

# board of directors' statements

## CORPORATE GOVERNANCE STATEMENT

This statement, which is made pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia, sets out the commitment of the Board of Directors of Petra Perdana Berhad ("the Board") towards good corporate governance principles and the extent to which it has complied with the best practices of the Malaysian Code on Corporate Governance ("the Code") throughout the financial year.

## THE BOARD OF DIRECTORS

The Group is led and controlled by the Board, which has the overall responsibility for corporate governance, strategic direction and overseeing the investments of the Group. These include adopting strategic plans, approving key business initiatives, major investments and funding decisions, reviewing financial performance, developing corporate objectives and implementing investor relations programme. It also determines succession plans for senior management and ensures adequate internal controls to identify and manage risks.

The Board is well balanced with Executive and Independent Non-Executive Directors to meet the needs of the Group. There are currently four members on the Board, comprising two Executive Directors and two Independent Non-Executive Directors.

The roles of the Executive Chairman and the Chief Executive Officer ("CEO") of the Group are combined because the Executive Chairman/CEO possesses the intimate knowledge and experience in the core business activities of the Group. This knowledge and experience is considered essential in the provision of effective leadership for an expanding Group. In spite of this, the functionality of the Board as a whole is not compromised, as the two Independent Non-Executive Directors on the Board are respected professionals in their own rights who have demonstrated their continued professionalism in the discharge of their duties.

In accordance with the requirements of the Code, Ahmad Bin Haji Mohd Sharkan acts as the Senior Independent Non-Executive Director dealing with concerns regarding the Company where it could be inappropriate for these to be dealt by the Executive Chairman/CEO or Management.

During the financial year under review, the Board met five times with the following attendance record:

<b>Names of Directors</b>	<b>Attendance*</b>
Y.M. Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra	5/5
Datin Nariza Hajjar Hashim	4/5
Ahmad Bin Haji Mohd Sharkan	5/5
Wong Fook Heng	5/5

\* *Number of meetings attended / Number of meetings held*

The profile of each Director is listed on pages 8 to 11 of this Annual Report.

In discharging its duties, the Board has unrestricted access to timely and accurate information, which is not only confined to quantitative but also other qualitative information as required. The Directors have access to all information within the Company whether as a full Board or in their individual capacity. They also have access to the advice and services of the senior management and the Company Secretary in their discharge of duties.

In accordance with the Company's Articles of Association, at least one-third of the Directors will retire by rotation at each Annual General Meeting and all the Directors will retire from office at least once every three years. Directors scheduled for retirement shall be eligible for re-election.

## NOMINATION AND APPOINTMENT OF DIRECTORS

The Board is responsible for the appointments of Directors. As the number of Directors on the Board is small, every Director may propose new nominees, assess the contributions of other Directors and assess the overall effectiveness of the Board on an on-going basis.

The Company Secretary ensures that any appointments to the Board are properly made and that the relevant documentation meets statutory obligations as well as obligations arising from the Listing Requirements of Bursa Malaysia Securities Berhad.

## DIRECTORS' TRAINING AND EDUCATION

Throughout their tenure in office, the Directors are constantly updated on the Group's business, and the competitive and regulatory environment in which it operates. They are also advised of their obligations as Directors of a listed company. They are encouraged to attend training courses at the Group's expense to enhance their skills and knowledge, where relevant.

During the financial year ended 31 December 2006, the Directors attended the following training programmes:

Names of Directors	Programmes Attended	Held On
Y.M. Tengku Dato' Ibrahim Petra Bin Tengku Indra Petra	1. Translating Corporate Governance Initiatives into Competitive Advantage Program	14 Dec 2006
Datin Nariza Hajjar Hashim	1. Translating Corporate Governance Initiatives into Competitive Advantage Program	14 Dec 2006
Ahmad Bin Haji Mohd Sharkan	1. The Malaysian Bond Market 2. Malaysian Code on Take-Overs and Mergers 3. Implementing Strategic Marketing Plan	6 & 7 Nov 2006 11 Dec 2006 21 & 22 Dec 2006
Wong Fook Heng	1. Course on Highlights of the New Financial Reporting Standards in Malaysia 2. National Accountants Conference: Generating Growth Building Confidence	29 & 30 June 2006 31 Oct & 1 Nov 2006

The Directors will continue to participate in training programmes to equip themselves and to effectively discharge their duties as Directors as and when beneficial. The Directors have constantly kept themselves updated on both local or international affairs, and to changes in regulations affecting the Company through advisories from regulatory bodies, the management and through self-reading.

## DIRECTORS' REMUNERATION

The Board determines the remuneration of the Directors, and recommends the payment of Directors' fees to the shareholders for approval. Executive Directors' remuneration is based on corporate performance and individual responsibilities. All Directors are paid fixed annual fees and are also entitled to reimbursements of expenses for their attendance at board meetings.

The details of Directors' remuneration received and/or receivable from the Company and its subsidiaries during the financial year ended 31 December 2006 are as follows:

Aggregate remuneration categorised by type:

Type of Remuneration	Executive Directors RM	Non-Executive Directors RM
Fees	72,000.00	60,000.00
Salaries	708,745.00	–
Benefits-in-kind	186,919.90	–

Number of Directors whose remuneration falls into the following bands:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	–	2
RM200,000 to RM250,000	1	–
RM700,000 to RM750,000	1	–

As the number of Directors on the Board is small, the Board as a whole conducts the evaluation and discussion of Directors' remuneration, with the individual Director abstaining from making the decision in respect of his/her remuneration.

## SHAREHOLDERS

The Board values regular communications with shareholders. These include various announcements made during the year, the timely release of annual reports, circulars to shareholders, press releases and announcements on quarterly financial results, which provide shareholders with an overview of the Group's business and financial performances. The Company also conducts regular dialogues with its institutional shareholders and financial analysts.

The Annual General Meeting is the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.

The Group maintains a homepage at [www.petra.com.my](http://www.petra.com.my) to allow shareholders, investors and members of the public to access information on the Group.

The Board has nominated Ahmad Bin Haji Mohd Sharkan as the Senior Independent Non-Executive Director to whom stakeholders may convey their concerns on issues affecting the Group.

## ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure that the financial statements are prepared in accordance with the provisions of the Companies Act, 1965 ("the Act") and the approved accounting standards in Malaysia ("the accounting standards"). The Board considers adherence to the Act and the accounting standards as sufficient to enable it to present a balanced and understandable assessment of the Company and the Group's positions and prospects.

The Board has the overall responsibility to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Whilst the Board recognises that it is not realistic to expect complete elimination of all risks, it is confident that the system of internal controls within the structure of the Group is capable of mitigating these risks to an acceptable level. The inherent system of internal control is designed to provide reasonable assurance against the risk of material errors, misstatements or irregularities.

The Board, through the Audit Committee, has established transparent arrangements for maintaining appropriate relationships with both the external and internal auditors of the Group. These arrangements are included in the Audit Committee's terms of reference.

This statement was approved by the Board of Directors on 26 April 2007.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year in accordance with approved accounting standards so as to give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year, and of the results and cash flow of the Company and the Group for the financial year.

In the preparation of the financial statements, the Directors have considered the following:

- Adoption of suitable accounting policies and its consistent application
- Prudence and reasonableness in judgement and estimates
- Adherence to approved accounting standards in Malaysia
- Appropriateness in the preparation of financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and its subsidiaries maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Company and the Group in compliance with the provisions of the Act and approved accounting standards in Malaysia.

In addition, the Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This statement was approved by the Board of Directors on 26 April 2007.