	502
Non-current				
Assets	-	-	1,325	963
Liabilities	-	-	(312)	(136)
Total non-current net assets	-	-	1,013	827
Net (liabilities)/ assets	-	(597)	2,582	1,329

Summarised income statement

	Ntegrator (Thailand) Limited For the year ended 31 December		Fiber Reach Pte. Ltd. For the year ended 31 December	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Revenue	-	-	16,736	14,729
(Loss)/ profit before income tax	(473)	(67)	1,539	1,650
Income tax expense	-	-	(286)	-
Total comprehensive (loss)/ income	(473)	(67)	1,253	1,650
Total comprehensive (loss)/ income allocated to non-controlling interests	(189)	(27)	501	800

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

15. Investments in subsidiary corporations - continued

Summarised cash flows

	Ntegrator (Thailand) Limited For the financial year ended 31 December 2015 S$'000	Fiber Reach Pte. Ltd. For the financial year ended 31 December 2016 S$'000	2015 S$'000
Cash flows from operating activities			
Cash generated from operations	(64)	539	31
Interest paid	-	-	-
Net cash generated from operating activities	(64)	539	31
Net cash used in investing activities	-	(510)	(308)
Net cash used in financing activities	-	(244)	(78)
Net decrease in cash and cash equivalents	(64)	(215)	(355)
Cash and cash equivalents at beginning of the financial year	150	570	925
Cash and cash equivalents at financial year end	86	355	570

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

16. Property, plant and equipment

	Office equipment S$'000	Computers S$'000	Telephones S$'000	Software S$'000	Motor vehicles S$'000	Demo and site equipment S$'000	Furniture S$'000	Fittings S$'000	Total S$'000
Group									
2016									
Cost									
Beginning of financial year	386	691	12	305	232	2,124	119	228	4,097
Currency translation differences	5	12	-	4	1	16	2	4	44
Additions	96	28	-	43	18	613	1	17	816
Disposal	(19)	(3)	-	-	(8)	(40)	-	-	(70)
End of financial year	468	728	12	352	243	2,713	122	249	4,887
Accumulated depreciation									
Beginning of financial year	282	641	12	264	59	1,285	104	217	2,864
Currency translation differences	5	12	-	5	1	15	2	4	44
Depreciation charge (Note 5)	41	43	-	27	29	323	4	10	477
Disposal	(8)	(3)	-	-	(1)	(25)	-	-	(37)
End of financial year	320	693	12	296	88	1,598	110	231	3,348
Net book value									
End of financial year	148	35	-	56	155	1,115	12	18	1,539
2015									
Cost									
Beginning of financial year	323	671	11	258	110	1,843	123	203	3,542
Currency translation differences	19	43	1	18	(7)	59	8	14	155
Additions	64	13	-	37	150	233	-	11	508
Disposal	(20)	(36)	-	(8)	(21)	(11)	(12)	-	(108)
End of financial year	386	691	12	305	232	2,124	119	228	4,097
Accumulated depreciation									
Beginning of financial year	248	555	11	231	41	977	105	196	2,364
Currency translation differences	16	39	1	17	3	53	7	14	150
Depreciation charge (Note 5)	36	82	-	23	18	261	4	7	431
Disposal	(18)	(35)	-	(7)	(3)	(6)	(12)	-	(81)
End of financial year	282	641	12	264	59	1,285	104	217	2,864
Net book value									
End of financial year	104	50	-	41	173	839	15	11	1,233

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

16. Property, plant and equipment - continued

Included within additions in the consolidated financial statements are site equipment, motor vehicles, and office equipment acquired under finance leases amounting to S$252,000 (2015: S$Nil), S$Nil (2015: S$87,000) and S$Nil (2015: S$37,000).

The carrying amounts of site equipment, motor vehicles and office equipment held under finance leases (Note 18) are S$408,000 (2015: S$423,000), S$78,000 (2015: S$85,000) and S$21,000 (2015: S$28,000) at the reporting date.

17. Trade and other payables

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade payables				
- Non-related parties	1,715	3,393	-	-
Deposits				
- Non-related parties	-	722	-	-
	1,715	4,115	-	-
Bills payables	21,174	1,482	-	-
Contract work-in-progress				
- Due to customers (Note 14)	454	45	-	-
Accrued project costs	3,113	1,385	-	-
Deferred revenue	180	226	-	-
Other payables				
- Non-related parties	482	980	162	211
Accruals for operating expenses	1,577	1,620	258	220
	28,695	9,853	420	431

Bills payables

These payables have an average maturity of 120 – 180 (2015: 120 – 180) days. These payables are denominated in United States Dollar.

Deferred revenue

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

18. Borrowings

	Group	
	2016 S$'000	2015 S$'000
Current		
Bank overdraft (Note 11)	364	213
Bank borrowings	3,562	8,718
Trust receipts	11,141	1,823
Finance lease liabilities (Note 19)	157	149
	15,224	10,903
Non-current		
Finance lease liabilities (Note 19)	289	202
Total borrowings	15,513	11,105

18. Borrowings - continued

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

	Group	
	2016 S$'000	2015 S$'000
6 months or less	15,146	10,828
6 – 12 months	78	75
1 – 5 years	289	202
	15,513	11,105

(a) *Securities granted*

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

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

	Group	
	2016 S$'000	2015 S$'000
Finance lease liabilities	198	131

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

	Group	
	2016 %	2015 %
Finance lease liabilities	2.00 – 2.99	2.08 – 2.99

(c) *Breach of loan covenants*

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

There is no non-adherence of covenant clauses noted during the financial year ended 31 December 2016 and 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

19. Finance lease liabilities

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

	Group	
	2016 S$'000	2015 S$'000
Minimum lease payments due		
- Not later than one year	173	162
- Between one and five years	308	220
	481	382
Less: Future finance charges	(35)	(31)
Present value of finance lease liabilities	446	351

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

	Group	
	2016 S$'000	2015 S$'000
Not later than one year (Note 18)	157	149
Later than one year (Note 18)		
- Between one and five years	289	202
Total	446	351

20. Deferred income taxes

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

	Group	
	2016 S$'000	2015 S$'000
Deferred income tax assets		
- To be recovered after one year	(408)	-
Deferred income tax liabilities		
- To be settled after one year	80	-

Movement in deferred income tax account is as follows:

	Group	
	2016 S$'000	2015 S$'000
Beginning of financial year	-	-
Currency translation differences	(19)	-
Tax credited to profit or loss (Note 9)	(309)	-
End of financial year	(328)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

20. Deferred income taxes - continued

Deferred income tax assets are recognised for tax losses and capital allowance 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$7,369,000 (2015: S$11,689,000) and donations of S$360,000 (2015: S$229,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation S$'000
2016	
Beginning of financial year	-
Currency translation differences	*
Tax charged to profit or loss	80
End of financial year	80

Deferred income tax assets

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

* Less than S$1,000

21. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital S$'000	Treasury shares S$'000
Group and Company				
2016				
Beginning of financial year	813,515,632	(251,000)	23,559	(11)
Shares issued pursuant to:-				
- Exercise of warrants	56,055,388	-	642	-
End of financial year	869,571,020	(251,000)	24,201	(11)
2015				
Beginning of financial year	776,676,098	(251,000)	23,001	(11)
Shares issued pursuant to:-				
- Exercise of warrants	36,839,534	-	709	-
Share issue expenses	-	-	(151)	-
End of financial year	813,515,632	(251,000)	23,559	(11)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

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

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

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

During the financial year ended 31 December 2015, a total of 36,839,534 shares were issued pursuant to:

(i) exercise of 35,289,534 warrants under W160603. On 25 November 2015 pursuant to the bonus issue and adjustments on warrants, the exercise price of the unexercised and additional warrants under W160603 is adjusted from S$0.02 to S$0.014. Therefore 33,289,534 warrants were exercised at S$0.02 per share and 2,000,000 warrants were exercised at S$0.014 per share; and

(ii) exercise of 1,550,000 warrants at S$0.01 per share under W181123.

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

(a) Treasury shares

The Company did not acquire any of its shares in the open market during the financial years ended 31 December 2016 and 2015.

(b) Share warrants

Share warrants outstanding at the end of the reporting year totalled 772,629,617 (2015: 1,126,926,297). These may be converted into shares at the conversion rate which are tabled below for each class of warrants for each ordinary shares of no par value before expiry date.

Warrants	Balance as at 1 January	Awarded during the financial year	Exercised during the financial year	Lapsed during the financial year	Balance as at 31 December	Exercise price	Exercisable period
2016							
W160603	318,510,665	-	20,269,373	298,241,292	-	S$0.014	07.06.2013 to 03.06.2016
W181123	808,415,632	-	35,786,015	-	772,629,617	S$0.010	27.11.2015 to 23.11.2018
	1,126,926,297	-	56,055,388	298,241,292	772,629,617		
2015							
W160603	254,331,329	99,468,870	35,289,534	-	318,510,665	S$0.014[(1)]	07.06.2013 to 03.06.2016
W181123	-	809,965,632	1,550,000	-	808,415,632	S$0.010	27.11.2015 to 23.11.2018
	254,331,329	909,434,502	36,839,534	-	1,126,926,297		

(1) On 25 November 2015 pursuant to the bonus issue and adjustments on warrants, the exercise price of the unexercised and additional warrants under W160603 is adjusted from S$0.02 to S$0.014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

21. Share capital and treasury shares - continued

(c) *Share options*

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

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

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

(i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or

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

Options granted with the exercise price set at Market Price shall only be exercisable after twelve (12) months from the date of grant of that option. Options granted with exercise price set at a discount to Market Price shall only be exercisable after twenty-four (24) months from the date of grant of that option. All options granted shall be exercised before the end of one hundred and twenty (120) months (or sixty (60) months where the participant is a Non-Executive Director) of the date of grant of that option and subject to such other conditions as may be introduced by the RC from time to time.

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

	No. of ordinary shares under option						
	Balance as at 1 January	Granted during the financial year	Exercised during the financial year	Lapsed during the financial year	Balance as at 31 December	Exercise price	Exercisable period
2016							
Executive directors	8,000,000	-	-	-	8,000,000	S$0.04	25.08.2009 to 25.08.2019[(2)]
Key management personnel	2,000,000	-	-	-	2,000,000	S$0.04	25.08.2009 to 25.08.2019[(2)]
Employees	1,662,000	-	-	(427,000)*	1,235,000	S$0.04	25.08.2009 to 25.08.2019[(2)]
	616,000	-	-	(100,000)*	516,000	S$0.13	11.09.2007 to 10.09.2017[(1)]
	12,278,000	-	-	(527,000)*	11,751,000		
2015							
Executive directors	8,000,000	-	-	-	8,000,000	S$0.04	25.08.2009 to 25.08.2019[(2)]
Key management personnel	3,000,000	-	-	(1,000,000)*	2,000,000	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	-	-	(200,000)*	616,000	S$0.13	11.09.2007 to 10.09.2017[(1)]
	13,478,000	-	-	(1,200,000)*	12,278,000		

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

21. Share capital and treasury shares - continued

(c) *Share options* - continued

(1) The fair value of equity share options as at the date of grant is estimated by an external valuer using a trinomial option pricing model in the Bloomberg Executive Option Valuation Module ("BEOVM"), taking into account the terms and conditions upon which options were granted.

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

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

Out of the unexercised options for 11,751,000 (2015: 12,278,000) shares, options for all shares are exercisable at the reporting date.

BEOVM Parameters

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

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

(d) *Performance share plan*

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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21. Share capital and treasury shares - continued

(d) *Performance share plan* - continued

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 Group on 22 March 2010 in accordance with the approval by Shareholders at the EGM on 12 February 2010.

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

Name of director	Shares awarded during the financial year 2016	Aggregate shares awarded since the commencement of the PSP to 31.12.2016	Shares awarded during the financial year 2015	Aggregate shares awarded since the commencement of the PSP to 31.12.2015
Han Meng Siew	-	2,000,000	-	2,000,000
Jimmy Chang Joo Whut	-	2,000,000	-	2,000,000
Charles George St. John Reed	-	350,000	-	350,000
Lai Chun Loong	-	200,000	-	200,000
Lee Keen Whye	-	200,000	-	200,000
	-	4,750,000	-	4,750,000
Name of executive officer				
Kenneth Sw Chan Kit	-	2,000,000	-	2,000,000
Diana Lee Meng Wah [(1)]	-	800,000	-	800,000
	-	2,800,000	-	2,800,000
Employees	-	1,314,214	-	1,314,214
Total	-	8,864,214	-	8,864,214

(1) Retired on 31 March 2017

Since the commencement of the PSP till the end of the financial year ended 31 December 2016:

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

The Company has not granted any awards under the PSP since the financial year ended 31 December 2011 till 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

22. Other reserves

	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
(a) *Composition:*				
Share option reserve	231	231	231	231
Currency translation reserve	(14)	(258)	-	-
	217	(27)	231	231

	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
(b) *Movements:*				
(i) Share option reserve				
Beginning and end of financial year	231	231	231	231
(ii) Currency translation reserve				
Beginning of financial year	(258)	(1,056)	-	-
Reclassification on deconsolidation of a subsidiary corporation (Note 11)	*	-	-	-
Net currency translation differences of financial statements of foreign subsidiary corporations	244	802	-	-
Add: Non-controlling interests	-	(4)	-	-
End of financial year	(14)	(258)	-	-

Other reserves are non-distributable.

* Less than S$1,000

23. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company 2016 S$'000	Company 2015 S$'000
Beginning of financial year	(1,428)	(386)
Net profit/(loss)	973	(1,042)
End of financial year	(455)	(1,428)

24. Contingencies

(a) *Corporate guarantees*

The Company has issued corporate guarantees amounting to S$63.8 million (2015: S$14.0 million) to banks for borrowings of its subsidiary corporations. These bank borrowings of the subsidiary corporations amounted to S$15.1 million (2015: S$10.8 million) at the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24. Contingencies - continued

(b) Contingent liabilities

On 3 July 2015, a summon has been filed against Ntegrator (Thailand) Co., Ltd ("NTL") in the Civil Court in Bangkok, Thailand, by Telewave Communication Co., Ltd. ("Telewave"), claiming for an amount of THB28,550,960 (equivalent to approximately S$1,142,000) for amounts owing under the contract related to installation, connection, testing and acceptance of the equipment delivered for use in fiber optic connection systems for 5 areas within the so called "CAT ASON Project". On 25 March 2016, a hearing took place in the Civil Court in Thailand and the management expect the official judgement to be issued within one month.

Management is also of the opinion that no contingent liabilities required to be recognised in respect for the financial year ended 31 December 2016 as management has made sufficient provision in the financial statements for the financial year as at 31 December 2015.

25. Commitments

Operating lease commitments – where the Group is a lessee

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

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

	Group	
	2016 S$'000	2015 S$'000
Not later than one year	1,099	1,072
Between one and five years	80	472
	1,179	1,544

26. Financial risk management

Financial risk factors

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

26. Financial risk management - continued

(a) Market risk

(i) Currency risk

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

Currency risk arises within entities in the Group when transactions are denominated in foreign 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 the Group's financial statements are not significant.

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

	2016					2015				
	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	6,984	8,584	-	2	15,570	2,892	7,894	87	12	10,885
Trade and other receivables	11,823	35,151	-	-	46,974	11,167	11,613	1,372	5	24,157
Receivables from subsidiary corporations	9,544	-	-	-	9,544	6,663	-	-	-	6,663
	28,351	43,735	-	2	72,088	20,722	19,507	1,459	17	41,705
Financial liabilities										
Trade and other payables	6,406	21,652	-	3	28,061	3,191	3,132	2,501	36	8,860
Borrowings	4,372	11,141	-	-	15,513	3,281	7,824	-	-	11,105
Payables to subsidiary corporations	9,888	-	-	-	9,888	6,992	-	-	-	6,992
	20,666	32,793	-	3	53,462	13,464	10,956	2,501	36	26,957
Net financial assets/ (liabilities)	**7,685**	**10,942**	**-**	**(1)**	**18,626**	**7,258**	**8,551**	**(1,042)**	**(19)**	**14,748**
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	**(1,761)**	**2**	**-**	**(1)**	**(1,760)**	**(8,160)**	**2**	**-**	**(19)**	**(8,177)**

The Company is not exposed to currency risk since all its financial assets and liabilities as at 31 December 2016 and 2015 are denominated in Singapore Dollar.

If the foreign currencies change against the SGD by 1.6% (2015: 7.1%) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

26. Financial risk management - continued

(a) *Market risk* - continued

(iii) Cash flow and fair value interest rate risks - continued

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in USD. If the USD interest rates had increased/ decreased by 0.5% (2015: 0.5%) with all other variables including tax rate being held constant, the profit after tax would have been lower/ higher by S$64,000 (2015: S$46,000) 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 2016, the total amount of the irrevocable letters of credit issued in favour of the Group amounted to S$33,695,000 (2015: S$9,068,000), which are classified as bills receivables (Note 12), and represents 87% (2015: 59%) of the total trade and bills receivables of the Group as at that date.

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

	Group	
	2016 S$'000	2015 S$'000
Corporate guarantees provided to banks on subsidiary corporation's loans (Note 24(a))	15,067	10,764

The trade and bills receivables of the Group comprise of three debtors (2015: three debtors) that individually represented 4% - 77% of trade and bills receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

26. Financial risk management - continued

(b) Credit risk - continued

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

	Group	
	2016 S$'000	2015 S$'000
By geographical areas		
Singapore	4,727	3,996
Myanmar	6	2,099
Vietnam	33,792	8,253
Other	-	1,086
	38,525	15,434

	Group	
	2016 S$'000	2015 S$'000
By types of customers		
Non-related parties		
- Government agencies	34,071	10,122
- Other companies	4,454	5,312
	38,525	15,434

(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 amount to S$36,095,000 (2015: S$11,353,000). The Group has no trade and bills receivables past due or impaired that were re-negotiated during the financial year.

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

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

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

	Group	
	2016 S$'000	2015 S$'000
Past due < 3 months	2,233	2,958
Past due 3 to 6 months	197	38
Past due > 6 months	-	1,085
	2,430	4,081

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

26. Financial risk management - continued

(b) *Credit risk* - continued

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

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

	Group 2016 S$'000	Group 2015 S$'000
Other receivables		
Gross amount	-	-
Less: Allowance for impairment	-	-
	-	-
Beginning of financial year	-	138
Allowance utilised	-	(138)
End of financial year	-	-

A write off of certain trade receivables amounting to S$217,000 (2015: S$Nil) have been made to the profit or loss, as recoverability is determined to be low because the customers or debtors are in financial difficulties and payments are not forthcoming (Note 5).

(c) *Liquidity risk*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

26. Financial risk management - continued

(c) *Liquidity risk* - continued

	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000
Group			
At 31 December 2016			
Trade and other payables	28,061	-	-
Borrowings	15,224	125	183
At 31 December 2015			
Trade and other payables	8,860	-	-
Borrowings	10,903	111	109
Company			
At 31 December 2016			
Trade and other payables	420	-	-
Financial guarantee contracts	15,067	-	-
At 31 December 2015			
Trade and other payables	431	-	-
Financial guarantee contracts	10,754	-	-

(d) *Capital risk*

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

Management monitors capital based on a debt-equity ratio. Additionally, the Group is also required by the banks to maintain a debt-equity ratio of not exceeding 3.0 times (2015: 3.0 times).

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

	Group		Company	
	2016	2015	2016	2015
Total liabilities (S$'000)	44,494	20,958	420	431
Net tangible assets (S$'000)	21,041	16,871	23,966	22,351
Debt-equity ratio	**2.11 times**	**1.24 times**	**0.02 times**	**0.02 times**

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2016 and 2015.

(e) *Fair value measurements*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

26. Financial risk management - continued

(f) Financial instruments by category

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

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Loans and receivables	62,544	35,042	6,351	4,753
Financial liabilities at amortised cost	43,574	19,965	420	431

27. 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 2016, arising from sales/ purchase of goods and services, are unsecured and receivable within 12 months from the reporting date and disclosed in Note 12 to the financial statements.

(b) Key management personnel compensation

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

	Group	
	2016 S$'000	2015 S$'000
Salaries and bonuses	1,576	1,717
Employer's contribution to defined contribution plan, including Central Provident Fund	46	51
Directors' fees	148	150
	1,770	1,918
Comprised amounts paid to :		
Directors of the Company	1,100	1,085
Directors of subsidiary corporations	-	21
Other key management personnel	670	812
	1,770	1,918

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

28. Segment information

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

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

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

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

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

Allocation basis and transfer pricing

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

28. Segment information - continued

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

	Project sales		Project management and maintenance services		Consolidated	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Segment revenue						
Revenue to external parties	47,617	32,209	19,307	19,338	66,924	51,547
Segment result	3,704	3,580	8,057	7,405	11,761	10,985
Other income						
- Interest income from bank deposits					13	6
Other gains - net					654	631
Unallocated expenses						
- Distribution and marketing					(135)	(250)
- Administrative					(9,446)	(9,254)
- Finance					(94)	(88)
Profit before income tax					2,753	2,030
Income tax credit					103	-
Net profit					2,856	2,030
Segment assets	46,798	23,828	426	1,135	47,224	24,963
Unallocated assets					18,311	12,866
Total assets					65,535	37,829
Segment liabilities	25,350	7,838	438	677	25,788	8,515
Unallocated liabilities					18,706	12,443
Total liabilities					44,494	20,958

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	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Segment revenue										
Sales to external parties	24,805	27,593	95	6,291	42,001	17,605	23	58	66,924	51,547

Other geographical information:

	Singapore		Myanmar		Consolidated	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Non-current assets	1,947	1,228	-	5	1,947	1,233

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

28. Segment information - continued

Revenue of approximately S$39,199,000 (2015: S$17,605,000) are derived from a single external customer. These revenues are attributable to the project sales and project management and maintenance services segment.

(a) *Reconciliation*

(i) Segment assets

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

Segment assets are reconciled to total assets as follows:

	Group	
	2016 S$'000	2015 S$'000
Segment assets for reporting segments	47,224	24,963
Unallocated:		
- Deferred income tax assets	408	-
- Cash and cash equivalents	15,570	10,885
- Other receivables	794	748
- Property, plant and equipment	1,539	1,233
	65,535	37,829

(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.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2016 S$'000	2015 S$'000
Segment liabilities for reporting segments	25,788	8,515
Unallocated:		
- Current income tax liabilities	206	-
- Deferred income tax liabilities	80	-
- Other payables	2,974	1,414
- Borrowings	15,446	11,029
	44,494	20,958

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

29. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2017 or later periods and which the Company has not early adopted:

- Effective for annual periods beginning on or after 1 January 2017
  - > Amendments to FRS 7: Statement of Cash Flows
  - > Amendments to FRS 12: Income Taxes (Recognition of Deferred Tax Assets for Unrealised Losses)
  - > Amendments to FRS 112: Disclosure of Interests in Other Entities

- Effective for annual period beginning on or after 1 January 2018
  - > FRS 28 Investments in Associates and Joint Ventures
  - > FRS 40 Transfers of Investment Property
  - > FRS 101 First-Time Adoption of Financial Reporting Standards
  - > FRS 102 Classification and Measurement of Share-based Payment Transactions
  - > FRS 109 Financial Instruments
  - > FRS 115 Revenue from Contracts with Customers
    (The effective date of FRS 115 *Revenue from contracts with customers* has been deferred from 1 January 2017 to 1 January 2018)

- Effective for annual period beginning on or after 1 January 2019
  - > FRS 116 Leases

- Effective date of this Amendments had been revised from 1 January 2017 to a date to be determined by ASC
  - > Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

- FRS 115 Revenue from contracts with customers

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

29. New or revised accounting standards and interpretations - continued

- FRS 115 Revenue from contracts with customers - continued

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

  (i) Rights of return – FRS 115 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation; and

  (ii) Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under FRS 115.

  At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements.

- FRS 116 Leases

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

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

30. 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 31 March 2017.

STATISTICS OF SHAREHOLDINGS

As at 21 March 2017

CLASS OF SHARES	:	Ordinary shares
Issued and fully paid-up capital (including Treasury Shares)	:	S$24,815,220
Issued and fully paid-up capital (excluding Treasury Shares)	:	S$24,803,925
Number of Shares issued (excluding Treasury Shares)	:	915,616,550 ordinary shares
Number (Percentage) of Treasury Shares	:	251,000 (0.03%)
Voting rights (excluding Treasury Shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	0.22	297	0.00
100 - 1,000	102	4.53	79,432	0.01
1,001 - 10,000	172	7.63	1,038,016	0.11
10,001 - 1,000,000	1,845	81.85	359,856,005	39.30
1,000,001 and above	130	5.77	554,642,800	60.58
Total	**2,254**	**100.00**	**915,616,550**	**100.00**

As at 21 March 2017, there is no substantial shareholder in the register of the Company.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	OCBC SECURITIES PRIVATE LIMITED	49,332,383	5.39
2	KOH KOW TEE MICHAEL	36,252,867	3.96
3	MAYBANK KIM ENG SECURITIES PTE. LTD.	26,381,073	2.88
4	CHANG JOO WHUT	25,290,640	2.76
5	GOH SIOK KUAN	22,000,000	2.40
6	DBS NOMINEES (PRIVATE) LIMITED	18,863,560	2.06
7	PHILLIP SECURITIES PTE LTD	15,745,816	1.72
8	SW CHAN KIT	13,939,100	1.52
9	RAFFLES NOMINEES (PTE) LIMITED	11,247,250	1.23
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	10,416,316	1.14
11	LIM HENG HUNG	10,000,000	1.09
12	LOW HENG SIONG	9,892,200	1.08
13	LEE KEEN WHYE	9,455,750	1.03
14	LOI SIEW HOONG	8,062,000	0.88
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,756,937	0.85
16	CIMB SECURITIES (SINGAPORE) PTE. LTD.	6,844,994	0.75
17	HARRY HALIM @ LIM ENG LIAN	6,800,000	0.74
18	CHARLES GEORGE ST JOHN REED	6,765,000	0.74
19	NEO TIONG WOON (LIANG ZHANG'EN)	6,576,280	0.72
20	CITIBANK NOMINEES SINGAPORE PTE LTD	6,345,000	0.69
	TOTAL	**307,967,166**	**33.63**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

86.1% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Catalist Rule 723 of the Listing Manual of the SGX-ST.

WARRANTS (W181123)
STATISTICS OF WARRANTHOLDINGS

As at 21 March 2017

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTHOLDINGS	%
1 - 99	6	0.34	292	0.00
100 - 1,000	101	5.69	79,778	0.01
1,001 - 10,000	164	9.23	992,624	0.14
10,001 - 1,000,000	1,400	78.83	243,833,584	33.58
1,000,001 and above	105	5.91	481,175,809	66.27
Total	**1,776**	**100.00**	**726,082,087**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	PHILLIP SECURITIES PTE LTD	34,387,216	4.74
2	OCBC SECURITIES PRIVATE LIMITED	29,729,498	4.09
3	CHANG JOO WHUT	25,290,640	3.48
4	SW CHAN KIT	23,623,400	3.25
5	MAYBANK KIM ENG SECURITIES PTE. LTD.	22,628,573	3.12
6	GOH SIOK KUAN	22,000,000	3.03
7	KOH KOW TEE MICHAEL	21,016,155	2.89
8	LAM WING HONG	20,988,900	2.89
9	NEO LAM TIEN	10,500,000	1.45
10	DBS NOMINEES (PRIVATE) LIMITED	10,420,960	1.44
11	QUEK SOON SENG	10,015,000	1.38
12	LEE KEEN WHYE	9,455,750	1.30
13	LOI SIEW HOONG	7,562,000	1.04
14	CITIBANK NOMINEES SINGAPORE PTE LTD	7,205,000	0.99
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,824,422	0.94
16	HARRY HALIM @ LIM ENG LIAN	6,800,000	0.94
17	CHARLES GEORGE ST JOHN REED	6,765,000	0.93
18	NEO TIONG WOON (LIANG ZHANG'EN)	6,576,280	0.91
19	THNG JOO MOI	6,171,150	0.85
20	EIO HOCK CHUAR	6,000,000	0.83
	TOTAL	**293,959,944**	**40.49**

USE OF PROCEEDS - WARRANTS CONVERSION

As at 31 December 2016, approximately S$2.3 million of the proceeds from issuance of shares arising from conversion of warrants has been utilized, in accordance to its intended use, a summary of which is set out below:-

Items	Amount (S$)	S$
Conversion of W160603	2,597,055.58	
Conversion of W181123	373,360.15	
Total Net Conversion of Warrants		**2,970,415.73**
Application of Proceeds		
Professional Fees	221,927.88	
Issuance of Warrants	224,194.33	
Repayment of bank loans	1,903,605.40	
Total Application of Proceeds		**2,349,727.61**
Balance of Conversion of Warrants		**620,688.12**

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of NTEGRATOR INTERNATIONAL LTD. (the "Company") will be held at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 on Wednesday, 26 April 2017 at 11.00 am 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 financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax-exempt dividend of Singapore 0.1 cent per ordinary share for the financial year ended 31 December 2016. **(Resolution 2)**

3. To re-elect Mr Lee Keen Whye as Director of the Company.
   [See Explanatory Note (i)] **(Resolution 3)**

4. To approve the payment of Directors' fees of S$194,000 for the financial year ended 31 December 2016 (FY2015: S$174,000). **(Resolution 4)**

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

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

AS SPECIAL BUSINESS

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

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

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

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

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

   provided that:

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

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

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to Allot and Issue Shares** continued

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

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

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

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

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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 6)**

8. **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 Scheme shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
[See Explanatory Note (iii)] **(Resolution 7)**

By Order of the Board

Shirley Lim Keng San
Kenneth Sw Chan Kit
Company Secretaries
Singapore, 10 April 2017

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

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Resolutions to be passed:

(i) Mr Lee Keen Whye will, upon re-election as Director of the Company, remain as Independent Director, Chairman Nominating Committee and 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.

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

(iii) Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the exercise of the options and/or vesting of performance shares under the Schemes.

Notes –

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

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

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

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

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

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

Personal Data Privacy:

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

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

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

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

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

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

*I/We, ____

of ____

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

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

and/or (delete as appropriate)

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

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 26 April 2017 at 11.00 am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2	First & final one-tier tax-exempt dividend of Singapore 0.1 cent per share		
3	Re-election of Lee Keen Whye as a Director		
4	Approval of Directors' fees amounting to S$194,000		
5	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
6	Authority to allot and issue new shares		
7	Authority to allot and issue shares under the Ntegrator Share Option Scheme and Ntegrator Performance Share Plan		

** Delete where applicable.*

Dated this _______ day of April 2017

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

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

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

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

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

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

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

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

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

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

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

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

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

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2017.

Corporate Information

Nominating Committee
Independent Directors

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

Remuneration Committee
Independent Directors

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

Audit Committee
Independent Directors

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

Company Secretaries
Kenneth Sw Chan Kit
Shirley Lim Keng San

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

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

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

Principal Bankers
DBS Bank Ltd
United Overseas Bank Ltd

Investor Relations Contacts
Ntegrator International Ltd.
Jimmy Chang
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
Winston Choo/Lynette Tan
55 Market Street
#02-01
Singapore 048941
Tel: (65) 6534 5122
Fax: (65) 6534 4171
winston.choo@citigatedrimage.com
lynette.tan@citigatedrimage.com

Board of Directors

Han Meng Siew
Executive Chairman

Jimmy Chang Joo Whut
Managing Director & Executive Director

Charles George St. John Reed
Lead Independent Director

Lai Chun Loong
Independent Director

Lee Keen Whye
Independent Director

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

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Website: www.ntegrator.com