



TEGRATOR INTERNATIONAL LTD. ANNUAL REPORT 2008



OUR VISION

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Bernard Chen Tien Lap
Non-Executive Chairman & Independent Director

Han Meng Siew
Deputy Chairman & Executive Director

Jimmy Chang Joo Whut
Managing Director & Executive Director

Tay Koon Chuan
Non-Executive Director

Loudon Frank McLean Owen
Non-Executive Director

Lai Chun Loong
Independent Director

Charles George St. John Reed
Independent Director

Zacchaeus Boon Suan Zin
(Alternate to Loudon Frank McLean Owen)

Lee Keen Whye
Independent Director
(Appointed with effect from 1 August 2008)

NOMINATING COMMITTEE

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

Non-Executive Director
Tay Koon Chuan

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

Non-Executive Director
Loudon Frank McLean Owen
(Alternate: Zacchaeus Boon Suan Zin)

COMPANY SECRETARIES

Kenneth Sw Chan Kit
Yvonne Choo, FCIS
Lim Keng San Shirley, FCIS

REGISTERED OFFICE

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

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street
Samsung Hub #08-01
Singapore 049483

AUDITORS

Nexia TS Public Accounting Corporation
Certified Public Accountants
5 Shenton Way
UIC Building #23-03
Singapore 068808

Director-in-charge: Henry SK Tan
(Appointed since FY2007)

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Ltd
Malayan Banking Berhad
Hong Leong Finance Ltd
Citibank, N.A.

INVESTOR RELATIONS CONTACTS

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CORPORATE PROFILE

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

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

Having established a strong foothold in Singapore and Vietnam, the Group is now making inroads into other Indochina countries, expanding their regional footprint to new markets such as Cambodia.



OUR BUSINESS

PROJECT SALES

Our Project Sales Division is sub-divided into Network Infrastructure and Voice Communication Systems.

Network Infrastructure

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

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

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

Voice Communication Systems

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

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

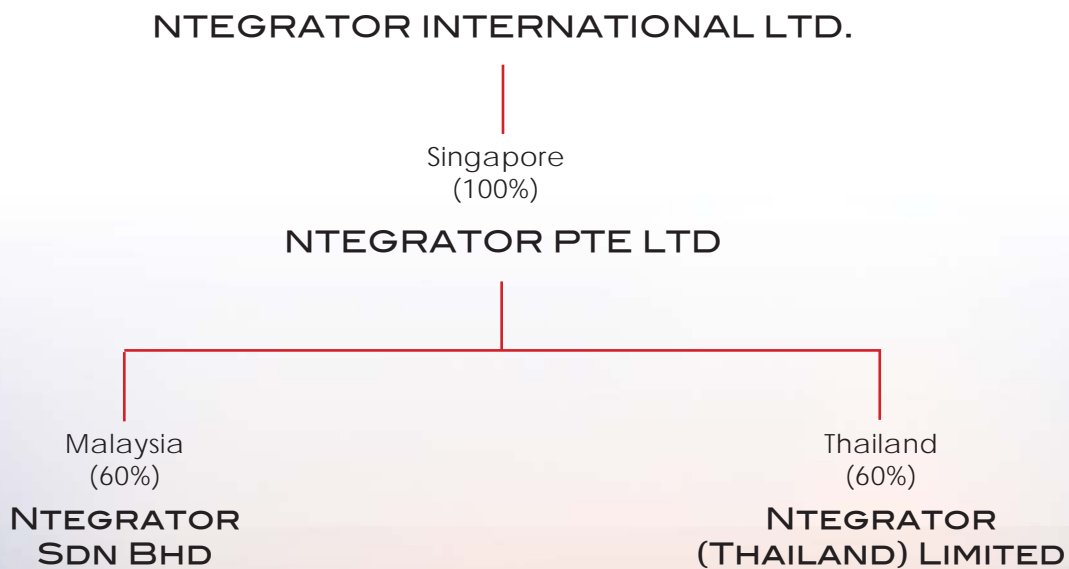
We offer flexible and user-configurable systems for exact customisation to our customers' needs, ensuring the delivery of total end-to-end enterprise business solutions.

Project Management and Maintenance Services

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

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

GROUP STRUCTURE



CHAIRMAN'S MESSAGE



Dear Shareholders,

2008 has certainly made its mark in history as one of the most challenging years filled with milestone highs and lows. The world experienced an unprecedented global financial meltdown, as businesses and even well-established banks struggled to stay afloat.

For Ntegrator, revenue increased by 19.9% from S\$40.0 million in FY2007 to S\$47.9 million in FY2008. Our strategic focus to grow Ntegrator in key emerging markets in Indochina, especially Vietnam, certainly worked well, as these countries had shown that they were fairly resilient towards the financial volatilities faced by many developed nations.

However, with our headquarters based in Singapore, we were not spared from the tumultuous effects of the financial markets. Notwithstanding the revenue growth, our gross profit fell 32.8% to S\$6.7 million mainly due to an increase in cost of borrowings and higher costs incurred by sales development. Consequently, net profit registered a 70.6% decline to S\$0.6 million in FY2008. Notwithstanding this, Ntegrator achieved a turnaround in its operating cashflow for FY2008, albeit a modest S\$293,000. Total cash and cash equivalents at the end of the financial year was S\$1.2 million.

Our consistent efforts to build on our solid foundations in communications network and systems integration served us well. We secured several new contracts in 2008, a considerable feat under challenging conditions. Most of these contracts were awarded by Viettel Corporation, Vietnam's largest telecommunications operator and also our valued long-term customer since we commenced operations in 2002.

One of our most significant wins was our landmark beachhead into a new market – Cambodia. We won two maiden contracts in May 2008 from Viettel Cambodia, a subsidiary of Viettel Corporation, and this was closely followed by a third contract win in August 2008.

We achieved similar success in our key market, Vietnam, where we have fortified our strong presence and strengthened our track record. We clinched new contracts from Viettel Corporation, bringing the total contract value secured from Viettel Corporation (including Viettel Cambodia) for 2008 to S\$18.5 million, a 31.0% increase over the contract value of S\$14.1 million secured in 2007.

In Singapore, we joined forces with Surbana Technologies Pte Ltd, a world-class townships and facilities management total solutions provider, and Cellular Systems International, an Israeli-based pioneering provider of cellular-based remote monitoring solutions, in January 2008. Working alongside our strategic partners, who are both leading players in their respective industries, we believe we are one step nearer to our vision of becoming a global, world-class provider of information technology and telecommunications solutions.

Moving forward, we will continue to focus on the long-term growth story in Indochina, where the region is still in the early stage of telecommunications development with expanding national infrastructure and growing subscriber bases across all market segments. Although a significant surge in online access was registered in 2007, the comparatively low penetration rate of Internet access, especially for broadband Internet, leads us to believe that there is still much room for growth in these markets.

All trades and sectors, including the IT and network infrastructure sectors, have been impacted by the ongoing financial turmoil. Corporations have implemented cost-control measures, reining in IT and other budgeted expenditures to cope with the downturn. As such, we believe that business conditions will remain challenging. To meet with the challenges ahead effectively, we will adopt a flexible approach, adapting and making relevant changes as and when necessary, to lead Ntegrator safely out of the storm.

Our strong outstanding order book of S\$37.0 million as at December 31, 2008 will be another boost for Ntegrator to ride out the financial downturn.

Finally, I would like to take this opportunity to welcome Mr Lee Keen Whye to our Board as an independent and non-executive director. With over 20 years of experience in the venture capital markets and strategic investments sectors, Keen Whye will be able to provide wise counsel and guidance for the future growth of our businesses.

In conclusion, I would like to express my gratitude to the Board of Directors, our dedicated staff, loyal shareholders and valued business associates, for their contributions and encouragement towards the continued growth of Ntegrator.

Bernard Chen Tien Lap
Chairman
March 20, 2009



Overview

Group revenue registered an increase of 19.9% from S\$40.0 million in FY2007 to S\$47.9 million in FY2008, despite challenging conditions faced in the second half of the year.

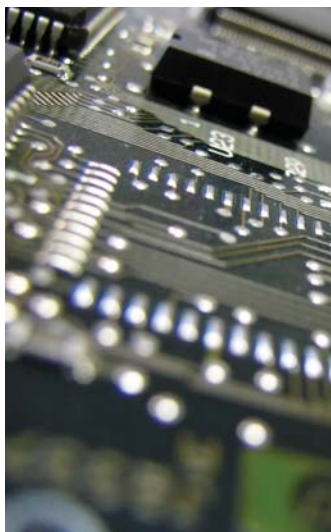
However, our profitability for the year was impacted by the volatile financial market. Gross profit decreased by 32.8% from S\$9.9 million in FY2007 to S\$6.7 million in FY2008, mainly due to an increase in cost of borrowings and higher costs incurred by sales development. With lengthened time to secure credit facilities to service our order books, our cost of borrowings increased in tandem. The delay in obtaining credit facilities also resulted in higher consulting fees and marketing costs for overseas projects, as we had to negotiate with customers for more time allowance. We also incurred additional costs, such as insurance coverage fees as required by banks, and facilities fees for the arrangement of specific project financing.

The increase in cost of borrowings and higher costs incurred was partially offset by a 6.6% decrease in our operating costs. The lower operating costs were achieved as a result of lower staff costs arising from a restructuring exercise and hiring freeze, decreased depreciation and reduced foreign exchange loss due to the strengthening of the US dollar against the Singapore dollar.

In line with the lower gross profit, our net profit for FY2008 declined by 70.6% to S\$0.6 million.

Despite the decline in bottomline, Ntegrator continued to enjoy a healthy balance sheet with a positive cash position, shareholders' equity of S\$21.2 million, and low debt-to-equity ratio at 0.12, as at December 31, 2008. We also achieved a turnaround in our operating cashflow for FY2008 – a milestone achievement since our listing in 2005.

19.9% INCREASE IN REVENUE



Our Strategic Focus on Indochina

Geographically, Vietnam replaced Myanmar as the key revenue contributor in FY2008. Revenue from Vietnam surged 158.9% to S\$23.7 million, contributing 49.5% of total Group revenue. Myanmar came in second with revenue of S\$12.7 million in FY2008, accounting for 26.5% of total Group revenue.

Singapore, which used to be the second largest market in terms of revenue, saw revenue contribution fall by half to S\$6.2 million. This market constituted 13.0% of total Group revenue. The remaining 11.0% of total Group revenue, or S\$5.3 million, came from other markets.

REVENUE FROM
VIETNAM SURGED
158.9% TO
\$23.7 MILLION



Project Sales

Our Project Sales Division achieved a 12.4% revenue growth in FY2008 to S\$42.5 million, accounting for 88.7% of total Group revenue. This was mainly due to the completion of several major projects in Vietnam and Singapore, on top of the substantial completion of the MRTV project in Myanmar, which we clinched in 2007.

Gross profit for this division declined by 75.2% to S\$2.2 million, as a result of higher cost of borrowings and increased costs, as mentioned earlier.

INNOVATE

Project Management and Maintenance Services

Similarly, our Project Management and Maintenance Services Division registered a 153.0% increase in revenue to S\$5.4 million, contributing the remaining 11.3% of total Group revenue. The revenue surge was attributed to the increase in sales of project management and maintenance services in one of our overseas subsidiaries.

Gross profit for this division rose by 289.3% to S\$4.5 million, but this was not sufficient to mitigate the decrease in gross profit recorded by the Project Sales Division.

Outlook

Moving forward, we will continue to be focused on the long-term growth story in Indochina. This region is still in the early stage of telecommunications development with expanding national infrastructure and growing subscriber bases across all market segments.

According to recent reports, Vietnam's Information and Technology (IT) sector recorded a year-on-year growth of 25% over the period from 2002 to 2007. In 2008, revenue for the sector was estimated to be US\$440 million, reflecting a year-on-year increase of 46.6%. The country's telecommunications market is expected to be worth US\$6 billion to US\$7 billion by 2010. Throwing its full support behind the IT sector, the Government has also affirmed that Vietnam's IT industry will be the motivating force for the development of the national economy.

As at end December, our strong outstanding order book stands at S\$37.0 million, of which a significant portion is expected to be completed in FY2009.

BOARD OF DIRECTORS



Bernard Chen Tien Lap

Non-Executive Chairman
and Independent Director



Han Meng Siew

Deputy Chairman and
Executive Director



Jimmy Chang Joo Whut

Managing Director and
Executive Director

Bernard Chen Tien Lap Non-Executive Chairman and Independent Director

Mr Chen was appointed as a Director of Ntegrator in January 2005.

Mr Chen's career spanned both the government and private sectors. A former Parliamentarian, Mr Chen served as Minister of State for Defence from 1977 to 1981, following which he joined the Fraser & Neave Group as General Manager and Director. Subsequently, he moved on to Intraco Ltd as Chief Executive Officer.

Mr Chen is Chairman of Singapore Pools Pte Ltd and a member of the Singapore Totalisator Board. He is also Chairman of CNA Group Ltd.

Mr Chen graduated from University of Alberta, Edmonton, Canada, with a Bachelor of Science (First Class Honours). He also has a Master of Public Administration from Harvard University, USA, and a Bachelor of Arts degree in Theological Studies from Australian Catholic University.

Han Meng Siew Deputy Chairman and Executive Director

Mr Han was appointed as a Director of Ntegrator in July 2004, and brings to the Board over 20 years of experience in the telecommunications industry.

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

During his service at Teledata, Mr Han also served as a director in the various subsidiaries and joint ventures of Teledata. From 2000 to 2002, he was an elected Council Member of the Singapore Confederation of Industries and its various sub-committees.

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

Jimmy Chang Joo Whut Managing Director and Executive Director

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

Mr Chang began his career in the telecommunications industry at Singapore Telecommunications Limited in 1980. After a five-year stint at Wandel & Goltermann Ltd as a consultant and subsequently, regional manager, Mr Chang joined Teledata in 1993, moving on to be an executive director 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 is a member of US-based NetDevices Technical Advisory Board, which provides next-generation edge networking solutions for enterprises and managed service providers.



Tay Koon Chuan

Non-Executive Director



Lai Chun Loong

Independent Director



Charles George St. John Reed

Independent Director

Tay Koon Chuan Non-Executive Director

Mr Tay was appointed as our Non-Executive Director in September 2007. With 15 years' experience in venture capital and private equity investment, Mr Tay is the President of Fortune Venture Investment Group for South East Asia, with responsibility to cover cross-border investment in China, Taiwan and South East Asia. He was previously the Vice President of Walden International Investment Group with specialisation in high-tech VC investment and traditional business private equity investment in Asia and the United States.

Mr Tay holds an MBA in Banking & Finance from Nanyang Technological University, an MSc in Computer Science from the University of Wisconsin (Madison), and a Bachelor of Engineering (First Class Honors) in Mechanical Engineering from the National University of Singapore.

Lai Chun Loong Independent Director

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

He started his career at the Chartered Industries of Singapore ("CIS") in 1968 and rose to the position of Managing Director. Mr Lai was later appointed as President of CIS and 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 1987.

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

Charles George St. John Reed Independent Director

Mr Reed was appointed as our Independent Director in June 2003. Currently the CEO of DoCoMo interTouch Pte Ltd, an NTT DoCoMo Group company, Mr Reed began his career as a Senior Associate at Coopers & Lybrand Deloitte, and subsequently joined PT Excelcomindo Pratama as General Manager where he was responsible for financial restructuring, corporate governance, capital projects and re-engineering process improvement projects. He left to join British Telecom (Hong Kong) as Director of Programme Management and was responsible for the business development and infrastructure for British Telecom Cellnet's Global Mobile Internet offering, Genie.

Mr Reed also held senior management positions at Telecom Venture Group, Personal Broadband Australia Pty Limited, Capena Ltd (BVI) and was an audit committee member of Mobile Telecom Network (Holdings) Limited, which is listed on the Hong Kong Stock Exchange's Growth Enterprise Market.

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

BOARD OF DIRECTORS (continued)



Loudon Frank McLean Owen

Non-Executive Director



Zacchaeus Boon Suan Zin

Alternate to
Loudon Frank McLean Owen



Lee Keen Whye

Independent Director

Loudon Frank McLean Owen Non-Executive Director

Mr Owen was appointed as our Non-Executive Director in October 2004. Currently the Managing Partner of McLean Watson Capital, Mr Owen also sits on the Board of Hosted Data Transactions Solutions Inc (TSX), a company listed in Toronto. He began his career as a lawyer in Campbell Godfrey & Lewtas, and thereafter, moved on to the position of Managing Partner of law firm, Burgess Macdonald Martin Younger.

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

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

Zacchaeus Boon Suan Zin Alternate to Loudon Frank McLean Owen

Currently a Partner of Canada-based McLean Watson Capital, Mr Boon is responsible for its investment portfolio in the Asia Pacific region. He has more than 15 years' experience in the software industry along with extensive investment credentials. Mr Boon started his career as a Network Engineer working on military projects before joining Lotus Development as a Software Engineer. Mr Boon subsequently became Lotus' Country Managing Director for Singapore, Brunei and Indochina. His last role in IBM/Lotus was Director (Alliances/Small Medium Business), with Asia-Pacific coverage.

Prior to joining McLean Watson Capital, Mr Boon was an Investment Director with Venture TDF. He is also an active angel investor who seed-funded several successful start-ups including AceFusion - acquired by Savi, which was subsequently acquired by Lockheed Martin (NYSE:LMT), and HardwareZone - acquired by Singapore Press Holdings (SGX:SPH).

Mr Boon obtained a Bachelor of Computer Science from the University of Newcastle in Australia.

Lee Keen Whye Independent Director

Mr Lee was appointed as our Independent Director in August 2008. He is the Managing Director of Strategic Alliance Capital Pte Ltd ("SAC"), a venture capital and investment management advisory company. Prior to founding SAC, Mr Lee was the founder and Managing Director of Rothschild Ventures Asia Pte Ltd and a member of the N M Rothschild & Sons global merchant banking group. 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 to 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 Afor Limited, Santak Holdings Ltd, Oniontech Limited and Ultra Technologies Limited.

Mr Lee holds a Master's degree in Business Administration from Harvard Business School and a Bachelor's degree in Business Administration from the University of Singapore.

As the Financial Controller of Ntegrator, Mr Sw is responsible for our Group's financial activities. He has been with us since our commencement of operations in 2002, and has helped to develop, build and implement the region-wide financial framework, support, processes and procedures necessary to support the Group's operations.

Mr Sw started his career with Matsushita Electronics (S) Pte Ltd and has, in the course of his 20 years in the financial field, moved up to positions of higher responsibility, both at HQ and region-wide levels. He has held positions as Finance Managers and CFOs in various organisations, including Sembawang Engineering Pte Ltd, Teledata, e-Cop Pte Ltd and Intrawave Pte Ltd.

Mr Sw is a Fellow Member of the Association of Chartered Certified Accountants, and a non-practising member of the Institute of Certified Public Accountants of Singapore.



Kenneth Sw Chan Kit
Financial Controller

Mr Leong joined our Group since our inception in 2002 and currently oversees the sales and marketing activities for our Group's network infrastructure products and services in the region.

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

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



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

Mr Edward has been with the Group 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, Mr Edward joined Teledata in the same capacity. He was seconded to Plexus Technology Pte Ltd in 1999 as its Group Manager.

Mr Edward graduated from Aberdeen University with a Bachelor's degree in Engineering (Honours).



Vincent Vinu Edward
General Manager, Network
Infrastructure (Singapore)

Ms Lee joined our Group in 2002 and she oversees all human resource activities and administration matters.

She has developed our Group's HR policies and practices for Singapore and our regional operations and is responsible for all human resource policies, procedures, regulatory filings and compliances.

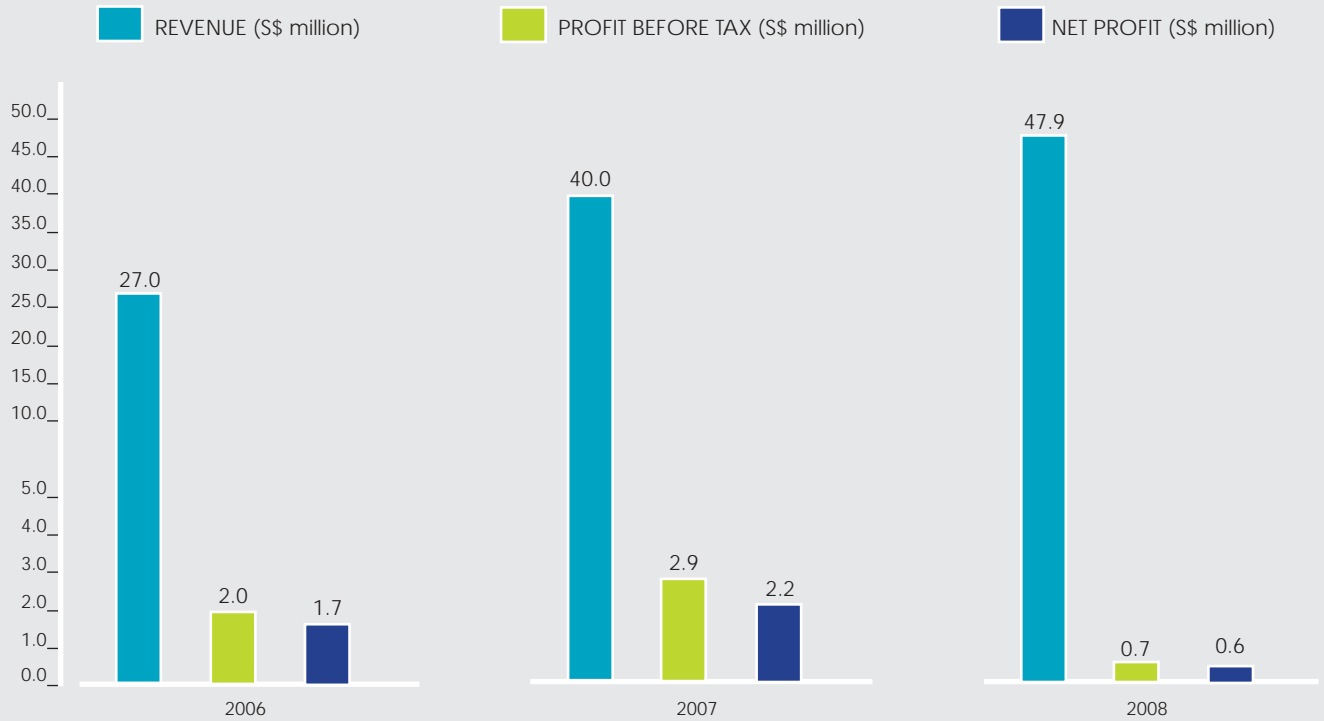
Prior to joining us, Ms Lee held positions in both Administrative and Personnel departments of several public, private and government organisations, including Teledata, the Singapore General Hospital and SMRT Corporation Ltd.

Ms Lee holds a Diploma in Human Resource Management.

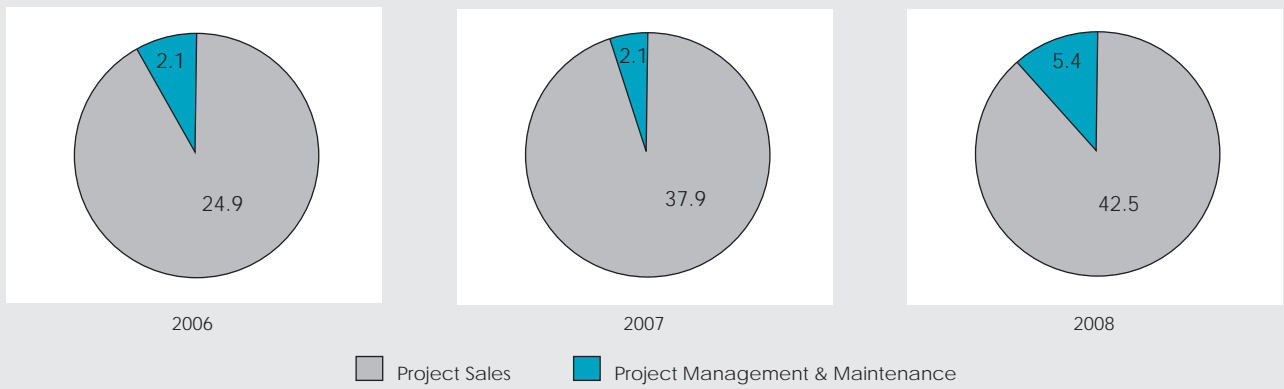


Diana Lee Meng Wah
Director, Human Resource

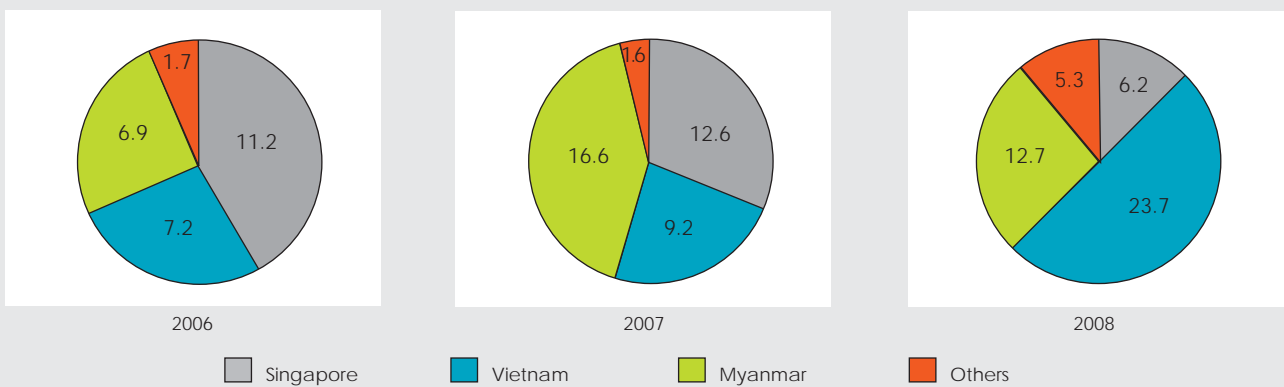
FINANCIAL HIGHLIGHTS



REVENUE BREAKDOWN BY ACTIVITIES (\$\$ million)



REVENUE BREAKDOWN BY GEOGRAPHICAL MARKET (\$\$ million)



CORPORATE GOVERNANCE REPORT

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

As required by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this statement outlines the Company's corporate governance processes with specific reference to the Singapore Code of Corporate Governance 2005 ("the Code"). Other than deviations which are explained in this statement, the Company has complied with the principles of the Code.

Board of Directors

Principle 1: Board's Conduct of its Affairs

The principal functions of the Board are:

- a. approving the Group's key business strategies and financial objectives;
- b. approving the annual budget, major investments and divestments, and funding proposals;
- c. overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- d. approving half year and full year accounts and announcements; and
- e. assuming responsibility for corporate governance.

The Board has adopted internal guidelines that require Board approval, including appointment of directors, major funding and investment proposals and material capital expenditures. Management, together with Board Committees including the Audit Committee, the Nominating Committee and the Remuneration Committee supports the Board in discharging its responsibilities. The roles and responsibilities of the Board Committees are set out separately in this statement.

The Board conducts regular scheduled meetings during the year. Ad-hoc meetings are convened to address significant issues or approve major transactions. The Company's Articles of Association allows Board Meetings to be conducted by way of telephone conferencing or any other electronic means of communications.

The attendance of the directors at meetings of the Board and Board Committees, as well as the frequency of such meetings in FY2008 are summarized in the table below:

Name	Board Meetings		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Bernard Chen Tien Lap	4	4			1	1	1	1
Han Meng Siew	4	4						
Chang Joo Whut	4	4						
Tay Koon Chuan	4	3			1	1		
Loudon Frank McLean Owen (Alt: Zacchaeus Boon Suan Zin)	4	4	2	2				
Lai Chun Loong	4	4	2	2			1	1
Charles George St. John Reed	4	3	2	2	1	0	1	0
Lee Keen Whye (appointed on 1 August 2008)	4	1						

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

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Balance

The Board comprises eight directors, more than half of whom is independent. The Board consists of directors who as a group, provide core competencies, such as business or management experience, industry knowledge, finance, strategic planning experience and customer-based experience and knowledge that are necessary and critical to meet the Group's objectives. Details of the directors' academic and professional qualifications and other appointments are set out on pages 8 to 10 of the Annual Report.

The NC has reviewed the independence of each director for the financial year ended 31 December 2008 in accordance with the Code's definition of independence and is satisfied that more than one-third of the Board continues to be independent.

The composition of the Board is as follows:-

Executive Director

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

Non-Executive Director

Bernard Chen Tien Lap (Chairman) *
Tay Koon Chuan
Charles George St. John Reed *
Lai Chun Loong *
Loudon Frank McLean Owen
Lee Keen Whye (Appointed on 1 August 2008) *
Zacchaeus Boon Suan Zin (Alternate to Loudon Frank McLean Owen)

* Independent Director

Principle 3: Role of Chairman and Managing Director

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

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

Principle 4: Nominating Committee

The Nominating Committee ("NC") comprises two independent and one non-executive director, namely –

Bernard Chen Tien Lap (Chairman) *
Charles George St. John Reed *
Tay Koon Chuan

* *Independent Director*

The key objectives of the NC are to ensure that there is a formal and transparent process in the nomination, appointment and re-appointment of directors to the Boards, 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.

CORPORATE GOVERNANCE REPORT

Board of Directors (cont'd)

Principle 4: Nominating Committee (cont'd)

As a sub-committee of the Board, the NC –

- recommends the re-nomination of directors retiring by rotation annually;
- determines the independence of Board members and assesses the adequacy of Board members with multiple board representations;
- establishes the process for the selection and appointment of new directors;
- reviews Board structure, size and composition;
- recommends to the Board the continuation in service of any directors who has reached the age of 70; and
- assesses the effectiveness of the Board and the contributions of Board members.

All directors subject themselves for re-nomination and re-election at least once every three (3) years. Pursuant to the Company's Articles of Association, Mr. Loudon Frank McLean Owen and Mr. Charles George St. John Reed will retire by rotation at the forthcoming AGM. Mr. Lee Keen Whye, who joined the Board in 1 August 2008, is required to submit himself for re-election under Article 88.

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

Principle 5: Board Performance

The Board conducted an assessment of its performance as a whole, for the financial year under review.

Principle 6: Access to Information

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

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

The 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:-

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

* Independent Director

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

CORPORATE GOVERNANCE REPORT

Remuneration Committee (cont'd)

Principle 7: Procedures for Developing Remuneration Policies (cont'd)

Principle 8: Level and Mix of Remuneration (cont'd)

Principle 9: Disclosure on Remuneration (cont'd)

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

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

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

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

No director was involved in determining his own remuneration.

The following tables show a breakdown (in percentage terms) of directors' remuneration and that of the Group's top 4 (four) executives who are not directors, for the financial year ended 31 December 2008, falling within broad bands –

(A) Directors' Remuneration

Name	Fees %	Salary ⁽¹⁾ %	Other Benefits ⁽²⁾ %	Total %
Between \$250,000 to \$500,000				
Han Meng Siew	-	92	8	100
Jimmy Chang Joo Whut	-	91	9	100
Below \$250,000				
Bernard Chen Tien Lap	100	-	-	100
Charles George St. John Reed	100	-	-	100
Tay Koon Chuan	100	-	-	100
Loudon Frank McLean Owen	100	-	-	100
Lai Chun Loong	100	-	-	100
Lee Keen Whye (<i>Appointed on 1 August 2008</i>)	100	-	-	100

(B) Remuneration of top 4 (four) executives who are not directors

Name	Fees %	Salary ⁽¹⁾ %	Other Benefits ⁽²⁾ %	Total %
Between \$250,000 to \$500,000				
Kenneth Sw Chan Kit	-	88	12	100
Below \$250,000				
Vincent Vinu Edward	-	95	5	100
Jason Leong Wee Siong	-	95	5	100
Diana Lee Meng Wah	-	100	-	100

Note:

1) Includes bonus, allowance and CPF

2) Transport, medical and insurance.

3) The remuneration bands above do not include the value of share options granted under the Company's Share Option Scheme.

CORPORATE GOVERNANCE REPORT

Remuneration Committee (cont'd)

Principle 7: Procedures for Developing Remuneration Policies (cont'd)

Principle 8: Level and Mix of Remuneration (cont'd)

Principle 9: Disclosure on Remuneration (cont'd)

(C) Remuneration of immediate family members of directors

There were no employees who were immediate family members of any director or the MD whose remuneration exceeded \$150,000 for the financial year ended 31 December 2008.

Principle 10: Accountability

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

Principle 11: Audit Committee

The Audit Committee ("AC") comprises 4 directors, a majority of whom are independent Directors. The composition of the AC is as follows:-

Charles George St. John Reed (Chairman) *
Lai Chun Loong *
Loudon Frank McLean Owen
Lee Keen Whye (Appointed on 23 February 2009) *
Zacchaeus Boon Suan Zin (Alternate to Loudon Frank McLean Owen)

* Independent Director

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

The AC reviews the scope of work, as set out in section 201B(5) of Companies Act, Cap 50, of both internal and external auditors and the assistance given by the Company's officers to its external auditors. It met with the Company's internal 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 also reviews transactions with interested persons and related parties. It recommends the appointment or re-appointment of external auditors, reviews audit fees and non-audit services performed by the external auditors.

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

The AC performed independent reviews of the financial statements of the Company and the Group. The AC also undertook a review of the nature and extent of all non-audit services performed by the external auditors to establish whether their independence had in any way been compromised. The external auditors had not provided any non-audit services in FY 2008.

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

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 there are procedures for the independent investigation of such matters and for appropriate follow-up action.

CORPORATE GOVERNANCE REPORT

Principal 12: Internal Controls

Principal 13: Internal Audit ("IA")

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

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

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

Principles 14 & 15: Communication with Shareholders

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

All shareholders of the Group receive the Annual Report and notice of AGM. At AGMs, shareholders will be given opportunity to voice their views and to direct questions regarding the Group to senior management and directors, including the Chairman of each of the Board Committee.

All directors are encouraged to be present at all general meetings of the Company. The external auditors will be present at the forthcoming AGM.

SECURITIES TRANSACTIONS

The Group has adopted a Code of Best Practices for Dealings in Securities (the "Code") which defines the Group's policy on dealings in securities of the Company and implications of Insider Trading. In line with the Code, directors and key officers of the Group who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company 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.

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

RISK MANAGEMENT POLICIES AND PROCESSES

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

Technological Changes

We are dependent on principals to improve and innovate its products to meet 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 technical know-hows.

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.

CORPORATE GOVERNANCE REPORT

Credit Risk

We are exposed to credit risks and such risks are 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 Personnel

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

MATERIAL CONTRACTS

Other than the service agreements entered into with each of our Executive Directors, Messrs Han Meng Siew and Jimmy Chang Joo Whut, there were no material contracts during the financial year that is required to be disclosed under Rule 1207(8) of the Listing Manual of the SGX-ST.

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The directors are pleased to present their report to the members together with the audited financial statements of the Group and the statement of changes in equity of the Company for the financial year ended 31 December 2008 and the balance sheet of the Company as at 31 December 2008.

Directors

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

Bernard Chen Tien Lap	Chairman
Han Meng Siew	Deputy Chairman
Jimmy Chang Joo Whut	Managing Director
Loudon Frank McLean Owen	
Charles George St. John Reed	
Lai Chun Loong	
Tay Koon Chuan	
Lee Keen Whye	(appointed on 1 August 2008)
Zacchaeus Boon Suan Zin	(alternate director to Loudon Frank McLean Owen)

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

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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" on pages 22 to 23 of this report.

Directors' interests in shares and debentures

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

	<u>Holdings registered in the name of director</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>At beginning of financial year or date of appointment, if later</u>	<u>At end of financial year</u>	<u>At beginning of financial year or date of appointment, if later</u>	<u>At end of financial year</u>
<i>The Company</i>				
<i>No. of Ordinary shares</i>				
Bernard Chen Tien Lap	1,800,000	1,800,000	-	-
Han Meng Siew	10,124,000	10,124,000	24,000,000	24,000,000
Jimmy Chang Joo Whut	18,124,000	18,124,000	-	-
Loudon Frank McLean Owen	1,800,000	1,800,000	-	-
Charles George St. John Reed	3,200,000	3,200,000	-	-
Lai Chun Loong	1,400,000	1,400,000	-	-
Tay Koon Chuan	-	-	-	-
Lee Keen Whye #	4,285,000	4,285,000	-	-
Zacchaeus Boon Suan Zin	1,000,000	1,000,000	13,353,000	13,353,000
(Alternate to Loudon Frank Mclean Owen)				

Appointed as directors of the Company on 1 August 2008.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Directors' interest in shares and debentures (cont'd)

- (b) According to the Register of Directors' Shareholdings, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Ntegrator Share Option Scheme (the "Scheme") as set out below.

	Number of option to subscribe	
	At beginning of financial year	At end of financial year
Bernard Chen Tien Lap	-	1,500,000
Han Meng Siew	-	5,000,000
Jimmy Chang Joo Whut	-	5,000,000
Loudon Frank McLean Owen	-	800,000
Charles George St. John Reed	-	1,000,000
Lai Chun Loong	-	800,000
Tay Koon Chuan	-	800,000
Lee Keen Whye #	-	800,000
Zacchaeus Boon Suan Zin	-	800,000

Appointed as directors of the Company on 1 August 2008.

- (c) The directors' interest in the ordinary shares and convertible securities of the Company as at 21 January 2009 were the same as those as at 31 December 2008.

Directors' contractual benefits

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

Share Options

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

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

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

- (i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the SGX for the five consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or
- (ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Share Options (cont'd)

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 at 1.1.2008	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2008	Exercise price	Exercisable period
11.09.2006	1,164,000	-	-	263,000	901,000	S\$0.13	11.09.2007 to 10.09.2017
25.08.2008	-	28,636,000	-	1,072,000	27,564,000	S\$0.04	25.08.2009 to 25.08.2019
25.08.2008	-	6,500,000	-	-	6,500,000	S\$0.04	25.08.2009 to 25.08.2014
	<u>1,164,000</u>	<u>35,136,000</u>	<u>-</u>	<u>1,335,000</u>	<u>34,965,000</u>		

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

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to end of the financial year	Aggregate options exercised since commencement of the Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year
Bernard Chen Tien Lap ²	1,500,000	1,750,000	250,000	1,500,000
Han Meng Siew ¹	5,000,000	6,000,000	1,000,000	5,000,000
Jimmy Chang Joo Whut ¹	5,000,000	6,000,000	1,000,000	5,000,000
Loudon Frank McLean Owen ²	800,000	1,050,000	250,000	800,000
Charles George St. John Reed ²	1,000,000	1,250,000	250,000	1,000,000
Lai Chun Loong ²	800,000	1,050,000	250,000	800,000
Tay Koon Chuan ²	800,000	800,000	-	800,000
Lee Keen Whye # ²	800,000	800,000	-	800,000
Zacchaeus Boon Suan Zin ² (Alternate to Loudon Frank McLean Owen)	800,000	1,050,000	250,000	800,000
	<u>16,500,000</u>	<u>19,750,000</u>	<u>3,250,000</u>	<u>16,500,000</u>
Name of executive officer				
Kenneth Sw Chan Kit ¹	5,000,000	6,000,000	1,000,000	5,000,000
Total	<u>21,500,000</u>	<u>25,750,000</u>	<u>4,250,000</u>	<u>21,500,000</u>

Appointed as directors of the Company on 1 August 2008.

¹ The options granted to these directors and an executive officer are exercisable from 25 August 2009 to 25 August 2019 at the exercise price of S\$0.04 if the vesting conditions are met.

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 if the vesting conditions are met.

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 and their associates other than Loudon Frank McLean Owen, Tay Koon Chuan and Zacchaeus Boon Suan Zin as mentioned above;
- 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 plans;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Audit committee

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

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

Appointed on 23 February 2009

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

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

The Audit Committee 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.

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

Independent Auditor

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

On behalf of the Board of Directors,

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

20 March 2009

STATEMENT BY THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

In the opinion of the directors:-

- (a) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 27 to 59 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors,

Han Meng Siew
Director

Jimmy Chang Joo Whut
Director

20 March 2009

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

We have audited the accompanying financial statements of Ntegrator International Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Company and of the Group as at 31 December 2008, the statement of changes in equity of the Company and of the Group, the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control 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 income statement and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion,

- (a) the balance sheet and the statement of changes in equity of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008, the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountant and Certified Public Accountants
Director in-charge: Henry SK Tan
(Appointed since financial year ended 31 December 2007)

Singapore
20 March 2009

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	2008 S\$'000	2007 S\$'000
Revenue	4	47,936	39,977
Other income	5	1,714	1,216
Expenses			
- Equipment and consumables used		(35,661)	(29,478)
- Employee compensation	6	(4,583)	(5,023)
- Freight		(808)	(1,165)
- Commission and consultancy		(3,816)	(1,821)
- Depreciation and amortisation		(371)	(318)
- Foreign exchange loss, net		(12)	(706)
- Finance	7	(491)	(424)
- Other		(2,246)	(1,770)
Changes in inventories and contract work-in-progress		(998)	2,383
Total expenses		(48,986)	(38,322)
Profit before income tax		664	2,871
Income tax expense	8	(29)	(708)
Net profit		635	2,163
Attributable to:			
Equity holders of the Company		773	2,280
Minority interests		(138)	(117)
		635	2,163
Earning per share attributable to equity holders of the Company (cents per share)			
	9		
- Basic		0.23	1.3
- Diluted		0.23	1.3

The accompanying notes form an integral part of these financial statements

BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	GROUP		COMPANY	
		2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	2,691	6,044	13	3,860
Trade and other receivables	11	32,707	24,411	4,066	7,126
Inventories	12	2,689	2,637	-	-
Contract work-in-progress	13	5,629	6,084	-	-
Other current assets	14	4,272	1,108	41	28
		47,988	40,284	4,120	11,014
Non-current assets					
Trade and other receivables	11	17,794	11,887	-	-
Deferred expenditure		-	50	-	50
Investments in subsidiaries	15	-	-	12,000	6,000
Property, plant and equipment	16	178	308	-	-
Intangible assets	17	1,491	1,204	-	-
		19,463	13,449	12,000	6,050
Total assets		67,451	53,733	16,120	17,064
LIABILITIES					
Current liabilities					
Contract work-in-progress	13	596	1	-	-
Trade and other payables	18	42,854	26,998	433	390
Borrowings	19	2,480	4,811	-	-
Current income tax liabilities		276	633	8	10
		46,206	32,443	441	400
Non-current liabilities					
Borrowings	19	14	19	-	-
Deferred income tax liabilities	21	59	59	-	-
		73	78	-	-
Total liabilities		46,279	32,521	441	400
Net assets		21,172	21,212	15,679	16,664
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	13,708	13,708	13,708	13,708
Employee share option reserve		234	23	234	23
Foreign currency translation reserve		(20)	(13)	-	-
Retained earnings		7,248	7,330	1,737	2,933
		21,170	21,048	15,679	16,664
Minority interests		2	164	-	-
Total equity		21,172	21,212	15,679	16,664

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Note	Attributable to equity holders of the Company					Minority interests	Total equity
	Share capital	Employee share option reserve	Foreign currency translation reserve	Retained earnings	Total reserves		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group 2008							
	13,708	23	(13)	7,330	21,048	164	21,212
	-	-	(7)	-	(7)	-	(7)
	-	-	-	773	773	(138)	635
	-	-	(7)	773	766	(138)	628
25	-	-	-	(855)	(855)	-	(855)
	-	211	-	-	211	-	211
	-	-	-	-	-	(24)	(24)
	13,708	234	(20)	7,248	21,170	2	21,172
Group 2007							
	9,379	41	(26)	5,846	15,240	281	15,521
	-	-	13	-	13	-	13
	-	-	-	2,280	2,280	(117)	2,163
	-	-	13	2,280	2,293	(117)	2,176
25	-	-	-	(801)	(801)	-	(801)
	-	93	-	-	93	-	93
22	793	(111)	-	5	687	-	687
22	3,841	-	-	-	3,841	-	3,841
	(305)	-	-	-	(305)	-	(305)
	13,708	23	(13)	7,330	21,048	164	21,212

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	Share capital S\$'000	Employee share options reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company 2008					
Balance as at 1 January 2008		13,708	23	2,933	16,664
Share options expense		-	211	-	211
Dividend paid	25	-	-	(855)	(855)
Net loss for the financial year		-	-	(341)	(341)
Balance as at 31 December 2008		13,708	234	1,737	15,679
Company 2007					
Balance as at 1 January 2007		9,379	41	2,527	11,947
Share options expense		-	-	5	5
Dividend paid	25	-	-	(801)	(801)
Exercise of share option	22	793	(18)	-	775
Issuance of rights shares		3,841	-	-	3,841
Right issue expense		(305)	-	-	(305)
Net loss for the financial year		-	-	1,202	1,202
Balance as at 31 December 2007		13,708	23	2,933	16,664

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	2008 S\$ '000	2007 S\$ '000
Cash flows from operating activities			
Net profit		635	2,163
Adjustments for:			
- Income tax expense		29	708
- Depreciation and amortisation		371	318
- Loss on disposals of property, plant and equipment		-	7
- Share option expense		211	93
- Interest expense		491	424
- Interest income		(13)	(14)
- Currency translation differences		(8)	81
- Loss on investment of subsidiary		(25)	62
		1,691	3,842
Change in working capital			
- Inventories and contract work-in-progress		998	(2,383)
- Trade and other receivables		(17,366)	(13,159)
- Trade and other payables		15,856	10,531
- Deferred expenditure		50	(50)
Cash generated from/(used in) operations		1,229	(1,219)
Interest received		13	14
Interest paid		(491)	(424)
Income tax paid		(385)	(398)
Net cash generated from/(used in) operating activities		366	(2,027)
Cash flows from investing activities			
Purchases of property, plant and equipment		(78)	(179)
Payments for intangible assets		(450)	(482)
Net cash used in investing activities		(528)	(661)
Cash flows from financing activities			
(Repayment)/proceeds of loan from a financial institution		(782)	1,696
Repayment of finance leases		(5)	(4)
Proceeds from issuance of share capital by the Company		-	4,223
Dividend paid		(855)	(801)
Net cash (used in)/generated from financing activities		(1,642)	5,114
Net (decrease)/increase in cash and cash equivalents		(1,804)	2,426
Cash and cash equivalents at beginning of the financial year		2,964	538
Cash and cash equivalents at end of financial year	10	1,160	2,964

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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

The financial statements of the Group and the Company for the financial year ended 31 December 2008 were authorised for issue in accordance with a resolution of directors on 20 March 2009.

1. Corporate information

Ntegrator International Ltd. (the "Company") is a limited liability company which is incorporated and domiciled in Singapore and is listed on the Singapore Exchange.

The registered office and principal place of business of the Company is at 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 the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared 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.

There are no new or amended Standards and Interpretations effective in 2008 which are relevant to the Group.

2.2 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.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

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 2008

2. Summary of significant accounting policies (cont'd)

2.2 Currency translation (cont'd)

(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 date of the balance sheet;
- (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 the currency translation reserve.

2.3 Group accounting

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

Minority interests are that part of net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

Please refer to Note 2.6 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (cont'd)

2.4 Revenue recognition

Sales 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. Sales is presented, net of value-added 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 future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(a) Project Sales

- (i) Revenue is recognised upon the transfer of risk and rewards of ownership of the goods to the customers, which generally coincide with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible of return of goods.
- (ii) System integration services substantially involve the procurement, design, integration and installation of voice, video and data communication equipment and networks. Revenue is recognised upon successful installation and acceptance of the project by the customer. For a project which is to be completed in stages, revenue is recognised upon successful installation of each stage and acceptance of the project by the customer. An expected loss on the project is recognised as an expense immediately when it is probable that total project costs will exceed total project revenue.

Please refer to Note 2.13 for the accounting policy on contract work-in-progress.

(b) Maintenance revenue

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

2.5 Employee benefits

(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. The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(b) Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (cont'd)

2.5 *Employee benefits* (cont'd)

(c) Employee share options plans

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

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

2.6 *Investments in subsidiaries*

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

2.7 *Borrowings*

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 the income statement over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

2.8 *Borrowing costs*

Borrowing costs are recognised in the income statement using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (cont'd)

2.9 Property, plant and equipment

(a) Measurement

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

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:

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

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

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

2.10 Intangible assets

Research and development costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of non-financial assets

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

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

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

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

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill 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 the income statement.

2.12 Inventories

Inventories consist of voice, video and data communication equipment.

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

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

2.13 Contract work-in-progress

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (cont'd)

2.14 Financial assets

The Group classifies its financial assets in the category of loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.15 Loans and receivables

Loans and receivables include "cash and bank balances" and "trade and other receivables" in the balance sheet.

These financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective rate.

2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits with financial institutions and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.17 Trade and other payables

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

2.18 Leases

The Group leases motor vehicle under finance leases and commercial property under operating leases from non-related parties.

(a) Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

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

(b) Operating leases

Leases of office unit 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 the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement when incurred.

2.19 Provisions

Provisions 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (cont'd)

2.20 Income taxes

(a) Current income tax

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

(b) Deferred income tax

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 subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.21 Grants

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

2.22 Financial guarantees

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

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

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

Intragroup transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

2. Summary of significant accounting policies (cont'd)

2.23 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.24 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.

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.

The Group is subject to the uncertainty caused by the world financial crisis. The world economy has experienced significant downward pressure and credit has become very tight. Significant judgment is required to determine the fair value and forecasts of business that may have impact on cashflow, collectibility and realisability of assets. In making these judgments, the Group has relied on past experience and their view of the economy.

(i) Allowance for impairment of trade and bills receivables

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

The Group follows the guidance of FRS 39 on determining when trade and bills receivables are impaired. This determination requires significant judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of the trade and bills receivable are less than its costs; and the financial health of and near-term business outlook for these financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Contract work-in-progress

Contract work-in-progress refers to system integration services that are not completed, delivered and accepted by customers as at the balance sheet date. Contract work-in-progress is stated at costs less progress billings received or receivable. Costs include cost of equipment and software purchased for the projects, subcontracting costs and other direct expenses attributable to the project activity. When it is probable that expected total project costs will exceed the expected total project revenue, a provision for expected loss on the project is recognised as an expense immediately.

Significant assumptions are required to estimate the total project costs, expected total project revenue as well as the expected loss on the project. In making these estimates, management has relied on past experience and the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

4. Revenue

	2008	GROUP	2007
	S\$'000		S\$'000
Project Sales	42,532		37,841
Project Management and Maintenance Services	5,404		2,136
	47,936		39,977

5. Other income

	2008	GROUP	2007
	S\$'000		S\$'000
Interest income from banks	15		14
Amortisation of bills receivable	1,699		1,202
	1,714		1,216

6. Employee compensation

	2008	GROUP	2007
	S\$'000		S\$'000
Salaries and bonuses	3,161		3,677
Employer's contribution to defined contribution plans including Central Provident Fund	254		345
Directors' fees	320		317
Share option expense	211		93
Other	637		591
	4,583		5,023

7. Finance expenses

	2008	GROUP	2007
	S\$'000		S\$'000
Interest expense on:			
- Bank borrowings	489		422
- Finance lease liabilities	2		2
	491		424

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

8. Income taxes

	2008	GROUP	2007
	S\$'000		S\$'000
Tax expense attributable to profit is made up of:			
- Profit from current financial year			
Current income tax			
- Singapore	-		586
- Foreign	29		86
	29		672
Deferred income tax (Note 21)	-		42
	29		714
- Over provision of current income tax in prior financial years	-		(6)
Tax charge	29		708

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax is as explained below:

	2008	GROUP	2007
	S\$'000		S\$'000
Profit before income tax	664		2,871
Tax calculated at tax rate of 18% (2007: 18%)	120		517
<i>Adjustments for tax effect of:</i>			
- Tax savings due to concessionary tax rate	-		(57)
- Expenses not deductible for tax purposes	4		124
- Difference in tax rates	(9)		(11)
- Statutory stepped income exemption	-		(27)
- Tax losses of overseas subsidiaries not available for set-off	77		76
- Deferred income tax assets not recognised	83		20
- Research and development allowance	(259)		-
- Other	13		72
Current year tax expense	29		714

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

9. 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.

	2008	GROUP	2007
Net profit attributable to equity holders of the Company (S\$'000)	773		2,280
Weighted average number of ordinary shares outstanding for basic earnings per share for ('000)	341,482		179,422
Basic earnings per share (cents per share)	0.23		1.3

(b) Diluted earnings per share

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

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options 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.

	2008	GROUP	2007
Net profit attributable to equity holders of the Company			
- Net profit used to determine diluted earnings per share (S\$'000)	773		2,280
Weighted average number of ordinary shares outstanding for basic earnings per share for ('000)	341,482		179,422
Adjustment for share options	-		909
Adjusted weighted average number of ordinary shares	341,482		180,331
Diluted earnings per share (cents per share)	0.23		1.3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

10. Cash and cash equivalents

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Cash at bank and on hand	1,601	5,611	13	3,860
Short-term bank deposits	1,090	433	-	-
	2,691	6,044	13	3,860

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

	GROUP	
	2008 S\$'000	2007 S\$'000
Cash and cash equivalents (as above)	2,691	6,044
Bank overdrafts (Note 19)	(1,531)	(3,080)
	1,160	2,964

11. Trade and other receivables

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Trade receivables				
- Non-related parties	3,676	8,499	-	-
Bills receivable	45,854	27,572	-	-
Less : Amount classified as non-current assets	17,794	11,887	-	-
	28,060	15,685	-	-
Due from subsidiaries (non-trade)	-	-	2,152	4,735
Dividend receivable from a subsidiary	-	-	-	1,200
Loan to a subsidiary	-	-	1,913	1,190
Staff advances	18	11	-	-
Value added tax recoverable	27	13	-	-
Withholding tax receivable	218	-	-	-
Unbilled contract revenue	465	-	-	-
Other	243	203	1	1
	32,707	24,411	4,066	7,126

Trade receivables

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

Bills receivables

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

The bills receivables as at 31 December 2008 and 2007 arose from projects completed for overseas customers who had arranged for a financial institution in its country to issue irrevocable letters of credit in favour of the Group for the settlement of these projects. The total amount is to be settled over a three to four years period from the date of completion for each phase.

Other receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

12. Inventories

	2008	GROUP	2007
	S\$'000		S\$'000
Voice, video and data communication equipment	2,689		2,637

The cost of inventories recognised as an expense amounts to S\$35,451,118 (2007: S\$29,162,892).

13. Contract work-in-progress

	2008	GROUP	2007
	S\$'000		S\$'000
Cost incurred to date	6,266		6,091
Less : Progress billings	(1,233)		(8)
	5,033		6,083
Comprising :			
Excess of costs incurred over progress billings	5,629		6,084
Excess of progress billings over costs incurred	(596)		(1)
	5,033		6,083

14. Other current assets

	GROUP		COMPANY	
	2008	2007	2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000
Advance payments for project costs	3,913	722	-	-
Deposits	88	84	-	-
Prepaid operating expenses	271	302	41	28
	4,272	1,108	41	28

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

15. Investments in subsidiaries

	2008 S\$'000	COMPANY 2007 S\$'000
Unquoted equity investments at cost	12,000	6,000

The details of subsidiaries are as follows:

Name	Principal activities	Country of incorporation	2008 %	Effective equity interest	2007 %
<i>Held by the Company</i>					
Ntegrator Pte Ltd ¹	To provide system integration services of voice, video and data communication networks	Singapore	100		100
<i>Held by Ntegrator Pte Ltd</i>					
Ntegrator Sdn Bhd 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	Malaysia	60		60
Ntegrator (Thailand) Limited ³	To provide system integration services and sale of voice, video and data communication equipment and networks, maintenance and support services, and project management services for network infrastructure	Thailand	60		60
Ntegrator Philippines Inc ⁴	Under members' voluntary liquidation	Philippines	60		60

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

² Audited by Mohd Noor & Associates, Chartered Accountants, Malaysia. (Total revenue and asset contribution to the Group is less than 1%).

³ Audited by V.A.T. Accounting, Thailand, a member firm of Nexia International.

⁴ Not required to be audited under the law of country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

16. Property, plant and equipment

	Office equipment S\$'000	Com- puters S\$'000	Tele- phones S\$'000	Software S\$'000	Motor vehicle S\$'000	Demo equipment S\$'000	Furniture S\$'000	Fittings S\$'000	Total S\$'000
Group									
2008									
<i>Cost</i>									
Beginning of financial year	83	352	14	148	37	565	112	191	1,502
Additions	6	28	-	20	-	8	11	5	78
Currency translation differences	(1)	(2)	-	(1)	-	(1)	(1)	(1)	(7)
End of financial year	<u>88</u>	<u>378</u>	<u>14</u>	<u>167</u>	<u>37</u>	<u>572</u>	<u>122</u>	<u>195</u>	<u>1,573</u>
<i>Accumulated depreciation</i>									
Beginning of financial year	71	264	7	125	10	456	84	177	1,194
Depreciation charge	7	65	2	21	4	91	11	7	208
Disposals	-	-	-	-	-	-	-	-	-
Currency translation differences	(1)	(2)	-	(1)	-	(1)	(1)	(1)	(7)
End of financial year	<u>77</u>	<u>327</u>	<u>9</u>	<u>145</u>	<u>14</u>	<u>546</u>	<u>94</u>	<u>183</u>	<u>1,395</u>
Net book value									
End of financial year	<u>11</u>	<u>51</u>	<u>5</u>	<u>22</u>	<u>23</u>	<u>26</u>	<u>28</u>	<u>12</u>	<u>178</u>
Group									
2007									
<i>Cost</i>									
Beginning of financial year	96	331	10	136	37	517	119	197	1,443
Additions	5	37	7	15	-	97	5	13	179
Disposal	(17)	(15)	(3)	(2)	-	(48)	(11)	(20)	(116)
Currency translation differences	(1)	(1)	-	(1)	-	(1)	(1)	1	(4)
End of financial year	<u>83</u>	<u>352</u>	<u>14</u>	<u>148</u>	<u>37</u>	<u>565</u>	<u>112</u>	<u>191</u>	<u>1,502</u>
<i>Accumulated depreciation</i>									
Beginning of financial year	74	206	6	102	6	315	73	158	940
Depreciation charge	13	70	2	25	4	154	17	33	318
Disposals	(15)	(11)	(1)	(1)	-	(12)	(5)	(13)	(58)
Currency translation differences	(1)	(1)	-	(1)	-	(1)	(1)	(1)	(6)
End of financial year	<u>71</u>	<u>264</u>	<u>7</u>	<u>125</u>	<u>10</u>	<u>456</u>	<u>84</u>	<u>177</u>	<u>1,194</u>
Net book value									
End of financial year	<u>12</u>	<u>88</u>	<u>7</u>	<u>23</u>	<u>27</u>	<u>109</u>	<u>28</u>	<u>14</u>	<u>308</u>

As at 31 December 2008, the net carrying amount of motor vehicles held under finance leases was S\$23,000 (2007: S\$28,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

17. Intangible assets

Group	IP clock S\$'000	Server-based telephone system S\$'000	Car park management system S\$'000	Total S\$'000
Cost				
Balance at 1.1.2007	401	401	-	802
Additions	482	-	-	482
Amortisation	-	(80)	-	(80)
Balance at 31.12.2007	883	321	-	1,204
Additions	-	-	450	450
Amortisation	(74)	(89)	-	(163)
Balance at 31.12.2008	809	232	450	1,491

The intangible assets relate to development costs for communication systems for IP clock and Server-based telephone system. IP clock is a joint research and development project between IP Clock Ltd and Ntegrator Pte Ltd, subsidiary. The research is funded by Singapore Israel Industrial Research and Development Foundation. The research aims to develop an application-agnostic, cost-effective, standards compliance synchronization solution for Next Generation Networks, by creating a low cost clock recovery module using a low-cost oscillator and innovative clock recovery algorithms. Such solution will help to improve the network synchronization and to provide good quality traffic over the customers' mobile communication networks.

Other intangible assets relates to the joint development with Cellular Systems International ("CSI") and Surbana Technologies which is currently developing the centralized car park management system, for marketing by the Consortium in Singapore as well as in the region. By customizing the CSI's central on-line credit card parking system, which is currently used in Israel to support cash card payment, Ntegrator will integrate the customized system with Surbana's Integrated Estate Management System to facilitate the centralized processing of parking transactions, monitoring of equipment status as well as data hosting.

18. Trade and other payables

	GROUP		COMPANY	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Trade payables				
– non-related party	3,057	2,606	137	115
Bills payables	30,672	21,901	-	-
Accrued project costs	2,922	1,252	-	-
Advance received for project costs	4,934	-	-	-
Accrued operating expenses	958	1,059	296	275
Grant received in advance	156	98	-	-
Payable to a company related to directors of a subsidiary	-	1	-	-
Deferred revenue	155	81	-	-
	42,854	26,998	433	390

Trade payables

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

Bills payables

These payables have an average maturity of 120 – 270 (2007: 120 – 270) days and the weighted average effective interest is 8% (2007: 8%) per annum. These payables are denominated in United States dollars.

Other payables

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

Deferred revenue

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

19. Borrowings

	GROUP	
	2008 S\$'000	2007 S\$'000
<i>Current</i>		
Bank borrowings	944	1,726
Bank overdrafts (Note 10)	1,531	3,080
Finance lease liabilities (Note 20)	5	5
	2,480	4,811
<i>Non-current</i>		
Finance lease liabilities (Note 20)	14	19
	2,494	4,830

(a) *Security granted*

Bank borrowings and bank overdrafts are guaranteed by the Company.

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

At balance sheet date, the fair values of non-current borrowings approximate their carrying amounts.

The fair values are determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument of 3.3% (2007: 3.3%) per annum at the balance sheet date which directors expect to be available to the Group.

20. Finance lease liabilities

The Group purchased certain motor vehicle under finance lease agreements which expire over the next five years. 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			
	Minimum payments 2008 S\$'000	Present value of payments 2008 S\$'000	Minimum payments 2007 S\$'000	Present value of payments 2007 S\$'000
Not later than one year	6	5	6	5
Later than one year but not later than five years	15	14	21	19
Total minimum lease payments	21	19	27	24
Less: Amount representing finance charges	(2)	-	(3)	-
Present value of minimum lease payments	19	19	24	24

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

21. Deferred income taxes

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

	2008	GROUP	2007
	S\$'000		S\$'000
Deferred income tax liabilities			
- to be settled after more than 12 months	(59)		(59)
	(59)		(59)

The movement in the deferred income tax during the financial year is as follows:

	2008	GROUP	2007
	S\$'000		S\$'000
<i>Accelerated tax depreciation</i>			
- At the beginning of the financial year	(59)		(17)
- Charged to income statement (Note 8)	-		(42)
- At the end of the financial year	(59)		(59)

22. Share capital

	GROUP AND COMPANY	2007
	S\$'000	S\$'000
Issued and fully-paid :		
Balance at beginning of the financial year		
- 341,482,344 (2007: 80,088,586) ordinary shares	13,708	9,379
Issued during the financial year:		
- Nil (2007: 5,282,000) ordinary shares under share option scheme	-	793
- Nil (2007: 256,111,758) ordinary shares issued pursuant to rights issue	-	3,841
- Rights issue expenses	-	(305)
Balance at end of the financial year		
- 341,482,344 (2007: 341,482,344) ordinary shares	13,708	13,708

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

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

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

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

- (i) at a price equal to the prevailing market price of the ordinary shares of the Company based on the last dealt price per share as indicated in the daily official list or any publication published by the SGX for the five consecutive trading days immediately preceding the date of grant of that option (the "Market Price"); or
- (ii) at a price which is set at a discount to the Market Price provided that the maximum discount shall not exceed 20% of the Market Price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

22. Share capital (cont'd)

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

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:

	Balance at 1.1.2008	Issued during the year	Cancelled during the year	Balance at 31.12.2008	Exercise price	Exercisable period
Non-executive directors	-	6,500,000	-	6,500,000	S\$0.04	25.8.2009 to 25.8.2014
Executive directors	-	10,000,000	-	10,000,000	S\$0.04	25.8.2009 to 25.8.2019
Key management personnel	-	11,000,000	-	11,000,000	S\$0.04	25.8.2008 to 25.8.2019
Other	1,164,000	-	263,000	901,000	S\$0.13	11.9.2007 to 10.9.2017
employees	-	7,636,000	1,072,000	6,564,000	S\$0.04	25.8.2009 to 25.8.2019
	<u>1,164,000</u>	<u>35,136,000</u>	<u>1,335,000</u>	<u>34,965,000</u>		

The fair value of equity share options as at the date of grant is estimated by an external valuer using a Trinomial Option Pricing Model in the Bloomberg Executive Option Valuation Module ("BEOVM") to estimate the fair value of the Options as at the date of grant, 25 August 2008.

BEOVM Parameters

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

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

23. Commitments

Operating lease commitments

The Group leases commercial property as offices from non-related parties. These leases have remaining non-cancellable terms of up to 20 (2007: 20) months with no renewal option or escalation clauses in the contracts. There are no restrictions placed upon the Group by entering into these leases.

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

	2008 S\$'000	GROUP	2007 S\$'000
Not later than one year	277		300
Later than one year but not later than five years	43		634
	<u>320</u>		<u>934</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

24. Related party disclosures

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

- (i) it has the ability (directly or indirectly) to control or exercise significant influence over the operating and financing decisions of the Group or vice versa; or
- (ii) it is subject to common control or common significant influence.
- (iii) Compensation of directors and key management personnel:

	2008	GROUP	2007
	S\$'000		S\$'000
Salaries and bonuses	1,340		1,307
Defined contribution pension plans	58		63
Directors' fees	224		317
Share option expense	168		93
Other	-		123
	1,790		1,903
Comprised amounts paid to :			
Directors of the Company	1,054		1,143
Directors of subsidiaries	76		86
Key management personnel	660		674
	1,790		1,903

25. Dividends

	2008	GROUP AND COMPANY	2007
	S\$'000		S\$'000
Ordinary dividends paid :			
Final exempt dividend paid in respect of the previous financial year of Nil cents (2007: 0.25 cents) per share		-	801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

26. Segment information

Reporting format

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

Business segments

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

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

Geographical segments

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

Allocation basis and transfer pricing

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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26. Segment information (Cont'd)

Business segments

	Project Sales		Project Management & Maintenance Services		Consolidated	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Segment revenue						
Sales to external customers	45,844	37,841	2,092	2,136	47,936	39,977
Segment result	5,484	8,745	1,169	1,151	6,653	9,896
Other income					1,714	1,216
Unallocated expenses					(7,212)	(7,817)
Finance costs					(491)	(424)
Profit before income tax					664	2,871
Income tax					(29)	(708)
Net profit					<u>635</u>	<u>2,163</u>
Segment assets						
Unallocated assets	61,934	45,435	2,081	1,263	64,015	46,698
Total assets					<u>3,436</u>	<u>7,035</u>
					<u>67,451</u>	<u>53,733</u>
Segment liabilities						
Unallocated liabilities	38,760	20,816	596	374	39,356	21,190
Total liabilities					<u>6,923</u>	<u>11,331</u>
					<u>46,279</u>	<u>32,521</u>

Geographic segments

	Singapore		Myanmar		Vietnam		Others		Consolidated	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Segment revenue										
Sales to external customers	6,232	12,599	12,714	16,648	23,707	9,156	5,283	1,574	47,936	39,977

Other geographical information:

	Singapore		Myanmar		Vietnam		Others		Consolidated	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Segment assets	59,911	48,156	-	-	-	-	7,540	5,577	67,451	53,733
Capital expenditure										
- property, plant and equipment	73	179	-	-	-	-	5	-	78	179
- intangible assets	450	482	-	-	-	-	-	-	450	482

NOTES TO THE FINANCIAL STATEMENTS

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27. Financial risk management objectives and policies

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's principal financial instruments comprise bank loans and overdrafts, finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

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

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

The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Market risk*

(i) Currency risk

Entities in the Group provide services and sell goods in several countries, and as a result, transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollars ("USD"), Malaysian Ringgit ("MYR") and Thai Baht ("BAHT").

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

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

	2008						2007					
	SGD S\$'000	USD S\$'000	MYR S\$'000	BAHT S\$'000	OTHER S\$'000	TOTAL S\$'000	SGD S\$'000	USD S\$'000	MYR S\$'000	BAHT S\$'000	OTHER S\$'000	TOTAL S\$'000
Financial Assets												
Cash and cash equivalents	21	1,810	1	832	27	2,691	5,306	294	4	434	6	6,044
Trade and other receivables	1,805	47,409	344	943	-	50,501	3,478	31,850	393	258	319	36,298
	<u>1,826</u>	<u>49,219</u>	<u>345</u>	<u>1,775</u>	<u>27</u>	<u>53,192</u>	<u>8,784</u>	<u>32,144</u>	<u>397</u>	<u>692</u>	<u>325</u>	<u>42,342</u>
Financial Liabilities												
Trade and other payables	8,363	28,988	28	5,475	-	42,854	8,370	18,255	134	212	27	26,998
Borrowings	2,018	20	34	422	-	2,494	3,310	1,459	-	61	-	4,830
	<u>10,381</u>	<u>29,008</u>	<u>62</u>	<u>5,897</u>	<u>-</u>	<u>45,348</u>	<u>11,680</u>	<u>19,714</u>	<u>134</u>	<u>273</u>	<u>27</u>	<u>31,828</u>
Net financial (liabilities)/assets	<u>(8,555)</u>	<u>20,211</u>	<u>283</u>	<u>(4,122)</u>	<u>27</u>	<u>7,844</u>	<u>(2,896)</u>	<u>12,430</u>	<u>263</u>	<u>419</u>	<u>298</u>	<u>10,514</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

27. Financial risk management objectives and policies (Cont'd)

(a) *Market risk* (Cont'd)

(i) Currency risk (Cont'd)

If the USD change against the SGD by 3% (2007: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	GROUP			
	2008 S\$'000	Equity	2007 S\$'000	Equity
	Net profit		Net profit	
USD				
- strengthened 3% (2007: 3%)	+ 497	+ 606	+ 306	+ 373
- weakened 3% (2007: 3%)	- 497	- 606	- 306	- 373

If the BAHT change against the SGD by 3% (2007: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	GROUP			
	2008 S\$'000	Equity	2007 S\$'000	Equity
	Net profit		Net profit	
BAHT				
- strengthened 3% (2007: Nil)	+ 101	+ 124	-	-
- weakened 3% (2007: Nil)	- 101	- 124	-	-

If the other foreign currencies have strengthened/weakened by 3% (2007: 3%) against the SGD with all other variables including tax rate being held constant, the impact to the equity and net profit of the Group arising from currency translation gains/losses to the remaining foreign currency denominated financial liability/asset will not be significant.

(ii) 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 and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(b) *Credit risk*

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Customers with high credit risks are required either to pay on cash term, make advance payments or issue letter of credits. Since 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 ongoing basis with the result that the Group's exposure to bad debts is not significant.

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 2008, the total amount of the irrevocable letters of credit issued in favour of the Group of S\$45,854,000 (2007 : S\$27,572,000), which are classified as bills receivables (Note 11), and represents 93% (2007 : 76%) of the total trade receivables of the Group as at that date.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

27. Financial risk management objectives and policies (Cont'd)

(b) *Credit risk* (Cont'd)

The credit risk for trade and bill receivables based on the information provided by the Group are as follows:

	2008	GROUP	2007
	S\$'000		S\$'000
<u>By geographical areas</u>			
Singapore	2,118		6,582
Myanmar	32,409		21,872
Vietnam	14,576		7,133
Other	427		484
	49,530		36,071
<u>By types of customers</u>			
Non-related parties			
- Government agencies	33,820		28,313
- Other companies	15,710		7,758
	49,530		36,071

(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 receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The Group's trade receivables not past due include receivables amounting to S\$587,000 (2007: S\$2,157,000) that would have been past due or impaired if the terms were not 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 receivables. The age analysis of trade receivables past due but not impaired is as follows:

	2008	GROUP	2007
	S\$'000		S\$'000
Past due 0 to 3 months	514		4,151
Past due 3 to 6 months	178		57
Past due over 6 months	2,397		2,134
	3,089		6,342

No allowance for impairment in trade receivables has been provided during the financial year as the receivables past due are due from customers whom have been dealing with the Group for many years with good creditworthiness.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

27. Financial risk management objectives and policies (Cont'd)

(c) *Liquidity risk*

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000
<u>Group</u>			
At 31 December 2008			
Trade and other payables	42,854	-	-
Borrowings	2,480	5	9
	45,334	5	9
At 31 December 2007			
Trade and other payables	26,998	-	-
Borrowings	4,811	5	14
	31,809	5	14
<u>Company</u>			
At 31 December 2008			
Trade and other payables	433	-	-
	433	-	-
At 31 December 2007			
Trade and other payables	390	-	-
	390	-	-

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

(d) *Capital risk*

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

Management monitors capital based on a debt-equity ratio. The Group and the Company are also required by the banks to maintain a debt-equity ratio of not exceeding 2.8 times (2007: 2.8 times). The Group's and Company's strategies, which were unchanged from 2006, are to maintain debt-equity ratios within 2.5 times to 3.0 times.

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

	GROUP	
	2008 S\$'000	2007 S\$'000
Total liabilities (S\$'000)	46,279	32,521
Net tangible asset (S\$'000)	19,681	20,008
Debt-equity ratio	2.35 times	1.63 times

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2007 and 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

28 New accounting standards and FRS interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

- (a) INT FRS 111 *Group and Treasury Share Transactions*
(effective for annual periods beginning on or after 1 March 2007).

The Group adopted INT FRS 111 on 1 January 2008. INT FRS 111 clarifies that the arrangement where an entity receives goods or services as consideration for its own equity-instruments shall be accounted for as an equity-settled share-based payment ("SBP") transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether group SBP arrangements shall be classified as equity-settled or cash-settled SBP arrangements.

- (b) FRS 108 *Operating Segments*
(effective for annual periods beginning on or after 1 January 2009).

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under FRS 108.

- (c) Revised FRS 23 *Borrowing Costs*
(effective for annual periods beginning on or after 1 January 2009).

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

- (d) Revised FRS 1 (R) *Presentation of Financial Statement*
(effective for annual periods beginning on or after 1 January 2009)

The revised standard requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from components of comprehensive income. Components of comprehensive income not to be included in statement of changes in equity. Items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income). Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information. The revisions also includes changes in the titles of some of the financial statements primary statements.

STATISTICS OF SHAREHOLDINGS

AS AT 9 MARCH 2009

Shareholdings Information

Share Capital	:	S\$13,707,339.65
No. of Shares	:	341,482,344
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	2	0.30	1,332	0.00
1,000 - 10,000	262	38.70	1,064,000	0.31
10,001 - 1,000,000	370	54.65	59,640,000	17.47
1,000,001 and above	43	6.35	280,777,012	82.22
Total :	677	100.00	341,482,344	100.00

Twenty Largest Shareholders

S/No.	Name	No. of Shares	%
1.	Fortune Technology Fund I Limited	47,761,120	13.99
2.	1413783 Ontario Inc	44,824,000	13.13
3.	Mayban Nominees (Singapore) Private Ltd	33,173,132	9.71
4.	Goh Siok Kuan	24,000,000	7.03
5.	Lim Bee Hwa or Tan Lweng Nghoh	12,713,000	3.72
6.	Chang Joo Whut	10,800,000	3.16
7.	UOB Kay Hian Pte Ltd	7,571,000	2.22
8.	HSBC (Singapore) Nominees Pte Ltd	5,790,000	1.70
9.	DBS Nominees Pte Ltd	5,550,200	1.63
10.	DBS Vickers Securities (S) Pte Ltd	5,073,000	1.49
11.	Tan Kay Yeong	4,738,000	1.39
12.	Thng Joo Moi	4,457,000	1.31
13.	Lee Keen Whye	4,285,000	1.25
14.	1413782 Ontario Inc	4,056,560	1.19
15.	Han Meng Siew	4,000,000	1.17
16.	Ilan Havered	4,000,000	1.17
17.	Nam Jee Wah	4,000,000	1.17
18.	Tan Yew Bock	3,400,000	1.00
19.	Wui Swee Lian	3,200,000	0.94
20.	OCBC Securities Private Ltd	3,174,000	0.93
	Total :	236,566,012	69.30

STATISTICS OF SHAREHOLDINGS

AS AT 9 MARCH 2009

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Han Meng Siew ⁽¹⁾	10,124,000	2.96	24,000,000	7.03
Goh Siok Kuan ⁽¹⁾	24,000,000	7.03	10,124,000	2.96
Chang Joo Whut	18,124,000	5.31	-	-
Fortune Technology Fynd I Ltd ⁽²⁾	47,761,120	13.99	-	-
TIF Asia Pte Ltd	-	-	47,761,120	13.99
G-Tech Investments Pte Ltd ⁽²⁾	-	-	47,761,120	13.99
EDB Investments Pte Ltd ⁽²⁾	-	-	47,761,120	13.99
Economic Development Board ⁽²⁾	-	-	47,761,120	13.99
McLean Watson Capital Inc. ⁽³⁾	-	-	51,880,560	15.19
McLean Watson Ventures II Limited Partnership ⁽³⁾	-	-	51,880,560	15.19
1413782 Ontario Inc. ⁽³⁾	4,305,528	1.26	-	-
1413783 Ontario Inc. ⁽³⁾	47,575,302	13.93	-	-

Notes:

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

⁽²⁾ TIF Asia Pte Ltd ("TIF Asia") which holds 50% in Fortune Technology Fund I Ltd ("FTFI"), is deemed by virtue of Section 7(4A) of the Companies' Act to be interested in the shares held by FTFI.

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

⁽³⁾ McLean Watson Ventures II Limited Partnership ("McLean Watson Ventures") is the beneficial owner of an aggregate of 51,880,560 shares, which are held in trust by 1413782 Ontario Inc. and 1413783 Ontario Inc. (The "Nominee Corporations")

Percentage of Shareholdings in Public Hands

43.2% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the listing manual of SGX-ST.

Treasury Shares (Rule 1207 (9)(f))

The Company does not hold any Treasury Shares.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ntegrator International Ltd. (the "Company") will be held at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 on Thursday, 23 April 2009 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2008 together with the Auditors' Report thereon.
(Resolution 1)
2. To re-elect the following Directors retiring pursuant to Articles 89 and 88 of the Company's Articles of Association:

Mr Loudon Frank McLean Owen	(Retiring under Article 89)	(Resolution 2)
Mr Charles George St. John Reed	(Retiring under Article 89)	(Resolution 3)
Mr Lee Keen Whye	(Retiring under Article 88)	(Resolution 4)

Mr Loudon Frank McLean Owen will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Charles George St. John Reed will, upon re-election as a Director of the Company, remain as Chairman of Audit Committee and a member of both the Nominating and Remuneration Committees respectively and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
3. To approve the payment of Directors' fees of S\$223,700 for the year ended 31 December 2008 (2007: S\$256,250).
(Resolution 5)
4. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors and to authorise the Directors to fix their remuneration.
(Resolution 6)
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares up to 50 per centum (50%) of the total number of issued shares**

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

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the Company;

NOTICE OF ANNUAL GENERAL MEETING

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

AS SPECIAL BUSINESS (Cont'd)

6. **Authority to allot and issue shares up to 50 per centum (50%) of the total number of issued shares** (Cont'd)

- (b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares of the Company (excluding treasury shares) as at the date of the passing of this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of convertible securities;
 - (ii) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. [See Explanatory Note (i)]

(Resolution 7)

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

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

(Resolution 8)

By Order of the Board

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

Singapore, 6 April 2009

NOTICE OF ANNUAL GENERAL MEETING

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

Explanatory Notes on Resolutions to be passed:

- (i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis.
- (ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Notes –

- 1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- 2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- 3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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PROXY FORM

(Please see notes overleaf before completing this Form)

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

IMPORTANT:

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

I/We, _____ (Name)
of _____ (Address)
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 failing him/her (delete as appropriate)

NAME	NRIC / PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
		NO. OF SHARES	%
ADDRESS			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 23 April 2009 at 10.30 am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

NO.	RESOLUTIONS RELATING TO:	FOR	AGAINST
1	Directors' Report and Audited Accounts for the year ended 31 December 2008		
2	Re-election of Mr Loudon Frank McLean Owen as a Director		
3	Re-election of Mr Charles George St. John Reed as a Director		
4	Re-election of Mr Lee Keen Whye as a Director		
5	Approval of Directors' fees amounting to S\$223,700		
6	Re-appointment of Nexia TS Public Accounting Corporation as Auditors		
7	Authority to allot and issue new shares		
8	Authority to allot and issue shares under the Ntegrator Share Option Scheme		

* Delete where inapplicable

Dated this _____ day of _____ 2009

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

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

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Leng Kee Road #06-04, SIS Building, Singapore 159088 not less than forty-eight (48) hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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