

**INTEGRAX BERHAD**  
Company No. : 49317 - W  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 31 DECEMBER 2012**

**Abbreviations**

In these interim financial statements, unless otherwise stated, the following abbreviations shall have the following meanings:-

“Act”	:	Companies Act, 1965
“EPS”	:	Earnings per share
“Group”	:	Integrax and its subsidiaries
“Integrax” or the “Company”	:	Integrax Berhad ( <i>Company No. 49317-W</i> )
“LBT”	:	Lekir Bulk Terminal, a common-user bulk port facility owned by Lekir Bulk Terminal Sdn Bhd
“LBT SB”	:	Lekir Bulk Terminal Sdn. Bhd. ( <i>Company No. 414060-T</i> ), an 80%-owned subsidiary of PLSB
“LBT Serial Bonds”	:	12½-year zero coupon Serial Bonds of RM445 million issued by LBT SB which was fully repaid in July 2012
“LBT RCCPS”	:	Redeemable cumulative convertible preference share(s) of RM0.01 each in LBT SB
“LMT”	:	Lumut Maritime Terminal, a common-user multi-purpose port facility owned by Lumut Maritime Terminal Sdn Bhd
“LMT SB”	:	Lumut Maritime Terminal Sdn. Bhd. ( <i>Company No. 180480-D</i> ), a 50% less 1 share associate company of Integrax
“LMT RPS”	:	Redeemable preference share(s) of RM0.01 each in LMT SB which is convertible to ordinary shares of RM1.00 each in LMT SB as per the Memorandum and Articles of Association
“LPIP”	:	Lumut Port Industrial Park, the industrial properties division of LMT SB
“Lumut Port”	:	Lekir Bulk Terminal and Lumut Maritime Terminal collectively
“MFRSs”	:	Malaysian Financial Reporting Standards
“PLSB”	:	Pelabuhan Lumut Sdn. Bhd. ( <i>Company No. 168205-M</i> ), a wholly owned subsidiary of Integrax
“PATSC”	:	Profit attributable to Owners of the Company
“PBT”	:	Profit Before Tax
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“TNB”	:	Tenaga Nasional Berhad
“TNBJ”	:	TNB Janamanjung Sdn Bhd

INTEGRAX BERHAD  
Company No: 49317-W

**A. Compliance with Malaysian Financial Reporting Standards (MFRS) 134, Interim Financial Reporting and Bursa Listing Requirements**

**A1. Basis of Preparation**

These interim financial statements are unaudited and have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**A2. Changes in Accounting Policies**

These are the Group's first interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements for the year ended 31 December 2012. MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been adopted with effect from 1 January 2012. The transition to the MFRS framework has no material impact on the financial statements of the Group.

The Group has not adopted any new/revised MFRSs and IC Interpretations that have been issued as at the date of authorization of these Interim Financial Statements but are not yet effective for the Group.

**A3. Audit report on the preceding year’s financial statements**

The audit report of the preceding year’s annual financial statements of the Group did not contain any qualifications.

**A4. Foreign currency translation rates**

The principal closing rates as at 31 December 2012 used in the translation of foreign currency amounts to RM are as follows :

1 US Dollar - RM3.0625

**A5. Seasonal or cyclical factors**

The business of the Group is generally not affected by any seasonal or cyclical factors.

**A6. Unusual items due to nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income or cash flow that were unusual because of their nature, size or incidence recorded in the current quarter under review.

**A7. Issuances, repurchases and repayments of equity and debt securities**

There were no issuances, cancellations, repurchases or repayments of equity and debt securities during the current quarter.

INTEGRAX BERHAD  
Company No: 49317-W

**A8. Loans and borrowings**

	As at 31.12.12 RM'000 Non-Current	As at 31.12.12 RM'000 Current	As at 31.12.12 RM'000 Total
<i>Secured</i>			
Finance lease	364	179	543
Sub- total	364	179	543
<i>Unsecured</i>			
Redeemable preference shares :			
Preference share capital	40	-	40
Preference share premium	3,960	-	3,960
Sub – total	4,000	-	4,000
<b>Total loans and borrowings</b>	<b>4,364</b>	<b>179</b>	<b>4,543</b>

**A9. Dividends paid**

	4Q2012	YTD 4Q2012
Dividend paid	-	4.1 sen per share less tax of 25%

No dividends were declared or paid in the current quarter.

**A10. Segmental information**

Segment information is presented in respect of the Group's business. No information on geographical segments is presented as all operations are located in Malaysia. The primary format and business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results include items directly attributable to a segment as well as those which can be allocated on a reasonable basis.

The main business segments of the Group are as follows :

Port operations	Ownership and operation of two port facilities, LBT (port facility for dry bulk) and LMT (port facility for dry bulk, liquid bulk, break bulk and containers)
Investment holding	Investment in ordinary and preference shares of subsidiary companies and associated company
Industrial property	Sale of industrial property via LMTSB

A10. Segmental Information (continued)

	12 Months Ended 31.12.12 RM'000					
	Port Operations	Investment Holding	Industrial Properties	Eliminations	Consolidated	
Business segments						
Revenue from external customers	90,707	-	-	-	90,707	
Inter-segment revenue	-	28,650	-	(28,650)	-	
Share of revenue of associate	36,496	-	11,493	-	47,989	
Total gross revenue	127,203	28,650	11,493	(28,650)	138,696	
Share of revenue of associate	(36,496)	-	(11,493)	-	(47,989)	
<b>Total revenue</b>	<b>90,707</b>	<b>28,650</b>	<b>-</b>	<b>(28,650)</b>	<b>90,707</b>	
<b>Segment result</b>	<b>44,046</b>	<b>24,768</b>	<b>-</b>	<b>(28,650)</b>	<b>40,164</b>	
Operating profit	44,046	24,768	-	(28,650)	40,164	
Financing costs	(3,539)	(29)	-	1,600	(1,968)	
Interest income	1,493	2,270	-	-	3,763	
Share of profit after tax of associate	12,576	-	5,233	-	17,809	
Profit before taxation	54,576	27,009	5,233	(27,050)	59,768	
Tax expense	(10,985)	(493)	-	-	(11,478)	
<b>Profit for the period</b>	<b>43,591</b>	<b>26,516</b>	<b>5,233</b>	<b>(27,050)</b>	<b>48,290</b>	

INTEGRAX BERHAD  
Company No: 49317-W

A10. Segmental Information (continued)

12 Months Ended 31.12.12 RM'000	Port Operations	Investment Holding	Industrial Properties	Eliminations	Consolidated
<b>Business segments</b>					
Segment assets	385,057	227,263	-	-	612,320
Investment in associate	71,236	-	37,721	-	108,957
<b>Total assets</b>	<b>456,293</b>	<b>227,263</b>	<b>37,721</b>	<b>-</b>	<b>721,277</b>
<b>Total liabilities</b>	<b>68,218</b>	<b>1,537</b>	<b>-</b>	<b>-</b>	<b>69,755</b>
<b>Depreciation of property, plant &amp; equipment</b>	<b>11,873</b>	<b>252</b>	<b>-</b>	<b>-</b>	<b>12,125</b>

INTEGRAX BERHAD  
Company No: 49317-W

**A10. Segmental Information (continued)**

12 Months Ended 31.12.11 RM'000 (Audited)	Port Operations	Investment Holding	Industrial Properties	Eliminations	Consolidated
<b>Business segments</b>					
Revenue from external customers	87,930	-	-	-	87,930
Inter-segment revenue	-	44,100	-	(44,100)	-
Share of revenue of associate	34,564	-	14,035	-	48,599
<b>Total gross revenue</b>	122,494	44,100	14,035	(44,100)	136,529
Share of revenue of associate	(34,564)	-	(14,035)	-	(48,599)
<b>Total revenue</b>	87,930	44,100	-	(44,100)	87,930
<b>Segment result</b>	43,871	44,316	-	(44,100)	44,087
Operating profit	43,871	44,316	-	(44,100)	44,087
Financing costs	(7,181)	(32)	-	1,600	(5,613)
Interest income	2,307	1,749	-	-	4,056
Share of profit after tax of associate	11,958	-	5,704	-	17,662
Profit before taxation	50,955	46,033	5,704	(42,500)	60,192
Tax expense	(10,613)	(97)	-	-	(10,710)
<b>Profit for the period</b>	40,342	45,936	5,704	(42,500)	49,482

INTEGRAX BERHAD  
Company No: 49317-W

A10. Segmental Information (continued)

12 Months Ended 31.12.11 RM'000 (Audited)	Port Operations	Investment Holding	Industrial Properties	Eliminations	Consolidated
<b>Business segments</b>					
Segment assets	429,543	211,133	-	-	640,676
Investment in associate	68,200	-	37,948	-	106,148
<b>Total assets</b>	<b>497,743</b>	<b>211,133</b>	<b>37,948</b>	<b>-</b>	<b>746,824</b>
<b>Total liabilities</b>	<b>128,485</b>	<b>1,860</b>	<b>-</b>	<b>-</b>	<b>130,345</b>
<b>Depreciation of property, plant &amp; equipment</b>	<b>9,851</b>	<b>219</b>	<b>-</b>	<b>-</b>	<b>10,070</b>

INTEGRAX BERHAD  
Company No: 49317-W

**A11. Valuation of property, plant and equipment**

The values of property, plant and equipment of the Group were brought forward without amendment from the audited annual financial statements for the year ended 31 December 2011. The property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment losses, if any. No revaluation of property, plant and equipment was undertaken during the current quarter under review.

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter except for the following:-

- On 17 October 2012, the legal dissolution of PT Integrax Indonesia (PT ITB), a wholly-owned subsidiary of the Company, commenced.
- On 17 November 2012, PT Integra Jasa Energi (PT IJE), a 95% owned subsidiary of the Company was placed under liquidation following the conclusion of its Extraordinary General Meeting on the same date.
- The striking-off procedures for Integrax Resources Pte. Ltd., a wholly owned subsidiary of the Company, were completed in November 2012.

The above changes are not expected to have any material effect on the Group's earnings, net assets and gearing for the financial year ended 31 December 2012.

**A13. Changes in contingent liabilities or contingent assets**

There were no changes in contingent liabilities or contingent assets since the previous audited annual financial statements.

**A14. Significant related party transactions**

Related parties

TNBJ	A subsidiary of Tenaga Nasional Berhad (TNB). TNB acquired 22.12% of the Company's issued and paid up share capital on 23 March 2011
LMTSB	An associated company of the Group

Related party transactions

	4Q2012 RM'000	YTD 4Q2012 RM'000
Revenue receivable from TNBJ in respect of the Jetty Terminal Usage Agreement (JTUA) signed with LBTSB in the year 1999	23,059	90,707
Operations and maintenance fees charged by LMTSB pursuant to an Operations And Maintenance Agreement (OMA) signed with LBTSB in year 2000	8,309	32,132



INTEGRAX BERHAD  
Company No: 49317-W

**A15. Significant litigation**

There was no significant litigation in the current quarter.

**A16. Subsequent events**

There were no significant subsequent events.

**B. Additional Information Required By The Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Performance review**

(a) Comparison between 4Q2012 and 4Q2011

Group

	<b>Group</b>		
	4Q2012 RM'000	4Q2011 RM'000	% Change
Revenue	23,059	22,065	4.5
PBT	17,735	14,146	25.4

Group revenue comprises contractual revenue from the provision of port facilities under term arrangements at LBT. The Group's revenue increased to RM23.0 million compared with the corresponding period last year on the back of higher throughput at LBT.

PBT increased by 25.4% due to lower finance costs and administrative expenses recorded in 4Q2012.

Port Operations Segment

	<b>Port operations</b>		
	4Q2012 RM'000	4Q2011 RM'000	% Change
Revenue	32,624	30,342	7.5
PBT	14,057	10,772	30.5

LBT Cargo Throughput	1,830,626MT	1,473,639MT	24.2
LMT Cargo Throughput	788,058MT	712,885MT	10.5

Port operations comprise operations at two ports, LBT and LMT. Port revenue for 4Q2012 was 7.5% higher at RM32.6 million compared to 4Q2011. The increase was attributed to higher cargo throughput in both ports.

Industrial Properties Segment

	<b>Industrial properties</b>		
	4Q2012 RM'000	4Q2011 RM'000	% Change
Revenue	8,497	14,035	(39.5)
PBT	3,811	5,792	(34.2)

Industrial land sold	35.27 acres	65.38 acres	(46.1)
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Revenues and profits from this segment are generated from sales of industrial land by LMTSB.

INTEGRAX BERHAD  
Company No: 49317-W

(b) Comparison between YTD 4Q2012 and YTD 4Q2011

Group

	<b>Group</b>		
	YTD 4Q2012 RM'000	YTD 4Q2011 RM'000	%
Revenue	90,707	87,930	3.2
PBT	59,768	60,192	(0.7)

Cargo throughput in LBT led to a 3.2% increase for YTD 4Q2012 compared to YTD 4Q2011. However, PBT decreased by 0.7% for the same period.

Port Operations Segment

	<b>Port operations</b>		
	YTD 4Q2012 RM'000	YTD 4Q2011 RM'000	%
Revenue	127,203	122,494	3.8
PBT	54,576	50,955	7.1

LBT Cargo Throughput	7,020,423 MT	6,073,865MT	15.6
LMT Cargo Throughput	3,139,270MT	3,175,613MT	(1.1)

Cargo throughput in LBT increased by 15.6% as compared with YTD 4Q2012 reflecting the increase in demand for coal from TNBJ.

Cargo throughput in LMT dropped marginally by 1.1% compared to the corresponding period in the previous year. This reduction was caused by lower liquid bulk throughput.

Industrial Properties Segment

	<b>Industrial properties</b>		
	YTD 4Q2012 RM'000	YTD 4Q2011 RM'000	% Change
Revenue	11,493	14,035	(18.1)
PBT	5,233	5,704	(8.3)

Industrial land sold	45.857 acres	65.38 acres	(29.9)
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Revenues and profits from this segment are generated from sales of industrial land by LMTSB. Lower land sales were recorded for YTD 4Q2012 compared to YTDQ2011.

INTEGRAX BERHAD  
Company No: 49317-W

(c) Comparison between 4Q2012 and 3Q2012

Group

	<b>Group</b>		
	4Q2012 RM'000	3Q2012 RM'000	%
Revenue	23,059	22,338	3.2
PBT	17,735	13,404	32.3

The Group's revenue for 4Q2012 increased by 3.2% compared to 3Q2012 due to TNBJ's increased demand for coal. The higher contribution from associate company, LMTSB, was mainly due to sales of industrial land. This higher contribution translated to a quarter-on-quarter increase of 32.3% in Group PBT.

Port Operations Segment

	<b>Port operations</b>		
	4Q2012 RM'000	3Q2012 RM'000	%
Revenue	32,624	30,920	5.5
PBT	14,057	13,532	3.9

LBT Cargo Throughput	1,830,626 MT	1,537,494 MT	19.1
LMT Cargo Throughput	788,058 MT	751,293 MT	4.9

Port revenue is higher by 5.5% compared to 3Q2012 due to higher cargo throughput in both LBT and LMT.

Industrial Properties Segment

	<b>Industrial properties</b>		
	4Q2012 RM'000	3Q2012 RM'000	%
Revenue	8,497	-	100.0
PBT	3,811	(29)	13,141.4

Industrial land sold	35.27 acres	-	100.0
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LMTSB sold 35.27 acres of industrial land in 4Q2012, whereas no land sales were recorded in 3Q2012.

INTEGRAX BERHAD  
Company No: 49317-W

**B2. Prospects going forward**

In line with the expected continued growth of the Malaysian economy and the prospects of increasing business opportunities arising from various Government and private initiatives, we believe that our port operations will remain on an uptrend. We expect cargo throughput at LBT and LMT to remain resilient.

Integrax Group is currently debt-free with a cash position of RM124.1 million following the final repayment of the LBT Serial Bonds on 6 July 2012. This will strengthen the Group's ability to implement its growth strategies.

On 27 July 2012, LBTSB entered into a new Jetty Terminal Usage Agreement ("JTUA-M4") with TNBJ for the provision of handling services for the import of coal for TNBJ's new 1,010-MW Manjung 4 Power Plant ("M4 Power Plant") located at Pulau Lekir 1, Telok Rubiah, District of Manjung in Perak for an initial period which will expire on 30 March 2040. Approval from the shareholders of Integrax Berhad for this agreement which was deemed a Related Party Transaction was obtained during an Extraordinary General Meeting held on 23 August 2012. This new contract is expected to contribute positively to the Group's earnings from the year 2014 onwards. Integrax is finalizing contract terms for the construction and financing of the capital expenditure required for this new contract.

The Lumut – Manjung corridor is expected to benefit from the M4 Power Plant project and Vale's iron and steel investment in Teluk Rubiah. Integrax is currently in discussions with the latter to determine Integrax's level of participation in its projects. All relevant and necessary announcements will be made upon the finalization of these discussions.

**B3. Profit forecast**

The Company has not issued any profit forecasts to the public.

**B4. Tax expense**

	4Q2012 RM'000	YTD 4Q2012 RM'000
Current year - Malaysian tax	1,991	11,803
- Foreign tax	-	8
Over provision for prior year	-	(232)
Deferred tax	963	(101)
<b>Total</b>	<b>2,954</b>	<b>11,478</b>

**B5. Purchase or disposal of unquoted investments and properties**

There were no purchases or disposals of unquoted investments and properties during the current quarter.

**B6. Purchase or disposal of quoted securities**

There were no purchases or disposals of quoted securities during the current quarter.

**B7. Status of corporate proposals**

There are no corporate proposals currently in existence.

**B8. Borrowing and debt securities**

Please refer to Note A8.

INTEGRAX BERHAD  
Company No: 49317-W

**B9. Off balance sheet financial instruments**

The Group has not purchased any financial instruments during the quarter under review.

**B10. Changes in material litigation**

Please refer to Note A15.

**B11. Dividends**

Please refer to Note A9. No dividends were declared or paid in the current quarter.

**B12. Basic earnings per share**

The basic earnings per share is calculated by dividing the PATSC for the year by the weighted average number of ordinary shares in issue during the period :

	YTD 4Q2012 RM'000	YTD 4Q2011 RM'000
PATSC for the year	42,171	43,814
Weighted average number of ordinary shares in issue	300,806	300,806
<b>Basic earnings/(Loss) per ordinary share :</b> <b>From continued operations (sen)</b>	<b>14.02</b>	<b>14.57</b>

**B13. Capital commitments**

The Group's commitment in respect of its purchase of property, plant and equipment not provided for as at 31 Dec 2012 is as follows :

	As at 31 Dec 2012 RM'000
<u>Property, plant and equipment</u> Approved and contracted for	1,000
<b>Total</b>	<b>1,000</b>

**B14. Disclosure of realised and unrealised profits**

Below is an analysis of the retained profits of the Group as at 31 Dec 2012:

	As at 31 Dec 2012 Unaudited RM'000	As at 31 Dec 2011 Audited RM'000
Total retained earnings of the Company and its subsidiaries :		
Realised	301,438	267,741
Unrealised	(41,687)	(41,768)
	259,751	225,973
Total share of retained earnings from associated company :		
Realised	113,485	95,551
Unrealised	(2,869)	(2,744)
	110,616	92,807
Less : Consolidated adjustments	(126,389)	(107,723)
<b>Total retained earnings as per consolidated statement of financial position</b>	<b>243,978</b>	<b>211,057</b>