

■ Corporate Governance Statement

A. Introduction

The Board of Directors is committed to ensuring that the highest standards of corporate governance is practiced throughout the Group as a fundamental part of discharging their responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Directors are pleased to set out below how the Company has applied the principles set out in Part 1 of the Malaysian Code on Corporate Governance ("Code"). Except for matters specifically identified, the Board of Directors has complied with the best practices set out in the Code.

B. Board of Directors

1) Composition and Board Balance

An effective Board leads and controls the Group. The Board currently has six (6) members, comprising two (2) Executive Directors and four (4) Non-Executive Directors. The Independent Non-Executive Directors are Mr Nelson Gylding Dorrell Borch, Mr Wong Joon Hian and Mr Chan Kok Keong. The Board complies with paragraph 15.02 of the Listing Requirements which requires that at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, are independent Directors. No individual or group of individuals dominates the Board's decision making.

Encik Harun Halim Rasip is the Chairman and a Co-Chief Executive of the Company. The Board is mindful of the several roles held by him but is of the opinion that there are sufficient independent-minded Directors on the Board who are fully aware and cognizant of their responsibilities and liabilities as independent directors to provide the necessary check and balance. He, as a rule, also abstains from all deliberations and voting on matters that he is directly or deemed interested.

Together, the Directors bring a wide range of business and financial experience to direct the expanding Group. A brief profile of each Director is set out on pages 5 to 6 of this report.

2) Meetings

During the financial year, the Board held six (6) meetings. The attendance record of Directors at Board Meetings held during the financial year ended 31 December 2008 can be found in the Profiles of Directors on pages 5 to 6.

3) Supply of information to the Board members

All Directors are provided with an Agenda with Board papers on a timely basis prior to the meeting to enable them to deliberate on an informed basis on the issues to be raised at the meeting. The Board papers include, among others, the following details:-

- Minutes of meetings of all Committees of the Board
- Operational and financial reporting of the Group
- Business development of the Group
- Audit Committee reporting
- Regulatory and other administrative matters

All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting in accordance with the provision of Section 156 of the Companies Act, 1965.

The Directors have unrestricted access to all information within the Group whether as a full board or in their individual capacity, in furtherance of their duties.

The Directors also have access to the advice and services of the Company Secretary and independent professional advice should the need arise. The newly appointed Directors are encouraged to visit the Group's operating sites to familiarize themselves with the operations of the Group.

■ Corporate Governance Statement *(Continued)*

B. Board of Directors *(Continued)*

4) Directors' training

Directors are encouraged to attend continuous education programmes to keep them abreast of changes in legislations and regulations that affect business operations. All the Directors have attended and completed the Mandatory Accreditation Programme (MAP).

Following the repeal of Practice Note No. 15/2003 on Continuing Education Programme ("CEP") prescribed by BMSB, the Board of Directors of each listed issuer has a duty to evaluate and determine the training needs of its Directors on a continuous basis. The training must be one that aids the Director in the discharge of his duties as a Director.

During the year, the Directors (with the exception of Mr Wong Joon Hian) did not attend any BMSB sponsored CEP programmes but attended various conferences, dialogues and seminars:

Directors	Conference attended / rationale for not attending training
Harun Halim Rasip	Could not find suitable course nor had time to attend but updated by the Company Secretary on the latest amendments to the BMSB's Listing Requirements. He, being a member of the Executive Committee of FPLC, is also involved in important dialogues with authorities affecting FPLC members.
Amin Halim Rasip	Could not find suitable course to attend but updated by the Company Secretary on the latest amendments to the BMSB's Listing Requirements.
Nelson Gylding Dorrell Borch	<p>Could not find suitable course to attend but updated by the Company Secretary on the latest amendments to the BMSB's Listing Requirements. He also attended conference/dialogues held by Heidelberg Cement Group:</p> <ul style="list-style-type: none"> • Quantum Challenge briefing (internal program for executive's mission) • Service Quality briefing • Video conference on Commercial Issues with Heidelberg Cement Group • Video conference on Marketing Issues with Heidelberg Cement Group • Presentation on Business Review • Executive Retreat • Video conference on Marketing Academy Meeting with Heidelberg Cement Group
Dato' Ir Onn Hamzah	Could not find suitable course to attend but updated by the Company Secretary on the latest amendments to the BMSB's Listing Requirements.
Chan Kok Keong	As his appointment to the Board was on 18 November 2008, he did not attend any courses.

Wong Joon Hian attended the trainings on enterprise risk management, legal pitfalls in property purchases, investing offshore in today's climate and corporate governance on roles and responsibilities of directors.

5) Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by shareholders at the first Annual General Meeting ("AGM") after their appointments. At every AGM one-third (1/3) of the existing Directors will retire from office and all Directors retire from office once at least every three (3) years but shall be eligible for re-election. Directors who attain an age over seventy (70) years retire at every AGM pursuant to Section 129(6) of the Companies Act, 1965.

The names of the Directors who are standing for re-election at the forthcoming Twenty-Third Annual General Meeting of the Company are shown on page 1 of this report. The relevant information of the retiring Directors can be found in the Profiles of Directors.

■ Corporate Governance Statement *(Continued)*

B. Board of Directors *(Continued)*

6) Audit Committee

The composition and terms of reference of the Audit Committee together with its report are presented on pages 76 to 79 of this report.

7) Nomination Committee

The Nomination Committee was formed on 26 February 2002, and is responsible to ensure that the Directors of the Board comprise persons that provide the required mix of responsibilities, business skills and experience. The Nomination Committee also assists the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

The Nomination Committee comprises the following members:

- | | | | |
|----|--|---|----------|
| 1) | Dato' Ir. Onn Hamzah | - | Chairman |
| 2) | Nelson Gylding Dorrell Borch | - | Member |
| 3) | Stanislaw Wassylko
(resigned on 29 August 2008) | - | Member |
| 4) | Chan Kok Keong
(appointed on 18 November 2008) | - | Member |
| 5) | Wong Joon Hian
(appointed on 23 April 2009) | - | Member |

During the financial year, the Committee held one (1) meeting to review the appropriate balance and size of the Board and assessed the effectiveness of the Board as a whole. Other than the appointments of Mr Wong Joon Hian and Mr Chan Kok Keong, no new appointments were made to the Board for the financial year under review. Re-appointment or re-election of Directors at the AGM is recommended by this Committee to the Board for its approval.

8) Remuneration Committee

The Remuneration Committee was formed on 26 February 2002, and is responsible to ensure that the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders are in place.

The following Directors are members of the Remuneration Committee:

- | | | | |
|----|---|---|----------|
| 1) | Dato' Ir Onn Hamzah | - | Chairman |
| 2) | Nelson Gylding Dorrell Borch* | - | Member |
| 3) | Stanislaw Wassylko*
(resigned on 29 August 2008) | - | Member |
| 4) | Chan Kok Keong*
(appointed on 18 November 2008) | - | Member |
| 6) | Wong Joon Hian*
(appointed on 23 April 2009) | - | Member |

* Independent Non-Executive Director

For the financial year ended 31 December 2008, the Committee held one (1) meeting.

■ Corporate Governance Statement *(Continued)*

B. Board of Directors *(Continued)*

9) Directors' remuneration

The Board as a whole determines the remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration.

The details of the remuneration of each Director during the period are as follows:

	Salaries RM	Fees RM	Bonus and Incentives RM	Benefits in kind RM	Total 2008 RM	Total 2007 RM
Executive Directors*						
Harun Halim Rasip	-	340,000	-	-	340,000	340,000
Amin Halim Rasip	-	340,000	-	-	340,000	340,000
Non-Executive Directors						
Nelson Gylding Dorrell Borch	-	40,000	-	-	40,000	40,000
Dato' Ir. Onn Hamzah	-	40,000	-	-	40,000	40,000
Stanislaw Wassylko (resigned on 29 August 2008)	-	26,667	-	-	26,667	40,000
Wong Joon Hian (appointed on 18 November 2008)	-	5,000	-	-	5,000	-
Chan Kok Keong (appointed on 18 November 2008)	-	5,000	-	-	5,000	-
	-	796,667	-	-	796,667	800,000

* Payable to HRH

Non-Executive Directors do not receive any performance related remuneration. The Directors' fees payable to Director is determined by the Board and recommended for the approval of shareholders. Directors are reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

C. Shareholders

1) Dialogue between the Company and Investors

The Board and Management convey information about the Company performance, corporate strategy and other matters affecting shareholders' interests through the distribution of mutual reports, circulars and corporate announcement released to BMSB and via the Company's website at www.integrax.com.my.

Information on the development of Lumut Port can be accessed from the website www.lumutport.com. The Company holds occasional briefings with fund managers, institutional investors and investment analysts.

Presentations, where appropriate, will be made with a question and answer session to explain and provide a rationale of the Group's strategy, performance and major developments to shareholders during the Annual General Meeting.

Shareholders may contact Encik Harun Halim Rasip for any enquiries at (email): harunhalimrasip@integrax.com.my, (tel) 603-21417166 or (fax) 603-21412995. At all times, shareholders may contact the Company Secretary at (email): mayyee@integrax.com.my for information on the Company.

2) Annual General Meeting

In accordance with the Company's Articles of Association, Notice of Annual General Meeting for each financial year end together with the related papers were sent out to shareholders at least 21 days before the date of the meeting.

At the Annual General Meeting, shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations, plans and prospects in general. The Executive Directors and where appropriate, the Chairman of the Board, will respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

Each item of special business included in the Notice of Annual General Meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at each meeting and the Chairman shall declare the number of proxy votes received both for and against each separate resolution.

The Company will provide shareholders, upon written request, with a summary of the discussions held at the Annual General Meeting.

■ Corporate Governance Statement *(Continued)*

D. Accountability and Audit

1) Financial Reporting

The Board takes due care and responsibility for presenting a balanced and understandable assessment of the Group's position and prospects each time it releases its quarterly and annual financial statements to shareholders. The Audit Committee will assist the Board to oversee the Group's financial reporting processes and the quality of its financial reporting.

2) Internal Control

The Group's Internal Control Statement is set out on page 80.

3) Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is stated on page 78.

4) Directors' responsibility statement for preparing the Annual Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which are to be made out in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board and to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2008, the Directors have:

- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

E. Other Information

1) Options, warrants or convertible securities

The Company did not issue/exercise any options or warrants and convertible securities during the financial year.

2) Imposition of sanctions and/or penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by any relevant regulatory bodies during the financial year.

3) Non-audit fees

During the financial year, non-audit fees paid to the external auditors amounted to RM24,000 (2007: RM24,000) as disclosed in Note 19 to the financial statements. These fees were in respect of the services rendered in connection with the review of financial statements for compliance with Financial Reporting Standards of the Company and the certification of net operating cash flows of a subsidiary company.

4) Material contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year other than the transactions as disclosed in Note 29 to the financial statements.