



IJM CORPORATION BERHAD

(104131-A)

ANNUAL REPORT 2002





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This Annual Report is also printed in Bahasa Malaysia and is available upon request from the Company Secretary.



Our Vision

To be a regional leader in the delivery of well built infrastructure and building projects.

Our Mission

To bring to bear the Mark of Excellence on all our ventures as a means to maximising stakeholders benefits.

Our Culture

- *Maximising returns to stakeholders while steadfastly upholding high standards of professionalism and exemplary corporate governance;*
- *Ensuring our products and services are of a quality that matches or exceeds our customers' expectations;*
- *Respecting the different cultures, gender, religion, human rights and dignity of individuals locally and in all the countries we operate;*
- *Being a responsible and respected corporate citizen with concerns for social, safety, health and environmental issues;*
- *Creating an environment conducive for team spirit and for our employees to work towards attaining their career goals.*



Corporate Profile

IJM can trace its beginnings to three well-run construction companies - IGB Construction Sdn Bhd, Jurutama Sdn Bhd and Mudajaya Sdn Bhd. These three enterprising construction companies merged in 1983 in a bid to compete more effectively against bigger foreign rivals who were making their presence strongly felt in the Malaysian markets in the late 1970's and early 1980's.

Jurutama and Mudajaya, founded by the country's first generation of engineers to become contractors, brought with them professionalism and management systems into the newly formed RM46 million construction group. Now well capitalised and possessing an impressive track record, IJM gained immediate market acceptance and considerable financial capacity to compete effectively.

Today, IJM is recognised as one of the few independent professionally run companies in Malaysia with an excellent track record for performance in both local and international markets, a fact duly acknowledged by the Construction Industry Development Board which conferred on the Company, the Malaysian International Contractor of the Year Award in 2000 and the Malaysian Builder of the Year Award in 2001. To add feather to its cap, the Company was awarded the inaugural Malaysian Business Corporate Governance Award in 2002.

IJM was able to grow by leaps and bounds over the past two decades because of its strategy of building on its core competencies, diversification being predominantly confined to expanding into new markets.

The Company took its first step into property development out of necessity. During the recession in the mid-1980s, there were fewer construction opportunities but the Government provided land for companies to build low and medium cost houses under privatisation programmes. Leveraging on its construction skills, several such projects were successfully undertaken by the Group, setting the foundation for the Properties Division, which soon grew to become a major part for the Group's activities.

Similarly, IJM took the opportunity to transform its internal building material operations, such as quarrying and ready-mixed concrete into a

core activity as demand grew significantly outside the Group, setting the foundation for the Group's present Industries Division.

In its first true diversification move, the Group ventured into plantations in 1984 in a bid to reduce the impact to the Group of the cyclical nature of earnings from the Construction Division. The investment in plantations paid off as the Division has contributed significantly to Group earnings over the years and also helped cushion the Group's earnings during the difficult times, such as the recent Asian financial crisis. The Division is now at the threshold of its own listing on the Kuala Lumpur Stock Exchange (KLSE).

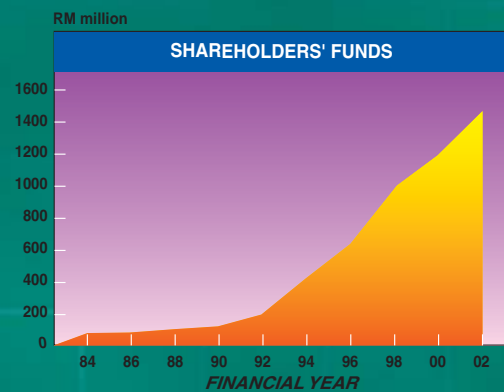
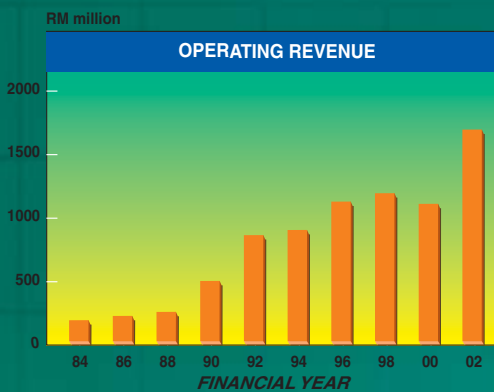
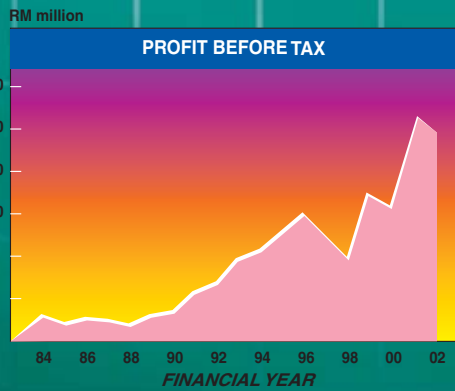
Success in the infrastructure privatisation (Build-Operate-Transfer) schemes in Malaysia has been elusive for the Group. IJM has, however, been more successful in the international markets, investing in major infrastructure projects such as the Guangdong Provincial Expressway in China, the Western Access Tollway project in Argentina, highway projects in India, a water treatment concession in Vietnam and others. The Infrastructure Division has over the years contributed substantially to the Group's earnings and will remain a major part of the Group's forward strategy.

IJM went public in 1986 with a market capitalisation of RM66 million and total assets of RM172 million. As at 31 December 2002, the Group had a market capitalisation and total assets of RM1.9 billion and RM2.6 billion respectively. The Company also has the distinction of being one of few companies listed on the KLSE that had shown steady growth and uninterrupted profitability since listing. IJM will strive to maintain this momentum of growth well into the 21st century.



Celebrating
20
Years of Excellence
1983 • 2003

*Growing from
Strength
to Strength*



20
Celebrating
Years of
Excellence
1983 • 2003

As IJM prepares to celebrate its 20th Anniversary on 16 July 2003, it is timely to revisit IJM's successes over the 20 years.

Malaysia's largest "Construction Supermarket"

IJM is today one of Malaysia's largest and most diversified construction groups, both in terms of projects undertaken and the geographical spread of its operation. Its expertise ranges from civil engineering, foundations and building construction to industrial building systems.

Projects undertaken and completed include the North Klang Valley Expressway, several sections of the North-South Expressway, the Kuala Lumpur International Airport Runway 2 and MAS Cargo Terminal, the Kuala Lumpur Light Rail Transit, KTM Double Tracking, Pelabuhan Tanjung Pelepas Rail Link, Petronas Gas Processing Plant, Port Klang Power Station, and the Kuala Terengganu Water Plant.

IJM is also a reputable builder of world-class buildings such as the Mid Valley Megamall in Kuala Lumpur, the Pan Pacific Resort in Pulau Pangkor, Berjaya Hotel and Beach Resort in Mauritius, Riviera Bay Resort in Melaka and the Renaissance and New World hotels in Kuala Lumpur. Other important landmark turnkey projects undertaken include the National Heart Centre, the National Theatre in Kuala Lumpur, the Putrajaya Hospital and the Putrajaya Convention Centre.

Every completed project is a symbol of IJM's commitment to Quality. Another testimony of IJM's commitment to its motto of "Excellence Through Quality" is the ISO 9002 certification "for Provision of Construction Services in Building and Civil Engineering Works" since 1996. IJM also became the first Malaysian construction company to receive the Occupational Health and Safety Management Systems Approval Certificate under the OHSAS 18001:1999 certification from SIRIM.

Today, there is market recognition of the IJM "Mark of Excellence" sign on all of its products and services. Its commitment to excellence continues to win awards such as the Malaysian International Contractor of the Year 2000, Malaysian Builder of the Year 2001 and the inaugural Malaysian Business Corporate Governance Award in 2002.

Venturing into property development

IJM's property development activities are concentrated in the high growth centres of the country, and covers the entire range of residential, commercial, retail, industrial and mixed-use developments. IJM was among the pioneers in privatised mass housing projects in the 1980s. Batu Lancang housing project in Penang and Ulu Klang housing project in Selangor with 1,100 and 1,600 units of apartments respectively are two projects successfully completed to the satisfaction of the authorities and purchasers. Among its other reputable developments include the Bukit Jambul Indah township in Penang, Riana Green Condominium in Petaling Jaya, Sri Pangkor Condominium in Penang, Taman Utama township in Sandakan and the Bukit Raja Industrial Park in Selangor.

IJM's proven reliability in property development also paved the way towards securing a concession to undertake the first ever privatisation of a government building complex in Malaysia, the Kompleks Kementerian Kerja Raya (The Ministry of Works Complex), on a Build-Operate-Transfer basis.

Civil Engineering



Building Construction



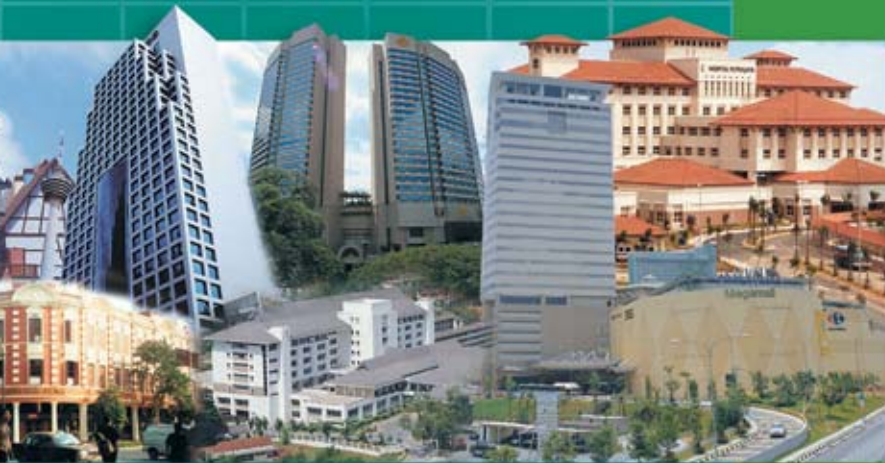
Property Development





THE MALAYSIAN BUSINESS CORPORATE GOVERNANCE AWARD 2002

IJM was voted Joint Winner of the Malaysian Business Corporate Governance Award 2002



THE MALAYSIAN CONSTRUCTION INDUSTRY AWARD 2001

IJM was voted Malaysian Builder Of The Year 2001



ISO 9002:
IJM is certified to this internationally acclaimed standard since 1996



THE OHSAS 18001 CERTIFICATION

IJM, the first Malaysian construction company to achieve the OHSAS 18001 Certification



Industries

Vertical growth into support industries

From small beginnings as in-house production units, IJM has now become one of Malaysia's largest quarrying groups, with an annual production capacity exceeding 6.5 million tons of granite and industrial-use stones. IJM is proud to acclaim that its quarry is the first in Malaysia to be awarded the ISO 9002 certification for its quality management in aggregate and premix production. Similarly, IJM's steel fabrication business and the ready-mixed concrete business have become substantial undertakings and have also been accorded the ISO 9002 certification.

On 9 December 1996, an associated company, Industrial Concrete Products Berhad (ICP), was listed on the Main Board of the KLSE. ICP, an ISO 9002 certified company, is Malaysia's largest manufacturer of pre-stressed concrete piles. Its products are widely used domestically and are exported to many countries.

Diversifying into oil palm plantations

Started with the view to diversify the Group's earnings, IJM's Plantations Division today owns a land bank of about 33,000 hectares, operates three crude palm oil mills and one palm kernel crushing plant, all situated in Sandakan, Sabah. The crude palm oil mills, capable of processing 650,000 tonnes of oil palm fruits per year, have consistently produced results above the industry's average, winning awards from the Malaysian Palm Oil Board along the way. In addition, the palm kernel crushing plant with a capacity of 250 tonnes per day will further enable processing of by-products for economic returns. Significant investments made in R & D and training will help maintain the Group's edge in this sector well into the future.

The Division is now poised for a listing on the KLSE, clearly showing the Group's ability to successfully nurture and manage non-core businesses. .

Geographical diversification

In order to realise its vision of becoming a world-class player, and seeking geographical diversification strategies for its core competencies, IJM started to venture overseas in the mid-1980's. It is proof of the Group's competitiveness that IJM is able to have its footprints in all six major continents of the world. In this regard, IJM has done the country proud and has been early practitioners of the true spirit of "Malaysia Boleh".

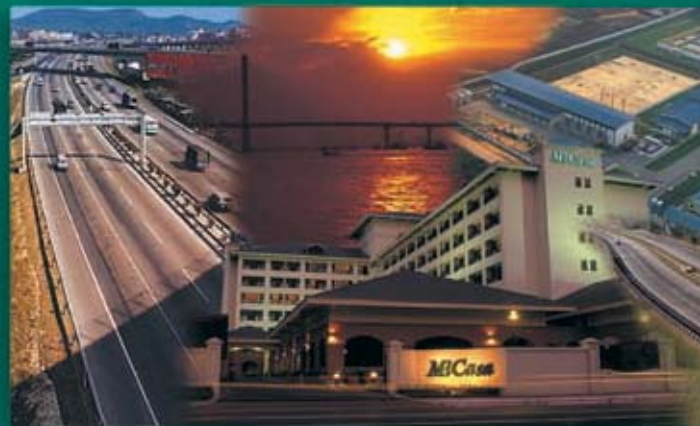
Internationally, IJM has competitively won and successfully completed construction contracts in Australia, Bangladesh, Hong Kong, India, Mauritius, Myanmar, Pakistan, Singapore and Vietnam. IJM also ventured into property development in Orlando, USA and in Gold Coast, Sydney and Melbourne in Australia. A mass housing project in Hyderabad, India is to be implemented in 2003, making IJM the first Malaysian group to venture into this business sector in India. IJM has also invested and developed major overseas infrastructure projects such as the Guangdong Provincial Expressway and Yangzhong Bridge in China, the Western Access Tollway in Argentina and the Binh An Water Treatment Plant in Vietnam. Two long-term investments in tolled highways in India on a Build-Operate-Transfer basis are currently being implemented and are due for completion in 2003 and 2004 respectively.



Plantations



International Ventures





THE KLSE CORPORATE AWARDS
IJM was awarded the Merit Award (Construction Sector) for the year 2002



ISO 9002
Strong Mixed Concrete Sdn Bhd, a subsidiary of IJM is certified to this internationally acclaimed standard since 1995



Award in 1995 from PORA for Excellent Rates of Palm Oil Extraction



THE MALAYSIAN CONSTRUCTION INDUSTRY AWARD 2000
IJM was voted The Malaysian International Contractor Of The Year 2000

A Tribute to Our Former Chairman



Many Thanks to You, Sir

Tan Sri Dato' (Dr) Hj Ahmad Azizuddin bin Hj Zainal Abidin resigned from the Board on 28th February 2003 after 19 years as Chairman of the Group.

Tan Sri, who became Chairman on 16 April 1984, was a steady hand and a great friend of the IJM People. As Chairman, he has presided over the early years of the merger and the integration of the I, J and M companies into a unified, highly motivated and professionally run Group. Over the years, he has seen to it that the Group grew from strength to strength despite the trials and tribulations of intervening difficult times.

As an independent Director and Chairman, Tan Sri ensured a clear vision of the roles and interests of owners and managers, setting the stage for what is today a Group held in high esteem for its professionalism, independent and dedicated management, international competitiveness and a well respected commitment to corporate governance. This legacy is a solid foundation for the people of IJM going forward.

We thank Tan Sri for his legacy to the people of IJM and the fond indelible memories of his stewardship of this Group. The IJM Group wishes him continued good health and happy retirement.

Walking down memory lane with Tan Sri Ahmad...

... with some of the Board of Directors and Management staff at IJM's office in Australia...



...honoured by the University of Otago, New Zealand...



... cheque presentation to BAKTI...



... with some of the pioneers of IJM...



... at the OHSAS 18001:1999 certificate presentation...



... handing out trophy during the IJM Golf Tournament...



IJM CORPORATION BERHAD
(104131-A)

Our Business Policy & Commitments

*O*ur business conduct is guided by a strong commitment towards product quality; safety, health and environment; ethical conduct; employees' welfare; social responsibility; good corporate governance; and maximising return to all stakeholders.

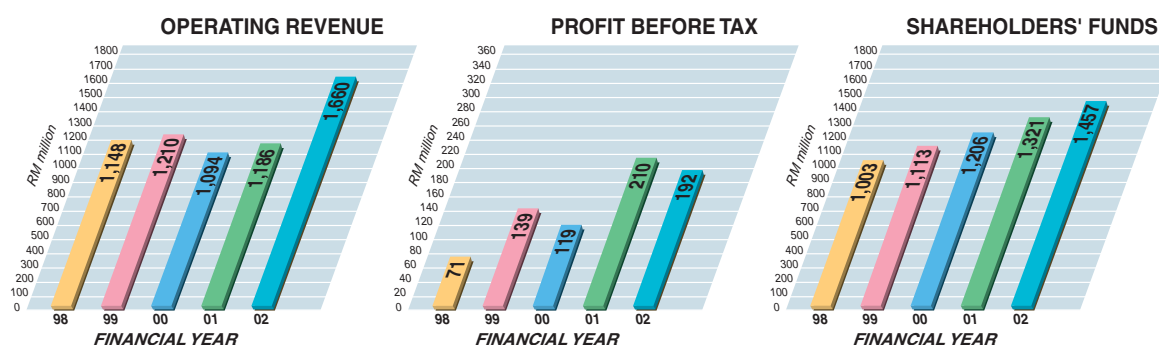
We are committed to:

- The quality of our products and services and the value they provide to our clients;
- Create mutually beneficial relationship with all our clients so that such trust and respect will carry our relationship even further;
- Achieve our goals of accident-free operations, elimination of occupational health hazard and ensure no permanent damage to the environment;
- Be a good corporate citizen by respecting the rule of law in whatever business and in whichever country we operate;
- Creating a work environment of mutual trust and respect, in which diversity and inclusion are valued and contributions are recognised and competitively rewarded;
- Ensuring that our employees' welfare is considered at all times as we pursue the business objectives;
- Managing our financial performance to maximise the long-term return to our stakeholders – investors, employees, clients, creditors and the government;
- Be at the forefront in the pursuit of good corporate governance.

Group Financial Highlights

		2002	2001	2000	1999	1998
OPERATING REVENUE ^(N1)	RM'000					
Construction		1,120,670	628,314	621,377	612,122	636,462
Property development		160,652	148,575	97,247	252,594	180,226
Manufacturing and quarrying		192,818	237,711	188,708	155,607	132,962
Plantations		130,569	72,554	65,123	114,964	158,269
Infrastructure		35,118	80,068	98,020	56,336	31,467
Investment & Others		20,685	18,914	24,149	18,345	9,130
		1,660,512	1,186,136	1,094,624	1,209,968	1,148,516
PROFIT BEFORE TAX	RM'000					
Construction		104,605	86,599	64,040	42,083	15,247
Property development		19,728	16,873	13,411	25,864	8,527
Manufacturing and quarrying		8,253	17,378	11,718	8,693	(8,472)
Plantations		29,761	6,796	4,792	24,314	40,025
Infrastructure		30,700	99,293	27,911	36,230	15,023
Investment & Others		(1,277)	(16,530)	(2,916)	2,247	393
		191,770	210,409	118,956	139,431	70,743
NET PROFIT	RM'000	120,201	168,998	76,773	117,676	39,130
ISSUED SHARE CAPITAL	RM'000	363,937	352,723	351,517	345,966	342,090
SHAREHOLDERS' FUNDS	RM'000	1,456,908	1,320,641	1,205,851	1,113,479	1,002,532
TOTAL ASSETS	RM'000	2,589,888	2,289,922	2,262,011	2,050,274	1,969,561
EARNINGS PER SHARE (Basic)	Sen	33.3	48.0	21.9	34.2	11.4
GROSS DIVIDEND PER SHARE	Sen	12.0	20.0	8.0	6.0	5.0
NET TANGIBLE ASSETS PER SHARE	RM	3.94	3.62	3.26	3.05	2.84
RETURN ON TOTAL ASSETS	%	4.64	7.38	3.39	5.74	1.99
RETURN ON EQUITY	%	8.25	12.80	6.37	10.57	3.90
GEARING (Debt/Equity)	%	13.82	14.14	30.57	29.54	48.69
SHARE PRICE						
High	RM	6.00	4.60	4.42	3.46	2.45
Low	RM	3.94	2.27	2.56	1.86	0.60
Closing	RM	5.10	4.26	2.66	3.08	2.39
WARRANT PRICE						
High	RM	2.96	1.51	1.69	0	0
Low	RM	1.24	0.60	0.70	0	0
Closing	RM	1.91	1.29	0.73	0	0

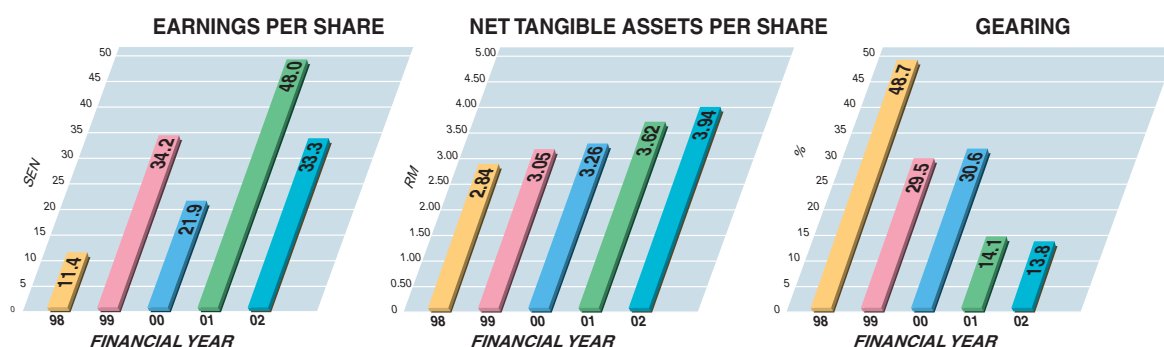
N1: Including share of revenue of associates and joint ventures



PERFORMANCE		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
OPERATING REVENUE ^(N1)	RM'000				
Construction		224,550	297,101	319,480	279,539
Property development		20,244	33,796	60,083	46,529
Manufacturing and quarrying		45,464	45,461	45,471	56,422
Plantation		18,856	28,491	39,121	44,101
Infrastructure		10,341	9,150	7,910	7,717
Investment & Others		5,944	4,746	4,802	5,193
		325,399	418,745	476,867	439,501
PROFIT BEFORE TAX	RM'000				
Construction		23,659	26,686	30,201	24,059
Property development		2,058	4,010	8,253	5,407
Manufacturing and quarrying		4,075	4,812	4,750	(5,384)
Plantation		3,170	6,190	7,104	13,297
Infrastructure		3,081	3,722	2,838	21,059
Investment & Others		369	2,265	(4,444)	533
		36,412	47,685	48,702	58,971
NET PROFIT	RM'000	24,148	31,368	29,019	35,666
ISSUED SHARE CAPITAL	RM'000	362,478	362,779	363,200	363,937
SHAREHOLDERS' FUNDS	RM'000	1,382,795	1,404,085	1,419,289	1,456,908
TOTAL ASSETS	RM'000	2,312,806	2,427,773	2,496,748	2,589,888
EARNINGS PER SHARE (Basic)	Sen	6.70	8.70	8.05	9.89
GROSS DIVIDEND PER SHARE	Sen	-	5.00	-	7.00
NET TANGIBLE ASSETS PER SHARE	RM	3.77	3.82	3.85	3.94

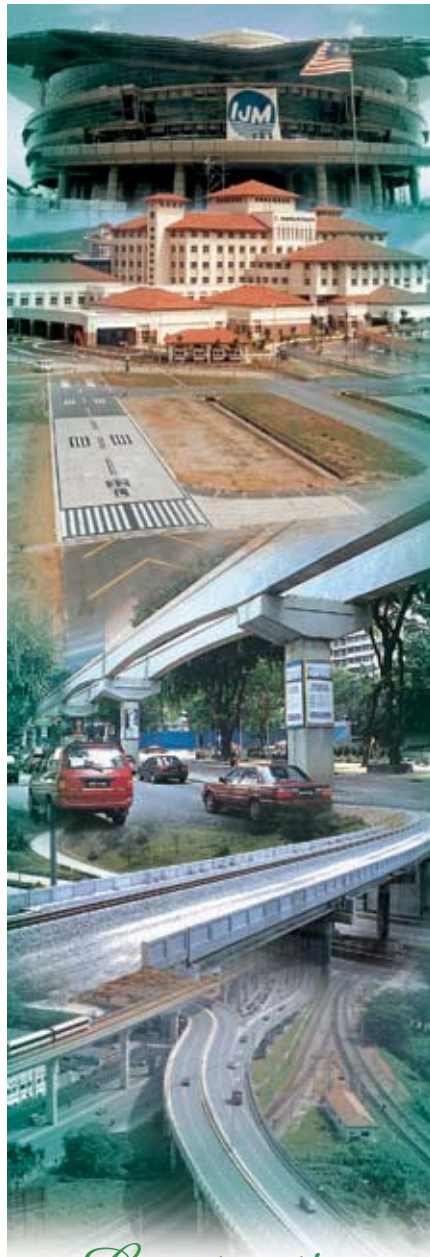
N1: Including share of revenue of associates and joint ventures

FINANCIAL CALENDAR		
Financial Year End	31 December 2002	Payment of Dividends
Announcement of Results		
1st quarter	22 May 2002	
2nd quarter	29 August 2002	
3rd quarter	20 November 2002	
4th quarter	27 February 2003	
Notice of Annual General Meeting	29 April 2003	Second Interim
Annual General Meeting	21 May 2003	Declaration
		Book closure
		Payment





GROUP STRUCTURE



Construction

IJM Construction Sdn Bhd

Subsidiaries

- └ IJM Building Systems Sdn Bhd
- └ Jurutama Sdn Bhd
- └ Prebore Piling & Engineering Sdn Bhd

Associates

- └ Hexacon Construction Pte Ltd
- └ Integrated Water Services (M) Sdn Bhd

Nilai Cipta Sdn Bhd

Associates

- └ Deltabumi Sdn Bhd

Properties

IJM Properties Sdn Bhd

Subsidiaries

- └ Chen Yu Land Sdn Bhd
- └ NS Central Market Sdn Bhd
- └ IJM Management Services Sdn Bhd
- └ Jalinan Masyhur Sdn Bhd
- └ Liberty Heritage Sdn Bhd
- └ Suria Bistari Development Sdn Bhd
- └ Wedec Sdn Bhd
- └ Xylocorp Sdn Bhd

Associates

- └ Masscorp-Vietnam Sdn Bhd
- └ Worldwide Ventures Sdn Bhd

Subsidiaries

- └ Sheffield Enterprise Sdn Bhd
- └ PIETC Sdn Bhd

Associates

- └ Island Golf View Sdn Bhd

IJM Australia Pty Ltd

- └ Billmex Pty Ltd

Associates

- └ Quay Link Enterprises Pty Ltd

Jelutong Development Sdn Bhd



*Note: Non-operating or dormant companies are not included



Industries

Malaysian Rock Products Sdn Bhd

Subsidiaries

- Aggregate Marketing Sdn Bhd
- Azam Ekuiti Sdn Bhd
- Damansara Rock Products Sdn Bhd
- Kemena Industries Sdn Bhd
- Kuang Rock Products Sdn Bhd
- Scaffold Master Sdn Bhd
- Strong Mixed Concrete Sdn Bhd

Associates

- Batu Kenangan Sdn Bhd

Torsco Bhd

Associates

- Cofreth (M) Sdn Bhd
- Industrial Concrete Products Berhad
- Sin Kean Boon Group Berhad
- Spirolite (M) Sdn Bhd

Plantations

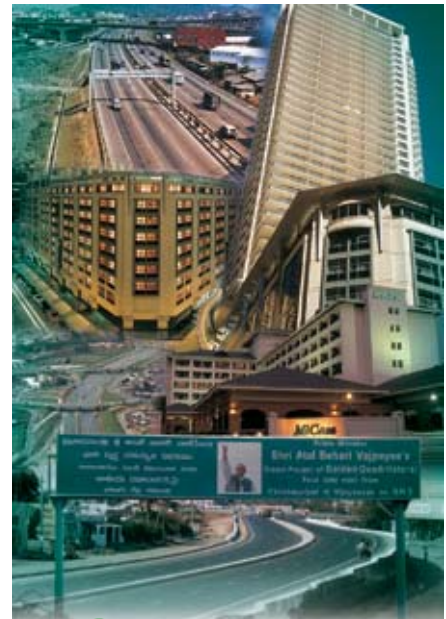
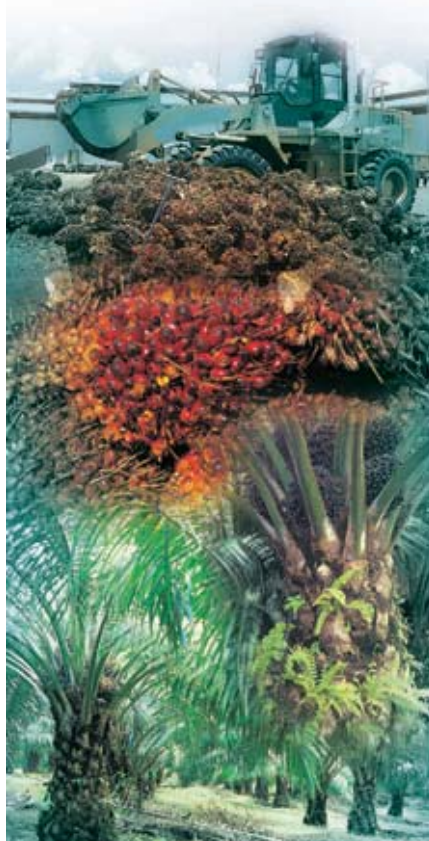
IJM Plantations Sdn Bhd

Subsidiaries

- Berakan Maju Sdn Bhd
- Desa Talisai Sdn Bhd
 - Desa Talisai Palm Oil Mill Sdn Bhd
 - Sihat Maju Sdn Bhd
 - Cahaya Adil Sdn Bhd
 - Gerbang Selasih Sdn Bhd
 - Firdana Corporation Sdn Bhd
- Dynasive Enterprise Sdn Bhd
- Excellent Challenger (M) Sdn Bhd Group
- Gunaria Sdn Bhd
- IJM Edible Oils Sdn Bhd
- IJM Agri Services Sdn Bhd
- Rakanan Jaya Sdn Bhd
 - Isu Mutiara Sdn Bhd
- Ratus Sempurna Sdn Bhd
- Sijas Plantations Sdn Bhd
- Sabang Mills Sdn Bhd

Associates

- Minat Teguh Sdn Bhd
 - Akrab Perkasa Sdn Bhd
- Loongsyn Sdn Bhd
- Trunkline Plantations Sdn Bhd
- Cekap Tropikal Sdn Bhd
- Mowtas Multi-User Jetty Sdn Bhd



Infrastructure & Others

IJM International Limited

Associates

- OSW Properties Pty Ltd

IJM International (BVI) Pty Ltd

Associates

- Avillion Hotels International (Sydney) Pty Ltd
- Reliance-OSW (Nominees) Pty Ltd

IJM Overseas Ventures Sdn Bhd

Associates

- Earning Edge Sdn Bhd

IJM Investments (L) Ltd

IJM Investments (M) Limited

- IJMII (Mauritius) Ltd
- IJM (India) Infrastructure Ltd

Associates

- Swarna Tollway Pte Ltd

- IEMCEE Infra (Mauritius) Ltd

Associates

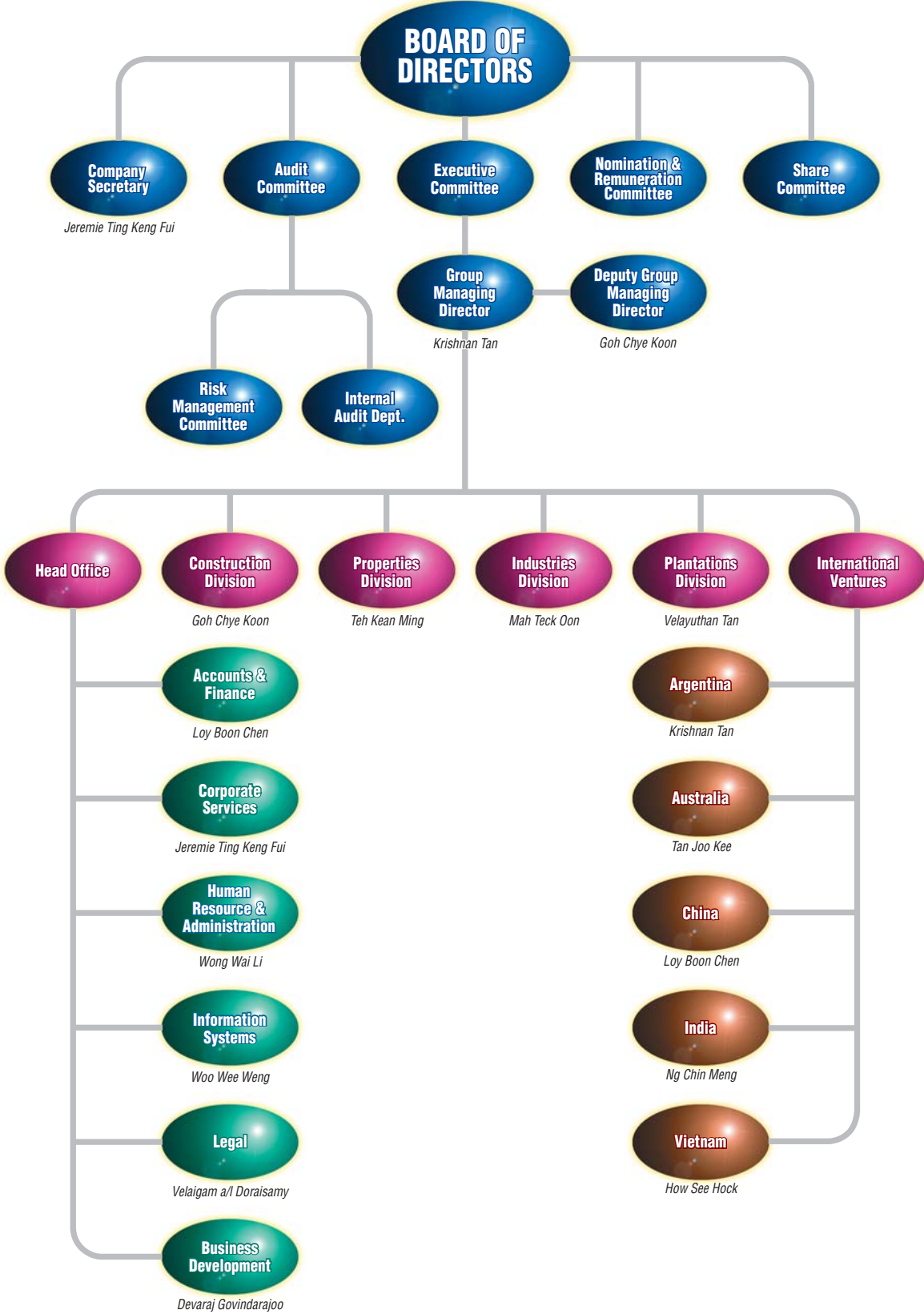
- Gautami Power Ltd

- IJM Rewa (Mauritius) Ltd
- Rewa Tollway Private Ltd

Associates

- CIDB Inventures Sdn Bhd
- Emas Utilities Corporation Sdn Bhd
- Grupo Concesionario del Oeste S A
- Inversiones E Inmobiliaria Sur Sur S A
- JWS Projects Sdn Bhd
- Masscorp-Chile Sdn Bhd

IJM Group of Companies - Organisation Chart



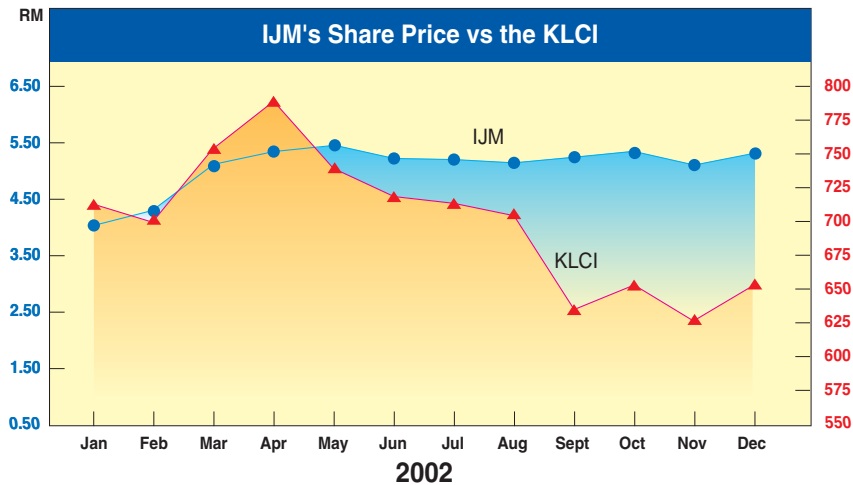
	2002 RM'000	2001 RM'000
Value added :		
Operating Revenue	1,295,195	857,391
Purchases of goods & services	(1,024,332)	(652,982)
Value added by the Group	270,863	204,409
Share of profits of associated companies	44,090	22,351
Share of profits of jointly controlled entities	3,838	12,966
Allowance for diminution in value of associated company	(10,800)	(47,000)
Gain on disposal of associated company	-	122,257
Other Investment income	4,867	3,415
Total value added	312,858	318,398
Distribution :		
To employees		
- Salaries & other staff costs	66,905	55,774
To Government		
- Taxation	55,490	34,418
To providers of capital		
- Dividends	26,147	50,690
- Finance costs	24,124	27,769
- Minority Interest	16,079	6,993
Retained for future reinvestment & growth		
- Depreciation	30,059	24,446
- Retained profits	94,054	118,308
Total Distributed	312,858	318,398

Value added is a measure of wealth created. The above statement shows the Group's value added for 2002 and 2001 and its distribution by way of payments to employees, government and capital providers, with the balance retained in the Group for future reinvestment and growth.

	2002 RM'000	2001 RM'000
Reconciliation		
Profit for the year	120,201	168,998
Add: Depreciation	30,059	24,446
Finance costs	24,124	27,769
Staff costs	66,905	55,774
Taxation	55,490	34,418
Minority Interest	16,079	6,993
Total value added	312,858	318,398

A. IJM's Share Price

For the year 2002, IJM's share price again outperformed the overall market. While the overall KLCI moved downward from a close of 696.09 points at the end of 2001 to 648.43 points at the end of 2002, IJM's share price moved up from RM4.26 to RM5.10.



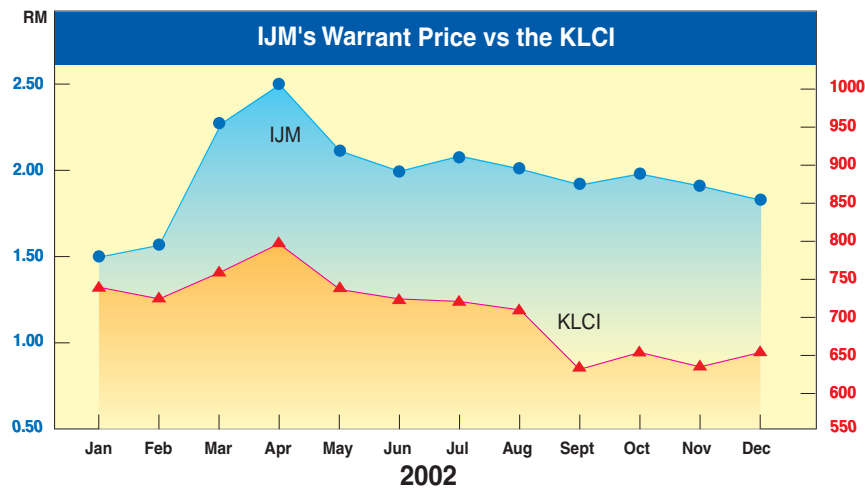
With a return of 115.6% over a five-year period, IJM was ranked the 9th best performer in the KLSE by The Edge, the leading financial weekly, in terms of Return to Shareholders.

TABLE 1 The Top 100: Companies that gave the best returns (5 years)

COMPANY	SECTOR	PRICE PER SHARE OCT 1, 2002 (RM)	SHAREHOLDER RETURNS (5Y)	CAGR (%)	RANK
IDI Properties Bhd	Properties	6.89	368.4	36.2	1
Public Finance Bhd	Finance	7.04	198.1	24.4	2
WCI Engineering Bhd	Construction	5.19	143.9	19.5	3
Powertek Bhd	Infrastructure	10.07	143.2	19.5	4
Royal Builder (M) Holdings Bhd	Construction	3.71	142.0	19.3	5
Palmetto Holdings Bhd	Industrial	4.74	134.4	18.6	6
Int Universal Holdings Bhd	Trading/Services	3.73	122.3	17.3	7
Hong Leong Bank Bhd	Finance	2.75	117.9	16.9	8
IJM Corporation Bhd	Construction	2.50	115.6	16.6	9
Gerruch Bhd	Construction	2.67	113.9	16.4	10
Public Bank Bhd	Finance	1.50	111.4	16.1	11
Asia File Corporation Bhd	Consumer Products	4.52	111.2	16.1	12
SIGS Ovens Bhd	Plantations	5.28	106.2	15.9	13
ICI Corporation Bhd	Plantations	8.01	88.9	13.6	14
Yui Holdings Bhd	Industrial Products	3.66	88.1	13.5	15
Amerah Capital Partners Bhd	Finance	1.81	85.5	13.2	16
MMM Resources Bhd	Trading/Services	2.99	85.0	13.1	17
Commerce Asset-Holding Bhd	Financial	3.12	82.8	12.8	18
British American Tobacco (M) Bhd	Consumer Products	17.42	82.4	12.8	19
Chang Srp Bhd	Trading/Services	3.76	75.4	11.9	20
Sun Publications (M) Bhd	Trading/Services	3.31	72.2	11.5	21
Amway (M) Holdings Bhd	Trading/Services	1.71	70.8	11.3	22
Tan Chong Mee Holdings Bhd	Consumer Products	1.38	68.9	10.8	23
Tanong Public Ltd Co	Trading/Services	0.79	64.6	10.6	24
Asia Pacific Finance Bhd	Trading/Services	6.84	64.1	10.6	25
Chun Yee Milk Industries (M) Bhd	Consumer Products	4.30	60.3	9.8	26
Amcorp	Industrial Products	4.30	58.0	9.4	27
Malayan Finance Bhd	Finance	8.05	57.7	9.8	28
Malayan Finance Bhd	Finance	7.30	56.1	9.7	29
Malayan Finance Bhd	Finance	6.50	54.1	9.5	30
Malayan Finance Bhd	Finance	5.70	52.1	9.3	31
Malayan Finance Bhd	Finance	4.90	50.1	9.1	32
Malayan Finance Bhd	Finance	4.10	48.1	8.9	33
Malayan Finance Bhd	Finance	3.30	46.1	8.7	34
Malayan Finance Bhd	Finance	2.50	44.1	8.5	35
Malayan Finance Bhd	Finance	1.70	42.1	8.3	36
Malayan Finance Bhd	Finance	0.90	40.1	8.1	37
Malayan Finance Bhd	Finance	0.10	38.1	7.9	38
Malayan Finance Bhd	Finance	0.30	36.1	7.7	39
Malayan Finance Bhd	Finance	0.50	34.1	7.5	40
Malayan Finance Bhd	Finance	0.70	32.1	7.3	41
Malayan Finance Bhd	Finance	0.90	30.1	7.1	42
Malayan Finance Bhd	Finance	1.10	28.1	6.9	43
Malayan Finance Bhd	Finance	1.30	26.1	6.7	44
Malayan Finance Bhd	Finance	1.50	24.1	6.5	45
Malayan Finance Bhd	Finance	1.70	22.1	6.3	46
Malayan Finance Bhd	Finance	1.90	20.1	6.1	47
Malayan Finance Bhd	Finance	2.10	18.1	5.9	48
Malayan Finance Bhd	Finance	2.30	16.1	5.7	49
Malayan Finance Bhd	Finance	2.50	14.1	5.5	50
Malayan Finance Bhd	Finance	2.70	12.1	5.3	51
Malayan Finance Bhd	Finance	2.90	10.1	5.1	52
Malayan Finance Bhd	Finance	3.10	8.1	4.9	53
Malayan Finance Bhd	Finance	3.30	6.1	4.7	54
Malayan Finance Bhd	Finance	3.50	4.1	4.5	55
Malayan Finance Bhd	Finance	3.70	2.1	4.3	56
Malayan Finance Bhd	Finance	3.90	0.1	4.1	57
Malayan Finance Bhd	Finance	4.10	-1.9	3.9	58
Malayan Finance Bhd	Finance	4.30	-3.9	3.7	59
Malayan Finance Bhd	Finance	4.50	-5.9	3.5	60
Malayan Finance Bhd	Finance	4.70	-7.9	3.3	61
Malayan Finance Bhd	Finance	4.90	-9.9	3.1	62
Malayan Finance Bhd	Finance	5.10	-11.9	2.9	63
Malayan Finance Bhd	Finance	5.30	-13.9	2.7	64
Malayan Finance Bhd	Finance	5.50	-15.9	2.5	65
Malayan Finance Bhd	Finance	5.70	-17.9	2.3	66
Malayan Finance Bhd	Finance	5.90	-19.9	2.1	67
Malayan Finance Bhd	Finance	6.10	-21.9	1.9	68
Malayan Finance Bhd	Finance	6.30	-23.9	1.7	69
Malayan Finance Bhd	Finance	6.50	-25.9	1.5	70
Malayan Finance Bhd	Finance	6.70	-27.9	1.3	71
Malayan Finance Bhd	Finance	6.90	-29.9	1.1	72
Malayan Finance Bhd	Finance	7.10	-31.9	0.9	73
Malayan Finance Bhd	Finance	7.30	-33.9	0.7	74
Malayan Finance Bhd	Finance	7.50	-35.9	0.5	75
Malayan Finance Bhd	Finance	7.70	-37.9	0.3	76
Malayan Finance Bhd	Finance	7.90	-39.9	0.1	77
Malayan Finance Bhd	Finance	8.10	-41.9	-0.1	78
Malayan Finance Bhd	Finance	8.30	-43.9	-0.3	79
Malayan Finance Bhd	Finance	8.50	-45.9	-0.5	80
Malayan Finance Bhd	Finance	8.70	-47.9	-0.7	81
Malayan Finance Bhd	Finance	8.90	-49.9	-0.9	82
Malayan Finance Bhd	Finance	9.10	-51.9	-1.1	83
Malayan Finance Bhd	Finance	9.30	-53.9	-1.3	84
Malayan Finance Bhd	Finance	9.50	-55.9	-1.5	85
Malayan Finance Bhd	Finance	9.70	-57.9	-1.7	86
Malayan Finance Bhd	Finance	9.90	-59.9	-1.9	87
Malayan Finance Bhd	Finance	10.10	-61.9	-2.1	88
Malayan Finance Bhd	Finance	10.30	-63.9	-2.3	89
Malayan Finance Bhd	Finance	10.50	-65.9	-2.5	90
Malayan Finance Bhd	Finance	10.70	-67.9	-2.7	91
Malayan Finance Bhd	Finance	10.90	-69.9	-2.9	92
Malayan Finance Bhd	Finance	11.10	-71.9	-3.1	93
Malayan Finance Bhd	Finance	11.30	-73.9	-3.3	94
Malayan Finance Bhd	Finance	11.50	-75.9	-3.5	95
Malayan Finance Bhd	Finance	11.70	-77.9	-3.7	96
Malayan Finance Bhd	Finance	11.90	-79.9	-3.9	97
Malayan Finance Bhd	Finance	12.10	-81.9	-4.1	98
Malayan Finance Bhd	Finance	12.30	-83.9	-4.3	99
Malayan Finance Bhd	Finance	12.50	-85.9	-4.5	100

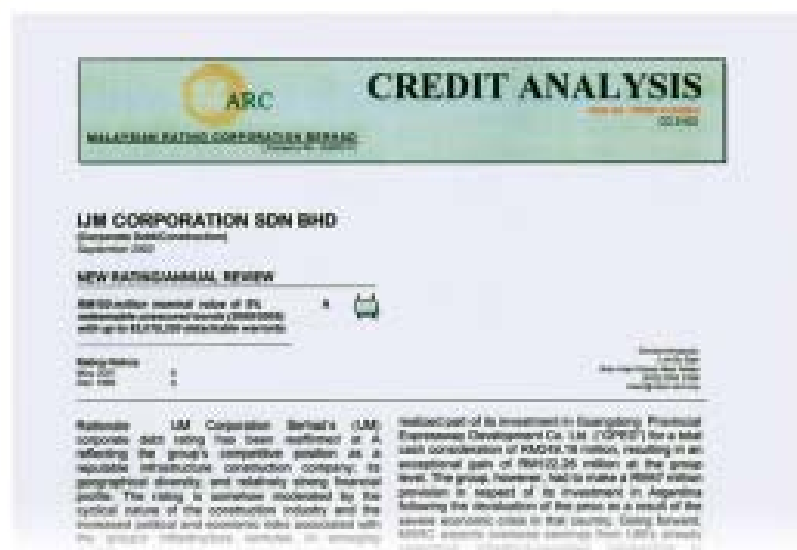
B. IJM's Warrant Price

In tandem with the impressive performance of the mother shares, IJM's Warrant price has also outperformed the overall market in 2002. From a close of RM1.29 as at the end of 2001, it moved up to RM1.91 at the end of 2002.



Details of the warrants is disclosed in Paragraph 8 of the Directors Report.

C. IJM Bonds 2000/2005



As a further endorsement to IJM's strong financial position, MARC has again reaffirmed IJM's corporate debt rating of "A" in its latest annual review in September 2002.

Details of the bonds is disclosed in Note 15 to the financial statements.

INVESTORS SERVICE

The Group maintains a dynamic website (<http://www.ijm.com>) which provides detailed information on the Group's operations and latest development. For further details, you may contact: -

Mr. Jeremie Ting Keng Fui
 Corporate Services Department
 Tel: +603-79858130 Fax: +603-79550745
 E-mail: jt@ijm.com

Analysis of Shareholdings

as at 31 March 2003

Authorized Share Capital	:	RM1,000,000,000
Issued & paid-up Capital	:	RM364,316,565
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights		
On show of hands	:	1 vote
On a poll	:	1 vote for each share held

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	Number of Shares	Percentage of Issued Capital
Less than 1,000	319	86,389	0.02%
1,000 - 10,000	3,431	9,717,893	2.67%
10,001 - 100,000	521	18,247,729	5.01%
100,001 - to less than 5% of issued shares	275	231,340,326	63.50%
5% and above of issued shares	3	104,924,228	28.80%
	4,549	364,316,565	100.00%

REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Shares		Percentage of Issued Capital
	Direct	Deemed Interests	
1. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	20,938,294	-	5.747%
2. Dato' Tan Chin Nam	-	70,982,534	19.484%
3. Employees Provident Fund Board	50,165,000	-	13.770%
4. IGB Corporation Berhad	12,903,600	58,078,934	19.484%
5. Riraian Enterprise Sdn Bhd	48,078,934	-	13.197%
6. Robert Tan Chung Meng	-	70,982,534	19.484%
7. Tan & Tan Developments Berhad	-	70,982,534	19.484%
8. The Capital Group Companies, Inc.	-	24,477,097	6.719%

THIRTY LARGEST SHAREHOLDERS

	Number of Shares	Percentage of Issued Capital
1. HSBC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Riraian Enterprise Sdn Bhd (301-340345-090)	48,078,934	13.20%
2. Employees Provident Fund Board	35,907,000	9.85%
3. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	20,938,294	5.75%
4. HSBC Nominees (Asing) Sdn Bhd - Emerging Markets Growth Fund	16,512,714	4.53%
5. AMMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for IGB Corporation Berhad (BK 6/194-5)	12,903,600	3.54%
6. Malaysia Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Intercontinental Aviation Services Sdn Bhd (01-00755-000)	10,000,000	2.74%
7. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,099,400	2.50%
8. Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Wawasan 2020	6,789,000	1.86%
9. Valuecap Sdn Bhd	6,507,000	1.79%
10. Mayban Securities Nominees (Tempatan) Sdn Bhd - PhileoAllied Credit & Leasing for Salient Growth Sdn Bhd (Pledged)	5,000,000	1.37%
11. Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Malaysia	4,143,000	1.14%
12. Malaysia Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)	4,140,000	1.14%
13. HSBC Nominees (Asing) Sdn Bhd - JPMCB for Fleming Flagship Asian Opportunities Fund	3,790,000	1.04%
14. HSBC Nominees (Asing) Sdn Bhd - Capital International Emerging Markets Investment Fund	3,717,000	1.02%
15. Universal Trustee (Malaysia) Berhad - Mayban Unit Trust Fund	3,462,000	0.95%
16. HSBC Nominees (Asing) Sdn Bhd - Abu Dhabi Investment Authority	3,443,000	0.95%
17. AM Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (A/C 1)	3,184,000	0.87%
18. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja (N14011980810)	2,972,000	0.82%
19. Citicorp Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad (Par Fund)	2,895,332	0.79%
20. Citicorp Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad (INV-IL Par)	2,757,000	0.76%
21. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for GMO Emerging Markets Fund	2,617,000	0.72%
22. AM Nominees (Tempatan) Sdn Bhd - Pertubuhan Keselamatan Sosial	2,503,000	0.69%
23. Citicorp Nominees (Asing) Sdn Bhd - TNTC for Government of Singapore Investment Corporation Pte Ltd	2,383,000	0.65%
24. Amanah Raya Nominees (Tempatan) Sdn Bhd - Sekim Amanah Saham Nasional	2,372,000	0.65%
25. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for Future Goals Fund (N14011980050)	2,179,000	0.60%
26. HSBC Nominees (Asing) Sdn Bhd - BBH (LUX) Societe Commandite Par Actions for Credit Suisse Equity Fund (LUX) Emerging Markets (107216)	2,143,000	0.59%
27. Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Didik	2,079,000	0.57%
28. Citicorp Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad (Prulink Eqty Fund)	1,980,000	0.54%
29. Citicorp Nominees (Asing) Sdn Bhd - CB LDN for Sticing Shell Pensioenfonds	1,850,000	0.51%
30. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for Balanced Returns Fund (N14011980060)	1,813,000	0.50%
	228,158,274	62.63%

Analysis of Warrantholdings

as at 31 March 2003



IJM CORPORATION BERHAD
(104131-A)

Warrants 2000/2004 : RM78,007,019 outstanding

DISTRIBUTION OF WARRANTHOLDINGS

Range of Warrantholdings	Number of Warrantholders	Number of Warrants	Percentage of Outstanding Warrants
Less than 1,000	210	74,054	0.09%
1,000 - 10,000	2,504	6,108,355	7.83%
10,001 - 100,000	303	9,788,324	12.55%
100,001 - to less than 5% of issued warrants	97	39,635,200	50.81%
5% and above of issued warrants	3	22,401,086	28.72%
	3,117	78,007,019	100.00%

THIRTY LARGEST WARRANTHOLDERS

	Number of Warrants	Percentage of Outstanding Warrants
1. Riraiance Enterprise Sdn Bhd	10,768,828	13.80%
2. Employees Provident Fund Board	6,653,200	8.53%
3. Permodalan Nasional Berhad	4,979,058	6.38%
4. IGB Corporation Berhad	2,886,000	3.70%
5. Intercontinental Aviation Services Sdn Bhd	2,237,000	2.87%
6. Glenfield Enterprise Sdn Bhd	1,875,000	2.40%
7. AMMB Nominees (Tempatan) Sdn Bhd - AMTrustee Berhad for HLB Penny Stock Fund (5/4-3)	1,786,000	2.29%
8. Tan Boon Seng @ Krishnan	1,543,000	1.98%
9. OSK Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koon Yew Yin	1,535,000	1.97%
10. Mayban Securities Nominees (Tempatan) Sdn Bhd - PhileoAllied Credit & Leasing for Salient Growth Sdn Bhd (Pledged)	1,000,000	1.28%
11. Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for RHB Capital Fund (N14011200189)	1,000,000	1.28%
12. Goh Chye Koon	976,000	1.25%
13. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Berhad for The Hwang-DBS Select Opportunity Fund (3969)	734,000	0.94%
14. Universal Trustee (Malaysia) Berhad - BHLB Pacific Emerging Companies Growth Fund	709,000	0.91%
15. BHLB Trustee Berhad - TA Comet Fund	682,000	0.87%
16. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Berhad for OSK-UOB Kidsave Trust (3261)	600,000	0.77%
17. Ooi Poay Lum	579,000	0.74%
18. Norwest Corporation Sdn Bhd	566,000	0.73%
19. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	550,000	0.71%
20. BHLB Trustee Berhad - Prugrowth Fund	531,000	0.68%
21. Lim Yong Keat	507,000	0.65%
22. B T C Development Sdn Bhd	500,000	0.64%
23. DB (Malaysia) Nominee (Asing) Sdn Bhd - DB GCS London for Credit Lyonnais (OPCVM.FCP)	485,800	0.62%
24. Universal Trustee (Malaysia) Berhad - CMS Premier Fund	480,000	0.62%
25. Seah Hong Ghee (Gee) @ Chair Kow	451,000	0.58%
26. Soo Heng Chin	442,000	0.57%
27. Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Velayuthan A/L Tan Kim Song (29D)	418,600	0.54%
28. John Hancock Life Insurance (Malaysia) Berhad	415,000	0.53%
29. General Technology Sdn Bhd	414,000	0.53%
30. Loy Boon Chen	412,000	0.53%
	46,715,486	59.89%

Directors' Shareholdings & Warrantholdings

as at 31 March 2003

Name of Directors	Number of Shares		Percentage of Issued Capital	Number of Warrants		Percentage of Outstanding Warrants
	Direct	Deemed		Direct	Deemed	
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob	-	-	-	33,400	-	0.043%
Tan Boon Seng @ Krishnan	760,698	319,698 ¹	0.294%	1,647,000	234,000 ¹	2.411%
Goh Chye Koon	298,712	-	0.082%	976,000	-	1.251%
Soo Heng Chin	-	-	-	642,000	-	0.823%
Velayuthan a/l Tan Kim Song	225,000	-	0.006%	548,600	-	0.703%
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor	10,333	-	0.003%	-	-	-
Datuk Oh Chong Peng	-	-	-	-	-	-
Datuk Yahya Bin Ya'acob	-	-	-	-	-	-
Dato' Goh Chye Keat	586,362	610,132 ²	0.328%	192,000	132,000 ²	0.415%
Lai Meng	-	-	-	-	-	-
Haji Osman Bin Haji Ismail	-	-	-	-	-	-

Note:-

*¹ Through a family member

*² Through CK Goh Holdings Sdn Bhd, Jurutama Holdings Sdn Bhd and a family member



23 Jan

IPOH-RAWANG RAIL LINK - SIGNING CEREMONY

IJM Corporation Berhad (IJM) secured two contracts valued at RM132 million for building works and RM 81 million for bridge works. It is envisaged that the

whole double tracking work from Rawang to Ipoh will be ready for commercial operation by 2005. IJM, with its vast experience in railway construction, is poised to participate actively in this project as well as other similar undertakings in the future.



18-19 Apr

HEADS OF ROAD AUTHORITIES (HORA) EXHIBITION

IJM participated in this inaugural event which was held at Hotel Istana, Kuala Lumpur. About 200 participants from 30 countries took part in this 2-day exhibition which provided an insight into some of the excellent road projects undertaken by Malaysian contractors.



29 Apr

NS CENTRAL MARKET : GROUND BREAKING CEREMONY

The Pasar Besar Negeri Sembilan was officially launched with a groundbreaking ceremony officiated by YAB Dato' Seri Utama Tan Sri Hj Mohd Isa Dato' Hj Abd Samad, Menteri Besar Negeri Sembilan. Situated about 500 metres off the KL-Seremban Highway in Seremban, the RM38 million project is expected to be completed by the end of 2003 by IJM Properties Sdn Bhd, a wholly-owned subsidiary of IJM.



2 May

OFFICIAL OPENING OF QUALITY, TRAINING & RESEARCH CENTRE IN SANDAKAN

The Quality, Training & Research (QTR) Centre was officially declared open by Tuan Haji Yusof bin Haji Kassim, representing YB Datuk Musa Aman, Finance Minister of Sabah. This event was attended by local dignitaries, heads of local government departments, invited guests, and directors and executives of IJM Group. The opening of the QTR Centre will enable IJM Plantations to focus greater attention on quality, training and research as a means to further improve future performance, and market leadership as a niche performer.



15 May

IJM : THE FIRST MALAYSIAN COMPANY TO BREAK INTO HOUSING MARKET IN INDIA

MEMORANDUM OF UNDERSTANDING

IJM, through its subsidiary IJM (India) Infrastructure Ltd., signed a

Memorandum of Understanding with the Andhra Pradesh Housing Board, to jointly develop an integrated township project at an estimated cost of RM200 million in Hyderabad, India. IJM, thus, becomes the first Malaysian group to venture into the housing market in India.

14 June

IJM IN JOINT VENTURE TO BUILD JETTY TERMINAL, BULKING INSTALLATION

IJM Plantations Berhad (IJMP), a wholly-owned subsidiary of IJM, entered into a joint venture with Benua Bitara Sdn Bhd to construct and operate on a commercial basis a jetty terminal and a bulking installation in the Mowtas Valley in Sandakan, Sabah.

13 Aug

KLSE RAT RACE

For the third consecutive year, IJM took part in this annual race organised by KLSE. One of IJM's participants, Ms Gunavathi d/o Kandaya, won the individual women's event.



16 Aug

"GET TO KNOW YOUR NEIGHBOURS" AT TAMAN UTAMA, SANDAKAN

IJM Properties, organised the "Get To Know Your Neighbours" function to mark the successful completion of Phase 1, Taman Utama, Sandakan, 5 months ahead of schedule. This milestone event was officiated by Y. Bhg. Datuk Dayang Adeline Leong, President of Sandakan Municipal Council.



18 Oct

LAUNCHING OF E-GATE: LATEST FREEHOLD COMMERCIAL PROJECT

e-Gate is the latest freehold commercial project launched by IJM Properties. With state-of-the-art IT infrastructure, this project which consists of 153 units of retail and office space, with food and entertainment outlets will provide an ideal work environment for young professionals.

23 Sept

KLSE INVESTORS' WEEK

As part of its efforts to enhance investors' relations, IJM again participated in this annual event organised by KLSE. During the week-long event, the Company presented its activities to the public, and gave away annual reports, brochures and souvenirs to visitors. Our Group Managing Director also held a 45-minute briefing session to members of the Press, fund managers, research analysts and visitors.

5 Nov

THE FIRST OIL PALM FIBRE REINFORCED CEMENT COMPOSITE BLOCKS

IJM Building Systems Sdn Bhd signed a licence agreement with Malaysian Forestry Research & Development Board, Brunfield Resources Sdn Bhd and Brunfield IBS Sdn Bhd for the commercial production of lightweight oil palm fibre reinforced cement composite panels. This product was accredited by the Malaysian Book of Records as the first product to utilize raw fibres from oil palm trunks for the production of lightweight cement blocks for usage as an internal partition in high-rise buildings.



27 Nov

THE FIRST IJM DxP HYBRID OIL PALM SEEDLING PLANTED

IJMP achieved another milestone with the planting of the first hybrid DxP oil palm seedling produced from its own seed production unit in Kluang, Johor. Since October 2000, over 1 million seeds have been produced. IJMP is now a self-sufficient producer of palm oil seeds for its development in Sugut, and will remain to be so for years to come.



Board of Directors & Secretary

CHAIRMAN



Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob

GROUP EXECUTIVE DIRECTORS



Group Managing Director
Tan Boon Seng @ Krishnan



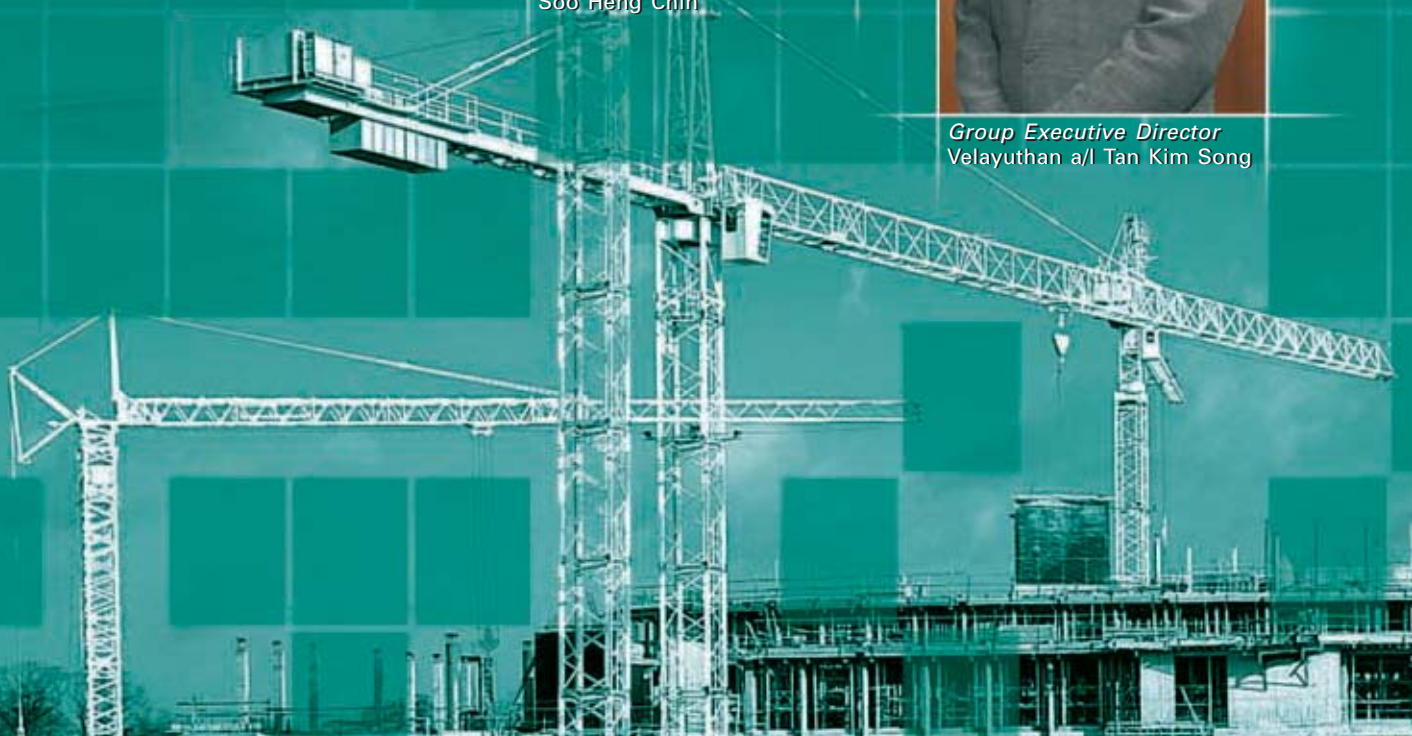
Deputy Group Managing Director
Goh Chye Koon



Group Executive Director
Soo Heng Chin



Group Executive Director
Velayuthan a/l Tan Kim Song



INDEPENDENT NON-EXECUTIVE DIRECTORS



Datuk Yahya bin Ya'acob



Tan Sri Dato' (Dr) Haji Murad
bin Mohamad Noor



Datuk Oh Chong Peng

NON-EXECUTIVE DIRECTORS



Lai Meng



Dato' Goh Chye Keat



Haji Osman bin Haji Ismail

SECRETARY



Jeremie Ting Keng Fui

DIRECTORS



>*Y.Bhg. Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman Bin Wan Yaacob

Independent Non-Executive Chairman

PSM, SPMT, DPMT, JSM, AMN, *D.Eng.(h.c.) B'ham, FASc, FIEM, FICE, FIHT, FCIQB, P.Eng., C.Eng.*

Tan Sri Wan Abdul Rahman, born in June 1941, joined the Board on 1 July 1996.

He obtained a Diploma in Civil Engineering from the Technical College, Kuala Lumpur in 1963, Diploma in Civil & Structural from Brighton College of Technology, United Kingdom in 1965, and attended an Advanced Management Programme from Harvard Business School Boston, Massachusetts, USA in 1993. He was conferred the Honorary Doctor of Engineering by University of Birmingham, United Kingdom in 1994. He was with the Ministry of Works for 32 years, having served the last six years as the Director General of the Public Works Department before his retirement in 1996.

He is presently the Chairman of the Malaysian Standard & Accreditation Council, and The Road Engineering Association of Malaysia (REAM). He is a Council member of The Road Engineering Association of Asia & Australia (REAAA) and an Ex-Officio member of the Institution of Highways and Transportation (Malaysia Branch).

His directorships in other public companies include Lingkaran Trans Kota Holdings Berhad (Chairman), Lysaght Galvanized Steel Berhad (Chairman), Malaysian Industrial Development Finance Berhad, Malaysia Mining Corporation Berhad, NCB Holdings Berhad, Powertek Berhad, Saujana Consolidated Berhad and SIME-UEP Properties Berhad.

#^Mr Tan Boon Seng @ Krishnan

Group Managing Director

SMS, B. Econs(Hons), CPA(M), CA, MBA

Mr Tan, born in December 1952, joined IJM as Financial Controller in 1983 and joined the Board as an Alternate Director on 12 June 1984. He rose in ranks to assume the post of Group Managing Director on 1 January 1997.

He qualified as a Certified Public Accountant in 1978 after graduating with a Bachelor of Economics (Honours) degree from University of Malaya in 1975, and holds a Master's degree in Business Administration from Golden Gate University, San Francisco, USA. Prior to joining IJM, he was with Kumpulan Perangsang Selangor Berhad for seven years and became its Group Financial Controller from 1980 to 1982.

His directorships in other public companies include IJM Plantations Berhad, Industrial Concrete Products Berhad, ABN AMRO Bank Berhad, MASSCORP Berhad, Torsco Berhad and Grupo Concesionario del Oeste S.A. He is also a member of the Executive Committee of the Federation of Public Listed Companies Berhad (FPLC) since 2000.



#^Mr Goh Chye Koon

Deputy Group Managing Director

KMN, B.Eng.(Civil)(Hons), MIEM, P.Eng.

Mr Goh, born in June 1949, has been the Deputy Group Managing Director of IJM since 1 January 1997.

He graduated with a Bachelor of Engineering (Honours) degree from University of Malaya in 1973, and served as an engineer in the Ministry of Works for 11 years and was its Superintending Engineer prior to joining IJM as Senior Engineer in 1984. He was promoted as General Manager (Central Region) in 1986 and was made Alternate Director on 25 July 1995 before assuming his present position. He is also a Director of IJM Plantations Berhad, and Deputy President of the Master Builders Association (session 2002/2004).




#^Mr Soo Heng Chin

Group Executive Director
B.Eng.(Civil)(Hons), MIEM, MBA

Mr Soo, born in January 1955, was appointed an Alternate Director on 12 June 1998 and subsequently a Group Executive Director on 17 May 2001. He heads the Construction Services at Head Office overseeing the Contracts, Purchasing & Store, Plant & Workshop, Technical, Project Control, and Quality System & Safety Departments.

He graduated with a Bachelor of Engineering (Honours) degree from University of Malaya in 1978, and holds a Master's degree in Business Administration from Golden Gate University, San Francisco, USA. Prior to joining IJM in 1979 as an engineer in Mudajaya Construction Sdn Bhd, he was an engineer with the Drainage and Irrigation Department, Pahang.

#Mr Velayuthan a/I Tan Kim Song

Group Executive Director
M.MIN, D.DIV (India & USA)

Mr Velayuthan, born in May 1954, was made an Alternate Director on 12 June 1998 and subsequently as Group Executive Director on 17 May 2001.

He obtained a Diploma in Management from the Malaysian Institute of Management in 1985. Before joining IJM in 1985, he was the Assistant Manager of Multi-Purpose Holdings Berhad. He started out as a Project Officer of Desa Talisai Sdn Bhd and rose to become the Managing Director of IJM Plantations Berhad in 2003.

He is a Council member of the Malaysian Palm Oil Association.


>*Y.Bhg. Tan Sri Dato' (Dr) Haji Murad Bin Mohamad Noor

Senior Independent Non-Executive Director
PSM, DSDK, JMN, PMK, SMK, KMN, BA (Hons)(Mal), Dip.Ed.(Mal), Dip.Ed.Admin (Reading UK), Hon.D.Litt (Reading UK), Hon.D.Ed (USM Penang)

Tan Sri Murad, born in April 1930, was appointed to the Board on 25 July 1985. He graduated with a Bachelor of Arts (Honours) degree and Diploma in Education from University of Malaya in 1955 and 1956 respectively, and Diploma in Education & Administration from University of Reading, United Kingdom in 1961. He was conferred the Honorary Doctor of Letters in 1990 by University of Reading, and Honorary Doctor of Education by University Sains Malaysia in 1992.

His past positions include Director General of Education (1976-1985), Chairman of the Urban Development Authority (1985-1988), Chairman of the Forest Research Institute of Malaysia (1985-1990), Chairman of Majlis University Sains Malaysia (1985-1992), and Vice President of International Islamic University (1992-1995).

***Y.Bhg. Datuk Oh Chong Peng**

Independent Non-Executive Director
PJN, JSM, FCA

Datuk Oh, born in July 1944, was appointed Director on 12 April 2002.

He undertook his accountancy training in London and qualified as a Chartered Accountant in 1969 and is currently a Fellow of the Institute of Chartered Accountants in England and Wales.

He was a senior partner of Coopers and Lybrand (now known as PricewaterhouseCoopers), Malaysia from 1974 until his retirement in 1997. He joined Coopers & Lybrand in London in 1969 and in Malaysia in 1971. He was also a Government appointed Committee Member of the Kuala Lumpur Stock Exchange from 1990 to 1996, and a past President (1994 to 1996) and Council Member (1981 to 2002) of the Malaysian Institute of Certified Public Accountants.

His directorships in other public companies include British American Tobacco (Malaysia) Berhad, IJM Plantations Berhad, Land & General Berhad (Chairman), Nanyang Press Holdings Berhad (Chairman), Powertek Berhad, Renong Berhad and Star Publications (Malaysia) Berhad. He is also a Trustee of Huaren Education Foundation and UTAR Education Foundation; and a Government appointed Member of the Labuan Offshore Financial Services Authority.



DIRECTORS



>*Y.Bhg. Datuk Yahya Bin Ya'acob

Independent Non-Executive Director
PJN, DIMP, JSM, KMN, SMP, PBS, B.A. (Hons), D.P.A. (Malaya), M.B.M. (Philippines)

Datuk Yahya, born in January 1944, was appointed to the Board on 31 March 1999.

He graduated with a Bachelor of Arts (Honours) degree and Diploma in Public Administration from University of Malaya in 1967 and 1970 respectively, and holds a Master's degree of Business Management from the Asian Institute of Management in 1976.

Datuk Yahya was in the Malaysia Administrative and Diplomatic service for more than 32 years, having served the last five years as the Secretary General of the Ministry of Works before his retirement in 1999. His other postings include Secretary General of the Ministry of Information (1991-1994), Secretary of the Federal Treasury (Contracts Division) (1988-1991), Deputy Director of the Implementation & Coordination Unit, Prime Minister's Department (1986-1988), and Deputy Secretary of the Federal Treasury (Finance Division) (1976-1986).

His directorships in other public companies include Rumpun Hijau Capital Berhad, Trenergy (Malaysia) Berhad, UDA Holdings Berhad, Pelaburan Johor Berhad and Torsco Berhad.

>Y.Bhg. Dato' Goh Chye Keat

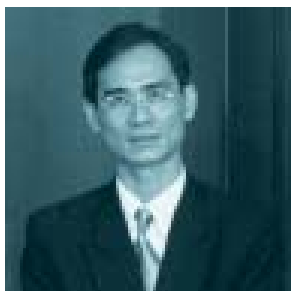
Non-Executive Director
DSPN, JSM, DJN, Dip.Eng., P.Eng.

Dato' Goh, born in December 1941, one of the pioneers of the Group, has been a non-executive Director since he retired as Group Managing Director of IJM on 31 December 1996. He was appointed to the Board on 16 April 1984, and was made Group Managing Director in 1988.

He qualified as a Graduate member of the Institution of Civil Engineers, United Kingdom in 1967 after obtaining a Diploma in Engineering from the Technical College, Kuala Lumpur in 1964, and was conferred the Honorary Fellow by University of Sydney, Australia in 1996.

Dato' Goh started out with the Public Works Department and was there for three years before joining Soon Tat & Co as Project Manager. He left Soon Tat & Co after three years to join Jurutama Sdn Bhd in 1970.

His directorships in other public companies include Industrial Concrete Products Berhad and MASSCORP Berhad.



Mr Lai Meng

Non-Executive Director
B.Econs(Hons)

Mr Lai, born in December 1955, was appointed Director on 23 June 1994 and is a representative of IGB Corporation Berhad.

He graduated with a Bachelor of Economics (First Class Honours) degree from University of Malaya in 1978. He was with Bank Negara Malaysia for seven years and was its Senior Administration Officer prior to joining Hongkong Tin Corporation (M) Berhad in 1985 as Corporate Planner, and Kinta Kellas Investments PLC in 1986 as Corporate Manager. In 1988, he joined Tan & Tan Developments Berhad as Manager (Corporate Affairs) before being appointed

Group Financial Controller in 1989 and General Manager (Finance & Administration) in 1990. He was promoted as Director (Corporate Affairs) of IGB Corporation Berhad in 1992.

His directorships in other public companies include IGB Corporation Berhad and Ipmuda Berhad.


Tuan Haji Osman Bin Haji Ismail

Non-Executive Director
Adv Dip Acc

Haji Osman, born in April 1958, was appointed Director on 5 January 2001 and is a representative of Permodalan Nasional Berhad (PNB).

He obtained a Diploma in Accountancy from Mara Institute of Technology in 1980, an Advanced Diploma in Accountancy from Luton University, England in 1983 and a Certificate in Internal Quality Auditor (Neville Clark) in 1996. He is also a member of the Institute of Internal Auditors Malaysia.

Haji Osman who joined PNB in 1985, is currently the Vice President, Financial & Management Audit Department of PNB.

His directorships in other public companies include Gold IS Berhad, Heitech Padu Berhad, IGB Corporation Berhad and Tan & Tan Developments Berhad.

There are no family relationship between the Directors and/or major shareholders of the Company save for the following:-

No.	Name	Relationship
1.	Tan Boon Seng @ Krishnan and Velayuthan a/l Tan Kim Song	Brothers
2.	Dato' Goh Chye Keat and Goh Chye Koon	Brothers

All Directors are Malaysians.

Save for Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman Bin Wan Yaacob and Dato' Goh Chye Keat, none of the Directors has any conflict of interest with the Company.

All Directors maintain a clean record with regard to convictions for offences.

- # Executive Committee
- > Nomination & Remuneration Committee
- * Audit Committee
- ^ Share Committee

SECRETARY


Mr Jeremie Ting Keng Fui

Company Secretary
MBA, FCIS, FCSM

Mr Ting, born in September 1957, joined IJM in 1982 and was appointed Company Secretary on 1 July 1994. He heads the Corporate Services, Human Resource & Administration and Information Systems Departments.

He is also the Company Secretary of Industrial Concrete Products Berhad and IJM Plantations Berhad.

He completed the examinations of The Institute of Chartered Secretaries and Administrators (ICSA) in 1981, after obtaining a Diploma in Foundations of Administration from Chelmer Institute of Higher Education, Chelmsford, Essex,

England in 1979, and holds a Master's degree in Business Administration from Golden Gate University, San Francisco, USA.

He is the Deputy President of the Malaysian Association of The Institute of Chartered Secretaries and Administrators (MAICSA) for 2002 and 2003, and is the Chairman of its Law Review & Company Secretarial Practice Committee. He has been an alternate member on the Executive Committee of the Federation of Public Listed Companies Berhad since 2001, besides being a member of its Technical & Regulatory Committee since 1999. He is the recipient of the ROC-MAICSA Company Secretary Award 2000 (Listed Company Category).

SENIOR MANAGEMENT



Mr Ling Ah Hong

Group General Manager (Plantations Division)
B.Agr. Sc (Hons)

Mr Ling, born in October 1951, has been the Group General Manager of IJM Plantations Division since 1 September 1999.

He graduated with a Bachelor of Agriculture Science (Honours) degree from University of Malaya in 1975. His past positions include Agronomist (1979-1985) and Manager, Agricultural Services (1986-1989) of Dunlop Estates Berhad, General Manager, Plantation Division (1992-1996) of Malaysian Mosaics Berhad and Chief Operating Officer-Plantation (1996-1998) of Hap Seng Consolidated Berhad.

He is an alternate member in the Council of the Malaysian Palm Oil Association.

Mr Loy Boon Chen

Finance Director
MBA, CPA(M)



Mr Loy, born in October 1951, was appointed Finance Director on 1 July 1998. He is also a non-executive Director of Guangdong Provincial Expressway Development Co. Limited.

He heads the Finance & Accounts Department, and is a member of the Accounting Standards Sub-Committee of the Federation of Public Listed Companies Berhad since 1998.

He qualified as a Certified Public Accountant in 1978 and holds a Master's degree in Business Administration from Golden Gate University, San Francisco, USA. He served Ernst & Young for seven years prior to joining Chong Kok Lin & Sons Berhad in 1980 as Accountant cum Secretary for a year. In 1981, he joined Mudajaya Construction Sdn Bhd as Chief Accountant before being appointed Group Financial Controller of IJM in 1994.



Mr Mah Teck Oon

Director (Industries Division)
B.Eng. (Hons), P.Eng., MIEM

Mr Mah, born in November 1952, has been the Head of IJM Industries Division since 1 July 1998.

He graduated with a Bachelor of Engineering (Honours) degree from University of Malaya in 1976. He was with the Hong Leong Group Malaysia for 15 years. In the first 10 years he was the General Manager of two of its' ceramic tile companies. Subsequently, he became the Senior General Manager of the Concrete Products Division of Hume Industries (M) Berhad prior to joining IJM in 1995 as Group General Manager (Industries Division).

Mr Tan Gim Foo

Project Director (Construction Division)
B. Eng. (Civil) (Hons), P.Eng, MIEM



Mr Tan, born in June 1958, was appointed head of the Strategic Business Unit 1 of IJM Construction Division on 8 March 2003, overseeing the construction projects in the Central Region.

He graduated with a Bachelor of Engineering (Honours) degree from University of Malaya in 1983. He started out as a Site Engineer of Mudajaya Construction Sdn Bhd (1983-1986) prior to joining IJM as Planning & Design Engineer (1986-1988), Project Manager (1988-1994), Senior Manager (1994-1997) and Project Director since 1998.


Mr Teh Kean Ming

Group General Manager (Properties)
B.E (Civil), P.Eng, MIEM

Mr Teh, born in April 1955, was appointed Group General Manager of IJM Properties Division on 1 April 2001. He is also a non-executive Director of Sin Kean Boon Group Berhad.

He graduated with a Bachelor of Engineering degree from University of New South Wales, Australia in 1981. He was a Resident Civil & Structural Engineer of Dayabumi Phase 3 Project (1981-1983) and Malayan Banking Berhad (1983-1987) and Engineer/Site Manager of Antah Biwater J.V. Sdn Bhd (1987-1989) prior to joining IJM Construction Sdn Bhd as Project Manager (1989-1993), Senior Manager (Project) (1994-1997) and Project Director (1998-2001).

Mr Velaigam a/l Doraisamy

Senior Manager (Legal)
LLB (Hons), PgDip(Constn Law), RICS(Finals), MCI Arb.

Mr Velaigam, born in January 1951, rejoined the Company as Senior Manager (Legal) on 2 January 1996 and heads the Legal Department.

He was an assistant quantity surveyor with IJM when he left for the United Kingdom in 1984 to read law. Whilst there he completed the Royal Institute of Chartered Surveyors' Finals in the QS category and Post-graduate studies in Construction Law at Kings College, University of London. He later sat for the Chartered Institute of Arbitrators examination and was admitted as a member in 1994. He was a Consultant with Solicitors Sri Kanth & Co., United Kingdom (1992-1995) before assuming his present position in IJM.


Group Support Services




INTRODUCTION

On behalf of the Board of Directors of IJM Corporation Berhad, I am pleased to present, for the first time as the Chairman of the Group, the Annual Report and the Financial Statements of the Group and the Company for the year ended 31 December 2002.

OPERATING ENVIRONMENT

The Malaysian economy rebounded to register a healthy 4.2% real gross domestic product growth compared with only 0.4% in 2001. The Government's pump priming activities, recovery of private investments, improved prices of commodities, higher tourist arrivals and consumer spending provided the boost. A low interest rate regime and a pegged exchange rate also provided a supportive monetary environment for growth.

“ I appreciate the trust and opportunity given to me to assume the position of Chairman of a distinguished Group like IJM. I shall endeavour to give my utmost in discharging the responsibilities entrusted upon me. ”

Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob
Chairman



Riana Green Phase 3, Petaling Jaya



*The award-winning
Gardenville Condominium,
Singapore*

This growth is indeed commendable when judged against the background of a global economic environment, which had become uncertain towards the second half of 2002 precipitated by revelations of corporate scandals involving gross mismanagement and fraudulent accounting practices in the USA, rising Middle East tension and the anaemic Japanese economy. The regional economies were also affected to some extent by fear of terrorist activities, and the Bali bombing on 12 October 2002 was a tragic realisation of this fear.

In our core business sectors of construction and property development, growth was subdued. Activities in the construction sector were mainly supported by the pump priming activities of the Government. Activity levels were, however, affected by the shortage of labour in the second half of 2002 following the repatriation of foreign workers. There were also fewer big-ticket projects available for bidding during the year and this is reflected in the limited order book improvement seen in most companies. The sector grew 2.3% in 2002, the same as in 2001.

Demand in the property sector was principally concentrated in the residential market. Despite a low interest rate environment and ample supply, take-up rates were low reflecting confidence issues.

OPERATING RESULTS

For the financial year 2002, the Group achieved a record revenue of RM1,295.20 million and a pre-tax profit of RM191.77 million. The revenue achieved represents a hefty increase of 51.06% over that of 2001. Excluding the exceptional items, the Group achieved a 50% increase in pre-tax profit and

Chairman's Statement

a 40% increase in net profit over 2001. The increase in revenue and pre-tax profit was mainly contributed by the Construction, Properties and Plantations divisions.

As at the end of 2002, the Group's gearing ratio (debt-equity) was at an all-time low of 13.82% (2001: 14.14%), despite increased levels of activity as evidenced by the increased revenue. This was attributable to vigilant credit control and efficient debt collection, and better utilisation of capacity.

BUSINESS OUTLOOK FOR 2003 AND OPERATIONAL STRATEGIES

Despite the uncertainties in the global environment, most economists remain positive about the 2003 growth prospect for Malaysia. With sustainable domestic demand from private consumption and investment activities, many still expect the economy to expand by at least 4% in 2003, with more significant growth coming in the later part of the year. Bank Negara Malaysia has recently predicted a 4.5% growth rate, down from the 6 - 6.5% growth projected during the 2003 Budget presentation. Nevertheless, the outbreak of war in Iraq has created new uncertainties for global economic growth and this can have downside risks to growth for the Malaysian economy. Bank Negara is also forecasting 1.9% growth for the construction sector due to slower growth in the civil engineering and residential subsectors.

The outlook for the Group's businesses is extensively discussed in the Group Managing Director's Review of Operations. Suffice to say here that business conditions are expected to be very challenging and competitive. We are cautiously optimistic that the existing construction order book, the committed property sales and anticipated reasonably good crude palm oil prices (above last year's average) will underpin the Group's positive earnings outlook for 2003.

DIVIDENDS

For the financial year 2002, a first interim dividend of 5% or 5 sen per share less tax at 28% was declared and paid on 15 November 2002. A second interim dividend of 7% or 7 sen per share less tax at 28% has been declared. Entitled members on the register on 30 April 2003 would be paid on 22 May 2003. No final dividend is proposed for financial year 2002.

CORPORATE PROPOSAL

On 29 April 2002, the Company announced the signing of a Transfer of Listing Agreement between the Special Administrators of Rahman Hydraulic Tin Berhad (RHTB), IJM Corporation Berhad (IJM) and IJM Plantations Sdn Bhd (IJMP), a wholly owned subsidiary of IJM, for the

proposed acquisition of the listing status of RHTB to enable a listing of IJMP. Details of the Scheme were announced on 28 June 2002.

Since then, the Ministry of International Trade and Industry, Foreign Investment Committee and Securities Commission have approved the proposed corporate exercise. The circular to the shareholders of the Company was circulated on 9 December 2002 and the scheme was approved by shareholders at the Extraordinary General Meeting held on 31 December 2002.

The Company has, on 18 March 2003, also obtained the sanction of the High Court for the reduction of its share premium account pursuant to the Proposed Capital Distribution that will facilitate the distribution of free IJMP shares in the ratio of 2 ordinary IJMP shares of RM0.50 each for every 5 ordinary IJM shares held. The listing of IJMP on the Main Board of the KLSE is expected by mid May 2003. Thereafter, IJMP shall become a 49% associate of the Group.

CORPORATE GOVERNANCE

Our statement on corporate governance can be found on pages 46 to 52.

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies in 2002.

RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group for 2002 are disclosed in Note 45 to the financial statements. This Note also sets out the recurrent transactions conducted during the period in accordance with the general mandate obtained from shareholders at the previous Annual General Meeting.

Except for those disclosed in Note 45 to the financial statement, there were no material contracts of the Group involving directors' and major shareholders' interest during the period.



Tan Sri Ahmad receiving the Malaysian Business Corporate Governance Award 2002 from Tan Sri Muhyiddin Yasin, Minister of Domestic Trade and Consumer Affairs

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank the directors, the management and all employees of the Group for their commitment and contribution during 2002. The year 2003 will be a very challenging one but I have no doubt about the Group's ability to overcome whatever difficulties that may present themselves. I would also like to take the opportunity to thank shareholders, associates, clients, bankers, sub-contractors and suppliers for their continuing support to the Group.

The Board and I also wish to record our sincere appreciation to Tan Sri Dato' (Dr) Haji Ahmad Azizuddin Bin Haji Zainal Abidin, who resigned from the Board on 28 February 2003 after 19 years of exemplary service to the Group. Tan Sri Ahmad, as non-executive Chairman, presided over the initial formative days through to days of rapid growth of the Group over these two decades. In addition, Mr Velayuthan Tan, with 18 years of service with the

Group, has expressed his intention not to seek for re-election as Director at the forthcoming Annual General Meeting. Mr Velayuthan is currently the Managing Director of IJM Plantations Berhad.

I appreciate the trust and opportunity given to me to assume the position of Chairman of a distinguished Group like IJM. I shall endeavour to give my utmost in discharging the responsibilities entrusted upon me. With the support of my co-directors, the management and staff, and the other stakeholders, I am hopeful that my job would be made much easier.

Tan Sri Dato' (Dr) Wan Abdul Rahman bin Wan Yaacob
Chairman



CONSTRUCTIONS



PROPERTIES



INDUSTRIES



PLANTATIONS



INTERNATIONAL VENTURES



Review of Operations

By the Group
Managing Director

As reported in the Chairman's Statement, the Group's performance, excluding exceptional items, rose 51.06 % and 50.00% in terms of revenue and pre-tax profit respectively in 2002. In a nutshell, these improvements can be attributed to a strong order book brought forward from 2001 and a generally benign cost environment in the domestic market, improved property sales and significantly better crude palm oil (CPO) prices. A low interest rate environment also helped the bottom line. A divisional analysis of performance is provided in the following pages.



Construction has been IJM's core business since its formation. Today, IJM has grown to be one of Malaysia's largest and most diversified construction groups in terms of work done and geographical spread. This has served as a solid foundation and as a springboard to venture into new growth areas.

Having earned a solid reputation in each of its specialised construction fields, IJM is effectively Malaysia's largest "Construction Supermarket". Its expertise ranges from civil engineering, foundation and building systems. Power, oil and gas projects and provision of project management and construction management services are also among its portfolio of activities.

During the mid 1980's, IJM Group ventured into overseas markets actively. It has since carried out construction activities in Australia, Hong Kong, Singapore, Mauritius, Myanmar, Pakistan, Bangladesh, Sri Lanka, India, China and Vietnam.

During 2002, the Malaysian construction sector continued its positive growth achieving a sectoral growth rate of 2.3% (2001:2.3%). The growth was sustained by the pump priming measures taken by the government in 2001 to boost the country's economic growth despite a setback in activity levels following the repatriation of foreign workers in the second half of 2002.

The Construction Division achieved another milestone in 2002. Both its revenue and pre-tax profits reached the highest levels in the Division's history. The Division's revenue rose 78.36% to

RM1,120.67 million (2001: RM628.31 million) whereas pre-tax profits rose 20.79% to reach RM104.61 million (2001: RM86.60 million). Margins were, however, lower and this was the result of an unfavourable product-mix with the division undertaking a greater proportion of building projects.

All projects scheduled for completion during the year were handed over in a timely manner to our clients. These include highway construction works in the State of Andhra Pradesh in India for Chilakaluripet - Vijayawada sections of NH-5.

Construction Division Management Team



Local market conditions for project procurement turned increasingly competitive with fewer projects available for bidding. Despite such an environment, the Division performed reasonably well in securing new orders valued at RM417.14 million. New jobs added to the order book include a contract for fitting-out works at Putrajaya Parcel E (RM81.25 million), bridge construction works for the Rawang-Ipoh Double Track Project (RM71.27 million), low cost flats in Ulu Kelang (RM24.96 million), Desa Sri Puteri apartments in Kuala Lumpur (RM23.76 million), piling and sub-structure works in Port Dickson Power Plant project (RM30.00 million), Alam Warisan in Putrajaya (RM28.41 million) and Bintang Buana building project (RM36.74 million), amongst others. Two road projects with a combined construction value of RM125.19 million, also became available with the securing of Build-Operate-Transfer (BOT) Projects in Madya Pradesh, India.

Conditions in the local construction market are expected to remain tough. Bank Negara Malaysia projects a reduced growth rate of 1.9% for the sector

in 2003. Private sector work principally emanating from the property sector is expected to be slow with a softer property market. Thus, order book enhancement would be dependent on public sector development expenditure policies, which now appears to point towards greater fiscal consolidation. All these will translate to a very competitive domestic environment for the construction industry. While the existing order book should keep us busy in 2003, the Group's focus is to build its order book for 2004.

Away from home, the office in India continued to lead the overseas activities. The two newly secured BOT contracts, Rewa-Jaisinghnagar-Shahdol-Amarkantak Road and the Satna-Maihar-Parasi More-Umaria Road projects, commenced physical works in December 2002 and are scheduled for completion in June 2004. It is envisaged that the continued heavy spending on infrastructural development in India, particularly roads, would provide a good opportunity to expand our activities and anchor our presence in this vast country.

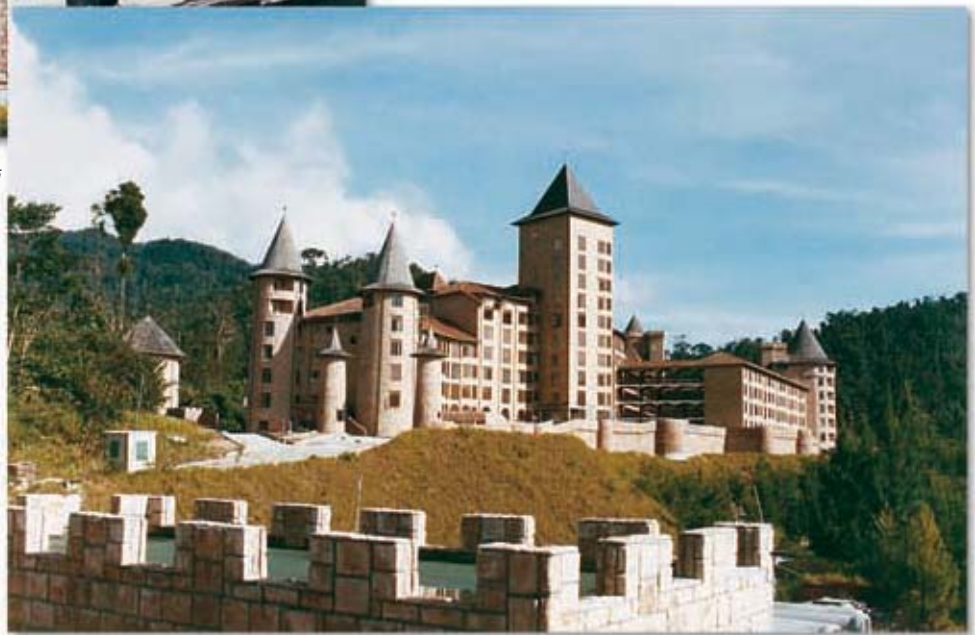
*Regent Grove,
Singapore*



The Putrajaya Convention Centre - scheduled for completion soon



*The French Castle,
Bukit Tinggi*



On qualitative fronts, the Group continues to intensify training of staff for improved efficiency and better quality end products. Intensive supervision of work safety practices continue to bear fruit with projects continuing to clock excellent man-hours worked without loss time due to injuries. Good environmental practices are also being increasingly incorporated into existing work methods to make our operations environmental-friendly. As in quality and safety policies, awareness and commitment to good environmental practices will be given greater emphasis.

Construction Support Services



Ng Yock Yin
General Manager-Contracts

Wee Kee Hong
Manager-Finance

Chang Khee
Sr. Manager-Workshop

Mohammad Albakri B. Tajuddin
Manager-Safety & Health

Soo Heng Chin
Group Executive Director

Mohd. Razin B. Ghazali
Sr. Manager-Project

Siva Kumar a/l Rajappan
Manager-Quality System

Choo Lai Foong
Sr. Manager-Purchasing & Store

Pang Sek Loh
Sr. Manager-Technical

The Group's success in properties can be credited to its long and impressive track record that began as an extension of the Group's expertise and experience in construction. Since then, the Properties Division has made impressive gains in its entire range of residential, commercial, retail, industrial and mixed-use developments.

From massive mixed-use developments to ambitious satellite townships, the Group has also developed large-scale condominium projects from Penang to Johor Bahru, industrial and office parks as well as corporate headquarters buildings for major local and international companies.

The Properties Division takes pride in its meticulous planning to deliver projects that meet customer expectations in every aspect of design, environment, landscape, function and aesthetics.

During the year under review, the property market continued to be soft despite a good mortgage and interest rate environment. The overhang of commercial and industrial properties continues to

exist, while the residential sector continues to provide the only lift. Property purchases appeared to be held back due to the uncertain economic situation, poor performance of equity market and waning consumer confidence.

Properties Division Management Team



Despite the challenging market conditions, the Division registered an improved pre-tax profit of RM 19.73 million (2001: RM16.87 million) on a turnover of RM160.65 million (2001: RM148.58 million) representing increases of 16.95% and 8.12% respectively over 2001. The main contributors to the Division's performance were current on-going projects such as Riana Green Ph 4 in Petaling Jaya, D'Mentari apartments in Kuala Lumpur, Bistari Impian apartments in Johor, Taman Utama housing scheme in Sandakan, and Yen Yen Park housing scheme in Kuching. The Division continues to emphasise quality products, timely completion and professionalism in property management services to give property owners and investors greater assurance of a liveable home and long term capital appreciation.

The Division also launched several new projects during the year. These include the Desa



*Taman Utama,
Sandakan, Sabah*



Latania housing project in Klang, the E-Gate retail-cum-office building and Fortune Park industrial projects in Penang, all of which contributed to the Division's better performance. The take-up rates in all these launches were good.

For 2003, despite the continuing negative external factors, the Division is cautiously optimistic of an improved performance due to progressive billings on committed sales. The on-going projects will continue to contribute to the Division's performance in 2003. In addition to intensifying its efforts to sell units at its launched projects, the division will embark upon several new projects at strategic locations with localised demand.

New projects to be launched in 2003 will include new phases in Taman Utama, Sandakan, Sabah where demand is buoyed by the good crude palm oil prices, resulting in rising purchasing power of the local residents; and new phases of mix-development in Bandar Sri Pinang, Penang to take advantage of the expected completion of Stage 1 of the Jelutong Expressway in 2003. Other projects in the pipeline includes strata-titled semi-detached houses in Bukit Jambul, Penang, new phases in Taman Idaman housing scheme in Butterworth and Desa Latania housing scheme in Klang and Kg Serantau Baru super-link houses in Larkin, Johor.

The Division will continue to capitalise on the strength of its in-house expertise to deliver quality properties coupled with value engineering to bring cost down and create value for property owners and investors. In response to the current challenging and competitive environment, innovative designs and competitively priced products will be offered to meet the demands of the ever changing lifestyle and more sophisticated needs of purchasers.



Taman Gombak Permai, Kuala Lumpur



Bistari Impian, Johor



The Industries Division manufactures products ranging from ready-mixed and pre-cast concrete and bituminous products to HDPE pipes and tanks. Steel engineering and fabrication, and production of aggregates and rock products are other core activities of the Division.

The Division is one of Malaysia's largest quarrying groups, with an annual capacity exceeding 6.5 million tons of granite and industrial-use stones. It is the first quarry in Malaysia to be awarded the ISO 9002 certificate for its quality management in aggregate and premix production.

The year 2002 was a good year for the Industries Division. The Division returned its best ever results with an operational pre-tax profit of RM19.05 million. This surpassed last year's performance by 9.61%. This performance was achieved despite a lower turnover of RM192.82 million (2001: RM237.71 million) due to higher efficiency achieved through good management practices and lower depreciation charges. However, this good performance was negatively impacted by an allowance made for impairment loss in value of investment in Sin Kean

Boon Group Berhad amounting to RM10.80 million which reduced pre-tax profit to RM8.25 million.

The quarrying sector, spearheaded by Malaysian Rock Products Sdn Bhd, did well in 2002 with a pre-tax profit of RM3.56 million on the back of a turnover of RM54.25 million. Although turnover dropped marginally by 2.9%, pre-tax profits rose by 12.3% due mainly to the closure of the quarry in Sabah which had been incurring losses, and better performances from the quarries in Kuang, Selangor and Labu, Negri Sembilan. Overall, sales

Industries Division Management Team





SMSB's revenue from scaffold rentals reached new heights in 2002

volume for aggregates rose to 3.76 million tons (2001: 3.63 million tons) but premix sales slipped to 257,000 tons (2001: 283,000 tons). Prices had remained stable for aggregates but premix prices were higher due mainly to the higher bitumen and diesel prices.

During the year, the Division started a new quarry in Kuantan which commenced operation in November 2002. Meanwhile, the Division would be losing its jewel with the closure of Damansara Rock Products in February 2003 due to depleted rock reserves and the rapid property development within its vicinity. To negate the impact of this closure, the Division purchased the remaining 50% shares in Kuang Rock Products Sdn Bhd which operates the granite quarry in Kuang and is now upgrading the plant capacity from 60,000 tons to 100,000 tons per month to keep its presence in the Klang Valley. We are hopeful that this quarry would do well in the near future.

Sales of ready-mixed concrete under Strong Mixed Concrete Sdn Bhd slowed to RM49.76 million from RM53.86 million. This was due mainly to the drop in construction activity levels following the repatriation of foreign workers in the third quarter of 2002. The remobilisation of plants from locations that had completed their projects to new locations had also affected sales. Pre-tax profit fell to RM3.21 million (2001: RM4.20 million) as new plants had to absorb higher costs due to mobilization and other start-up costs. Overall, selling prices remained relatively unchanged, whilst cost of sales had gone up mainly due to the hike in diesel prices. Looking ahead, we are targeting to add 2 new plants. With 24 new mixer trucks purchased during the year, the

company will have increased capacity to do more commercial sales. With this, better results can be achieved in 2003.

The steel fabrication business under Torsco Berhad continued to anchor the Division with a turnover of RM67.94 million and a pre-tax profit of RM6.93 million. Both turnover and pre-tax profit recorded were the highest since its incorporation. The most significant job carried out in 2002 was the fabrication of the steel roof-frame and structure of the Putrajaya Convention Centre. In keeping with its continuous capacity upgrading programme, Torsco invested RM2.0 million to upgrade its auto blasting plant and RM0.5 million for a CNC plasma profile cutting machine. With a RM40 million order book in hand, Torsco would continue to record healthy growth in 2003.

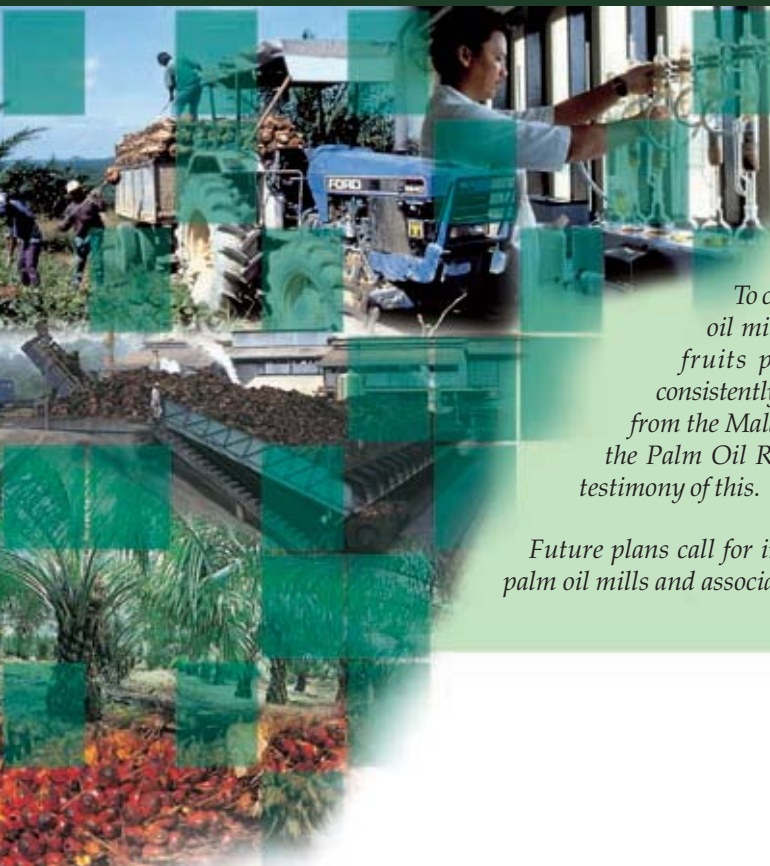
Buoyed by better demand from the Construction Division, Scaffold Master Sdn Bhd (SMSB) reached new heights achieving a turnover of RM7.73 million and a pre-tax profit of RM2.56 million, up 56.2% and 89.6% respectively. In anticipation of rising steel prices, SMSB purchased RM3 million worth of scaffoldings in 2002. During the year, rental rates for external customers increased by 5% to 10% in tandem with the increase in scaffolding costs brought about by higher steel prices. The outlook for 2003, however, looks tough with reduced in-house demand and a very competitive construction market outside.

Associates within the Division, namely Industrial Concrete Products Berhad, Spirolite (M) Sdn Bhd, and Cofreth Sdn Bhd performed credibly and contributed a combined turnover of RM80.96 million (2001: RM76.74 million) and a pre-tax profit of RM4.57 million (2001: RM2.86 million) to the Division.

The Division is cautiously optimistic of improved performance in 2003, barring a dramatically slower domestic construction sector should pump priming measures be eased.



Loading of 'Produced Water Package' for Offshore Process Module



Incorporated in 1985, the Plantations Division has an extensive area of well-managed oil palm plantations of over 22,000 hectares comprising 14 estates in Sandakan, Sabah and a plantable reserve of 8,000 hectares.

To complement the plantation, the Division has three palm oil mills capable of processing 750,000 tonnes of oil palm fruits per year. This state-of-the-art processing mills consistently produce results above the industry's average. Awards from the Malaysia Palm Oil Board (MPOB, previously known as the Palm Oil Registration and Licensing Authority, PORLA) are testimony of this.

Future plans call for increased planted hectarage and the creation of new palm oil mills and associated facilities.

The Operating Revenue of this Division increased by 80% to RM130.57 million (2001: RM72.55 million), while the pre-tax profits increased dramatically by 338% to RM29.76 million (2001: RM6.80 million).

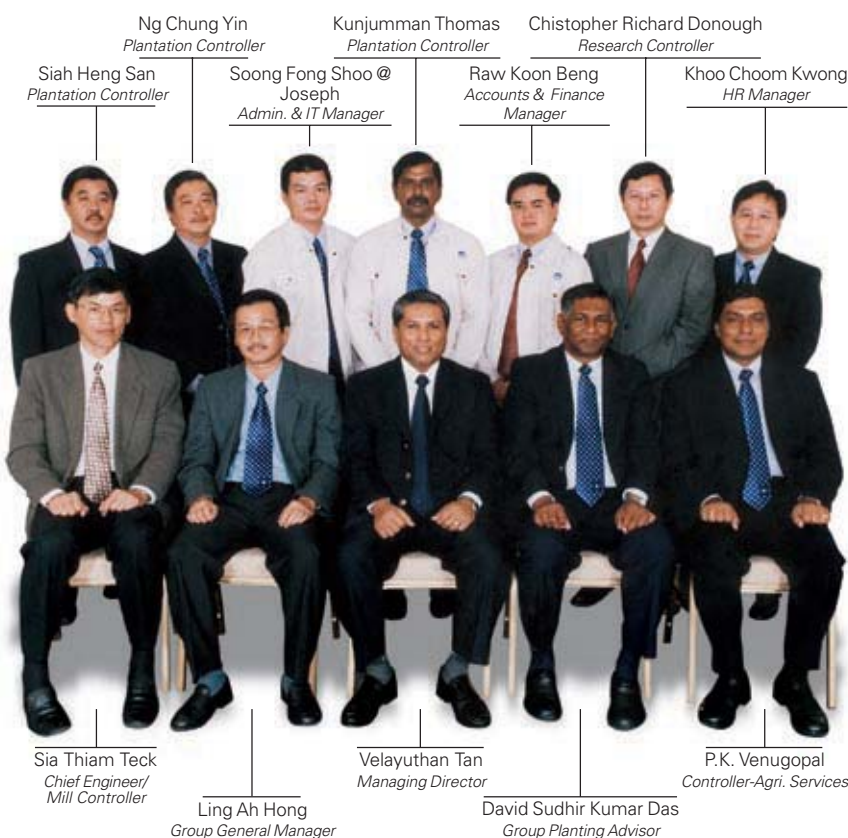
The improvements in operating revenue and profitability were attributable to substantial increases in the selling price of CPO to an average of RM1,358 per tonne (2001: RM838 per tonne) and increase in the total tonnage of fresh fruit bunches

(FFB) processed to 472,000 tonnes (2001: 337,000 tonnes). The increased tonnage of FFB milled was due to the 12% increase in the Division's own FFB harvested to 266,000 tonnes (2001: 237,000 tonnes) and also very intensive purchasing of crops from neighbouring plantations. This helped increase capacity utilisation in all our mills.

The increased tonnage of FFB harvested was mainly from the new Sugut region as the palms have reached productive age. The Division also achieved improvements in the mill extraction rates. The oil and kernel extraction rates improved to an average of 21.7% and 4.7% (2001: 20.1% and 4.2%) respectively.

At the end of the financial year, the Division had a total landbank of 32,783 hectares (2001: 31,354 hectares), an

Plantations Division Management Team



increase of 1,429 hectares. Of this total, 10,158 hectares are located at the Sandakan region, and the remaining areas are in the Sugut region in Sabah. The Division's estates that had achieved maturity status totalled 12,295 hectares (2001: 8,994 hectares). The additional 3,301 hectares (2001: nil) were attributable to estates in the Sugut region attaining maturity status. Immature hectareage stands at 10,396 and this Division expects more of these planted areas to come into production in the near future.

The balance of land bank approximates 8,209 hectares (2001: 11,439 hectares), all of which are located in the Sugut region, will be planted within the next two years.

The Division operates three palm oil mills namely, Desa Talisai Palm Oil Mill (DTPOM), Minat Teguh Palm Oil Mill (MTPOM) and Sabang Palm Oil Mill (SPOM) with a total processing capacity of 120 tonnes of FFB per hour. During the financial year, DTPOM processed 251,000 tonnes (2001: 220,000 tonnes) of FFB, an increase of 14.1%, MTPOM processed 159,115 tonnes (2001: 117,000 tonnes) of FFB, an increase of 36.0% and SPOM processed 61,800 tonnes (2001: nil) of FFB in its first year. SPOM commenced operation in January 2002 and caters for FFB processing within the Sugut region. The volume of crop processed is expected to increase in the coming years as mature acreage increase in the region.

In addition to palm oil processing, this Division has embarked on palm kernel processing. A palm kernel crushing plant located in Sandakan with a capacity of 250 tonnes per day was commissioned in early 2003.

Challenges facing this Division continues to be the adequacy of skilled workers and sustainability of high productivity levels. This Division will continue

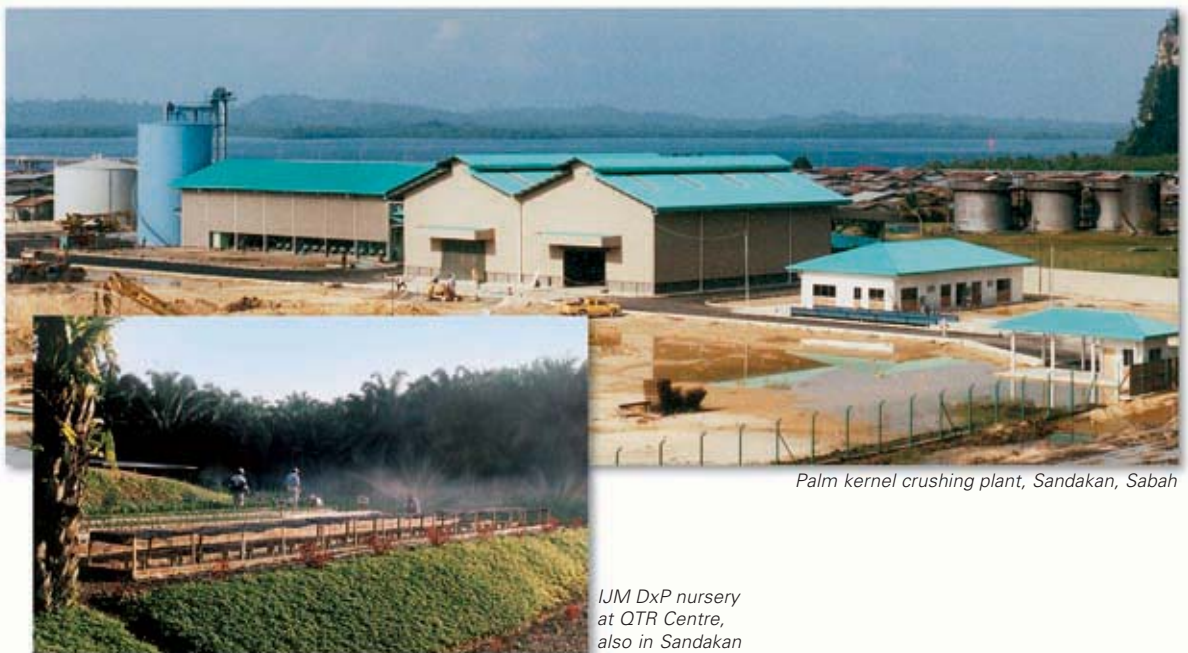


Healthy young palms grown from IJM DxP hybrid seeds.

to mitigate these difficulties. Training of workers and supervisors had been intensified. To sustain high FFB yield, improved water conservation measures and irrigation have been adopted. This Division is also intensifying measures to achieve greater cost efficiencies in the coming year.

The outlook for financial year 2003 appears to be good and this Division hopes for further improvement in performance. The optimistic outlook is based on higher CPO and palm kernel oil production, as significant planted areas will reach maturity coupled with favourable forecast for palm products prices.

The Division takes great pride in incorporating the basic tenets of sound environmental management and responsibility in its business activities. Amongst others, the Division has undertaken several environment friendly practices including soil and water conservation, mill waste management, integrated pest management, soil conditioning and enrichment and zero-burning methods. These practices, along with its continuous efforts to improve current practices, will ensure the long-term sustainable plantation development of the Division.



Palm kernel crushing plant, Sandakan, Sabah

IJM DxP nursery at QTR Centre, also in Sandakan



The steady accumulation of skills gained from the Group's steady overseas construction activities, combined with its strong managerial and organisational expertise, led to its investment in overseas infrastructure projects.

Since the early 1990's, the Group has taken active stakes in three projects in China: [a co-generation power plant, a bridge over Changjiang river and a listed Built-Operate-Transfer ("BOT") expressway company, Guangdong Provincial Expressway Development Co. Ltd]; a water treatment plant in Vietnam; a listed BOT tolled expressway in Argentina and currently, two BOT highway projects in India.

In 2002, the Division achieved a net profit of RM30.70 million (2001: RM99.29 million).

Included in the 2002 result is the Group's share of exceptional gain of Grupo Concesionario del Oeste S.A. (GCO) amounting to RM25.89 million. Pursuant to the Presidential Decree No 214 in Argentina, certain loans of GCO denominated in US dollars were converted into peso at the rate of US\$1 to 1 Peso and adjusted by a Reference Stabilisation Rate (CER) of

approximately 40.53% in 2002, whilst interest was capped at 8% per annum. Meanwhile, certain assets and liabilities of GCO were also adjusted by an inflationary index of approximately 118%.

The Group's share of operating pre-tax profit from GCO dropped significantly to RM3.41 million from RM12.29 million of 2001 due to the severe devaluation of the Argentine Peso since the beginning of 2002.



The Group's 36%-associate in Vietnam, Binh An Water Corporation Limited (BAWC) (held through Emas Utilities Corporation Sdn Bhd) contributed a net profit of RM5.24 million (2001: RM4.80 million) due to lower operational costs and higher water off-take.

Swarna Tollway Pte Ltd, the 32.5%-associate in India, which is undertaking the privatization of two highways (along NH5 and NH9, a total of 156 km in length) under a 30-year concession agreement in Andhra Pradesh state is expected to complete construction by the end of 2003 and commence tolling thereafter.

During the year, the Group also saw the award of two Build-Operate-Transfer road projects in India, namely the Rewa-Jaisinghnagar-Shahdol-Amarkantak Road and the Satna-Maihar-Parasi More-Umaria Road. Construction has commenced and tolling is expected in 2004.



Western Access Tollway, Argentina



Chilakaluripet-Vijayawada highway, India



CONCLUSION

Good results were achieved amid tough business conditions in 2002. The Senior Management and Staff of the Group are well-motivated individuals and we continue to prepare and take on the challenges presented by the more uncertain and therefore very competitive environment in 2003.

Krishnan Tan
Group Managing Director

Corporate Governance Statement

IJM's proactive drive to incorporate good corporate governance practices within the Group has won recognition. The Group was declared joint winner of the inaugural Malaysian Business Corporate Governance Award 2002.



The founders of this Group recognised that high standards of corporate governance are imperative to safeguard the interests of all stakeholders and enhance the shareholders' value. Long before the promulgation of the Malaysian Code of Corporate Governance ("the Code"), companies in the Group had established the basic framework of good corporate governance practices within its organisation and its operations. Thus, with the introduction of the Code, the formalisation of these practices were not difficult to achieve. The Board continues to encourage professionalism, integrity and good governance as the way forward for the Company to provide an environment for good performance by its people and provide its shareholders with better returns.

DIRECTORS

The Board

An effective Board leads and controls the Group. The Directors are professionals in the field of engineering, finance, accounting, economics, or experienced senior civil administrators. Together, they bring a wide range of technical skills and relevant experience to ensure that the Group continues to be a competitive leader in the construction industry with a strong reputation for technical and professional competence. The non-executive Directors bring independent judgment to bear on issues of strategy, business performance, resources and standards of conduct.

A brief description of the background of each Director is presented on pages 24 to 27.

The Board is primarily responsible for the Group's overall strategic plans, business performance, succession planning, risk management, investor relations programs, internal control and management information systems. While the Board is responsible for creating the framework and policies within which the Group should be operating, the management is accountable for the execution of the expressed policies and attainment of the Group's expressed corporate objectives. This demarcation reinforces the supervisory role of the Board.

There is a balance of executive, non-executive and independent non-executive Directors. This is to ensure that there is effective representation for shareholders, and further ensures that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business.

The role of the Chairman and the Group Managing Director are distinct and separate: the non-Executive Chairman avails himself to provide clarifications on issues that are raised by shareholders and investors, ensuring the integrity and effectiveness of the governance process of the Board. The Chairman also maintains regular dialogues with the Group Managing Director on all operational matters, and acts as facilitator at the meetings of the Board. The Group Managing Director is responsible to duly ensure execution of strategic goals, effective operation within the Group, and to explain, clarify and inform the Board on matters pertaining to the Group.

The Board has at least four (4) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Informal meetings and consultations are frequently and freely held to share expertise and experiences. Directors also attend the semi annual Senior Management Dialogue where operational strategies, performance progress and other issues are extensively presented, discussed and communicated to senior managers of the Group. Four (4) Board meetings were held during the year 2002. The attendance record of each Director is as follows:

	Number of Meetings Attended	Percentage
Executive Directors		
Tan Boon Seng @ Krishnan	4	100%
Goh Chye Koon	4	100%
Soo Heng Chin	4	100%
Velayuthan a/l Tan Kim Song	4	100%
Independent Non-Executive Directors		
Tan Sri Dato' Ir (Dr) Wan Abdul Rahman bin Wan Yaacob <i>(Appointed as Chairman on 28 February 2003)</i>	4	100%
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor	3	75%
Datuk Oh Chong Peng <i>(Appointed on 12 April 2002)</i>	3	100%
Datuk Yahya bin Ya'acob	4	100%
Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin <i>(Resigned on 28 February 2003)</i>	4	100%
Non-Executive Directors		
Dato' Goh Chye Keat	4	100%
Lai Meng	3	75%
Haji Osman bin Haji Ismail	3	75%
Dato' Arthur Tan Boon Shih <i>(Resigned on 4 April 2002)</i>	1	100%
Choo Choon Yeow <i>(Retired on 22 May 2002)</i>	2	100%

Of the eleven Board members, seven are non-executive Directors. Amongst the non-executive Directors, four (4) are considered by the Board to be independent and the Chairman is one of the independent non-executive Directors. The independent non-executive Directors make up more than one third of the membership of the Board. Y. Bhg Tan Sri Dato' Ir (Dr) Wan Abdul Rahman bin Wan Yaacob was appointed Independent Non-Executive Chairman of the Company following the resignation of Y. Bhg Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin on 28 February 2003.

The Company from time to time uses the services of retired executive Directors for specific roles in the Company's operations for specific periods. These Directors are paid remuneration for their services. The two (2) Directors are Y. Bhg. Dato' Goh Chye Keat and Mr Choo Choon Yeow, who retired from the Board on 22 May 2002. Y. Bhg. Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor was appointed as the Senior Independent Non-Executive Director. Any concerns or queries concerning the Group may be conveyed to him should any member wish to have their concerns addressed by other than the Chairman or Group Managing Director.

The Board has delegated certain functions to the Committees it established to assist in the execution of its responsibilities for the Group. The Committees operate under clearly defined terms of reference. The Chairman of the respective Committees will report to the Board the outcome of the Committee meetings and such reports are incorporated in Board papers.

1. Executive Committee

The Executive Committee was established on 31 March 1995 and its members consist of the Executive Directors of the Board. The Executive Committee meets monthly to review the performance of the Group's operating divisions. In attendance are the Finance Director, Head of Properties and Industries Divisions and the Company Secretary.

The terms of reference of the Executive Committee include the following:-

- to decide on all transactions and matters relating to the Group's core businesses or existing investments within the restricted authority given by way of limits determined by the Board; and
- to decide on all matters relating to banking facilities as may be required for the conduct of the Group's operations.

Corporate Governance Statement

Eleven (11) Executive Committee meetings were held during the year 2002. The attendance record of each member of the Committee is as follows:

Executive Directors	Number of Meetings Attended	Percentage
Tan Boon Seng @ Krishnan	11	100%
Goh Chye Koon	11	100%
Soo Heng Chin	8	72%
Velayuthan a/l Tan Kim Song	9	82%

2. Audit Committee

The Audit Committee was established on 31 January 1994 and is chaired by Y. Bhg. Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor. Other members of the Audit Committee are Y. Bhg Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob, Y. Bhg Datuk Oh Chong Peng and Y. Bhg. Datuk Yahya bin Ya'acob. The terms of reference and summary of activities of the Audit Committee are set out on pages 53 to 55.

3. Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises four members; three of them are independent non-executive Directors, namely Y. Bhg. Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor (Chairman), Y. Bhg. Tan Sri Dato' Ir (Dr) Wan Abdul Rahman bin Wan Yaacob and Y. Bhg. Datuk Yahya Bin Ya'acob. The other member is Y. Bhg. Dato' Goh Chye Keat, a non-executive Director.

The terms of reference of the Nomination & Remuneration Committee include the following:-

1. to establish and review the terms and conditions of employment & remuneration of Executive Directors and senior executives of the Group;
2. to review and approve annual salary increments and bonuses of Executive Directors and senior executives of the Group;
3. to review, recommend and consider candidates to the Board of the Company, subsidiaries and associates of the Group, including committees of the Board;
4. to review and determine the mix of skills, experience and other qualities, including core competencies of non-executive Directors, on an annual basis; and
5. to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis.

All recommendations of the Nomination & Remuneration Committee are subject to the endorsement of the Board.

4. Share Committee

The Share Committee was established on 3 September 1986 and is responsible for regulating and approving securities transactions and registrations. The Share Committee comprises Mr Tan Boon Seng @ Krishnan (Chairman), Mr Goh Chye Koon and Mr Soo Heng Chin.

Supply of Information

All Directors are provided quarterly Board reports prior to the Board meeting. As a general rule, Board reports are circulated to the Directors ahead of the scheduled meetings to give them the opportunity to seek clarification or additional information on the financial performances of entities and business units, and other issues which may require discussion and decision.

Amongst others, the report provides information on major operational, financial and corporate issues, activities and performance of projects, divisional performance and reasons for significant diversions from budgets and major changes in the Company structure and securities transactions (including the summary of dealings of securities of the Directors).

In addition to quarterly Board meetings, briefings are conducted for the Board from time to time on various issues such as changes to company and securities legislations, rules and regulations to inform them of the latest developments in these areas. The Board of Directors are also invited and do attend the semi-annual Senior Management Dialogue wherein operational review and management strategies are presented and discussed.

The Directors are also notified of any corporate announcements released to the Kuala Lumpur Stock Exchange (KLSE). They are also informed of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the quarterly financial result announcement.

In addition, there is a schedule of matters reserved specifically for the Board's deliberation, such as the approval of corporate plans and annual budgets, acquisitions and disposals of undertakings and properties of a substantial value, and changes to the management and control structure within the Group, including key policies, delegated authority limits and participation in the adjudication of tenders for construction project in excess of established limits.

All Directors have access to the advice and services of the full time Company Secretary appointed by the Board, and they have been issued with the KLSE Listing Manual, the Code, Statement on Internal Control: Guidance for Directors of Public Listed Companies and Code of Ethics for Directors and Secretaries, and updates on company and securities legislations, rules and regulations for reference and retention.

Appointments to the Board

The Nomination & Remuneration Committee is responsible for making recommendations to the Board, including those of subsidiaries and associated companies. In making these recommendations, the Nomination & Remuneration Committee considers the required mix of skills and experience, which the Directors should bring to the Board. Directors are informed and aware they may take independent advice, where necessary, in furtherance of their duties and at the Group's expense.

Directors' Training

All the Directors have attended the Directors' Mandatory Accreditation Programme organised by the KLSE. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks. A brief induction to the Group is provided to newly appointed Directors.

Where possible and when the opportunity arises, Board meetings may be held at locations within the Group's operating businesses to enable the Directors to obtain a better perspective of the business and enhance their understanding of the Group's operations.



IJM - joint winners of the inaugural Malaysian Business Corporate Governance Award 2002

Re-election

The Articles of Association provides that all Directors (including Group Managing Director and Deputy Group Managing Director) submit themselves for re-election at least every three (3) years in compliance with the listing requirements of the KLSE. The Articles of Association of the Company also provide that one third of the Board shall retire from office and be eligible for re-election at every Annual General Meeting.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965 ("the Act").

REMUNERATION

The remuneration policy of the Company is based on the philosophy that the Company does not aspire to be a market leader for basic pay but gives a heavy weightage on performance-related bonuses. These are entrenched in the remuneration policy for Executive Directors.

The Nomination & Remuneration Committee reviews annually the remuneration policy for all Executive Directors to ensure that they are rewarded appropriately for their contributions to the Group's growth and profitability.

The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Group. The Executive Directors' remuneration will depend on the achievement of the goals (including quantified organisational targets and personal achievement) set at the beginning of each year.

In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive Director.

The determination of the remuneration of the executive and non-executive Directors is a matter for the Board as a whole. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors. Directors do not participate in decisions on their own remuneration packages.

Corporate Governance Statement

Fees

Fees payable to non-executive Directors are determined by the Board with the approval from shareholders at the Annual General Meeting. The fees are paid based on meeting attendance and the level of responsibilities on the Board and its Committees.

Basic Salary

The Nomination & Remuneration Committee conducts an annual review of the basic salary for all senior executives of the Group, including each Executive Director, taking into account the performance of the individual, the Company and practices within the industry. The Group participates in industry specific surveys by independent professional firms to obtain current data in benchmarking the Group.

Bonus & Incentive Scheme

The Group operates a bonus & incentive scheme for all employees, including the Executive Directors. The criterion for the scheme is dependent on the financial performance of the Group based on an established formula. Bonus and incentives payable to the Executive Directors are reviewed by the Nomination & Remuneration Committee and approved by the Board.

Benefits-In-Kind

Other customary benefits (such as private medical care and car) are made available as appropriate in accordance with the guidelines laid out in the Human Resource & Administration Procedure Manual.

Pension Arrangements

Contributions are made to the Employees Provident Fund, the national mandatory defined contribution plan, in respect of all employees and Executive Directors. In addition, all employees and Executive Directors participate in the Group's funded final salary defined plan, known as the IJM Retirement Scheme, with the objective of providing a reasonable lump sum upon retirement and on grounds of chronic ill-health. The Scheme also provides for lump sum payments in the event of death in service.

Directors' Shares, Options and Warrants

The movement in Directors' shares, options and warrants during the financial year ended 31 December 2002 are set out on pages 74 and 75.

Directors' Remuneration

The details of the remuneration of Directors during the year are as follows:

- Aggregate remuneration of Directors categorised into appropriate components:

	Salaries RM'000	Fees RM'000	Bonus & Incentives RM'000	Benefits -in-kind RM'000	Total RM'000
Executive Directors	1,375	0	883	37	2,295
Non-executive Directors	318	231	137	39	725

- Aggregate remuneration of each Director:

Executive Directors	RM'000 (In successive band of RM50,000)											
	>300 ≤350	>350 ≤400	>400 ≤450	>450 ≤500	>500 ≤550	>550 ≤600	>600 ≤650	>650 ≤700	>700 ≤750	>750 ≤800	>800 ≤850	>850 ≤900
Tan Boon Seng @ Krishnan												✓
Goh Chye Koon								✓				
Soo Heng Chin	✓											
Velayuthan a/l Tan Kim Song		✓										

Non-Executive Directors	RM'000 (In successive band of RM50,000)						
	>0 ≤50	>50 ≤100	>100 ≤150	>150 ≤200	>200 ≤250	>250 ≤300	>300 ≤350
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob		✓					
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor		✓					
Datuk Oh Chong Peng							
Datuk Yahya Bin Ya'acob	✓						
Dato' Goh Chye Keat	✓						
Lai Meng	✓						
Haji Osman Bin Ismail							
Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin (<i>Resigned on 28 February 2003</i>)		✓					
Dato' Arthur Tan Boon Shih (<i>Resigned on 4 April 2002</i>)	✓						
Choo Choon Yeow (<i>Retired on 22 May 2002</i>)							✓

INVESTOR RELATIONS & SHAREHOLDERS COMMUNICATION

Dialogue between the Company and Investors

The Company places great importance and is totally committed to ensuring the highest standards of transparency, accountability and integrity in the conduct of its business activities in the best interest of its shareholders as well as to allow potential investors or even the public to make careful and informed investment decisions based on clear and transparent information.

In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations.

The Group conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information about Company performance, strategy and other matters affecting shareholders' interests. A press conference is normally held after the Annual General Meeting and/or Extraordinary General Meeting of the Company. And, at least two Analysts' Briefings were convened each year following the release of the second and final quarterly results.

A presentation is given by the Group Managing Director to explain the Group's strategy, performance and major developments to shareholders during every Annual General Meeting. Any information that may be regarded as material would not be given to any single shareholder or shareholder group.

The Company had participated in several institutional investors' forums during the financial year both locally and outside Malaysia. The Company also participated in the Investors' Week 2002 organised by the KLSE in September 2002 as well as in previous years. The Group Managing Director himself presented the briefing session to members of the Press, fund managers, research analysts and visitors at that forum.



GMD Krishnan Tan giving a Company briefing during the KLSE Investors Week 2002

The Annual Report contains commentaries on business, financial and operational aspects of the Group's performance, a brief description of the Group's services and products and the financial statements of the Group. In addition, the Group has established a website at <http://www.ijm.com> (which was revamped and uploaded in March 2002) to further enhance investor relations and shareholders communications, including their access to information about the Company and the Group. Among others, the website provides daily movement of the securities of the Company, corporate announcements released to the KLSE, what others say of the Company, annual reports, the Minutes of general meetings, distribution of dividends, unclaimed dividends, securities dealings of Directors and substantial shareholders, and a profile of the Group, including the Memorandum & Articles of Association of the Company.

Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. The notice of meeting and the annual report are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association.

At each Annual General Meeting, the Board encourages shareholders to participate in the question and answer session. The Chairman and, where appropriate, the Group Managing Director 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.

In the case of re-election of Directors, the notice of meetings will state which Directors are standing for election or re-election.

Each item of special business included in the notice of the meeting is accompanied by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting, and the Chairman will declare the number of proxy votes received both for and against the resolutions prior to voting of each of the resolutions.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price sensitive public reports and reports to regulators.

Directors' Responsibility Statement

The Directors are required by the Act to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards to give a true and fair view of the state of affairs of the Group and 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, the Directors have:

- 1 used appropriate accounting policies which are consistently applied;
- 2 made judgements and estimates that are reasonable and prudent;
- 3 ensured that all applicable accounting standards have been followed; and
- 4 prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps 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 Act.

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



Tan Sri Wan receiving the KLSE Corporate Merit Award (Construction Sector) 2002 from Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi

Internal Control

The Group's Internal Control Statement is set out on pages 56 and 57.

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is set out on pages 53 to 55.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob
Chairman

Membership and Meetings

The Audit committee met on five (5) occasions during the year 2002 and the attendance of each member of the Audit Committee are as follows:

	Number of meetings attended / since appointment*
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor Chairman of the Audit Committee (Senior Independent Non-Executive Director)	5
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob Member (Non-Executive Director)	5
Tan Boon Seng @ Krishnan Member (Group Managing Director) (Resigned on 12 April 2002, afterwhich attended by invitation)	5
Datuk Yahya bin Ya'acob Member (Independent Non-Executive Director) (Appointed on 12 April 2002)	2*
Datuk Oh Chong Peng Member (Independent Non-Executive Director) (Appointed on 12 April 2002)	4*

The Group Managing Director, Internal Audit Manager and the Finance Director attended relevant Audit Committee meetings when required to do so. The external auditors attended four of the meetings during the year.

Activities

During the year, the activities of the Audit Committee include the review and deliberation of:

- the quarterly financial result announcements;
- the year end financial statements of the Group;
- the external auditors' reports in relation to audit and accounting issues arising from the audit, and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;
- annual audit strategy and plan of the external auditors;
- related party transactions that arose within the Company or Group;
- annual audit plan proposed by the Internal Auditors;
- audit reports presented by the Internal Auditors on findings and recommendations with respect to system and control weaknesses; and
- Risk Management Committee reports and findings.

Internal Audit Function

The main role of the Internal Audit Department (IAD) is to provide the Audit Committee with independent and objective reports on the effectiveness of the system of internal control within the Group. The IAD had conducted the evaluation of the system of internal controls that encompass the Group's governance, operations, and information systems of major areas of the Group operation. The internal audit reports were deliberated by the Audit Committee and recommendations were duly acted upon by management. The IAD adopts a risk-based auditing approach taking into account global best practices and industry standards.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Board of Directors amongst the Directors and shall consist of not less than three members. A majority of the audit committee members must be independent Directors. The members of an audit committee shall elect a chairman from among their number who shall be an independent director. An alternate director must not be appointed as a member of the Audit Committee.

Audit Committee Report

At least one member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether the audit committee has carried out their duties in accordance with the terms of reference.

Meetings and minutes

Meetings shall be held not less than four times a year, and will normally be attended by the Finance Director and Head of Internal Audit. The presence of the external auditors will be requested, if required. Other Board members may attend meetings upon the invitation of the Audit Committee. At least once a year, the Committee shall meet with the external auditors without any executive board members present. The auditors, both internal and external, may request a meeting if they consider that one is necessary.

A quorum shall be two members present and majority of which must be independent directors.

The Secretary to the Audit Committee shall be the Company Secretary. Minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Committee shall report on each meeting to the Board.

Authority

The Committee is authorised by the Board to investigate any activity within its term of reference and shall have unrestricted access to any information pertaining to the Group, both external and internal auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain legal or independent advice as necessary.

Duties

- 1) To discuss with the external auditors, prior to the commencement of audit, the audit plan, which state the nature of the audit, and to ensure co-ordination of audit where more than one audit firm is involved.
- 2) To review the assistance given by the employees of the Company to the external auditor.
- 3) To review quarterly reporting to Kuala Lumpur Stock Exchange (KLSE) and year end financial statements of the Group before submission to the Board, focusing on:
 - (i) going concern assumption;
 - (ii) any changes in accounting policy;
 - (iii) significant issues arising from the audit;
 - (iv) compliance with accounting standards, regulatory and other legal requirements; and
 - (v) major judgmental areas.
- 4) To monitor any related party transaction or conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. They are also required to ensure that the Directors report such transactions annually to the shareholders via the annual report.
- 5) To review any letter of resignation from the external auditors, and any questions of resignation or dismissal.
- 6) To consider the nomination and appointment of external auditors, as well as audit fee.
- 7) To review with the external auditors, their evaluation system of internal controls, their management letter and management's response.

- 8) To review the following in respect of internal audit:
 - (i) adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (ii) internal audit programme;
 - (iii) the major findings of internal audit investigations and management's responses, and ensure appropriate actions are taken on the recommendations of the internal audit function;
 - (iv) assessment of the performance of the staff of the internal audit function;
 - (v) appointment or termination of senior staff members of the internal audit function;
 - (vi) resignations of internal audit staff members and provide resigning staff member an opportunity to submit his/her reason for resignation.
- 9) To consider the major findings of internal investigations and management's response.
- 10) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).
- 11) To review the reports of the Risk Management Committee in relation to the adequacy and integrity of the Group's internal control system.
- 12) To consider other topics as defined by the Board.
- 13) To report promptly to the KLSE on any matter reported by it to the Board of Directors, which has not been satisfactorily resolved resulting in the breach of the KLSE Listing Requirements.
- 14) To review all prospective financial information provided to the regulators and/or the public.



*Tan Sri Dato' (Dr) Haji Murad
bin Mohamad Noor
(Chairman)*



*Tan Sri Dato' Ir. (Dr) Wan Abdul
Rahman bin Wan Yaacob*



Datuk Oh Chong Peng



Datuk Yahya bin Ya'acob

Members of the Audit Committee

Internal Control Statement

Responsibility

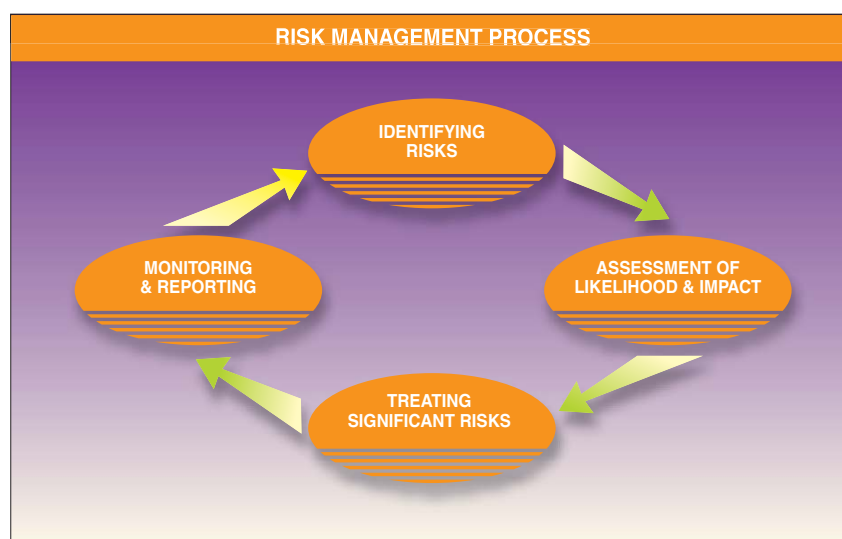
The Board of Directors recognises the importance of sound internal control and risk management practices to good corporate governance. The Board affirms its overall responsibility for IJM Group's systems of internal control and risk management, and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group had put in place an ongoing risk management process of identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives.

Risk management framework

The Board has established an organisational structure with clearly defined lines of accountability and delegated authority. It has extended the responsibilities of the Audit Committee to include the work of monitoring all internal controls on its behalf, with the assistance of the Internal Audit Department (refer Audit Committee Report).

The Group has put in place a Risk Management Committee (RMC), which is chaired by the Group's Finance Director and includes representatives from all the divisions. Each division's risk management function is led by the respective heads of the Divisions. The RMC is tasked to develop and maintain an effective risk management system in the Group. Its reviews cover matters such as responses to significant risks identified, changes to internal control systems and output from monitoring processes. It reports regularly to the Audit Committee, which dedicates separate time for discussion of this subject.



The Group's risk management system has been developed with the help of external experts. Risk assessment and evaluation will take place as an integral part of the annual strategic planning cycle. Having identified the risks to achievement of their strategic, financial, operational and other business objectives, each business or functional unit is required to document the management's mitigating actions for each significant risk. New areas are introduced for assessment as the business risk profile changes.

Under this system, each business or functional unit, excluding associates and joint ventures prepares annually a 'risk map' which summarises the risks, the controls and processes for managing them and the means for assuring management that the processes are effective. The Group's Head Office also considers the risks to the Group's strategic objectives, which are not addressed by the business or functional units. The risk maps and any proposed changes to the controls and processes are reported to the RMC which summarises them for consideration by the Audit Committee.

Other key elements of internal control

The other key elements of the Group's internal control system include:

- clearly defined delegation of responsibilities to committees of the Board and to operating units, including authorisation levels for all aspects of the business which are set out in an authority mix;
- clearly documented standard operating policies and procedures which are subject to regular review and improvement;
- regular and comprehensive information provided to management, covering financial performance and key business indicators, such as staff utilization and cash flow performance;
- a detailed budgeting process where operating units prepare budgets for the coming year which are approved both at operating unit level and by the full Board;
- monthly monitoring of results against budget, with major variances being followed up and management actions taken, where necessary; and
- visits to operating units by members of the Board and senior management.

A number of minor internal control weaknesses were identified during the period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies, or uncertainties that would require disclosure in the Group's annual report.



JOURNEY TOWARDS EXCELLENCE THROUGH QUALITY

The IJM Group has built a reputation for quality and is firmly committed to its motto “Excellence Through Quality”. It is the Group’s objective to continuously improve on the level of quality performance to ensure that the Group is successful in business. Towards this end, the Group strives to conduct its operations in such a manner that all projects and services carried out meet clients’ requirements whilst it continuously equips itself with the necessary methodology and tools to improve quality systematically.

Policy on Quality

It is IJM Group’s policy that:

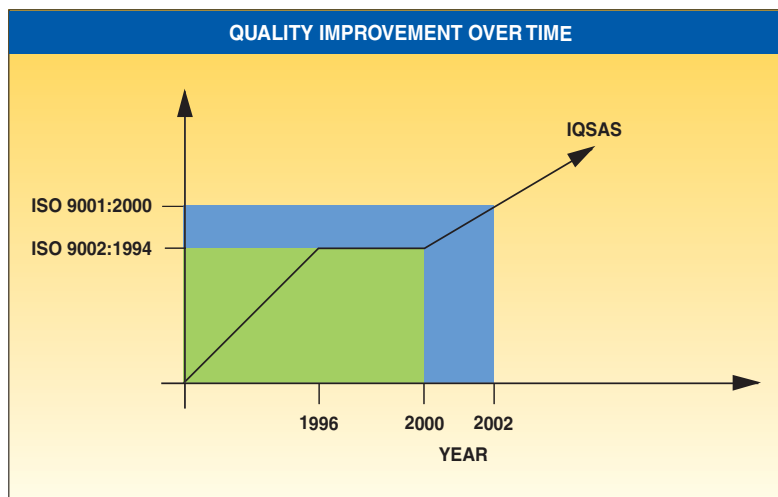
- 1 All projects and services undertaken will be implemented in such a manner that they exceed customer’s expectation.
- 2 The quality of the final products and services will be improved through continuous review and advancement of construction processes and quality assurance system.
- 3 The skills of our qualified and dedicated workers at all levels will be enhanced to serve our customers better.

IJM Quality and Safety Assessment System (IQSAS)

The Group has developed a Quality Management System that was first certified to ISO 9002:1994 in 1996. Since then, the Group has successfully renewed its certification every year. To further improve the quality of its finished buildings, the Group has developed a standard known as IJM Quality & Safety Assessment System (IQSAS).

IQSAS is a self-regulated assessment system of procedures and testing methods in which standards are set out for various quality and safety aspects of the building construction such as structures, architecture, and mechanical and engineering works.

In an environment of poor skills and a transient migrant workforce, the introduction of IQSAS is intended to enable the Group to further enhance the quality and safety performance standards in its building projects.



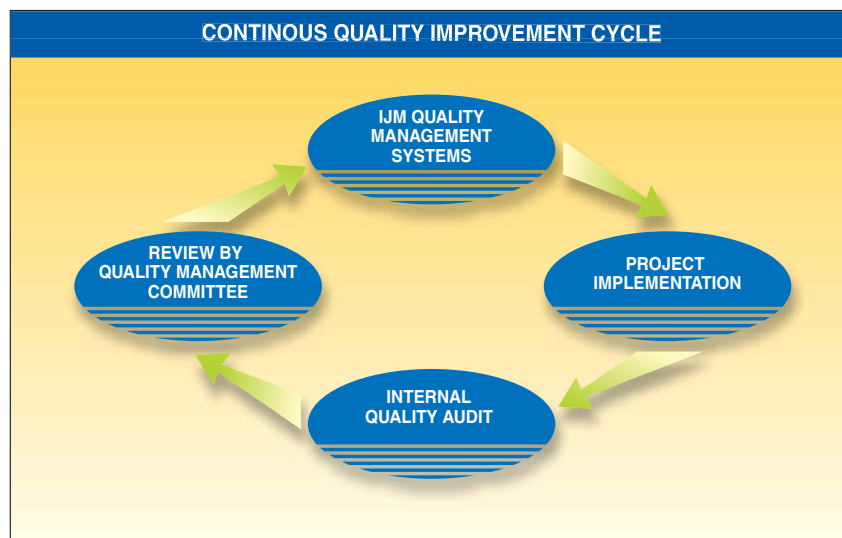
The above chart explains the quantum leap in IJM’s quality achievements over the last few years.

Continuous Quality Improvement

IJM projects' quality management systems are continuously assessed through internal quality audits conducted by auditors from Quality System Department (QSD) based at the Head Office. Each project and relevant Head Office department is normally audited twice a year. During 2002, QSD carried out a total of 64 audit assignments. Once the non-conformance report (NCR) is issued, the respective project and department are expected to rectify the weakness in quality performance.

The results of all audits are tabled and presented to the Quality Management Committee (QMC), headed by the Group Managing Director, for management review regularly. The QMC in return, where necessary, makes recommendations on steps to improve the IQSAS.

The continuous improvement process ensures that enhancement of end product quality is given utmost importance.



The Group also has a Quality Award competition where the projects are assessed annually for customers' satisfaction through independent surveys. The project with the top score are rewarded with the QMC Chairman's Challenge Trophy and prize money, and enhanced bonuses for project staff.

ISO Certification

During 2002, IJM embarked on a mission to migrate from the 1994 standard to 2000 standard. The exercise involved revamping the current quality management system which is more department-based to a process-based system. This new standard also required procedures on design development for which IJM has been known to have an excellent track record after having completed many design-and-built projects. The exercise bore fruit when, in October 2002, IJM was accorded the ISO 9001:2000 upgrade certificate by SIRIM QAS.

The Group has always encouraged its subsidiaries to strive towards ISO 9000 certification. Latest to join IJM's subsidiaries which has been certified to ISO 9000 is IJM (India) Infrastructure Ltd, which is one of a few construction companies in India to attain such distinction. To date, a total of six of its subsidiaries are ISO certified. Preparatory work has commenced for another wholly-owned subsidiary IJM Properties Sdn Bhd to seek ISO certification in 2003.

Annual Survey

Annually, survey forms are sent to client or client's representative for projects undertaken to invite feedback on IJM's performance. The feedback is then used to chart future steps to improve the quality of service so as to enhance customer satisfaction.

Statement on Safety and Health

The Group's motto "Health, Safety and Environment Is Everyone's Responsibility" has been the guiding principles for the Group's attempts to inculcate into its work culture the need to maintain and enhance a high level of safety, occupational health and environmental awareness.

The high importance placed on the prevention of injury and occupational hazards to its employees and the public when carrying out its business activities was tested and certified by SIRIM in November 2000 when the OHSAS 18001:1999 certification was issued to IJM Corporation Berhad and IJM Construction Sdn Bhd. These companies became the first two Malaysian companies in the construction industry to be conferred with this internationally recognised certification. The Group has successfully maintained this certification since then.

Safety and Health Policy

It is IJM Group's policy to create awareness among its employees on the collective responsibility on prevention of injuries and occupational health hazards and the assurance of public safety when carrying out its business activities. Concerted efforts are being continuously made to ensure pre-emptive measures are being carried out at all locations where the Group operates. Over the years, the Group has inculcated into its work culture the need to maintain and enhance a high level of safety and health standards.

Strategies to implement safety and health policy

The following strategies were drawn up to implement the policy:

- Comply with all applicable legislative requirements;
- Commitment to achieve higher standards of compliance;
- Increase awareness and accountability at all levels of employees on their responsibilities for safety and health;
- Provide information, training and facilities to every employee and interested parties;
- Monitor performance and review the system regularly to achieve higher health and safety standards.

Safety and Health Management System

A Safety and Health Committee (SHC) is formed at every project and IJM Head Office for the purpose of:

- assisting the development of safety and health rules and a safe system of works
- reviewing the effectiveness of safety and health programmes
- carrying out investigations on the trends of accidents, near-miss accidents, dangerous occurrences, occupational poisoning or occupational diseases, if any, which occurs at the place of work together with the recommendations for immediate corrective actions, and
- reviewing the safety and health policies at the place of work and make recommendations to the management for any revision of such policies.



Deputy GMD Goh Chye Koon presenting the trophies and cash prizes to Quality and Safety Award winners

Each project site and department is given a copy of the "Occupational Health and Safety: Manual and Procedure", which was formulated by the Safety and Health Department (SHD) and endorsed by the Group's Occupational Health and Safety Management Committee (OHSMC). Prior to the execution of its construction works, each project is required to put up their respective Project Safety and Health Plan (PSP). The implementation of this plan is to ensure the Group observes and complies fully with Occupational Safety and Health Act, 1994.

The SHC conducts regular inspection of work sites and meetings are held at least once a month to confer on areas pertaining to the improvement on the level of safety and health. During the year, the SHD carried out a total of 25 safety and health audits, covering all existing active projects. Where necessary, corrective and preventive actions are recommended and actions taken to rectify any identifiable weakness or deficiency.

In addition, the OHSMC, headed by the Group Managing Director, and comprising senior management from various business and functional units, meet periodically to review the safety and health management systems as part of the efforts to ensure effective practice of occupational health and safety at the work place.

A Safety Award competition is organized annually to further promote occupational health and safety awareness. The projects with the highest score in each of the respective categories are each rewarded with a trophy, prize money and enhanced bonuses for the project staff.

Training

IJM employees undergo regular safety and health management systems training which are organized both internally and externally. Induction training is also organized for all new employees or workers joining the Group, including regular safety and health talks conducted by the SHD.

In its endeavour to achieve a "Zero Accident" rate within the Group, IJM employees regularly attend external seminars on safety measures. These include the OSHA 1994, FMA 1967 & Introduction to OHSAS 18001, Safety and Health Officer Training, Workshop on Safety and Health In Construction Site, Induction for Green Card, OHSAS 18001:1999 Internal Safety Audit Training, Railway Track Safety Course, First Aid & CPR Training and Emergency Response Team Training, amongst others.



A safety seminar in session



First Aid training

Statement on Environment

Policy

The Group has a social responsibility towards greater environmental well-being and would combine business objectives with long-term sustainable development.

Environmental Management

The Group recognizes that environmental issues are both long-term and complex. There are environmental issues in many of our operations and there is a need to apply common principles and basic structure in the rapidly expanding IJM Group. The Group is constantly reviewing and monitoring areas with environmental concern in pre-emptive measures to prevent irreversible damage being done to the environment. Sensibly designed environmental management systems are, therefore, a pre-requisite for efficient environmental control.

Environmental management of the construction operation follows the outline of an Environmental Management Plan (EMP), which includes but not necessarily limited to:

- how environmental issues arising will be addressed during engineering design, and
- how environmental protection procedures and mitigation will be implemented during all construction phases and operational phases, if applicable.

The main components of an EMP incorporate the following items:

- Project Description: Outline of project components and features, and the major activities involved during construction;
- Environmental Impact: Summary of potential environmental impacts and their significance. The area of impact encompass air, noise and water quality, as well as human and ecological issues relevant to the project;
- Amelioration: Identifying specific mitigating measures that will be applied to control or ameliorate the impacts identified and, in the case of amelioration, the extent to which the stated measures will reduce the impact;
- Monitoring: Program for compliance monitoring of potential impact areas identified and the effectiveness of proposed amelioration measures.

Other divisions such as Plantations have their well-defined environmental plans in operation for sometime.

Environmental Monitoring And Compliance Report

Environmental monitoring is continuously being carried out at the project level, often with the help of external consultants. The purpose of monitoring is to evaluate the effectiveness of mitigating measures taken to ensure that the impacts of the environment are kept to the minimum.

Environmental Monitoring and Compliance Reports generally incorporate the following main elements:

1. analysis of the results of various environmental monitoring conducted;
2. evaluation of the anticipated environmental impacts and the effectiveness of amelioration process;
3. report on work progress based on information submitted;
4. compliance to approved conditions and regulatory requirements;
5. recommendations on further action, if any.

These reports are intended to provide the contractor and the relevant authorities with feedback on compliance and progress with implementation of EMP and to take necessary action where non-compliance report has been filed.



Good cover of legumes to conserve water and enrich soil



Irrigation at Meliau Estate

Protection of Environment in the Plantations

Environmental management in our oil palm plantations follows the best practices outlined in our planting manual which, has the following main objectives:

- Introduce best agro-management practices to protect the environment and conserve soil, water, nutrient and carbon;
- Implement processes for total compliance with relevant laws, regulations and standards on environment;
- Monitor effectiveness of implementation and compliance.

The Plantations Division has undertaken various environmental friendly practices to protect the environment. These include:

- Soil and water conservation:

Soil erosion is prevented by the quick planting of cover crops. The leguminous cover crops also function to add nutrients to the soil. Strategic locations at higher ground are identified where dams are constructed to collect water from natural water sources such as streams and rains for irrigating the fields during dry weather conditions.

- Mill waste management:

Subject to approval from the relevant authorities, treated mill effluents from our mills are used to irrigate plantation fields. As the effluents are organic, they enrich the soil by encouraging soil microbial activities. This practice reduces the usage of inorganic fertilizers. The added advantage is that the quality and size of the fresh fruit bunches have improved significantly.

In addition to mill effluents irrigation, the plantation also uses bunch ash and decanter solids as alternatives to inorganic fertilizers.

- Integrated Pest Management:

Where practical, beneficial plant such as the *Cassia Cobanensis* is grown within the plantation. This plant is known to be a good food source for insects that prey on oil palm pests. The presence of the beneficial plants encourages the breeding of these beneficial insects and helps to keep pest numbers low. Certain chemical pesticides are now avoided with the use of biological control on palm pests.

The practice has prevented the existing pests from developing tolerance to chemical pesticides. It also contributes to soil aeration and organic nutrient via nitrogen fixing to form nitrogen compound.

- Soil conditioning and enrichment:

For soil conditioning, shredded empty fruit bunches (EFB) are used to reduce water stress on the palms caused by less favourable soil conditions, such as the sandy or clayey materials. It also contributes organic materials and natural nutrients upon decomposing. Therefore, EFB, when used as topsoil covers, retains moisture in addition to the nutrients.

To enrich the soil, the Plantations Division uses legume as cover establishment during the early stages of the palms' growth to prevent the growth of undesirable plants that may compete for nutrient and sunlight. Established legumes also contributes organic matters, nutrients and soil aeration that will prevent pest proliferation, soil erosion and improve soil quality.

- Zero - Burning Approach:

The Plantations Division has adopted a policy of zero-burning approach in all of its replanting programmes.

The Plantations Division's Quality, Training and Research constantly monitors the compliance and the development of new practices to enhance the environment management practice in all the oil palm plantations of this Division.



Cassia cobanensis grown in the estate to sustain beneficial insects for biological control of pests

Research & Development, and Innovation

IJM recognises that it operates in a competitive environment. Better products and services produced at lower costs and greater speed are vital to stay ahead of the competition.

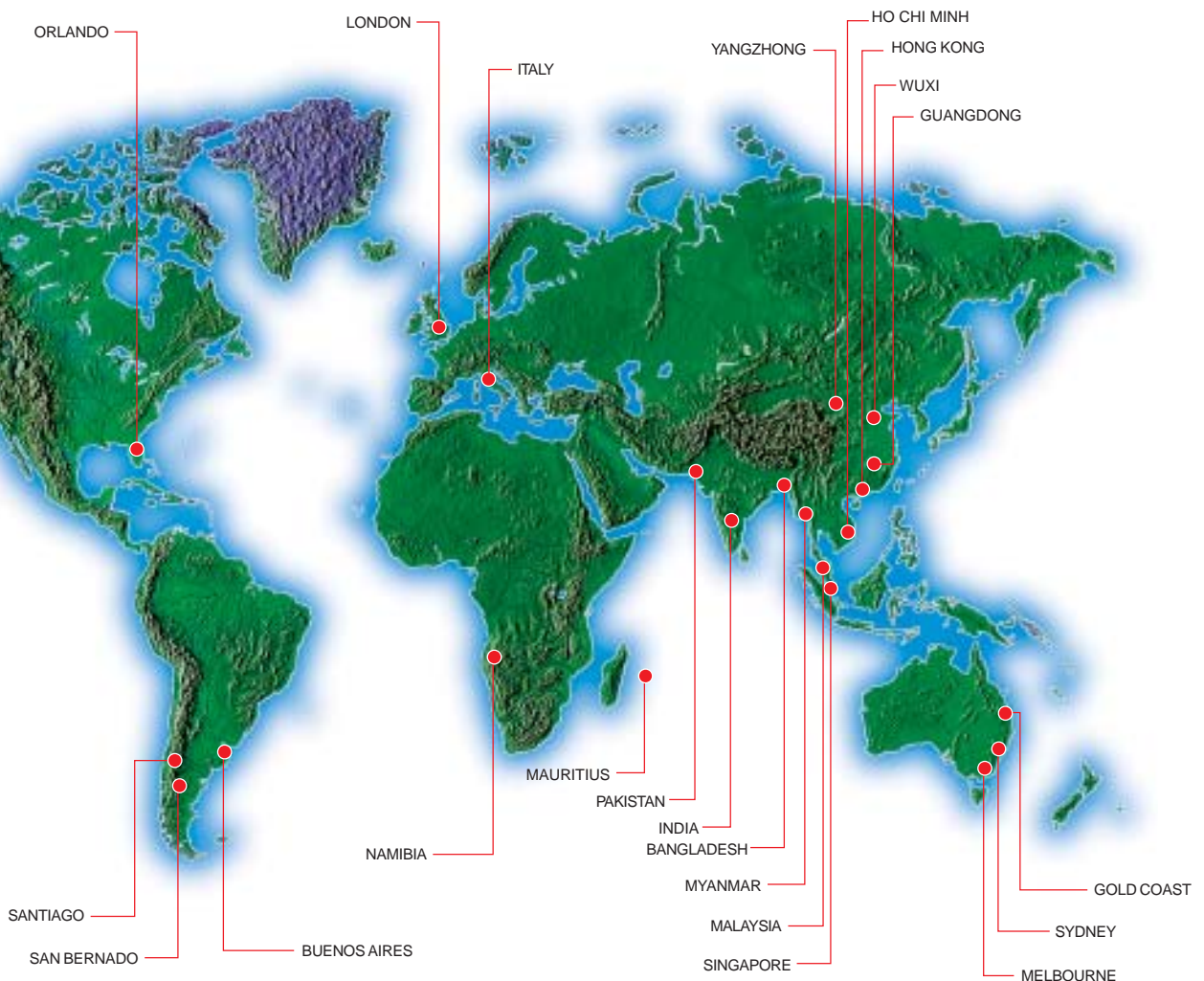
Our culture of producing quality and innovative products and services will continue to be our foundation for growth. We will continue to allocate our resources in a synergistic manner to eliminate duplication, to benchmark our processes against the highest international standards and to embrace the state-of-the-art technology to stay ahead. Dedicated investment in research and development, and developing innovative approaches will be the key to our sustainable growth in businesses. We will move forward with an awareness that we can continue to shape and assure our future only by practising the art of constant reengineering and invention, and producing higher quality products through investment in research and development.

Construction Innovation and Excellence

The Group has established itself as a leading player in the construction industry, particularly through innovatively designed and quality construction works carried out in the shortest possible time. We believe in harnessing the latest tools and technologies to create products and to build structures speedily and efficiently to the highest quality standards which meet today's needs and serve the needs of the country well into the future.

Constructing the RM603 million Putrajaya Convention Centre (PCC) on turnkey basis within 22 months requires intensive planning, coordination and execution. Sophisticated state-of-the-art equipment require integration to function in a seamless fashion. All these mean new construction methods for speed, new skills for systems integration and so forth. A world class landmark, the

Our footprints in the world



Past projects in...



India



Australia



Vietnam

PCC will be a symbol of IJM's ability to harness its multi disciplinary skills and capabilities to produce world class buildings. Each new turnkey project is a test of our skills to innovate, use new technology and products and deliver a quality end product with ever shortening construction periods.

We have established ourselves as an international player in the construction and construction-related industries. We have set foot in many countries. We were among the first Malaysian contractors to venture into overseas markets such as Argentina, Australia, Bangladesh, Chile, China, Florida (USA), Hong Kong, India, Mauritius, Namibia, Pakistan and Singapore, among others. We secured the first BOT water treatment plant concession in Vietnam when few investors were looking there. In each of these markets, new skills are required to adapt to local conditions, operate effectively and deliver on the promises expeditiously.

Innovative Products

The Group is also on the constant lookout to develop new products for use in the construction business.

The latest feather in IJM's cap is a joint venture undertaken by its wholly-owned subsidiary, IJM Building Systems Sdn Bhd, to commercialise the production of the first lightweight oil palm fibre reinforced cement composite panels, invented and patented in Malaysia. These panels are to be used as non-load bearing partition components in housing construction, or such other business.



The product was accredited by the Malaysian Book of Records Award as the first product to utilise raw fibres from oil palm trunks for lightweight cement blocks for usage in high-rise buildings. The fibres have very high tensile strength compared to other natural fibres and have great potential

Production of lightweight cement blocks using raw fibres from oil palm trunks: Accreditation by the Malaysian Book of Records

usage. The use of these natural fibres derived from oil palm trunks and fruit bunches, while providing an economic use for a by-product, also helps the environment as it is no longer necessary to burn them.

Research and Development

The Group continues to place high importance on research and development (R&D) in its Plantations Division as it strives to maintain the edge well into the future. Significant investments have been made in R&D and training as proven by the official opening of its Quality, Training and Research Centre (QTRC) in May 2002.

The main R & D activities are oil palm breeding and seed production. For this purpose, and along with



IJM DxP seedlings

trials on oil palm variety improvement and agronomy, the Division now produces its own quality hybrid seeds to meet the demands of its expansion. In 2002, QTRC produced more than 500,000 DxP hybrid seeds for our Sugut Project. This marks an important milestone in our R & D efforts.

Research into the use of biological controls to reduce the use of pesticides, converting mill wastes into natural fertilisers are also being carried out.

In addition, 5 training courses were conducted at the Centre. The research and training activities at QTRC in the coming years are expected to contribute further towards improving productivity of the Division.

IJM believes that the human resource is the most important asset. The Group's success has been achieved through the solid contribution by the pool of committed, competent and dedicated employees who continuously strive to excel in their work performance. To sustain the quality of this invaluable asset, the Group has allocated a significant portion of resources to continuously enhance the skills of staff with the relevant competencies and know-how to support its long-term growth.



Construction men at work

Training

As a matter of policy, the management continues to encourage the employees to improve their competencies and skills through the attendance of formal developmental activities such as training, professional seminars, etc. In the year 2002, the Group expended RM401,683 in various in-house and external competencies enhancement programmes. These programmes cover on-the-job skills, information technology, safety and health management, and soft skills such as management, accounts and finance, supervisory development, presentation skills and report writing. Risk management seminars and talks were also organised for the Board of Directors and all levels of

management. A total of 30,418 man hours of training was provided by the Group in 2002.

In addition to the Group's efforts to nurture several young graduates from various academic backgrounds in the field of safety and health, one batch of 15 employees from the construction division were identified and sent to attend the Safety and Health Officer certification course for the first time. This is a conscious effort of the Group to build a pool of competent and qualified Safety and Health Officers to meet the statutory requirements of the OSHA, 1994.

The Group recognizes the importance of developing, managing and retaining talents through a rewarding career with meritorious recognitions. Induction courses on the core beliefs and values of the Group are organised for new employees to ensure their successful integration and assimilation into the Group. Young graduates are placed at the workplace under a mentoring system that begins from the day they join the company. This provides a focused development of employees with appropriate coaching and guidance that enables the early identification of potential talents for a planned nurturing process. Identified performers are then put through an accelerated career progression for the recognition of their abilities.



IJM's exhibitors with GMD Krishnan Tan at the KLSE Investors' Week 2002

Staff Welfare

Staff welfare is not forgotten whilst the Group endeavours to create more wealth for its shareholders. The Group has in place the IJM Retirement Scheme that aims to provide safety nets as an assurance to retired employees and employees who succumb to unfortunate ill health or accident.

The Group also provides insurance schemes and coverage, such as critical illness, hospitalisation and surgery, and 24-hours worldwide personal accident coverage. The Group, through its Kelab Sukan IJM, operates the IJM Welfare Fund, which renders financial assistance to employees who are affected by unfortunate circumstances and events.



Sepak Takraw players in action at the 4th IJM Regional Games

Sports and Social Activities

In the year 2002, events and programs were planned to create better social interaction among our people. Sports activities and competitions were organized throughout the year to enhance team spirit. This is our commitment to develop bonding and to instill a greater sense of belonging among our people.

Biennially, the various divisions of the Group come together to participate in the Group's Regional Games. This year the event was hosted by our associate company Industrial Concrete Products Berhad at the Petronas Training Centre in Bangi, involving over 280 of the Group's employees from the Central, Northern, Southern and Eastern regions. There were keenly contested matches amongst the ten sports events held, demonstrating the employees' highly competitive nature whilst the vociferous supporters were evidence of the abundance of strong team spirit. The overall winner this year was the Central Region.

The employees enjoyed participating in the various marathons and walking competitions. On an individual basis, the company is proud to have an employee, Gunavathi a/p Kandaya, who has carved a name for herself as an athlete at the national level in various athletic events. The events include relays, runs, walkathons and marathons.

At the Plantations Division, it was not only about planting oil palms. Our energetic team there added another feather to their caps by their promotion of a second team sports - Rugby (*the first being football*). The IJM Cobra team took part in the 2nd Cobra 10's East Malaysia Tournament and the Inaugural Labuan 10's Tournament where our team emerged as champions, defeating the oppositions from Sabah, Sarawak, Brunei and Indonesia.



IJM's 19th Annual Dinner & Dance at Sheraton Hotel, Subang Jaya

The Company's 19th Annual Dinner and Dance was held at Sheraton Hotel, Subang Jaya. It was well attended by about 850 employees and their spouses. Several get-togethers were also organized to celebrate the various festivities that are unique to our multi-racial society. As usual, all levels of employees from the different races participated in these functions whole-heartedly.

Loyalty Awards

Given the conducive and caring working environment, it is no surprise that the Group has a high number of loyal employees, thus providing the Group with continuity, as demonstrated in the table below:

Years of service	Number of staff
5 years and below	711
5 years to 10 years	330
10 years to 15 years	182
15 years to 20 years	48
Above 20 years	97
	1,368

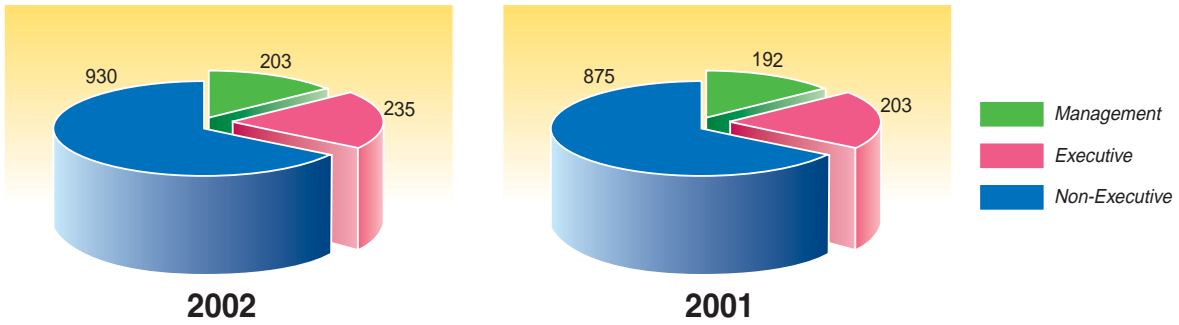
In recognition of the loyal services and contributions of its employees, IJM awards Loyalty awards to all employees who reaches their 20th year anniversary with the Group. In 2002, 10 employees reached this milestone and were rewarded at the Group's Annual Dinner and Dance.



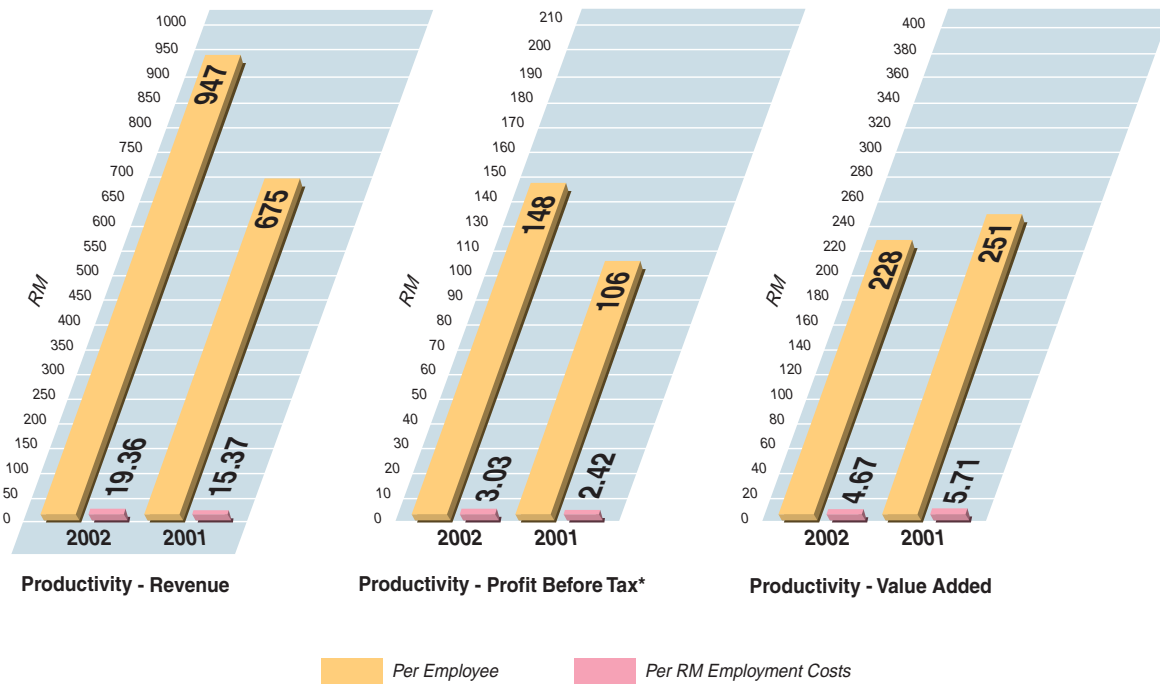
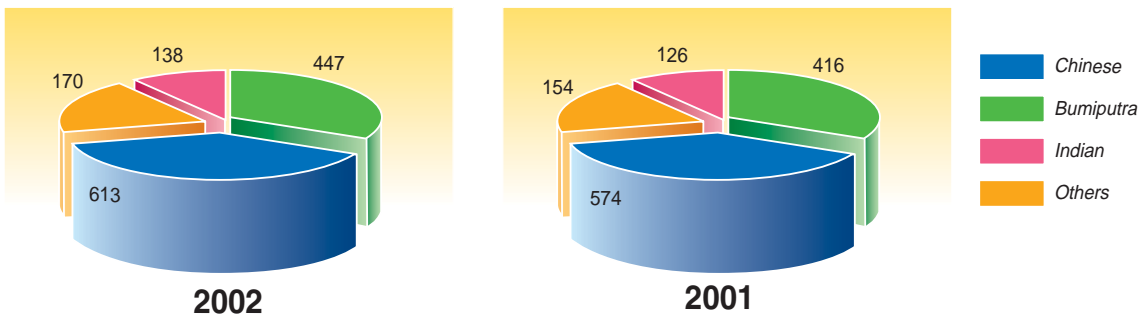
Recipients of the 20-year service Awards posing with GMD Krishnan Tan

Employees and Productivity

EMPLOYEES BY CLASSIFICATION



EMPLOYEES BY ETHNIC COMPOSITION



* Excluding exceptional gains/losses

Caring for the Community

IJM Group believes it exists not merely for the sole purpose of business. The Group takes on an active role as a socially responsible corporate citizen by consistently responding to the needs of various communities and organisations, through contributions made to charitable, educational, cultural, health and sports organisations.

In the year 2002, the recipients for contributions in cash and in kind included Majlis Kanser Nasional, Malaysian Humanitarian Foundation, Pusat Penjagaan Kanak-kanak Cacat Taman Megah, Rumah Ozanam, Persatuan Rumah Kebajikan Grace, National Kidney Foundation, Badan Warisan Malaysia, Shelter Christian Fellowship for Aid and Welfare Selangor, Yayasan Sultan Idris, Little Sisters of the Poor, The Penang Rotary Charity Foundation, Yayasan Kebajikan Anak-anak Yatim Kelantan, and The Penang Home for the Infirm and Aged, amongst others.



IJM doing its bit for the community

In its support towards the development of sports, the Group made contributions to Majlis Sukan Negara and the Olympic Council of Malaysia. It is also a charter member of Sports Excel which supports and nurtures young sports persons to achieve sports excellence in their respective sport. It also sponsored various sports events such as the COBRA 10's East Malaysian Tournament.



IJM employees answering University Hospital's call for blood donation

In an effort to spearhead rugby development in Sabah, the Group, through its subsidiary, IJM Plantations Sdn Bhd undertook a 3-year Junior Rugby Development Programme for selected secondary schools in Kota Kinabalu, Sandakan and Tawau in Sabah. Fijian coaches have been brought in to carry out more programs.

The employees of IJM also facilitated various community activities. These included blood

donation campaigns, visits to charitable homes and collection of recycled items such as used clothing, household equipment and toys for donation to several organisations.

IJM Scholarship Award

IJM continues to award scholarships to needy and deserving undergraduates who are pursuing local tertiary education. These awards provide a steady stream of bright young professionals with the relevant competencies and capabilities to sustain and reinvigorate the Group's long-term growth.

Loans and grants are also offered to existing staff to pursue further qualifications such as the executive MBA programs.



Past and present scholars with GMD Krishnan Tan



Financial Statements

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Directors' Report and Statement

For the year ended 31 December 2002

The Directors have pleasure in submitting their 19th annual report together with the audited financial statements of the Group and Company for the financial year ended 31 December 2002.

PRINCIPAL ACTIVITIES

2. The Company is principally engaged in construction, property development and investment holding. The Group's principal activities are in construction, property development, manufacturing and quarrying, oil palm cultivation and investment holding.

There have been no significant changes in these principal activities during the financial year.

FINANCIAL RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
3. Profit from ordinary activities after taxation	136,280	63,433
Minority interest	(16,079)	-
Net profit for the year	<u>120,201</u>	<u>63,433</u>

DIVIDENDS

4. Dividends paid, declared or proposed since the end of the previous financial year are as follows: -

	RM'000
(a) In respect of the year ended 31 December 2001 as proposed in the Directors' Report and Statement for that year: -	
Final dividend of 5% less tax paid on 19 July 2002	<u>13,060</u>
(b) In respect of the year ended 31 December 2002: -	
First interim dividend of 5% less tax paid on 15 November 2002	13,087
Second interim dividend of 7% less tax to be paid on 22 May 2003	<u>18,342</u>

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2002.

RESERVES AND PROVISIONS

5. There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the notes to the financial statements.

SHARE CAPITAL

6. During the financial year, the issued and paid up ordinary share capital of the Company was increased from RM352,722,654 to RM363,936,565 by way of: -
- (a) The issuance of 9,605,000 new ordinary shares of RM1 each pursuant to the ESOS referred to in paragraph 7 below: -
- (i) 8,888,000 new ordinary shares of RM1 each at the exercise price of RM4.01 per share;
 - (ii) 376,000 new ordinary shares of RM1 each at the exercise price of RM3.89 per share; and
 - (iii) 341,000 new ordinary shares of RM1 each at the exercise price of RM1.82 per share.
- (b) The issuance of 1,608,911 new ordinary shares of RM1 each arising from the conversion of Warrants 2000/2004 at the exercise price of RM2.99 in accordance with the Deed Poll dated 24 January 2000.

The new ordinary shares issued rank pari passu in all respects with the existing issued shares of the Company.

EMPLOYEES SHARE OPTION SCHEME (ESOS)

7. At an Extraordinary General Meeting held on 9 March 1995, the ESOS, which was originally due to expire on 12 March 1997, was approved to be extended for a period of five years to expire on 12 March 2002. The total number of shares that could be offered to eligible employees and Executive Directors of the Group was increased to a maximum of 10% of the issued share capital of the Company and the exercise price shall be the average of the middle market quotation of the Company's shares as shown in the Daily Official List issued by the KLSE for the five (5) trading days preceding the Date of Offer or at par value of the ordinary shares of the Company, whichever is higher. The ESOS expired on 12 March 2002 and the remaining unexercised options lapsed on that date.

Date Granted	Number of Ordinary Shares ('000)				Lapsed at 12.03.2002	Exercise Price
	Granted	Exercised	Terminated			
17.03.1995	* 19,894	15,497	2,380		2,017	RM4.01 *
29.12.1995	1,537	1,393	72		72	RM3.89
01.11.1997	10,832	10,203	629		-	RM1.82
	32,263	27,093	3,081		2,089	

* Adjusted for the bonus issue in 1995.

WARRANTS

8. The Warrants 2000/2004 are constituted by a Deed Poll dated 24 January 2000.

During the financial year ended 31 December 2000, the Company issued RM150,000,000 nominal amount of 5% Redeemable Unsecured Bond 2000/2005 with 80,178,930 detachable warrants to a primary subscriber on a bought deal basis.

Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after 28 February 2000 to 28 August 2004 or such date extended in accordance with the provisions of the Deed Poll, at an exercise price of RM2.99 per share or such adjusted price in accordance with the provisions in the Deed Poll. Any Warrants 2000/2004 not exercised at the date of maturity will lapse and cease to be valid for any purpose.

The shares arising from the exercise of Warrants 2000/2004 shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, distributions or rights unless the exercise of Warrants 2000/2004 was effected before the book closure of the share register for the determination of the entitlement to such rights or distributions.

DIRECTORS

9. The Directors in office since the date of the last report and statement are: -

Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin, *Independent Non-Executive Chairman*
 Tan Boon Seng @ Krishnan, *Group Managing Director*
 Goh Chye Koon, *Deputy Group Managing Director*
 Soo Heng Chin, *Group Executive Director*
 Velayuthan A/L Tan Kim Song, *Group Executive Director*
 Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor, *Senior Independent Non-Executive Director*
 Datuk Oh Chong Peng, *Independent Non-Executive Director (appointed on 12 April 2002)*
 Datuk Yahya bin Ya'acob, *Independent Non-Executive Director*
 Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob, *Non-Executive Director*
 Dato' Goh Chye Keat, *Non-Executive Director*
 Lai Meng, *Non-Executive Director*
 Haji Osman bin Haji Ismail, *Non-Executive Director*
 Choo Choon Yeow, *Non-Executive Director (retired on 22 May 2002)*
 Dato' Arthur Tan Boon Shih, *Non-Executive Director (resigned on 4 April 2002)*

10. According to the Register of Directors' Shareholdings, particulars of Directors' interests in the shares of the Company during the financial year are as follows: -

Name of Director	Number of Ordinary Shares of RM1 each			Balance 31.12.2002
	Balance 01.01.2002	Acquired	Disposed	
Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin				
Direct interest	-	46,000	-	46,000
Indirect interest	45,000	-	15,000	30,000
Tan Boon Seng @ Krishnan				
Direct interest	432,698	328,000	-	760,698
Indirect interest	357,698	12,000	50,000	319,698
Goh Chye Koon				
Direct interest	258,712	250,000	210,000	298,712
Soo Heng Chin				
Direct interest	-	179,000	174,000	5,000
Velayuthan A/L Tan Kim Song				
Direct interest	8,000	274,000	-	282,000
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor				
Direct interest	10,333	-	-	10,333
Dato' Goh Chye Keat				
Direct interest	658,362	178,000	260,000	576,362
Indirect interest	801,132	-	201,000	600,132

11. Particulars of Directors' share options during the financial year pursuant to the ESOS referred to in paragraph 7 above are as follows: -

Name of Director	Number of Ordinary Shares of RM1 each		
	Balance 01.01.2002	Options Exercised	Balance * 12.03.2002
Tan Boon Seng @ Krishnan	318,000	318,000	-
Goh Chye Koon	250,000	250,000	-
Soo Heng Chin	174,000	174,000	-
Velayuthan A/L Tan Kim Song	274,000	274,000	-
Dato' Goh Chye Keat	178,000	178,000	-

* Expiry date of the ESOS

12. Particulars of Directors' warrant holdings during the financial year are as follows: -

Name of Director	Balance 01.01.2002	Number of Warrants		Balance 31.12.2002
		Acquired	Disposed/ Exercised	
Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin				
Direct interest	31,000	-	31,000	-
Indirect interest	8,200	-	-	8,200
Tan Boon Seng @ Krishnan				
Direct interest	1,647,000	-	-	1,647,000
Indirect interest	234,000	-	-	234,000
Goh Chye Koon				
Direct interest	1,126,000	-	150,000	976,000
Soo Heng Chin				
Direct interest	940,000	4,000	302,000	642,000
Velayuthan A/L Tan Kim Song				
Direct interest	801,600	20,000	273,000	548,600
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob				
Direct interest	33,400	-	-	33,400
Dato' Goh Chye Keat				
Direct interest	132,000	100,000	-	232,000
Indirect interest	172,000	-	-	172,000

13. According to the Register of Directors' Shareholdings, none of the other Directors has any direct or indirect interests in the shares of the Company during the financial year.

14. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown in the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest other than Dato' Goh Chye Keat who has substantial financial interests in Industrial Concrete Products Berhad, an associate of the Group which trades with the Company and the Group in the ordinary course of business and Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob who has substantial financial interest in Minconsult Sdn Bhd, which trades with the Company and the Group in the ordinary course of business as disclosed in Note 45 to the financial statements.

15. Except as disclosed above, neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangement whose object was to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

16. Before the financial statements of the Group and Company were made out, the Directors took reasonable steps: -
- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
17. At the date of this report and statement, the Directors are not aware of any circumstances: -
- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts of the Group and Company inadequate to any material extent or the values attributed to current assets of the Group and Company misleading; or
 - (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate; or
 - (c) not otherwise dealt with in this report and statement or in the financial statements that would render any amount stated in the financial statements of the Group and Company misleading.
18. In the interval between the end of the financial year and the date of this report and statement: -
- (a) no item, transaction or other events of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and Company for the current financial year; or
 - (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor have any contingent liabilities arisen in any company in the Group.
19. No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.
20. In the opinion of the Directors: -
- (a) the results of the operations of the Group and Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (b) the financial statements of the Group and Company set out on pages 78 to 137 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

AUDITORS

21. The Auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office. The Directors endorsed the recommendation of the Audit Committee for PricewaterhouseCoopers to be reappointed as Auditors.

Signed on behalf of the Board in accordance with a resolution of the Directors.



**TAN SRI DATO' IR. (DR) WAN ABDUL RAHMAN
BIN WAN YAACOB**



TAN BOON SENG @ KRISHNAN

Petaling Jaya
27 February 2003

Income Statements

For the year ended 31 December 2002

	Note	THE GROUP		THE COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
OPERATING REVENUE	3	1,295,195	857,391	236,802	192,306
COST OF SALES		(1,063,471)	(696,909)	(137,883)	(86,851)
GROSS PROFIT		231,724	160,482	98,919	105,455
OTHER OPERATING INCOME		43,464	31,726	40,515	37,378
TENDERING, SELLING AND DISTRIBUTION EXPENSES		(12,557)	(8,746)	-	-
ADMINISTRATIVE EXPENSES		(50,608)	(39,940)	(12,798)	(12,244)
OTHER OPERATING EXPENSES		(33,257)	(15,918)	(10,538)	127
OPERATING PROFIT BEFORE FINANCE COST	4	178,766	127,604	116,098	130,716
FINANCE COST	5	(24,124)	(27,769)	(17,194)	(16,307)
OPERATING PROFIT AFTER FINANCE COST		154,642	99,835	98,904	114,409
SHARE OF RESULTS OF ASSOCIATES		44,090	22,351	-	-
IMPAIRMENT OF INVESTMENT IN ASSOCIATES	6	(10,800)	(47,000)	(10,800)	(45,000)
GAIN/(LOSS) ON DISPOSAL OF ASSOCIATES	7	-	122,257	-	(11,697)
SHARE OF RESULTS OF JOINTLY CONTROLLED ENTITIES		3,838	12,966	-	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		191,770	210,409	88,104	57,712
TAXATION					
Company and subsidiaries		(50,989)	(24,668)	(24,671)	(12,823)
Associates		(3,479)	(5,912)	-	-
Jointly controlled entities		(1,022)	(3,838)	-	-
	8	(55,490)	(34,418)	(24,671)	(12,823)
PROFIT FROM ORDINARY ACTIVITIES AFTER TAXATION		136,280	175,991	63,433	44,889
MINORITY INTEREST		(16,079)	(6,993)	-	-
NET PROFIT FOR THE YEAR		120,201	168,998	63,433	44,889
EARNINGS PER SHARE: -					
Basic	9(a)	33.3 Sen	48.0 Sen		
Fully diluted	9(b)	30.7 Sen	45.7 Sen		
DIVIDENDS PER SHARE	10	12.0 Sen	20.0 Sen		

	Note	THE GROUP		THE COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
CAPITAL AND RESERVES					
Share capital	12	363,937	352,723	363,937	352,723
Share premium		241,880	210,559	241,880	210,559
Revaluation reserve		73,853	73,853	-	-
Exchange translation reserve		5,402	5,946	1,276	1,272
Capital reserves	13	34,383	34,161	-	-
Retained profits	14	737,453	643,399	257,261	219,975
Shareholders' equity		1,456,908	1,320,641	864,354	784,529
Minority interest		102,825	95,587	-	-
		1,559,733	1,416,228	864,354	784,529
NON-CURRENT LIABILITIES					
Bonds	15	246,671	246,178	150,000	150,000
Term loans	16	523	982	-	-
Hire purchase and lease creditors	17	4,338	21,935	-	-
Deferred taxation	18	13,105	8,598	4,899	2,903
Amount due to an associate	19	36,956	36,628	-	-
Trade payable	20	12,000	12,000	-	-
Retirement benefits	21	2,262	1,514	871	936
		315,855	327,835	155,770	153,839
DEFERRED INCOME	22	6,661	12,515	-	-
		1,882,249	1,756,578	1,020,124	938,368
NON-CURRENT ASSETS					
Property, plant and equipment	23	674,218	586,007	18,818	19,637
Subsidiaries	24	-	-	277,596	266,586
Associates	25	320,084	261,176	105,417	120,427
Long term investments	26	66,638	60,987	50,961	51,015
Long term receivables	27	53,701	85,618	-	-
Intangible assets	28	11,718	5,814	-	-
		1,126,359	999,602	452,792	457,665
CURRENT ASSETS					
Development properties	29	351,013	217,896	281	281
Inventories	30	47,492	47,380	6,584	6,669
Trade and other receivables	31	826,699	776,317	843,443	643,257
Short term investments	32	101,048	84,009	10,053	10,688
Deposits with licensed banks	33	87,705	141,895	59,262	73,297
Cash and bank balances	34	49,572	22,823	7,015	2,272
		1,463,529	1,290,320	926,638	736,464
CURRENT LIABILITIES					
Trade and other payables	36	626,614	452,248	289,041	200,894
Interest bearing bank borrowings	37	68,246	61,041	66,446	54,703
Bank overdrafts	38	880	1,686	5	164
Taxation liabilities		11,899	18,369	3,814	-
		707,639	533,344	359,306	255,761
NET CURRENT ASSETS					
		755,890	756,976	567,332	480,703
		1,882,249	1,756,578	1,020,124	938,368

Statements of Changes in Equity

For the year ended 31 December 2002

THE GROUP	Note	← Non-distributable →				Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserves RM'000	Retained profits RM'000	
At 1 January 2002		352,723	210,559	73,853	5,946	34,161	643,399	1,320,641
Reserve on consolidation		-	-	-	-	277	-	277
Amortisation of reserve on consolidation		-	-	-	-	(55)	-	(55)
Reserves arising from translation of foreign subsidiaries, associates and branch		-	-	-	(544)	-	-	(544)
Net gain / (loss) not recognised in income statement		-	-	-	(544)	222	-	(322)
Net profit for the year		-	-	-	-	-	120,201	120,201
Dividends for the year ended: -								
31 December 2001	10	-	-	-	-	-	(13,060)	(13,060)
31 December 2002	10	-	-	-	-	-	(13,087)	(13,087)
Issue of shares under ESOS	12	9,605	28,120	-	-	-	-	37,725
Conversion of warrants	12	1,609	3,201	-	-	-	-	4,810
At 31 December 2002		363,937	241,880	73,853	5,402	34,383	737,453	1,456,908

THE GROUP	Note	← Non-distributable →				Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserves RM'000	Retained profits RM'000	
At 1 January 2001:-								
- as previously reported		351,517	208,913	73,853	12,317	55,990	490,607	1,193,197
- prior year adjustment	46	-	-	-	-	-	12,655	12,655
- as restated		351,517	208,913	73,853	12,317	55,990	503,262	1,205,852
Reserves arising from translation of foreign subsidiaries, associates and branch		-	-	-	(390)	-	-	(390)
Exchange differences arising from foreign equity investments, net of foreign currency borrowings		-	-	-	1,171	-	-	1,171
Realisation of exchange translation reserves on disposal of an associate		-	-	-	(7,152)	-	-	(7,152)
Realisation of reserves on disposal of an associate		-	-	-	-	(21,829)	21,829	-
Net gain / (loss) not recognised in income statement		-	-	-	(6,371)	(21,829)	21,829	(6,371)
Net profit for the year		-	-	-	-	-	168,998	168,998
Dividends for the year ended: -								
31 December 2000		-	-	-	-	-	(12,665)	(12,665)
31 December 2001	10	-	-	-	-	-	(38,025)	(38,025)
Issue of shares under ESOS	12	1,127	1,489	-	-	-	-	2,616
Conversion of warrants	12	79	157	-	-	-	-	236
At 31 December 2001		352,723	210,559	73,853	5,946	34,161	643,399	1,320,641

Statements of Changes in Equity (Continued)

For the year ended 31 December 2002

THE COMPANY	Note	← Non-distributable →			Distributable	Total RM'000
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Retained profits RM'000	
At 1 January 2002		352,723	210,559	1,272	219,975	784,529
Reserves arising from translation of a foreign branch		-	-	4	-	4
Net profit for the year		-	-	-	63,433	63,433
Dividends for the year ended: -						
31 December 2001	10	-	-	-	(13,060)	(13,060)
31 December 2002	10	-	-	-	(13,087)	(13,087)
Issue of shares under ESOS	12	9,605	28,120	-	-	37,725
Conversion of warrants	12	1,609	3,201	-	-	4,810
At 31 December 2002		363,937	241,880	1,276	257,261	864,354
At 1 January 2001:-						
- as previously reported		351,517	208,913	176	213,121	773,727
- prior year adjustment	46	-	-	-	12,655	12,655
- as restated		351,517	208,913	176	225,776	786,382
Reserves arising from translation of a foreign branch		-	-	(140)	-	(140)
Realised exchange differences arising from foreign equity investments net of foreign currency borrowings		-	-	1,236	-	1,236
Net gain not recognised in income statement		-	-	1,096	-	1,096
Net profit for the year		-	-	-	44,889	44,889
Dividends for the year ended: -						
31 December 2000		-	-	-	(12,665)	(12,665)
31 December 2001	10	-	-	-	(38,025)	(38,025)
Issue of shares under ESOS	12	1,127	1,489	-	-	2,616
Conversion of warrants	12	79	157	-	-	236
At 31 December 2001		352,723	210,559	1,272	219,975	784,529

Consolidated Cash Flow Statement

For the year ended 31 December 2002



IJM CORPORATION BERHAD
(104131-A)

	Note	THE GROUP	
		2002 RM'000	2001 RM'000
OPERATING ACTIVITIES			
Receipts from customers		1,233,223	943,001
Payments to contractors, suppliers and employees		(988,523)	(765,519)
Interest received		16,131	12,741
Interest paid		(24,124)	(32,418)
Income tax refunded		883	-
Income tax paid		(52,952)	(14,170)
Net cash flow from operating activities		184,638	143,635
INVESTING ACTIVITIES			
Acquisition of subsidiaries	40	(7,928)	-
Acquisition of shares from minority shareholders		(5,610)	(2,400)
Investments in associates		(44,390)	(2,976)
Acquisition of investments		(29,984)	(284)
Capital distribution by associates		7,825	19,416
Purchases of property, plant and equipment		(126,996)	(111,429)
Disposal of subsidiaries	41	672	-
Disposal of shares in associates		-	249,178
Disposal of property, plant and equipment		7,699	1,798
Disposal of investments		275	850
Dividends received from associates		7,498	19,710
Dividends received from other investments		5,489	987
Net advances and repayments to associates		(28,027)	(84,450)
Net cash flow (used in) / from investing activities		(213,477)	90,400
FINANCING ACTIVITIES			
Issue of shares by the Company: -			
- Employees Share Option Scheme		37,725	2,616
- Conversion of warrants		4,810	236
Issues of shares by subsidiaries to minority interest		510	-
Bank borrowings		6,746	(112,402)
Repayments of hire purchase and lease creditors		(19,210)	(14,443)
Dividends paid by subsidiaries to minority shareholders		(3,658)	(4,665)
Dividends paid by the Company		(26,164)	(50,667)
Redemption / (placement) of short term deposits		7,376	(8,362)
Net cash flow from / (used in) financing activities		8,135	(187,687)
Net (decrease) / increase in cash and cash equivalents during the financial year		(20,704)	46,348
Cash and cash equivalents at beginning of the financial year		143,045	97,067
Foreign exchange differences on opening balances		1,444	(370)
Cash and cash equivalents at end of the financial year	43	123,785	143,045

Company Cash Flow Statement

For the year ended 31 December 2002

	Note	THE COMPANY	
		2002 RM'000	2001 RM'000
OPERATING ACTIVITIES			
Receipts from customers		163,394	235,780
Payments to contractors, suppliers and employees		(114,792)	(92,408)
Trade advances, deposits and prepayments		10,696	(16,915)
Interest received		1,625	15,983
Interest paid		(11,695)	(16,307)
Income tax refunded		883	-
Income tax paid		(9,230)	(11,167)
Net cash flow from operating activities		40,881	114,966
INVESTING ACTIVITIES			
Acquisition of subsidiaries		(4,980)	-
Acquisition of shares in associates		(3,330)	(2,012)
Acquisition of short term investments		(5)	(8)
Disposal of subsidiaries		-	39,912
Disposal of shares in associates		-	3,903
Disposal of investments		144	-
Disposal of property, plant and equipment		227	450
Dividends received from subsidiaries		33,362	76,972
Dividends received from associates		6,276	18,135
Dividends received from other investments		658	832
Purchase of property, plant and equipment		(380)	(481)
Advances to subsidiaries		(169,977)	(320,718)
Advances to associates		-	(51,639)
Advances to jointly controlled entities		(464)	(1,940)
Advances from subsidiaries		7,625	-
Advances from associates		1,480	-
Advances from jointly controlled entities		887	-
Capital distribution by associates		7,800	-
Repayment of advances from subsidiaries		-	178,339
Repayment of advances from associates		42,549	5,248
Net cash flow used in investing activities		(78,128)	(53,007)
FINANCING ACTIVITIES			
Issue of shares by the Company: -			
- Employees Share Option Scheme		37,725	2,616
- Conversion of warrants		4,810	236
Bank borrowings		11,743	(29,466)
Dividends paid by the Company		(26,164)	(50,667)
Net cash flow from / (used in) financing activities		28,114	(77,281)
Net decrease in cash and cash equivalents during the financial year		(9,133)	(15,322)
Cash and cash equivalents at beginning of the financial year		75,405	90,727
Cash and cash equivalents at end of the financial year	43	66,272	75,405

For the year ended 31 December 2002

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

A. Basis of Preparation

The financial statements are prepared under the historical cost convention (as modified for the revaluation of certain property, plant and equipment and development properties) unless otherwise indicated in this summary of significant accounting policies.

The financial statements of the Group and Company have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The new applicable approved accounting standards adopted in these financial statements are as follows: -

(a) Early adoption in financial year 2001

- (i) MASB 19 "Events After the Balance Sheet Date"
- (ii) MASB 20 "Provisions, Contingent Liabilities And Contingent Assets"
- (iii) MASB 21 "Business Combinations"
- (iv) MASB 22 "Segment Reporting"

(b) New standards adopted during the financial year

- (i) MASB Standard 23 "Impairment of Assets"

This Standard does not allow retrospective application. Therefore, this Standard has been applied prospectively.

- (ii) MASB Standard 24 "Financial Instruments: Disclosure and Presentation"

The Group has availed itself of the exemption provided to apply this Standard prospectively. Comparatives are not disclosed upon first application of MASB Standard 24, as permitted by the Standard.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

B. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with policies adopted by the Group. Separate disclosure is made for minority interest.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill or reserve on acquisition and exchange differences which were not previously recognised in the consolidated income statement.

C. Subsidiaries

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries are stated at cost except where there is an indication of impairment, in which case the carrying value of the investment is assessed and written down immediately to its recoverable amount.

D. Associates

The Group treats as associates those enterprises where it is able to exercise significant influence by representation on the board of directors and/or participation in the financial and operating decision making processes of the investee but not control over those policies.

Investments in associates are stated at cost except where there is an indication of impairment, in which case the carrying value of the investment is assessed and written down immediately to its recoverable amount.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising in the income statement the Group's share of the results of associates for the period. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition. Equity accounting is discontinued when the carrying value of the investment in an associate reaches zero, unless the Group has incurred obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the assets transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

E. Jointly Controlled Entities

The Group's interest in jointly controlled entities, which are entities in which the Group has short duration contractual arrangements with third parties to undertake construction and other projects, are accounted for in the consolidated financial statements using the equity method of accounting where the Group's share of results of the jointly controlled entities is included in the consolidated financial statements.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the assets transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with the Group.

F. Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the fair value of the Group's share of their identifiable net assets at the date of acquisition. Goodwill with a determinable useful economic life is amortised using the straight-line method over its estimated useful economic life or 20 years, whichever is the shorter. All other goodwill is stated at cost except when an indication of impairment exists, the carrying value of the goodwill is assessed and written down immediately to its recoverable amount.

Negative goodwill represents the excess of the fair value of the Group's share of identifiable net assets acquired over the cost of acquisition and is credited to reserves in the year of acquisition. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

G. Investments

Long term investments are stated at cost, unless in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of investment, such a decline is recognised as an expense in the period in which the decline is identified.

Short term investments in marketable securities are carried at the lower of cost and market value, determined on an aggregate portfolio basis. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying value of marketable securities are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying value is charged or credited to the income statement.

H. Currency Translations

Foreign currency transactions are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Exchange differences arising on settlement of monetary items or on translating monetary assets and liabilities at rates of exchange ruling at year end are taken to the income statement.

Exchange differences arising on foreign currency borrowings that have been used to finance equity investments in foreign currencies are dealt with through exchange translation reserve to the extent that they are covered by exchange differences arising on the net assets represented by the equity investments. These differences are recognised as income or expenses upon disposal of those investments.

Assets and liabilities of foreign subsidiaries and associates, both monetary and non-monetary, are translated into Ringgit Malaysia at the rates of exchange ruling at financial year end; and income and expense items are translated at exchange rates at the date of the transactions. All resulting exchange differences are dealt with through the exchange translation reserve.

H. Currency Translations (Continued)

The principal closing rates used in translation of foreign currency amounts are as follows: -

Foreign currency	31.12.2002	31.12.2001
	RM	RM
1 US Dollar	3.800	3.800
1 Australian Dollar	2.153	1.942
1 Singapore Dollar	2.192	2.054
1 Hongkong Dollar	0.487	0.487
1 Chinese Renminbi	0.459	0.459
1 Indian Rupee	0.079	0.079
1 Argentine Peso	1.128	3.800

I. Property, Plant and Equipment and Depreciation

All property, plant and equipment are stated at cost or at valuation less accumulated depreciation and impairment losses except for freehold land, plantation development expenditure incurred for new planting and capital work-in-progress which are not depreciated. Freehold land is not depreciated as it has an infinite life.

Plantation land and development expenditure comprise land stated at cost or valuation and expenditure incurred on new planting, estate administration and upkeep of plantation up to its maturity. All expenditure incurred subsequent to maturity and replanting expenditure are charged to the income statement when incurred.

The Group amortises all leasehold lands in equal instalments based on the tenures of the leases. On other assets, depreciation is calculated to write off the cost or revalued amount of property, plant and equipment on a straight line basis at rates that will write off the assets, less their estimated residual values, over their expected useful lives. The annual rates of depreciation are: -

Leasehold land	0.1 - 2.5%
Leasehold plantation land	0.1 - 2.5%
Buildings	2.0 - 20.0%
Plant, machinery and equipment	10.0 - 20.0%
Office equipment, furniture and fittings	5.0 - 33.3%
Office renovations	10.0 - 20.0%
Motor vehicles	20.0 - 25.0%

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying value is charged to the income statement.

The Directors have applied the transitional provision of MASB 15 on Property, Plant and Equipment which allows the assets to be stated at their last revalued amounts less depreciation. Accordingly, these valuations have not been updated.

Depreciation on assets under construction commences when the assets are ready for their intended use.

Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount.

J. Revenue and Profit Recognition

(i) Construction Contract Revenue and Expenditure

Where the outcome of the construction contract can be estimated reliably, contract revenue and costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract. The stage of completion of a construction contract is determined based on the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period.

Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the period in which the loss is identified.

(ii) Revenue and Profit from Property Development

Progress billings from property development represent the value of the development properties sold recognised by reference to the stage of completion of the properties.

Profits on sale of development properties are recognised using the percentage of completion method. Anticipated losses are provided for in full.

(iii) Revenue from Sale of Goods

Sales are recognised upon delivery of products and customer acceptance, and performance of after-sales services, if any, net of sales taxes and discounts and after eliminating sales within the Group.

(iv) Other Revenue

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised as it accrues unless collectibility is in doubt, in which case it is recognised on a cash receipt basis.

K. Capitalisation of Finance Cost

Interest incurred on borrowings directly associated with development properties and new planting activities, up to completion and maturity respectively, is capitalised and included as part of development expenditure and plantation development expenditure respectively.

Interest cost on borrowings to finance the construction of property, plant and equipment during the period that is required to complete and prepare the asset for its intended use, are capitalised as part of the cost of the asset.

L. Development Properties

The cost of land held for development and related development costs are carried forward as development property and expenditure. Where applicable, the fair value of land at the date of acquisition of subsidiaries is carried forward in place of cost. Costs charged to the income statement comprise proportionate cost of land and related development costs.

The Group considers as current assets that portion of development properties where significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years.

M. Inventories

(i) Completed Buildings

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value. Cost comprises proportionate cost of land and related development and construction expenditure.

(ii) Finished Goods, Raw Materials, Construction Materials, Stores and Spares

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The costs of raw materials, stores and spares comprise the original cost of purchase plus the cost of bringing the inventories to their present location and for finished goods, it consists of direct materials, direct labour, direct charges and variable production overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

N. Amounts Due From/(To) Customers On Construction Contracts

Where the amounts of construction contract costs incurred plus recognised profits (less recognised losses) exceed progress billings, the net balance is shown as amounts due from customers on construction contracts under trade and other receivables. Where the progress billings exceed the sum of construction contract costs incurred and recognised profits (less recognised losses), the net balance is shown as amounts due to customers on construction contracts under trade and other payables.

O. Trade Receivables

Trade receivables include retention monies withheld by principals. Known bad debts are written off and an allowance is made for any considered to be doubtful of collection.

P. Leased Assets

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the lower of the fair value of the leased assets or the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the lease principal outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease contracts is depreciated over the useful life of the asset. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

For sale and leaseback transactions involving certain plant and equipment which resulted in finance leases, the excess of sales proceeds over the carrying value of the aforesaid assets are amortised on a straight line basis over the period of the leases which have duration of three to four years.

Q. Deferred Expenditure

- (i) Expenses incurred on the development of quarry face are capitalised and written off on a straight line basis over the useful lives of the quarry face developed. The development is normally undertaken in phases and the useful lives of each phase is approximately two to three years.
- (ii) Premium paid on the conversion of leasehold mining land to industrial land is written off on a straight line basis over the leasehold periods.

Where an indication of impairment exists, the carrying value of the asset is assessed and written down immediately to its recoverable amount.

R. Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

S. Deferred Taxation

Provision is made using the liability method, for taxation deferred by timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future.

No future income tax benefit is recognised in respect of unutilised tax losses and timing differences that result in a net debit unless it can be demonstrated that these benefits can be realised in the foreseeable future.

T. Retirement Benefits

The Company and certain subsidiaries participated in the IJM Retirement Scheme which is an approved defined benefits scheme under Section 150 of the Income Tax Act, 1967. The benefits payable on retirement are based on length of service and average basic salary over the last five years of service. The liability in respect of the said defined benefits scheme is determined by an actuarial valuation carried out every three years by a qualified actuary based on the projected benefits valuation method. The last valuation was carried out in December 2002.

The cost of providing retirement benefits based on the latest actuarial valuation obtained is charged to income statement on a systematic basis so as to be sufficient to meet the liability of the scheme over the future working lives of the existing employees. The difference between the amount charged to the income statement and payments made to the fund is treated as a non-current liability.

U. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

V. Share Capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share Issue Costs

External costs directly attributable to the issue of new shares are shown as a deduction in equity.

(iii) Dividends

Dividends on ordinary shares are recognised as liabilities when declared. Proposed final dividends are accrued as liabilities only after approval by shareholders.

W. Financial Instruments

(i) Financial Instruments Recognised on the Balance Sheet

The particular recognition method adopted for financial instruments recognised on the balance sheets is disclosed in the individual policy statement associated with each item.

(ii) Financial Instruments Not Recognised on the Balance Sheet

The Group is a party to financial instruments which comprises mainly foreign currency forward contracts. These instruments are not recognised in the financial statements on inception, but are disclosed in the relevant notes to the financial statements.

Foreign Currency Forward Contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

(iii) Fair Value Estimation For Disclosure Purposes

The fair value of publicly traded derivatives and securities is based on quoted market prices at the balance sheet date.

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques and bases, such as discounted value of future cash flows and the underlying net asset base of the instrument, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

1. GENERAL INFORMATION

The Company is principally engaged in construction, property development and investment holding. The Group's principal activities consist of construction, property development, manufacturing and quarrying, oil palm cultivation and investment holding. The principal activities of the subsidiaries and associates are described in Note 50 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is 2nd Floor, Wisma IJM, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The number of employees in the Group and Company as at 31 December 2002 amounted to 1,368 (2001: 1,270) and 84 (2001: 77) respectively.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to Group financial risk management policies. The management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain exposure, but it does not trade in financial instruments.

Foreign currency exchange risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Australian Dollar, Singapore Dollar, Hongkong Dollar, Chinese Renminbi, Indian Rupee and Argentine Peso. Foreign currency denominated assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies give rise to foreign exchange exposures.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Material transaction foreign exchange exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises mainly from the Group's borrowings and deposits. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

Market risk

The Group faces exposure to the risk from changes in debt and equity prices. However, the management regularly reviews these risks and takes proactive measures to mitigate the potential impact of such risks.

Credit risk

Credit risk arises when derivative instruments are used or sales are made on deferred credit terms. The Group controls these risks by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers, who are dispersed over a broad spectrum of industries and businesses. The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

3. OPERATING REVENUE

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Construction contract revenue	953,828	509,653	183,875	99,552
Sale of development properties and property management services	129,452	135,223	-	2,122
Sale of quarry and manufactured products	111,855	160,969	-	-
Sale of crude palm oil and by-products	96,836	47,604	-	-
Dividend income	863	961	50,062	87,896
Rental of properties	2,361	2,981	2,865	2,736
	1,295,195	857,391	236,802	192,306
Share of operating revenue of: -				
Associates	244,333	245,366	-	-
Jointly controlled entities	120,984	83,379	-	-
	365,317	328,745	-	-
	1,660,512	1,186,136	236,802	192,306

4. OPERATING PROFIT BEFORE FINANCE COST

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Operating profit before finance cost is stated after charging: -				
Depreciation	29,547	24,446	1,060	1,364
Hire of plant and equipment	449	934	-	-
Property, plant and equipment: -				
- written off	237	1,521	-	-
- loss on disposal	199	38	-	-
Rental of land and buildings	764	659	-	-
Auditors' remuneration: -				
- current year	545	541	125	113
- under provision in respect of prior year	2	46	-	33
Other non-audit fees paid/payable to: -				
- auditors of the Company and their associates	203	209	29	95
- other auditors of the subsidiaries	26	6	-	-
Foreign exchange loss: -				
- unrealised	-	6,531	-	2,666
- realised	-	738	-	-
Allowance for diminution in value of investments	6,886	12,643	640	3,416
Amortisation of deferred expenditure	1,767	1,235	-	-
Amortisation of goodwill	407	335	-	-
Amortisation of discount on bond issue	493	493	-	-
Allowance for doubtful debts	14,262	3,031	5,939	376
Construction contract costs	796,186	409,081	137,883	86,376
Cost of quarry and manufactured products sold	87,276	135,830	-	-
Staff cost*	66,905	55,774	11,528	12,510
and crediting: -				
Gross dividends received from:				
- subsidiaries (unquoted)	-	-	40,803	73,022
- associates				
(quoted)	-	-	2,245	14,002
(unquoted)	-	-	6,151	39
- other investments				
(quoted)	1,813	858	863	832
(unquoted)	3,917	129	-	-
Interest income	16,131	12,741	21,662	15,893
Foreign exchange gain: -				
- realised	200	3,077	-	149
- unrealised	10,309	-	9,770	-
Gain on disposal of property, plant and equipment	233	181	88	47
Rental income from properties	3,902	3,255	2,865	2,736
Write back of allowance for doubtful debts	906	13,960	-	12,000
Write back of allowance for diminution in value of investments	5	2,690	-	1,612
Gain on disposal/liquidation of investments	639	262	90	16,430

4. OPERATING PROFIT BEFORE FINANCE COST (Continued)

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
*Included in staff cost above for the financial year is Directors' remuneration as follows:				
Directors of the Company: -				
Fees				
- Current year	231	173	231	173
- Under/(over) provision in respect of prior year	72	(15)	72	(15)
Other emoluments	2,713	2,375	2,024	1,773
<hr/>				
Directors of subsidiaries: -				
Other emoluments	2,479	2,190	-	-

The estimated monetary value of benefits-in-kind provided to the Directors of the Group and Company by way of usage of the Group's and Company's assets and the provision of other benefits amounted to RM138,000 (2001: RM146,000) and RM77,000 (2001: RM77,000) respectively.

5. FINANCE COST

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interest expense on borrowings	8,624	12,248	9,694	8,807
Interest expense on bonds	15,500	15,521	7,500	7,500
<hr/>				
	24,124	27,769	17,194	16,307

6. IMPAIRMENT OF INVESTMENT IN ASSOCIATES

- During the year, an impairment loss of RM10,800,000 has been recognised for the Company's investment in Sin Kean Boon Group Berhad, a 20.1% associate of the Group in the "Manufacturing & Quarrying" segment, as the market value of the investment is below the Group's carrying value.
- During the preceding year, following its economic crisis, Argentina repegged, devalued and subsequently floated the Peso resulting in a severe depreciation of the currency. This has resulted in an impairment of RM47,000,000 of the Group's investment in Grupo Concesionario del Oeste S.A., a 20.1% associate.

7. GAIN/(LOSS) ON DISPOSAL OF ASSOCIATES

- (a) In the preceding financial year, the Group partially disposed of its equity interest in Guangdong Provincial Expressway Development Co. Ltd, which had ceased to be an associate of the Group following the intention to dispose of the investment. Total gain arising from the disposal amounted to RM122,257,000. The carrying value of the remaining investment is now included in short term investments of the Group.
- (b) Also, during the preceding financial year, the Company disposed of an associate to one of its subsidiaries as part of its internal restructuring. The loss on disposal for the Company amounted to RM11,697,000. However, the disposal had no financial effect on the Group.

8. TAXATION

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Taxation charge for the year: -				
Malaysian income tax	(42,648)	(31,534)	(22,675)	(13,007)
Overseas taxation	(6,032)	(7,363)	-	(16)
Transfer (to) / from deferred taxation (Note 18)	(4,507)	112	(1,996)	200
	(53,187)	(38,785)	(24,671)	(12,823)
(Under)/over provision in prior years	(2,303)	4,367	-	-
	(55,490)	(34,418)	(24,671)	(12,823)

The effective tax rate of the Group of 29% is higher than the statutory tax rate of 28% as certain expenses are not allowable for taxation purposes. The effective tax rate of the associates of 8% is low as certain gains are not chargeable to tax.

The position of tax losses is as follows:-

	THE GROUP	
	2002 RM'000	2001 RM'000
Tax losses :-		
Tax savings as a result of the utilisation of current year tax losses for which credit is recognised during the year	-	1,283
Tax savings as a result of the utilisation of tax losses brought forward for which the related credit is recognised during the year	676	5
Tax losses, subject to the agreement by the tax authorities, for which the related credit has not been recognised in the financial statement	93,544	90,742

Subject to the agreement by the tax authorities, as at 31 December 2002, the Group has unutilised tax allowances, amounting to RM128,705,000 (2001:RM107,006,000). The estimated potential tax benefits from unutilised tax allowances for which no credit has been taken in amounts to RM36,037,000 (2001: RM29,961,680).

9. EARNINGS PER SHARE

(a) Basic

The basic earnings per share for the financial year has been calculated based on the Group's net profit for the financial year of RM120,201,000 (2001: RM168,998,000) and on the weighted average number of ordinary shares in issue during the financial year of 360,556,000 (2001: 351,908,000) ordinary shares. The weighted average number of ordinary shares in issue was derived at after taking into account the issuance of shares pursuant to the ESOS and from the conversion of Warrants 2000/2004.

(b) Fully diluted

The fully diluted earnings per share of the Group is calculated by dividing the Group's net profit for the year of RM120,201,000 (2001: RM168,998,000) by the weighted average number of ordinary shares in issue adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. the Warrants 2000/2004. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the weighted average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding warrants. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit for the warrants calculation.

	THE GROUP	
	2002 RM'000	2001 RM'000
Net profit for the year	120,201	168,998
	'000	'000
Weighted average number of ordinary shares in issue	360,556	351,908
Adjustments for: -		
- share options	-	180
- warrants	30,749	18,030
Weighted average number of ordinary shares for diluted earnings per share	391,305	370,118
Diluted earnings per share	30.7 Sen	45.7 Sen

10. DIVIDENDS

	2002		2001	
	Gross dividend per share Sen	Amount of dividend, net of tax RM'000	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
Special interim dividend	-	-	10	25,332
First interim dividend	5	13,087	5	12,693
Second interim dividend	5	13,087	15	38,025
Proposed final dividend	7	18,342	-	-
	-	-	5	13,060
	12	31,429	20	51,085

The financial statements do not reflect the second interim dividend declared after the financial year end amounting to RM18,342,000 (2001: Nil), which will only be accrued as a liability in the financial year ending 31 December 2003. No final dividend for the financial year ended 31 December 2002 (2001: 5 sen less tax) has been proposed by the Board of Directors.

11. SEGMENTAL REPORTING

(a) Primary reporting – Business segments

	Construction RM '000	Property Development RM '000
2002		
<u>REVENUE:</u>		
Total sales	1,197,373	221,745
Less: Inter-segment sales*	(76,703)	(61,093)
External sales	1,120,670	160,652
Less: Group's share of revenue of associates and jointly controlled entities	(166,842)	(30,479)
Total segment revenue	953,828	130,173
<u>RESULT:</u>		
Segment result	97,093	18,056
Share of results of associates and jointly controlled entities	7,512	1,672
Impairment of investment in an associate	-	-
Total segment profit before taxation	104,605	19,728
Taxation		
Profit from ordinary activities after taxation		
Minority interest		
Net profit for the year		
<i>* Inter-segment sales are transacted on an arms length basis</i>		
<u>OTHER INFORMATION:</u>		
Segment assets	759,366	592,168
Investment in associates	61,365	20,970
Total segment assets	820,731	613,138
Total segment liabilities	702,722	133,377
<u>Incurrred for the year :-</u>		
Capital expenditure	38,049	10,909
Depreciation charged to income statement	8,386	633
Amortisation of goodwill	73	34
Amortisation of deferred expenditure	-	-
Other significant non-cash expenses: -		
- Allowance for diminution in value of investments	-	-

Manufacturing & Quarrying RM '000	Plantation RM '000	Infrastructure RM '000	Investment & Others RM '000	Group RM '000
266,163 (73,345)	130,569 -	35,118 -	67,581 (46,896)	1,918,549 (258,037)
192,818 (80,963)	130,569 (33,733)	35,118 (35,118)	20,685 (18,182)	1,660,512 (365,317)
111,855	96,836	-	2,503	1,295,195
14,483 4,570 (10,800)	26,363 3,398 -	(4,688) 35,388 -	3,335 (4,612) -	154,642 47,928 (10,800)
8,253	29,761	30,700	(1,277)	191,770
				(55,490)
				136,280 (16,079)
				120,201
126,246 55,416	558,557 27,829	52,824 143,404	180,643 11,100	2,269,804 320,084
181,662	586,386	196,228	191,743	2,589,888
52,982	226,323	10,497	7,079	1,132,980
10,524 11,042 65 1,767 71	70,737 9,486 123 - -	- - - - -	- - 112 - 6,815	130,219 29,547 407 1,767 6,886

11. SEGMENTAL REPORTING (Continued)

(a) Primary reporting – Business segments (Continued)

	Construction RM '000	Property Development RM '000
2001		
REVENUE:		
Total sales	698,989	148,575
Less: Inter-segment sales*	(70,675)	-
External sales	628,314	148,575
Less: Group's share of revenue of associates and jointly controlled entities	(118,661)	(13,352)
Total segment revenue	509,653	135,223
RESULT:		
Segment result	69,623	17,042
Share of results of associates and jointly controlled entities	16,976	(169)
Impairment of investment in an associate arising from devaluation of foreign currency	-	-
Gain on disposal of an associate	-	-
Total segment profit before taxation	86,599	16,873
Taxation		
Profit from ordinary activities after taxation		
Minority interest		
Net profit for the year		
<i>* Inter-segment sales are transacted on an arms length basis</i>		
OTHER INFORMATION:		
Segment assets	591,611	493,138
Investment in associates	20,354	31,851
Total segment assets	611,965	524,989
Total segment liabilities	533,849	84,445
Incurring for the year :-		
Capital expenditure	23,798	1,500
Depreciation charged to income statement	5,872	497
Amortisation of goodwill	73	27
Amortisation of deferred expenditure	-	-
Other significant non-cash expenses: -		
- Allowance for diminution in value of investments	-	-

Manufacturing & Quarrying RM '000	Plantation RM '000	Infrastructure RM '000	Investment & Others RM '000	Group RM '000
271,765 (34,054)	72,554 -	80,068 -	107,200 (88,286)	1,379,151 (193,015)
237,711 (76,742)	72,554 (24,950)	80,068 (78,472)	18,914 (16,568)	1,186,136 (328,745)
160,969	47,604	1,596	2,346	857,391
14,515 2,863	6,722 74	4,182 19,854	(12,249) (4,281)	99,835 35,317
- -	- -	(47,000) 122,257	- -	(47,000) 122,257
17,378	6,796	99,293	(16,530)	210,409
				(34,418)
				175,991 (6,993)
				168,998
164,004 64,771	494,941 24,508	168,042 107,752	117,010 11,940	2,028,746 261,176
228,775	519,449	275,794	128,950	2,289,922
96,550	229,603	21,020	3,815	969,282
7,711 11,950 - 1,235	81,787 6,127 123 -	- - - -	- - 112 -	114,796 24,446 335 1,235
-	-	-	12,643	12,643

11. SEGMENTAL REPORTING (Continued)

(b) Secondary reporting – Geographical segments

Geographical markets	Revenue from external customers RM'000	Total segment assets RM'000	Capital expenditure incurred during the year RM'000
2002: -			
Malaysia	1,314,787	2,044,404	112,871
Singapore	68,910	23,272	-
Vietnam	12,613	38,122	-
China	1,606	100,032	-
India	219,204	182,174	17,348
Australia	20,902	110,824	-
Argentina	21,428	73,704	-
Other countries	1,062	17,356	-
	<hr/> 1,660,512	<hr/> 2,589,888	<hr/> 130,219
Less: Group's share of revenue of associates and jointly controlled entities	(365,317)	-	-
	<hr/> 1,295,195	<hr/> 2,589,888	<hr/> 130,219
2001: -			
Malaysia	961,602	1,794,867	108,372
Singapore	34,386	20,235	-
Vietnam	13,378	33,168	-
China	3,511	147,419	-
India	83,938	103,509	6,424
Australia	24,406	110,554	-
Argentina	63,757	45,683	-
Other countries	1,158	34,487	-
	<hr/> 1,186,136	<hr/> 2,289,922	<hr/> 114,796
Less: Group's share of revenue of associates and jointly controlled entities	(328,745)	-	-
	<hr/> 857,391	<hr/> 2,289,922	<hr/> 114,796

12. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2002		2001	
	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000
Ordinary shares of RM1 each: - Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid: -				
At 1 January	352,723	352,723	351,517	351,517
Issued under the Employees Share Option Scheme (ESOS)	9,605	9,605	1,127	1,127
Conversion of Warrants	1,609	1,609	79	79
At 31 December	363,937	363,937	352,723	352,723

(a) During the financial year, the issued and paid up ordinary share capital of the Company was increased from RM352,722,654, to RM363,936,565 by way of :-

(i) The issuance of 9,605,000 new ordinary shares of RM1 each pursuant to ESOS at the following option prices: -

- 8,888,000 new ordinary shares of RM1 each at the exercise price of RM4.01 per share;
- 376,000 new ordinary shares of RM1 each at the exercise price of RM3.89 per share; and
- 341,000 new ordinary shares of RM1 each at the exercise price of RM1.82 per share.

(ii) The issuance of 1,608,911 new ordinary shares of RM1 each arising from the conversion of Warrants 2000/2004 at the exercise price of RM2.99 in accordance with the Deed Poll dated 24 January 2000.

The new ordinary shares issued rank pari passu in all respects with the existing issued shares of the Company.

(b) The ESOS expired on 12 March 2002 and the scheme has not been extended.

(c) As at the balance sheet date, the total number of Warrants 2000/2004 which remained unexercised amounted to 78,387,019 (2001: 79,995,930).

13. CAPITAL RESERVES

	THE GROUP	
	2002 RM'000	2001 RM'000
Capitalisation of post acquisition reserves in subsidiaries and associates: - At 1 January/At 31 December	12,563	12,563
Share of capital reserves of associates: - At 1 January	21,555	43,384
Realisation on disposal of an associate	-	(21,829)
At 31 December	21,555	21,555
Reserve on consolidation: - At 1 January	43	43
Arising from acquisition of a subsidiary	277	-
	320	43
Less: Amortisation	(55)	-
At 31 December	265	43
Total capital reserves	34,383	34,161

14. RETAINED PROFITS

Subject to the agreement by the tax authorities, as at 31 December 2002, the Company has sufficient tax exempt income and tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of all its retained profits without incurring any additional tax liabilities.

15. BONDS

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) 8% Secured Fixed Rate Bond 1999/2009	100,000	100,000	-	-
Less:				
Discount on issuance	4,932	4,932	-	-
Amortisation	(1,603)	(1,110)	-	-
	3,329	3,822	-	-
	96,671	96,178	-	-
(b) 5% Redeemable Unsecured Bond 2000/2005	150,000	150,000	150,000	150,000
	246,671	246,178	150,000	150,000

The principal features of the bonds are as follows:

- (a) The RM100,000,000 nominal amount of 8% Secured Fixed Rate Bond 1999/2009 was issued by a subsidiary at RM95.068 per RM100 nominal value to two local licensed banks, being the primary subscribers, on a bought deal basis. The bond is secured by way of assignment of all rights under the Concession Agreement between the subsidiary and the Government of Malaysia referred to in Note 27(a) to the financial statements. The bond ranks parri passu and rateably among themselves and in priority to all other unsecured indebtedness.

The bond carries a fixed coupon rate of 8% per annum payable semi-annually in arrears. At the end of its tenure, the bond will be redeemed at 100% of its nominal value on 15 October 2009.

- (b) The RM150,000,000 nominal amount of 5% Redeemable Unsecured Bond 2000/2005 was issued by the Company with 80,178,930 detachable warrants to a primary subscriber on a bought deal basis.

The bond was issued at 100% nominal amount and carries a fixed coupon rate of 5% per annum payable semi-annually in arrears. At the end of its tenure, the bond will be redeemed at 100% nominal value together with interest accrued to the date of maturity on 28 February 2005.

Each warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or after 28 February 2000 to 28 August 2004 or such date extended in accordance with the Deed Poll, at an exercise price of RM2.99 per share or such adjusted price in accordance with the provisions in the Deed Poll. Any Warrants 2000/2004 not exercised at the date of maturity will lapse and cease to be valid for any purpose.

The warrants are recognised in the financial statements only when they are converted into ordinary shares of the company.

16. TERM LOANS

	THE GROUP	
	2002 RM'000	2001 RM'000
Secured		
Payable within 1 year	-	58
Payable between 2 and 5 years	-	60
Payable after 5 years	523	483
Payable after 1 year	523	543
	523	601
Unsecured		
Payable within 1 year	-	2,159
Payable between 2 to 5 years	-	439
	-	2,598
Total	523	3,199
Payable within 1 year (Note 37)	-	2,217
Payable between 2 and 5 years	-	499
Payable after 5 years	523	483
Payable after 1 year (included in non-current liabilities)	523	982
	523	3,199
The currency exposure profile of term loan is as follows: - Australian Dollar	523	

The term loan is repayable on 30 April 2023. During the year, the term loan bore interest at rates ranged from 6.05% to 6.40% (2001: 6.49% to 8.6%) per annum while as at 31 December 2002, the effective interest rate was at 6.40% per annum.

	THE GROUP	
	2002 RM'000	2001 RM'000
The secured term loans are secured by: -		
- a debenture incorporating fixed and floating charges over a subsidiary's present assets	-	118
- fixed and floating charges over certain subsidiaries' development properties	523	483
	523	601

17. HIRE PURCHASE AND LEASE CREDITORS

	THE GROUP	
	2002 RM'000	2001 RM'000
Minimum payments: -		
- payable within 1 year	19,047	22,477
- payable between 1 and 5 years	4,434	23,044
	23,481	45,521
Less: Future finance charges	(1,116)	(3,946)
Present value of liabilities	22,365	41,575
Present value of liabilities: -		
Payable within 1 year (Note 36)	18,027	19,640
Payable between 1 and 5 years (included in non-current liabilities)	4,338	21,935
	22,365	41,575

Included in the above are hire purchase creditors of RM970,000 (2001: RM2,579,000). The remaining balance comprises finance lease liabilities under the basis of Islamic Principles.

18. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At 1 January	8,598	8,710	2,903	3,103
Transfer from/(to) income statement (Note 8)	4,507	(112)	1,996	(200)
At 31 December	13,105	8,598	4,899	2,903

(a) No provision has been made for the deferred tax effects of revalued assets as the Group has no intention to dispose these assets in the foreseeable future.

(b) Except for (a) above and certain tax losses and unutilised tax allowances mentioned in Note 8, deferred taxation has been provided for all timing differences.

19. AMOUNT DUE TO AN ASSOCIATE

The amount arose from a loan obtained by an associate which was on-lent to a subsidiary for plantation development purposes. The loan is repayable by way of a bullet repayment 7 years from the first drawdown date of 25 October 1999 and carries interest at a fixed rate of 9.95% (2001: 9.95%) per annum. Certain long term leasehold plantation land and development expenditure of the Group have been charged as security for the loan (Note 23(d)).

20. TRADE PAYABLE

This represents the outstanding purchase consideration arising from acquisition of land for property development by a subsidiary, repayable over the duration of the development, which is unsecured and interest free.

	THE GROUP	
	2002 RM'000	2001 RM'000
Total balance outstanding	12,000	13,138
Amount payable within 12 months (Note 36)	-	(1,138)
Amount payable after 12 months	12,000	12,000

21. RETIREMENT BENEFITS

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At 1 January	1,514	1,673	936	1,032
Charged to the income statement	1,088	208	-	-
Utilised during the year	(340)	(367)	(65)	(96)
At 31 December	2,262	1,514	871	936

The Company and certain subsidiaries participated in the IJM Retirement Scheme, which is an approved defined benefits scheme under Section 150 of the Income Tax Act, 1967. The benefits payable on retirement are based on length of service and average basic salary over the last five years of service. The liability in respect of the said defined benefits scheme is determined by an actuarial valuation carried out every three years by a qualified actuary based on the projected benefits valuation method. The last valuation was carried out in December 2002.

22. DEFERRED INCOME

Deferred income represents the excess of sales proceeds over the carrying value of property, plant and equipment arising from the sale and leaseback arrangements which resulted in finance leases.

23. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows: -

THE GROUP 2002

	Land				Long term leasehold plantation land & development expenditure At Cost RM'000
	Freehold	Long term leasehold	Long term leasehold	Short term leasehold	
	At Cost RM'000	At Cost RM'000	At Valuation RM'000	At Cost RM'000	
Net book value					
At 1 January 2002	2,458	38,936	941	4,723	176,164
Acquisition of subsidiaries	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-
Additions	10,449	224	-	642	32,979
Disposals	-	-	-	-	-
Written off	-	-	-	-	-
Depreciation charges for the year	-	(332)	-	(268)	(632)
Transfers / reclassifications	-	(132)	367	1,676	4,700
At 31 December 2002	12,907	38,696	1,308	6,773	213,211
At 31 December 2002					
Cost	12,907	42,275	-	7,827	214,475
Valuation	-	-	1,308	-	-
Accumulated depreciation	-	(3,579)	-	(1,054)	(1,264)
Net book value	12,907	38,696	1,308	6,773	213,211
At 31 December 2001					
Cost	2,458	42,151	-	5,509	176,796
Valuation	-	-	955	-	-
Accumulated depreciation	-	(3,215)	(14)	(786)	(632)
Net book value	2,458	38,936	941	4,723	176,164

Long term leasehold plantation land & development expenditure At Valuation RM'000	Buildings	Buildings	Plant, machinery, equipment & vehicles	Office equipment, furniture & fittings & renovations	Capital work in progress	Total RM'000
	At Cost RM'000	At Valuation RM'000	At Cost RM'000	At Cost RM'000	At Cost RM'000	
146,680	49,078	6,492	98,556	7,409	54,570	586,007
-	-	-	657	13	-	670
-	(261)	-	(144)	(4)	-	(409)
-	4,022	-	45,462	1,732	34,709	130,219
-	(95)	-	(7,272)	(298)	-	(7,665)
-	(15)	-	(206)	(8)	(8)	(237)
-	(2,977)	(862)	(26,682)	(2,614)	-	(34,367)
-	19,940	-	25,822	1,151	(53,524)	-
146,680	69,692	5,630	136,193	7,381	35,747	674,218
-	85,898	-	239,490	17,838	35,747	656,457
146,948	-	9,130	-	-	-	157,386
(268)	(16,206)	(3,500)	(103,297)	(10,457)	-	(139,625)
146,680	69,692	5,630	136,193	7,381	35,747	674,218
-	62,416	-	180,217	16,261	54,570	540,378
146,948	-	9,130	-	-	-	157,033
(268)	(13,338)	(2,638)	(81,661)	(8,852)	-	(111,404)
146,680	49,078	6,492	98,556	7,409	54,570	586,007

23. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE COMPANY 2002

	Long term leasehold land	Buildings	Plant, machinery, equipment, & vehicles	Office equipment, furniture & fittings & renovations	Total
	At Cost RM'000	At Cost RM'000	At Cost RM'000	At Cost RM'000	RM'000
Net book value					
At 1 January 2002	9,310	7,807	1,949	571	19,637
Additions	-	-	-	380	380
Disposals	-	-	(116)	(23)	(139)
Depreciation charge for the year	(137)	(156)	(488)	(279)	(1,060)
At 31 December 2002	9,173	7,651	1,345	649	18,818
At 31 December 2002					
Cost	11,500	8,321	5,255	2,076	27,152
Accumulated depreciation	(2,327)	(670)	(3,910)	(1,427)	(8,334)
Net book value	9,173	7,651	1,345	649	18,818
At 31 December 2001					
Cost	11,500	8,321	6,418	1,827	28,066
Accumulated depreciation	(2,190)	(514)	(4,469)	(1,256)	(8,429)
Net book value	9,310	7,807	1,949	571	19,637

(a) Valuation

The buildings, long term leasehold land, long term leasehold plantation land and development expenditure of certain plantation subsidiaries were last revalued in 1997 on an open market value basis by a firm of independent professional valuers.

The net book values of the revalued land, buildings and plantation development expenditure had these assets been carried at cost less accumulated depreciation: -

	THE GROUP	
	2002 RM'000	2001 RM'000
Long term leasehold land	12,293	12,438
Long term leasehold plantation land and development expenditure	47,787	47,787
Buildings	3,701	4,133
	63,781	64,358

(b) Plantation development expenditure

The expenses incurred during the financial year which have been capitalised in the Group's plantation development expenditure include depreciation charge amounting to RM3,223,458 (2001: RM3,367,000) and interest expense amounting to RM2,004,000 (2001: RM4,692,000).

(c) Assets acquired under finance lease agreements

Included in property, plant and equipment of the Group are the net book values of the following assets acquired under finance lease agreements: -

	THE GROUP	
	2002 RM'000	2001 RM'000
Plant, machinery, equipment and vehicles	35,772	44,993

(d) Certain long term leasehold plantation land and development expenditure of the Group, at a net book value of RM158,851,170 (2001: RM121,120,344) have been charged as security for a loan of an associate referred to in Note 19 to the financial statements.

(e) As at 31 December 2002, there was no property, plant and equipment which was pledged as securities for borrowings. As at 31 December 2001, the net book values of property, plant and equipment assets pledged as securities for term loan facilities (Note 16) and interest bearing bank borrowings (Note 37) are as follows: -

	THE GROUP 2001 RM'000
	Leasehold land
Buildings	747
Plant and machinery and vehicles	144
Furniture and fittings	4
	1,261

24. SUBSIDIARIES

	THE COMPANY	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost		
- in Malaysia	272,406	261,396
- outside Malaysia	5,363	5,363
	277,769	266,759
Less: Accumulated impairment losses	(173)	(173)
	277,596	266,586

The Group's effective equity interest in the subsidiaries and their respective principal activities and countries of incorporation are set out in Note 50 to the financial statements.

25. ASSOCIATES

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost: -				
Quoted shares: -				
- in Malaysia	46,476	46,476	46,476	46,476
- outside Malaysia	38,080	38,080	38,080	38,080
	84,556	84,556	84,556	84,556
Unquoted shares: -				
- in Malaysia	67,046	70,986	33,852	38,062
- outside Malaysia	158,064	112,584	52,979	52,979
	309,666	268,126	171,387	175,597
Share of post-acquisition retained profits	74,250	46,057	-	-
Share of post-acquisition reserves	11,566	11,591	-	-
	395,482	325,774	171,387	175,597
Less: Accumulated impairment losses	(75,398)	(64,598)	(65,970)	(55,170)
	320,084	261,176	105,417	120,427
Represented by: -				
Group's share of net assets	313,929	248,642		
Group's share of goodwill	1,085	1,339		
Goodwill on acquisition	5,070	11,195		
	320,084	261,176		
Market value of: -				
Quoted shares:				
- in Malaysia	50,900	42,456	50,900	42,456
- outside Malaysia	8,451	27,124	8,451	27,124
	59,351	69,580	59,351	69,580

- (a) The Group's effective equity interest in the associates and their respective principal activities and countries of incorporation are set out in Note 50 to the financial statements.
- (b) Included in the share of results of associates for the year is the Group's share of exceptional gain of a 20.1% associate in Argentina, Grupo Concesionario del Oeste S.A (Grupo), amounting to RM25.9million (2001:Nil). Pursuant to the Presidential Decree N° 214 in Argentina, certain loans of Grupo denominated in US dollars were converted into peso at the rate of 1 US Dollar to 1 Peso and adjusted by a Reference Stabilisation Rate (CER), a rate which measures daily changes and is calculated on the basis of the monthly changes in the Consumer Price Index published by the Instituto Nacional de Estadística y Censos, of approximately 40.5% in 2002 whilst interest is capped at 8% per annum. Certain assets and liabilities of Grupo were also concurrently adjusted by an inflationary index of approximately 118%. Grupo's net gain resulting from these inflation adjustments amounted to approximately Peso 114.2 million (RM128.8 million).

The impact on Grupo's financial statements from the various measures adopted by the Argentine Government was recognised in accordance with evaluations and estimates made by Grupo's management at the date of preparing the financial statements. Future results could differ as the outcome of the following could not be determined as at the date of these financial statements: -

- (i) The presidential decrees are still being supplemented by regulations issued by various supervisory authorities. These regulations could have material impact on the financial statements of Grupo.
- (ii) At the date of issuing the financial statements, the Argentine Government had started the renegotiation of the Concession Agreement entered into with Grupo. The impact of the outcome on the financial statements could only be determined when the renegotiation is concluded.
- (iii) Grupo is also in the process of renegotiating the terms of its credit facilities with its principal financiers.

In addition, the market value of Grupo's quoted shares as at 31 December 2002 was also below the Group's carrying value of the investments.

However, the Directors have assessed the carrying value of Grupo of RM73.7 million as at 31 December 2002 based on the Group's share of the net present value of future cash flows and are of the opinion that the investment in Grupo is not impaired.

- (c) Certain losses of associates of the Group are not recognised when they exceed the Group's costs of investments and advances, as the Group has no further obligation beyond these amounts. The Group's share of such losses is as follows: -

	THE GROUP	
	2002 RM'000	2001 RM'000
Current year share of losses	1,695	11,061
Cumulative share of losses	23,188	21,493

26. LONG TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost: -				
Quoted shares: -				
- in Malaysia	48,911	48,911	48,911	48,911
- outside Malaysia	10,612	11,679	-	54
	59,523	60,590	48,911	48,965
Unquoted shares: -				
- in Malaysia	21,459	7,953	6,500	6,500
- outside Malaysia	260	387	260	260
	21,719	8,340	6,760	6,760
Unquoted unit trusts: -				
- outside Malaysia	1,742	1,742	-	-
	82,984	70,672	55,671	55,725
Less: Allowance for diminution in value	(16,346)	(9,685)	(4,710)	(4,710)
	66,638	60,987	50,961	51,015
Market value of: -				
Quoted shares: -				
- in Malaysia	31,723	27,703	31,723	27,703
- outside Malaysia	159	9,354	-	141
	31,882	37,057	31,723	27,844

26. LONG TERM INVESTMENTS (Continued)

The currency exposure profile of investments outside Malaysia is as follows: -

	THE GROUP 2002 RM'000	THE COMPANY 2002 RM'000
Singapore Dollar	260	260
Australian Dollar	12,354	-
	<hr/>	<hr/>
	12,614	260
	<hr/>	<hr/>

Although at balance sheet date, the costs of the Group's quoted long-term investments exceeded their market values, these investee companies are profitable and their attributable net tangible assets are above the costs of the Group. As such, the Directors are of the opinion that an allowance for diminution in value of investments is not necessary.

27. LONG TERM RECEIVABLES

	THE GROUP	
	2002 RM'000	2001 RM'000
(a) Receivable for construction of the Kementerian Kerja Raya Office Blocks	58,696	65,860
(b) Receivable for disposal of a development property	2,169	26,922
	<hr/>	<hr/>
	60,865	92,782
Less:		
Amount receivable within 12 months (included in trade receivables - Note 31)	(7,164)	(7,164)
	<hr/>	<hr/>
Amount receivable after 12 months	53,701	85,618
	<hr/>	<hr/>

(a) The cost of construction of the Kementerian Kerja Raya Office Blocks by a subsidiary is reimbursable upon completion in instalments by the Government of Malaysia over a period of 13 1/2 years commencing from 1 March 1997, pursuant to a concession agreement. In connection with the concession, the subsidiary will also receive fees over the duration of the concession period for the maintenance, operation and management of the Kementerian Kerja Raya Office Blocks from the Government of Malaysia commencing from 1 March 1997. All rights under the above concession agreement have been assigned to secure the Bond referred to in Note 15(a) to the financial statements.

(b) The proceeds from the disposal of a development property by a subsidiary is receivable progressively over a period of 5 years commencing December 2001.

28. INTANGIBLE ASSETS

	THE GROUP	
	2002 RM'000	2001 RM'000
(a) Goodwill on consolidation	6,848	3,383
(b) Deferred expenditure	4,870	2,431
	11,718	5,814
(a) Goodwill on consolidation		
At cost: -		
At 1 January	10,060	9,439
Arising from the acquisition of subsidiaries / additional equity interest in subsidiaries	3,872	621
At 31 December	13,932	10,060
Less : Accumulated amortisation		
At 1 January	6,677	6,342
Current amortisation	407	335
At 31 December	7,084	6,677
	6,848	3,383
(b) Deferred expenditure		
Expenses incurred on the development of quarry face	15,150	10,944
Less: Accumulated amortisation	(10,280)	(8,513)
	4,870	2,431

29. DEVELOPMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At valuation:				
Freehold land and development expenditure	7,104	6,715	-	-
At cost:				
Freehold land and development expenditure	232,353	244,137	281	281
Leasehold land and development expenditure	227,075	285,128	-	-
	466,532	535,980	281	281
Add: Attributable profits less recognised losses	51,770	44,637	-	-
	518,302	580,617	281	281
Less: Progress billings	(167,289)	(362,721)	-	-
	351,013	217,896	281	281

30. INVENTORIES

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost: -				
Raw materials :-				
- Construction materials	1,176	1,729	483	183
- Other raw materials	660	801	-	-
Finished goods :-				
- Crude palm oil	2,877	414	-	-
- Palm kernel	693	102	-	-
- Completed buildings	12,785	26,365	6,101	6,486
- Quarry and manufactured products	9,115	7,560	-	-
Stores, spares & consumables	6,731	6,051	-	-
Oil palm nurseries	2,465	2,837	-	-
Fertilisers and chemicals	2,176	1,404	-	-
Work-in-progress	96	117	-	-
	38,774	47,380	6,584	6,669
At net realisable value: -				
Finished goods :-				
- Completed buildings	8,615	-	-	-
- Quarry and manufactured products	103	-	-	-
	8,718	-	-	-
	47,492	47,380	6,584	6,669

31. TRADE AND OTHER RECEIVABLES

	Note	THE GROUP		THE COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade receivables		506,154	382,634	127,733	79,217
Less: Allowance for doubtful debts		(22,971)	(25,272)	(11,692)	(11,693)
		483,183	357,362	116,041	67,524
Trade and tender deposits		6,694	17,124	602	7,685
Trade advances		23,758	51,607	12,401	13,117
Less: Allowance for doubtful debts		(3,536)	-	(3,536)	-
		20,222	51,607	8,865	13,117
Other debtors, deposits and prepayments		35,121	29,796	3,841	3,061
Less: Allowance for doubtful debts		(6,260)	-	-	-
		28,861	29,796	3,841	3,061
Amounts due from customers on construction contracts	39	21,065	40,999	4,558	-
Amounts owing by subsidiaries		-	-	599,835	404,940
Amounts owing by associates		169,871	191,763	75,165	110,485
Less: Allowance for doubtful debts		(7,409)	(5,007)	(4,412)	(2,010)
		162,462	186,756	70,753	108,475
Amounts owing by jointly controlled entities	35	104,212	92,673	38,948	38,455
		826,699	776,317	843,443	643,257

The currency exposure profile of trade and other receivables is as follows: -

	THE GROUP 2002 RM'000	THE COMPANY 2002 RM'000
Ringgit Malaysia	702,664	843,443
Indian Rupee	32,857	-
Hongkong Dollar	4,636	-
Australian Dollar	75,711	-
US Dollar	10,831	-
	826,699	843,443

Credit terms of trade receivables range from payment in advance to 90 days.

The amounts owing by subsidiaries and associates are unsecured, bear interest ranging from 4.0% to 8.4% (2001: 5.0% to 8.7%) per annum and have no fixed terms of repayment.

32. SHORT TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost: -				
Quoted shares - In Malaysia	21,045	20,806	19,601	19,526
- Outside Malaysia	24,604	24,604	-	-
Unquoted shares outside Malaysia	49,071	47,745	-	-
Quoted warrants in Malaysia	402	402	402	402
Quoted debentures in Malaysia	16,575	466	175	245
	111,697	94,023	20,178	20,173
Less : Allowance for diminution in value of investments	(10,649)	(10,014)	(10,125)	(9,485)
	101,048	84,009	10,053	10,688
Market value:-				
Quoted shares: -				
- In Malaysia	9,287	9,573	8,322	8,628
- Outside Malaysia	28,520	37,995	-	-
	37,807	47,568	8,322	8,628
Quoted warrants in Malaysia	1,686	1,991	1,686	1,991
Quoted debentures in Malaysia	16,418	96	45	69
	55,911	49,655	10,053	10,688

The currency exposure profile of investments outside Malaysia is as follows: -

	THE GROUP 2002 RM'000	THE COMPANY 2002 RM'000
Hongkong Dollar	24,604	-
Chinese Renminbi	47,745	-
Australian Dollar	1,326	-
	73,675	-

33. DEPOSITS WITH LICENSED BANKS

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Short term deposits with licensed banks	40,451	42,125	20,020	9,005
Fixed deposits with licensed banks	47,254	99,770	39,242	64,292
	87,705	141,895	59,262	73,297

Included in short term deposits with licensed banks are the deposits of a subsidiary amounting RM12,612,000 (2001: RM19,987,000) which are assigned to the trustee of the bond holders to hold as security in connection with the 8% Secured Fixed Rate Bond issued by a subsidiary referred to in Note 15(a) to the financial statements. The short term deposits are maintained by the trustee for payment of interest, income tax and for the redemption of the bond. Surplus funds could only be released to the subsidiary with the consent of the trustee.

The currency exposure profile of the deposits is as follows: -

	THE GROUP	THE COMPANY
	2002 RM'000	2002 RM'000
Ringgit Malaysia	80,610	59,262
US Dollar	6,276	-
Australian Dollar	819	-
	87,705	59,262

During the year, the interest rates for the deposits denominated in US Dollar ranged from 1.15% to 1.73% (2001: 1.62% to 3.63%) per annum while the interest rates for the other deposits ranged from 2.15% to 4.75% (2001: 3.10% to 4.7%) per annum. As at 31 December 2002, the effective interest rate for the deposits denominated in US Dollar was at 1.15% per annum while the effective interest rates for other deposits ranged from 2.15% to 4.75% per annum.

Fixed deposits with licensed banks have a maturity of between 30 days to 1 year (2001 : 30 days to 1 year).

34. CASH AND BANK BALANCES

Cash and bank balances include balances amounting to RM6,272,014 (2001: RM2,273,150) which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the Group's property development projects. The utilisation of these balances are restricted, before completion of the housing development and fulfilling all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects concerned.

The currency exposure profile of cash and bank balances is as follows: -

	THE GROUP	THE COMPANY
	2002 RM'000	2002 RM'000
Ringgit Malaysia	39,895	6,921
Indian Rupee	6,593	-
Hongkong Dollar	16	-
Singapore Dollar	94	94
Australian Dollar	30	-
US Dollar	2,944	-
	49,572	7,015

The above bank balances are deposits at call with banks and earn no interest.

35. AMOUNTS OWING BY / (TO) JOINTLY CONTROLLED ENTITIES

	Note	THE GROUP		THE COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) Amounts owing by jointly controlled entities		93,725	84,005	38,948	38,455
Share of results		10,487	8,668	-	-
	31	104,212	92,673	38,948	38,455
Amount owing to jointly controlled entities		(13,327)	(7,728)	(5,889)	(6,388)
Share of results		997	-	-	-
	36	(12,330)	(7,728)	(5,889)	(6,388)
		91,882	84,945	33,059	32,067

(b) Details of the jointly controlled entities are as follows: -

	Group's effective interest in jointly controlled entities		Principal activity
	2002	2001	
Dywidag-IJM Joint Venture	49%	49%	Dormant
IJM-IT&T Joint Venture	51%	51%	Construction
IJM-Rezeki Joint Venture	70%	70%	Construction
IJM-Perkasa Sutera Joint Venture	70%	70%	Construction
IJM-SCL Joint Venture	50%	50%	Construction
IJM-Gayatri Joint Venture	60%	60%	Construction
WGI-IJM Joint Venture	40%	40%	Dormant
Liberty Properties – IJM Joint Venture	60%	60%	Construction
IJM Properties – JA Manan Development Joint Venture	50%	50%	Property development
IJMP – Mewah Kota Joint Venture	70%	70%	Property development
IJM Properties – Danau Lumayan Joint Venture	60%	60%	Property development
IJM Management Services - Giat Bernas Joint Venture	70%	70%	Project management services

(c) The Group's share of assets, liabilities, revenue and profits less losses before taxation of the jointly controlled entities is as follows: -

	THE GROUP	
	2002 RM'000	2001 RM'000
Property, plant and equipment	3,788	11,413
Current assets	85,462	69,136
Current liabilities	65,569	64,151
Revenue	120,984	83,379
Profits less losses before taxation	3,838	12,966

There is no capital commitment and contingent liability relating to the Group's and the Company's interests in the jointly controlled entities.

36. TRADE AND OTHER PAYABLES

	Note	THE GROUP		THE COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade payables		354,205	218,147	55,145	27,136
Amounts due to customers on construction contracts	39	139,373	108,989	114,966	73,769
Amounts owing to subsidiaries		-	-	74,052	60,928
Amounts owing to associates		28,699	33,796	5,547	4,067
Amounts owing to jointly controlled entities	35	12,330	7,728	5,889	6,388
Hire purchase and lease creditors	17	18,027	19,640	-	-
Trade accruals		21,037	27,392	16,192	16,257
Other payables and accruals		52,839	36,435	17,146	12,228
Dividend payable		104	121	104	121
		626,614	452,248	289,041	200,894

The currency exposure profile of trade and other payables is as follows: -

	THE GROUP 2002 RM'000	THE COMPANY 2002 RM'000
Ringgit Malaysia	431,134	289,035
Indian Rupee	82,353	-
Hongkong Dollar	19,086	-
Singapore Dollar	6	6
Australian Dollar	93,935	-
US Dollar	100	-
	626,614	289,041

Credit terms of trade and other payables range from payment in advance to 90 days.

The amounts owing to subsidiaries, associates and jointly controlled entities are unsecured, bear interest at rates ranging from 4.0% to 5.0% (2001: 5.0% to 7.7%) per annum and have no fixed terms of repayment.

Included in the trade payables is the current portion of outstanding purchase consideration arising from acquisition of land for property development by a subsidiary (Note 20).

37. INTEREST BEARING BANK BORROWINGS

	Note	THE GROUP		THE COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured: -					
Term loans	16	-	58	-	-
Unsecured: -					
Term loans	16	-	2,159	-	-
Revolving credits		-	20,200	-	19,000
Bankers' acceptances		68,246	38,624	66,446	35,703
		68,246	60,983	66,446	54,703
		68,246	61,041	66,446	54,703

As at 31 December 2002, all the above bank borrowings were denominated in Ringgit Malaysia.

The bankers' acceptances and revolving credits are unsecured and bear interest at rates ranging from 2.9% to 3.1% (2001: 3.10% to 4.7%) per annum during the year. As at 31 December 2002, the effective interest rates for the bankers' acceptances ranged from 2.98% to 3.02% per annum.

38. BANK OVERDRAFTS (UNSECURED)

During the year, the bank overdrafts bore interest at rates ranging from 6.90 % to 7.65% (2001: 6.90% to 8.05%) per annum. As at 31 December 2002, the effective interest rates ranged from 6.90% to 7.65% per annum.

As at 31 December 2002, all the bank overdrafts were denominated in Ringgit Malaysia.

39. AMOUNTS DUE FROM / (TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Aggregate costs incurred to date	1,900,789	1,402,646	452,576	330,487
Attributable profits less recognised losses	194,463	120,986	65,649	13,888
	2,095,252	1,523,632	518,225	344,375
Less: Progress billings on contracts	(2,213,560)	(1,591,622)	(628,633)	(418,144)
	(118,308)	(67,990)	(110,408)	(73,769)
Amounts due from customers on contracts (included in trade and other receivables - Note 31)	21,065	40,999	4,558	-
Amounts due to customers on contracts (included in trade and other payables - Note 36)	(139,373)	(108,989)	(114,966)	(73,769)
	(118,308)	(67,990)	(110,408)	(73,769)
Advances received on contracts (included in trade payables)	39,040	33,392	19,095	20,380
Retention sums on contracts (included in trade receivables)	33,965	11,786	9,441	11,786

During the year, depreciation charge amounting to RM1,597,000 (2001: RM1,813,000) has been included in the contract work-in-progress.

40. ACQUISITION OF SUBSIDIARIES

During the financial year, the Group/Company acquired the following new subsidiaries :

- (i) A wholly-owned subsidiary, Malaysian Rock Products Sdn Bhd, acquired the remaining 50% equity interest in Kuang Rock Products Sdn Bhd thereby increasing its stake from 50% to 100%.
- (ii) The Company acquired the remaining 50% equity interest in Jelutong Development Sdn Bhd thereby increasing its stake from 50% to 100%.
- (iii) A wholly-owned subsidiary, IJM Construction Sdn Bhd, acquired the remaining 50% equity interest in Kami Builders Sdn Bhd thereby increasing its stake from 50% to 100%.

40. ACQUISITION OF SUBSIDIARIES (Continued)

The effect of this acquisition on the financial results of the Group is as follows: -

	2002 RM'000	2001 RM'000
Operating revenue	3,755	-
Cost of sales	(3,832)	-
	<hr/>	<hr/>
Gross loss	(77)	-
Expenses	-	-
Finance cost	-	-
	<hr/>	<hr/>
Operating loss	(77)	-
Share of results of associates	-	(94)
Share of results of jointly controlled entities	-	-
	<hr/>	<hr/>
Loss from ordinary activities before taxation	(77)	(94)
Taxation	-	-
	<hr/>	<hr/>
Loss from ordinary activities after taxation	(77)	(94)
Less: Group's share of profit had the Group not acquired the additional equity interest	38	-
	<hr/>	<hr/>
Net loss for the year	(39)	(94)

The effect of the acquisition on the financial position of the Group as at 31 December 2002 is follows:-

	2002 RM'000
Cash and bank balances	942
Property, plant and equipment	588
Deferred expenditure	1,389
Development expenditure	32,732
Inventories	1,269
Receivables	49,976
Payables	(78,764)
	<hr/>
Amount accounted for as associates	8,132 (4,790)
	<hr/>
Group's share of profit had the Group not acquired the additional equity interest	38
	<hr/>
Increase in Group net assets	3,380

Details of net assets acquired, goodwill and cash flow arising from the acquisitions are as follows: -

	2002 RM'000
Cash and bank balances	341
Property, plant and equipment	670
Deferred expenditure	1,566
Development expenditure	82,990
Inventories	1,299
Receivables	6,432
Payables	(17,671)
Amount owing to shareholders	(66,581)
	<hr/>
Group's share of net assets	9,046
Less: Amount accounted for as associates	(4,790)
Goodwill	3,687
Post acquisition losses	326
	<hr/>
Cost of acquisition	8,269
	<hr/>
Purchase consideration discharged by cash	8,269
Less: Cash and cash equivalents of subsidiaries acquired	(341)
	<hr/>
Cash outflow on acquisition	7,928
	<hr/>

41. DISPOSAL OF SUBSIDIARIES

- (a) During the financial year, a 55% subsidiary, Kemena Industries Sdn Bhd, disposed of its entire 51% equity interest in Kipal Industries Sdn Bhd for RM586,500 and a wholly-owned subsidiary, IJM International Ltd, Hong Kong, disposed its entire 62.5% equity interest in Park-Lee Construction Ltd, a dormant company incorporated in Hong Kong for RM1.00.

The effect of the disposal on the financial position of the Group was as follows:-

	2002 RM'000	2001 RM'000
Cash and bank balances	(86)	221
Property, plant and equipment	409	571
Inventories	85	99
Receivables	1,716	1,531
Payables	(1,575)	(1,339)
	<hr/>	<hr/>
Minority interest	549 (461)	1,083
	<hr/>	<hr/>
Net assets disposed of	88	
Net disposal proceeds	586	
	<hr/>	
Net gain on disposal	498	
	<hr/>	
Total proceeds from disposal – cash consideration	586	
Cash and cash equivalents of subsidiary disposed	86	
	<hr/>	
Net cash inflow on disposal	672	
	<hr/>	

41. DISPOSAL OF SUBSIDIARIES (Continued)

The effect of the disposal on the results of the Group for the financial year is as follows:-

	2002 RM'000	2001 RM'000
Sales	* -	3,797
Operating costs	* -	(3,888)
Loss from operations	* -	(91)
Other operating income	* -	131
Taxation	* -	(17)
Profit from ordinary activities after taxation	* -	23

*Less than RM1,000.

- (b) During the preceding financial year, the Company disposed of certain subsidiaries to other subsidiaries within the Group as part of its internal restructuring. The restructuring exercise was to rationalise the corporate structure to further improve operational efficiencies within the Group. These disposals had no financial effect on the Group's financial statements.

42. NON-CASH TRANSACTIONS

There was no significant non-cash financing or investing transaction during the year. The principal non-cash transaction during the preceding financial year was the subscription of additional shares in certain subsidiaries by way of capitalisation of amount owing by those subsidiaries amounting to RM60,000,000.

43. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Group's and Company's cash flow statements comprise the following: -

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deposits with licensed banks (Note 33)	87,705	141,895	59,262	73,297
Cash and bank balances	49,572	22,823	7,015	2,272
Bank overdrafts (Note 38)				
- Unsecured	(880)	(1,686)	(5)	(164)
	136,397	163,032	66,272	75,405
Less:				
Restricted deposits with licensed banks (Note 33)	(12,612)	(19,987)	-	-
	123,785	143,045	66,272	75,405

44. FAIR VALUES OF FINANCIAL INSTRUMENTS FOR DISCLOSURE PURPOSES

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. These include, amongst others, investments, deposits, cash and bank balances, receivables, payables, borrowings as well as derivative instruments.

The fair value of a financial instrument is assumed to be the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Quoted market prices, when available, are used as the measure of fair values. However, for a significant portion of the Group's and Company's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented are estimates derived using the net present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

(a) Off balance sheet financial instruments

(i) Forward foreign exchange contracts

As at 31 December 2002, the settlement dates on the open contracts ranged between 1 to 4 months. The Group's outstanding contracts in relation to future purchase of equipments are as follows:-

Maturity	Currency	Amount in foreign currency	Contractual rate	RM'000 equivalents	Unrecognised Gain RM'000
Within 1 month	Euro	759,624	3.7080	2,817	208
Within 4 months	Euro	340,000	3.7197	1,265	89

The fair value of the above outstanding forward contracts, determined using forward exchange market rates at the balance sheet date, was a favourable position of RM297,000.

The net unrecognised gains at 31 December 2002 on open contracts of RM297,000 are deferred until the related receipts or payments occur, at which time they are included in the measurement of such receipts or payments.

(b) On balance sheet financial instruments

Except as stated below, the carrying values of other financial assets and financial liabilities of the Group and Company at the balance sheet date approximated their fair values.

	Note	The Group		The Company	
		Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial Assets					
(i) Long term investments	26				
- Quoted shares		49,099	31,882	48,911	31,723 (aa)
- Unquoted shares		15,797	Note (bb)	2,050	Note (bb) (bb)
- Unquoted unit trust		1,742	Note (bb)	-	- (bb)
(ii) Short term investments	32				
- Quoted shares		33,892	37,807	-	-
- Unquoted shares		49,071	58,786	-	- (cc)
- Quoted debentures		16,399	16,418	-	-
(iii) Long term receivables	27	53,701	59,272	-	-

44. FAIR VALUES OF FINANCIAL INSTRUMENTS FOR DISCLOSURE PURPOSES (Continued)

(b) On balance sheet financial instruments (Continued)

- (aa) As mentioned in Note 26 to the financial statements, the Directors are of the opinion that an allowance for diminution in value of the long term quoted investments is not necessary.
- (bb) It is not practicable to estimate the fair value of the Group's unquoted investments because of the lack of reference market prices and the inability to estimate fair value without incurring excessive costs. However, the Directors believe that the carrying values represent the recoverable amounts.
- (cc) For unquoted investments in foreign-held legal person shares (unquoted shares) in Guangdong Provincial Expressway Development Co. Ltd (GPED) at a carrying value of RM47.7 million included under short term investments in unquoted shares, estimates of its fair values have been made by reference to the market price of the quoted "B" shares of GPED, with an estimated discount for lack of marketability.

Financial liabilities

	Note	The Group		The Company	
		Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
(i) Bonds	15	246,671	259,679	150,000	145,937
(ii) Amount due to an associate	19	36,956	40,858	-	-
(iii) Trade payables (Non-current)	20	12,000	8,977	-	-

The above financial liabilities will be realised at their carrying values and not at their fair values as the Directors have no intention to settle these liabilities other than in accordance with their contractual obligations.

45. SIGNIFICANT RELATED PARTY DISCLOSURES

The Group

In addition to related party disclosures mentioned in Note 4 to the financial statements, set out below are other significant related party transactions and balances.

A General Mandate has been obtained from shareholders vide a Circular to Shareholders dated 29 April 2002 for Recurrent Related Party Transactions with the following related parties:-

- (i) Industrial Concrete Products Bhd and its subsidiaries (ICP Group)
- (ii) Syn Tai Hung Sdn Bhd (STHSB)
- (iii) Minconsult Sdn Bhd (MSB)

- (a) The following transactions with related parties were carried out in the normal course of business under terms and conditions which are obtainable in transactions with unrelated parties or negotiated amongst related parties.

	2002 RM'000	2001 RM'000
(aa) Associates: -		
(i) Sales / progress billings in respect of :-		
<u>Construction contract</u>		
- THB-IJM Joint Venture Sdn Bhd	2,970	11,645
- Worldwide Ventures Sdn Bhd	4,614	1,615
- Jelutong Development Sdn Bhd	-	40,606

	2002 RM'000	2001 RM'000
<u>Management fee</u>		
- Grupo Concesionario del Oeste S.A.	-	1,596
<u>Quarry products</u>		
- ICP Group	1,718	2,166
(ii) Purchases in respect of :-		
<u>Building materials</u>		
- ICP Group	24,864	12,843
<u>Agricultural fertilisers and chemicals</u>		
- Loongsyn Sdn Bhd	4,628	8,027
(iii) Interest charged to: -		
- Worldwide Ventures Sdn Bhd	4,128	3,831
- Jelutong Development Sdn Bhd	-	2,610
(iv) Advances / repayments to: -		
- OSW Properties Pty Ltd	10,854	42,413
- Reliance – OSW Investment Trust	10,546	-
- CIDB Inventures Sdn. Bhd.	9,907	3,229
- Worldwide Ventures Sdn Bhd	5,469	-
- THB-IJM Joint Venture Sdn Bhd	3,385	5,050
- Jelutong Development Sdn Bhd	-	33,315
- Reliance – OSW (Nominees) Pty. Ltd.	-	9,110
- Avillion Hotels International (Sydney) Pty. Ltd.	-	2,521
- Gautami Power Limited	-	1,138
- Ever Mark (M) Sdn. Bhd.	-	1,362
(v) Advances / repayments from: -		
- Gautami Power Limited	4,750	-
- Avillion Hotels International (Sydney) Pty Ltd	3,435	-
- JWS Projects Sdn Bhd	1,838	3,039
- Emas Utilities Corporation Sdn Bhd	1,822	-
- Nekadsatu Jaya Sdn Bhd	196	5,227
- Hexacon Construction Pte Ltd	-	1,060
- Highway Master Sdn Bhd	-	6,501
(bb)Jointly controlled entities: -		
(i) <u>Progress billings in respect of construction contract to:</u>		
- IJM Properties – JA Manan Joint Venture	202	13,415
(ii) <u>Progress billings in respect of construction contract by:</u>		
- IJM Construction – Perkasa Sutera Joint Venture	13,488	16,968
(cc)IJM Retirement Scheme:		
- Contribution to the Scheme	2,568	2,332
(dd)Purchase of building materials from a company related to major shareholders: -		
	2002 RM'000	2001 RM'000
- STHSB *	2,795	2,094

* Related to Dato' Tan Chin Nam and Robert Tan Chung Meng who are deemed major shareholders of Syn Tai Hung Sdn Bhd via corporations in which they have more than 15% shareholding.

45. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

(ee) Professional fees paid to a company in which a Director of the Company has an interest and a company in which a Director of a subsidiary has an interest, which are based on commercial terms and conditions mutually agreed by the parties, are as follows:

	2002 RM'000	2001 RM'000
(i) MSB, a company in which a Director of the Company, Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob has an interest	1,837	3,950
(ii) Emir Enterprise Sdn Bhd, a company in which a Director of a subsidiary, Dato' Haji Moehamad Izat, has an interest	48	48

(b) Significant outstanding balances arising from the non-trade transactions during the financial year:

<u>Related party</u>	<u>Type of transaction</u>	2002 RM'000	2001 RM'000
Receivables: -			
- OSW Properties Pty Ltd	Advances	10,854	42,413
- Reliance – OSW Investment Trust	Advances	10,546	-
- CIDB Inventures Sdn. Bhd.	Advances	9,907	3,229
- Worldwide Ventures Sdn Bhd	Advances	5,469	-
- THB-IJM Joint Venture Sdn Bhd	Advances	3,385	5,050
- Jelutong Development Sdn Bhd	Advances	-	33,315
- Gautami Power Limited	Advances	-	1,138
- Reliance – OSW (Nominees) Pty Ltd	Advances	-	9,110
- Avillion Hotels International (Sydney) Pty Ltd	Advances	-	2,521
- Ever Mark (M) Sdn. Bhd.	Advances	-	1,362
Payables:			
- Emas Utilities Corporation Sdn Bhd	Advances	1,822	-

46. PRIOR YEAR ADJUSTMENT

For the preceding financial year, the Group changed its accounting policy with respect to the recognition of proposed dividends as liabilities due to the early adoption of the new MASB Standard 19 "Events After the Balance Sheet Date". In the previous years, dividends were accrued as liabilities when proposed by the Directors. The Group had changed this accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay is established in accordance with MASB 19. Therefore, the proposed final dividends for 2001 was only accrued as liabilities in 2002 after approval by shareholders at the Annual General Meeting.

This change in accounting policy has been accounted for retrospectively.

47. CAPITAL COMMITMENTS

	THE GROUP	
	2002 RM'000	2001 RM'000
Approved and contracted for	49,561	72,700
Approved but not contracted for	34,753	7,542
	84,314	80,242
Analysed as follows: -		
Property, plant and equipment	41,314	8,354
Development land	43,000	71,888
	84,314	80,242

48. CONTINGENT LIABILITIES (UNSECURED)

	THE GROUP		THE COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Bank borrowings of subsidiaries guaranteed by the Company	-	-	11,345	21,121
Bank borrowings of associates guaranteed by the Company	76,995	70,702	76,995	70,702
	76,995	70,702	88,340	91,823

49. SIGNIFICANT EVENT DURING THE YEAR

On 29 April 2002, the Company announced the signing of a Transfer of Listing Agreement between the Special Administrators of Rahman Hydraulic Tin Berhad ("RHTB"), the Company and IJM Plantations Sdn Bhd (IJMP), a wholly-owned subsidiary of the Company, for the proposed acquisition of the listing status of RHTB to enable the listing of IJMP. Details of the Scheme were announced on 28 June 2002 as follows:

- (a) The par value of IJMP shares be split from one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each;
- (b) Up to RM150,000,000 of "inter-company" advances from the Company to IJMP be capitalised in the following manner:
 - (i) Up to RM130,000,000 of the advances will be capitalised, whereby up to 260,000,000 new IJMP Shares will be issued; and
 - (ii) Any remaining balance not capitalised in (b)(i) above will be converted into Redeemable Convertible Unsecured Loan Stocks, subject to a maximum of RM50,000,000;
- (c) IJMP will acquire the remaining 65% equity in Minat Teguh Sdn Bhd and the remaining 40% equity in Desa Talisai Sdn Bhd, of which the consideration will be satisfied in the form of new IJMP shares to be issued;
- (d) The stockholders of RHTB will be paid in the form of 2,430,804 IJMP shares and RHTB will be paid a total cash consideration of RM25,000,000;
- (e) the Company will distribute up to 2 million IJMP shares to entitled employees of the Company and its subsidiaries (including IJMP) as part of the employees annual bonus; and
- (f) the Company will distribute up to 176.93 million IJMP shares to shareholders of the Company on the basis of two (2) IJMP Shares for every five (5) ordinary shares of RM1.00 each held in the Company.

Except the approval from the High Court, approvals have subsequently been obtained from the Securities Commission, Ministry of International Trade and Industry, Foreign Investment Committee as well as the shareholders.

The listing of IJMP on the Main Board of the KLSE is expected to be completed by May 2003. Thereafter, IJMP shall become a 49% associate of the Group.

The Scheme has no material impact for financial year ended 2002.

50. LIST OF SUBSIDIARIES AND ASSOCIATES

as at 31 December 2002

Name	Country of incorporation	Effective equity interest		Principal activities
		2002 %	2001 %	
SUBSIDIARIES				
GR Commerce Sdn Bhd	Malaysia	72	72	Production and supply of ready- mixed concrete
IJM Construction Sdn Bhd	Malaysia	100	100	Civil and building construction and investment holding
IJM Properties Sdn Bhd	Malaysia	100	100	Property development and investment holding
IJM Plantations Sdn Bhd	Malaysia	100	100	Cultivation of oil palm and investment holding
IJM Argentina Sociedad Anomina *	Argentina	100	100	Investment holding
IJM Australia Pty Limited +	Australia	80	80	Engineering and construction consultancy and property development
IJM Investments (M) Limited ##	Mauritius	100	100	Investment holding
IJM International (BVI) Pty Ltd *	British Virgin Islands	100	100	Investment holding
IJM International Limited #	Hong Kong	100	100	Investment holding
IJM Investments (L) Ltd *	Federal Territory of Labuan	100	100	Investment holding
IJM Overseas Ventures Sdn Bhd	Malaysia	100	100	Investment holding
Jelutong Development Sdn Bhd	Malaysia	100	50	Civil construction and property development
Kamad Quarry Sdn Bhd	Malaysia	100	100	Quarrying, manufacture and sale of premix products and road pavement construction
Malaysian Rock Products Sdn Bhd	Malaysia	100	100	Quarrying, sale of rock products and investment holding
Nilai Cipta Sdn Bhd *	Malaysia	70	70	Office complex concession holder
Styrobilt Sdn Bhd	Malaysia	100	100	Dormant
Torsco Berhad *	Malaysia	100	90	Engineering, fabrication and construction
Held by IJM Construction Sdn Bhd				
IJM Building Systems Sdn Bhd	Malaysia	100	100	Prefabricated building construction
Jurutama Sdn Bhd	Malaysia	100	100	Civil and building construction and property development
Kami Builders Sdn Bhd	Malaysia	100	50	Civil construction and property development
Prebore Piling & Engineering Sdn Bhd *	Malaysia	79.9	70	Piling, engineering and other construction works

Name	Country of incorporation	Effective equity interest		Principal activities
		2002 %	2001 %	
Held by IJM Properties Sdn Bhd				
BDA-Kidurong Development Sdn Bhd *	Malaysia	53	53	Property development
Chen Yu Land Sdn Bhd	Malaysia	100	100	Property development
IJM Management Services Sdn Bhd	Malaysia	100	100	Project and construction management services
Jalanan Masyhur Sdn Bhd	Malaysia	51	51	Property development
Liberty Heritage (M) Sdn Bhd	Malaysia	100	100	Property management and car parking services
Maxharta Sdn Bhd	Malaysia	100	100	Property development, civil and building construction
NS Central Market Sdn Bhd	Malaysia	70	100	Property development
Suria Bistari Development Sdn Bhd	Malaysia	51	51	Property development
Sinaran Intisari (M) Sdn Bhd	Malaysia	51	51	Property development
Wedec Sdn Bhd	Malaysia	100	100	Interior fit-out services, upgrades and renovation works
Xylocorp (M) Sdn Bhd	Malaysia	100	100	Property development
Held by Malaysian Rock Products Sdn Bhd				
Aggregate Marketing Sdn Bhd	Malaysia	51	51	Sale of rock products
Azam Ekuiti Sdn Bhd	Malaysia	100	100	Quarry owner
Bohayan Industries Sdn Bhd	Malaysia	70	70	Quarrying, sale of quarry products, production and sale of ready-mixed concrete
Damansara Rock Products Sdn Bhd	Malaysia	100	100	Quarrying, road pavement construction, manufacture and sale of premix products
Global Rock Marketing Sdn Bhd	Malaysia	100	100	Sale of rock products
Kemena Industries Sdn Bhd *	Malaysia	55	55	Manufacture of ready-mixed concrete and reinforced concrete products
Kuang Rock Products Sdn Bhd	Malaysia	100	50	Quarrying and sale of rock products
Mowtas Bulkiers Sdn Bhd (formerly known as Masello (M) Sdn Bhd)	Malaysia	100	100	Multi-user bulking terminal
Oriental Empire Sdn Bhd	Malaysia	100	100	Quarry owner
Scaffold Master Sdn Bhd	Malaysia	100	100	Sale and rental of steel scaffolding
Strong Mixed Concrete Sdn Bhd	Malaysia	100	100	Production and supply of ready-mixed concrete
Held by IJM Plantations Sdn Bhd				
Berakan Maju Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Desa Talisai Sdn Bhd	Malaysia	60	60	Cultivation of oil palm
Dynasive Enterprise Sdn Bhd	Malaysia	100	100	Cultivation of oil palm

50. LIST OF SUBSIDIARIES AND ASSOCIATES (Continued)

as at 31 December 2002

Name	Country of incorporation	Effective equity interest		Principal activities
		2002 %	2001 %	
Excellent Challenger (M) Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Gunaria Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
IJM Agri Services Sdn Bhd	Malaysia	100	70	Provision of agricultural management services to plantations
IJM Edible Oils Sdn Bhd (formerly known as Regal Glamour Sdn Bhd) @	Malaysia	100	100	Palm kernel milling
Rakanan Jaya Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Ratus Sempurna Sdn Bhd	Malaysia	100	100	Property holding
Sabang Mills Sdn Bhd	Malaysia	100	100	Palm oil milling
Sijas Plantations Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Held by IJM International Limited				
Park-Lee Construction Limited #	Hong Kong	-	62.5	Dormant
Held by IJM Investments (M) Limited				
IEMCEE Infra (Mauritius) Limited ##	Mauritius	100	100	Investment holding
IJMII (Mauritius) Limited ##	Mauritius	100	100	Investment holding
IJM Rewa (Mauritius) Limited ##	Mauritius	100	-	Investment holding
Held by IJMII (Mauritius) Limited				
IJM (India) Infrastructure Limited *	India	70	70	Construction
Held by IJM Rewa (Mauritius) Limited				
Rewa Tollway Private Limited *	India	100	-	Construction
Held by IJM Australia Pty Limited				
Billmex Pty Limited +	Australia	100	100	Property development
Held by Desa Talisai Sdn Bhd				
Cahaya Adil Sdn Bhd	Malaysia	60	60	Property letting
Desa Talisai Palm Oil Mill Sdn Bhd	Malaysia	60	60	Palm oil milling
Firdana Corporation Sdn Bhd	Malaysia	60	60	Property letting
Gerbang Selasih Sdn Bhd	Malaysia	60	60	Property letting
Sihat Maju Sdn Bhd	Malaysia	60	60	Property letting
Held by Excellent Challenger (M) Sdn Bhd				
Ampas Maju Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Gapas Mewah Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Golden Grip Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Kulim Mewah Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Laserline Sdn Bhd	Malaysia	100	100	Cultivation of oil palm

Name	Country of incorporation	Effective equity interest		Principal activities
		2002 %	2001 %	
Macmillion Group Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Rantajasa Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Sri Kilau Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Held by Rakanan Jaya Sdn Bhd				
Isu Mutiara Sdn Bhd	Malaysia	100	100	Cultivation of oil palm
Held by Kemena Industries Sdn Bhd				
Kipal Industries Sdn Bhd *	Malaysia	-	51	Sale of ready-mixed concrete and manufacture of cement bricks
Held by Torsco Berhad				
Torsco Overseas Sdn Bhd*	Malaysia	100	100	Dormant
Sang Kee Enterprise Sdn Bhd *	Malaysia	100	100	Property investment
Sang Kee Feedmills Sdn Bhd *	Malaysia	100	100	Property investment
ASSOCIATES				
CIDB Inventures Sdn Bhd	Malaysia	24.9	23	Infrastructure investment
Cofreth (M) Sdn Bhd *	Malaysia	20	20	Total facilities management, operations & maintenance, co-generation and district cooling system/service provider
Community Resort Development System Sdn Bhd*	Malaysia	20	20	Dormant
Deltabumi Sdn Bhd	Malaysia	40	40	Special purpose vehicle
Emas Utilities Corporation Sdn Bhd *	Malaysia	40	40	Investment holding
Grupo Concesionario del Oeste S.A. ~	Argentina	20.1	20.1	Construction, renovation, repair, conservation and operation of Acceso Oeste highway
IJM-Yorkville (BVI) Pty Ltd *	British Virgin Islands	50	50	Special purpose vehicle for financing
Industrial Concrete Products Berhad *	Malaysia	21.5	21.5	Manufacture of precast concrete products
Inversiones e Inmobiliaria Sur-Sur S.A. *	Chile	25	25	Property Development
JWS Projects Sdn Bhd	Malaysia	50	50	Investment holding
Macroland Holdings Sdn Bhd	Malaysia	30	30	Under members' voluntary liquidation
MASSCORP-Chile Sdn Bhd	Malaysia	31.4	31.4	Investment holding
Precast Products Sdn Bhd *	Malaysia	25	25	Dormant
Precast Property Sdn Bhd *	Malaysia	50	50	Dormant
Precast Technology Sdn Bhd *	Malaysia	50	50	Dormant

50. LIST OF SUBSIDIARIES AND ASSOCIATES (Continued)

as at 31 December 2002

Name	Country of incorporation	Effective equity interest		Principal activities
		2002 %	2001 %	
Sin Kean Boon Group Berhad *	Malaysia	20.1	20.1	Manufacture of roller shutters and aluminium extrusions and investment holding
Spirolite (M) Sdn Bhd *	Malaysia	37.5	37.5	Manufacture of straight extruded pipes and "spiral" pipes, tubes, tanks and containers
Held by IJM Australia Pty Limited				
Quay Link Enterprises Pty Limited +	Australia	50	50	Property development
Held by IJM Construction Sdn Bhd				
Hexacon Construction Pte Limited ^	Singapore	49	49	Civil and building construction
Highway Master Sdn Bhd	Malaysia	50	50	Road pavement construction
Integrated Water Services (M) Sdn Bhd *	Malaysia	35	35	Operation and maintenance of a water treatment plant
IT&T Builders Sdn Bhd	Malaysia	45	45	Building construction
Malaysian Construction Ventures (Overseas) Sdn Bhd	Malaysia	20	20	Project consultancy services
Nekadsatu Jaya Sdn Bhd	Malaysia	50	50	Construction and property development
THB-IJM Joint Venture Sdn Bhd	Malaysia	49	49	Construction
Held by IJM International (BVI) Pty Ltd				
Avillion Hotels International (Sydney) Pty Limited *	Australia	49	49	Hotel operator
Reliance-OSW (Nominees) Pty Limited *	Australia	49	49	Trustee company
Held by IJM International Limited				
Amcol Pacific Infrastructure Pte Limited *	Singapore	20	20	Dormant
Grapevine Investments (Hong Kong) Limited #	Hong Kong	50	50	Investment holding
OSW Properties Pty Limited *	Australia	50	50	Property development
Held by IEMCEE Infra (Mauritius) Limited ##				
Gautami Power Limited @@	India	36	36	Power generation
Held by IJMII (Mauritius) Limited				
Swarna Tollway Pte Ltd *	India	32.5	-	Construction

Name	Country of incorporation	Effective equity interest		Principal activities
		2002 %	2001 %	
Held by IJM Overseas Ventures Sdn Bhd				
Earning Edge Sdn Bhd	Malaysia	20	20	Property development
MASSCORP-Namibia Sdn Bhd	Malaysia	40	40	Investment holding
Meaga Corporation Sdn Bhd *	Malaysia	25	25	In members' voluntary liquidation
Held by IJM Plantations Sdn Bhd				
Cekap Tropikal Sdn Bhd*	Malaysia	60 43 ⁽¹⁾	60 43 ⁽¹⁾	Special purpose vehicle for financing
Loongsyn Sdn Bhd *	Malaysia	50	50	Trading in agricultural fertilizers and chemicals
Minat Teguh Sdn Bhd	Malaysia	35	35	Cultivation of oil palm
Mowtas Multi-User Jetty Sdn Bhd (formerly known as Groupwell Jaya Sdn Bhd)	Malaysia	45	45	Provision of jetty services
Trunkline Plantations Sdn Bhd	Malaysia	50	50	Cultivation of oil palm
Held by IJM Properties Sdn Bhd				
Ever Mark (M) Sdn Bhd	Malaysia	50	50	Property development
MASSCORP-Vietnam Sdn Bhd	Malaysia	20	20	Investment holding
Wilmington Sdn Bhd	Malaysia	50	50	Property development
Worldwide Ventures Sdn Bhd	Malaysia	50	50	Property development and investment holding
Held by Malaysian Rock Products Sdn Bhd				
Batu Kenangan Sdn Bhd *	Malaysia	40	40	Leaseholder of quarry land
DML-MRP Resources (M) Sdn Bhd	Malaysia	50	50	Dormant
Pulai Maju Sdn Bhd	Malaysia	50	50	Leaseholder of quarry land

- ^ Audited by PricewaterhouseCoopers, Singapore
 # Audited by PricewaterhouseCoopers, Hong Kong
 + Audited by PricewaterhouseCoopers, Australia
 ~ Audited by PricewaterhouseCoopers, Argentina
 ## Audited by PricewaterhouseCoopers, Mauritius
 * Not audited by PricewaterhouseCoopers
 @ Held by IJM Corporation Berhad in 2001
 @@ Held by IJM Investments (M) Limited in 2001
 (1) Voting power held

Statutory Declaration

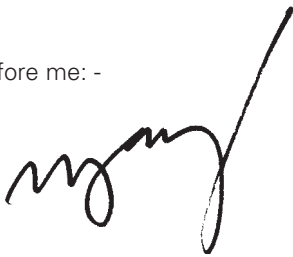
I, Loy Boon Chen, being the officer primarily responsible for the financial management of IJM Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 78 to 137 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Petaling Jaya on 27 February, 2003.



LOY BOON CHEN

Before me: -



G. VIJAYAN BASKARAN PPN
Commissioner for Oaths
Petaling Jaya



**Report of the auditors to the members of
IJM Corporation Berhad**

Company No: 104131-A

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 (3) 2693 1077
Facsimile +60 (3) 2693 0997

We have audited the financial statements set out on pages 78 to 137. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and Company as at 31 December 2002 and of the results and cash flows of the Group and Company for the financial year ended on that date;

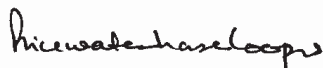
and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 50 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



PRICEWATERHOUSECOOPERS
(AF-1146)
Chartered Accountants



SHIRLEY GOH
(1778/08/04(J))
Partner

Kuala Lumpur
27 February 2003

List of Properties

as at 31 December 2002

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revalua- -tion (R)/ Acquisition (A)	Net Book Value as at 31 December 2002 RM'000
FIXED ASSETS								
JOHOR								
Lot PTB 19233 H.S.(D) 210937 Unit 1701-1703 Jalan Tebrau, Johor Bahru	Commercial land	0.064	Freehold	Office space (3 years; 2,361 sq.m.)	-	6	A:1996	2,227
Lot Nos. 810, 811 and MLO 23, GM 66, 68 & H.S. (M) 937 Mukim Sedenak, Air Bembau, Kulai	Agriculture land	8.147	Freehold	Vacant; for future development	-	-	A:1998	2,000
E-2-1, Block Mawar, Anjung Seri Condominium Jalan Persiaran Seri Alam 81750 Masai	Condominium	0.009	Freehold	Residential	-	4	A:1999	233
E-2-6, 3-2, 3-5 Block Mawar, Anjung Seri Condominium Jalan Persiaran Seri Alam 81750 Masai	Condominium	0.027	Freehold	Residential (Vacant)	-	4	A:1999	500
NEGERI SEMBILAN								
H.S. (D) 77335, P.T. 6322 Mukim Labu, Daerah Seremban	Industrial land	14.164	Leasehold	Quarrying	2053	-	A:1993	1,104
H.S. (D) 75235, P.T. 6054 Mukim Labu, Daerah Seremban	Industrial land	16.997	Leasehold	Quarrying	2053	-	A:1993	3,200
PENANG								
Parcel No. M/0/05/20 & M/0/05/21, Pusat Perdagangan Tanjung	Office	0.05	Leasehold	Office (548 sq.m.)	2089	7	A:1994	685
PT 35, No HS (D) 11743, Seksyen 4, Daerah Timur Laut, Bandar Jelutong	Industrial land	6.423	Freehold	Vacant; for future development	-	-	A:2001	10,449
PERAK								
Lot 11004, 4-3/4 Miles, Jalan Lahat, Mukim Ulu Kinta	Industrial land & building	2.718	Leasehold	Plant 1, Office building & workshop (8.757 sq.m.)	2053	24	R:1981	1,587
PT No. 595, H.S. (D) Dgs 1276/88 and PT No. 538, H.S. (D) Dgs 1272/88, Mukim Lumut, Daerah Manjung	Industrial land & building	2.016	Leasehold	Plant 2A, C & D Office building & workshop (6.93 sq.m.)	2087	9	R:1993	3,710
Lot I1, Mukim Lumut, Daerah Manjung	Industrial land & building	2.497	Leasehold	Plant 2B, Workshop (3,600 sq.m.)	2094	3	A: 1995	3,629
				Plant 2E, (1,800 sq.m.)	2094	1	A: 2002	1,053
Lot D-2, Mukim Lumut, Daerah Manjung	Industrial land & building	5.075	Leasehold	Plant 3, Office building, workshop & jetty (4,480 sq.m.)	2093	2	A:1996	11,389

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R)/ Acquisition (A)	Net Book Value as at 31 December 2002 RM'000
SARAWAK								
Lot 1176 Block 32, Kemena Crossing, Bintulu	Industrial Land & Building	3.71	Leasehold	Office & workshop (1,734 sq. m.)	2050	16	A:1987	522
Lot 2945, Block 32 Kemena Land District Bintulu	Industrial land & Building	2.676	Title yet to be issued	Vacant for future development	-	9	A:1996	1,124
Lot 1402, Block 31, Kemena Land District Jalan Tanjung Batu 97000 Bintulu	Commercial Land & Building	0.016	Leasehold	Shop-office (154 sq.m.)	2048	13	A:1996	1,314
Lot 3822, Block 31, Kemena Land District Jalan Tanjung Batu 97000 Bintulu	Building	0.034	Leasehold	Residential (333 sq.m.)	2056	7	A:1995	172
SELANGOR								
Lot 170, Section 7, Jalan Yong Shook Lin, 46050 Petaling Jaya	Commercial land & building	0.759	Leasehold	2 office buildings (7,088 sq.m.)	2069	22	A: 1985	16,824
55 Jalan TSG/10A, Subang Industrial Park, Subang Jaya, H.S.(D) 97263, P.T. 27731 Mukim of Petaling	Industrial land	0.018	Leasehold	3 storey industrial building (178 sq.m.)	2090	8	A: 1996	660
Workshop 3.5KM, Jalan Kampung Jawa Klang	Workshop	0.02	Rented	Workshop	-	2	A:2000	28
EMR 5364, Lot 2775 District of Klang	Workshop	0.037	Rented	For repair & maintenance of steel scaffolding	-	3	A:1999	85
Lot No 197, Mukim Rawang, Daerah Gombak, Kundang Industrial Park	Industrial land	0.185	Freehold	Vacant; for future development	-	-	A:2000	459
P.T 29651, H.S. (D) 97465, Mukim Sungai Buluh, Daerah Petaling	Commercial land & building	5.459	Leasehold	22 units of shoplex of which 19 are tenanted	2090	6	A:1997	2,785
Lot 6497 Sungai Puloh Estate Off 6th Mile Jalan Kapar 42100 Kapar, Klang	Land & building	5.75	Freehold	Office, Store, Workshop & Workers' Quarters	-	2	A:2001	3,025
Lot No 52177, Mukim Batu Daerah Gombak, KM 15 Jalan Rawang	Land & Building	0.013	Leasehold	Store	2089	11	A:1992	108
Lot No M45 Unit M45-2A & 2B Block 6 Seremban	Land & Building	0.013	Freehold	Vacant	-	4	A:1999	129
Unit No. K2/01/05 & K1/02/01 (23-1 & 1-2, Desa Seri Puteri, Jalan 2/125G, 57100 KL)	Commercial	0.034	Leasehold	Commercial office	2093	1	A:2002	290
WILAYAH PERSEKUTUAN								
B7-6 Puncak Prima Condo Sri Hartamas	Condominium	0.009	Freehold	Residential	-	5	A:2001	340
Golden City Condominium No: 19-05, 19th Floor Jalan Ipoh, 51200	Condominium	0.01	Freehold	Residential	-	7	A:1995	200

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R)/ Acquisition (A)	Net Book Value as at 31 December 2002 RM'000
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DEVELOPMENT PROPERTIES

JOHOR

Lot 13904-13980, 14007-14060 and 14067 & 19215 Kampung Muafakat Jalan Tun Abdul Razak	Commercial & Residential	16.35	Title yet to be issued	Under development	-	-	A:1992	1,471
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Part of Lot 1896 Kampung Serantau Jalan Dato' Jaafar Larkin	Commercial & Residential	9.224	Leasehold	Under development	2101	-	A:1992	36,908
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NEGERI SEMBILAN

HS (D) 109551, PT 888, Pekan Bukit Kepayang, Daerah Seremban	Commercial	1.902	Leasehold	Under development	2096	-	A:2001	4,605
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PENANG

Lots 14, 17, 372, 374, 376 & 492, Section 19, Georgetown, North East District	Commercial land	0.546	Freehold	Vacant; for future development	-	-	A:1992	10,710
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Lots 397 and 343, Section 2, Town of Batu Ferringhi, North East District	Residential land	2.587	Freehold	Vacant; for future development	-	-	A:1992	3,161
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Lots 721 to 739 & 745, 1721 and 1727, Seksyen 4, Bandar Butterworth, Daerah Seberang Prai Utara	Commercial & residential land, Agricultural	5.378	Freehold	Vacant; for future development	-	-	A:1992	9,480
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Lots 37, 38 and 139, Seksyen 1, Bandar Butterworth, Daerah Seberang Prai Utara	Commercial and residential land	3.256	Freehold	Vacant; for future development	-	-	A:1992	-
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Lots 104, 105, 106, 262, 1253, 2870 and 2871, Seksyen 3, Bandar Butterworth, Daerah Seberang Prai Utara	Residential land	2.036	Freehold	Vacant; for future development	-	-	A:1992	3,364
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Lots 395 & 396, Mukim 1, Pulau Betong, Daerah Barat Daya	Agriculture land	2.104	Freehold	Vacant; for future development	-	-	A:1992	1,306
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Lots 34, 35, 38, 40, 41, 1245 & 101, Mukim 12, Daerah Seberang Prai Tengah	Agriculture land	5.508	Freehold	Vacant; for future development	-	-	A:1994	1,220
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Holding No. 299, 300 & 304, Mukim 14, Seberang Prai Selatan	Commercial and residential land	25.71	Freehold	Under development	-	-	A:1994	16,289
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Lot No. 501, Mukim 14, Seberang Prai Selatan (comprised in Geran No. 38943)	Commercial and residential land	7.899	Freehold	Under development	-	-	A:1994	6,369
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Lot No. 502, Mukim 14, Seberang Prai Selatan (comprised in Geran Mukim No. 102)	Commercial and residential land	0.486	Freehold	Under development	-	-	A:1994	308
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Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R)/ Acquisition (A)	Net Book Value as at 31 December 2002 RM'000
Lot No. 862, Mukim 14, Seberang Prai Selatan (comprised in No. Pendaftaran 3754)	Commercial and residential land	2.226	Freehold	Vacant; for future development	-	-	A:1994	3,214
Lot No. 583, Mukim 14, Seberang Prai Tengah (comprised in Geran Mukim No. 381)	Commercial and residential land	1.453	Freehold	Vacant; for future development	-	-	A:1994	713
Lot No. 590, Mukim 14, Seberang Prai Tengah (comprised in No. Pendaftaran 12126)	Commercial and residential land	21.032	Freehold	Vacant; for future development	-	-	A:1994	10,315
Lot No. 591, No. GM 168, Mukim 14, Seberang Prai Tengah	Commercial and residential land	2.635	Freehold	Vacant; for future development	-	-	A:1994	1,292
Lot No. 592, Mukim 14, Seberang Prai Tengah (comprised in No. Pendaftaran 12127)	Commercial and residential land	11.153	Freehold	Vacant; for future development	-	-	A:1994	5,470
Lot No. 1639, Mukim 14, Seberang Prai Tengah, (comprised in Geran Mukim No. 299)	Commercial and residential land	2.978	Freehold	Vacant; for future development	-	-	A:1994	1,461
Lot No. 1640, Mukim 14, Seberang Prai Tengah (comprised in Geran Mukim No. 300)	Commercial and residential land	0.121	Freehold	Vacant; for future development	-	-	A:1994	59
Lot Nos. 1686 & 1729 Mukim 14, Seberang Prai Tengah	Agriculture land	5.233	Freehold	Vacant; for future development	-	-	A:1995	3,394
Lot No. 1627, Mukim 14, Seberang Prai Tengah	Agriculture land	7.282	Leasehold	Vacant; for future development	2876	-	A:1995	3,506
Lot No. 1628, Mukim 14, Seberang Prai Tengah	Agriculture land	1.174	Freehold	Vacant; for future development	-	-	A:1995	565
Lot 1725, 1727, 1728, 1768, 1781 & 1789, Mukim 14, Seberang Prai Tengah	Agriculture land	8.72	Freehold	Vacant; for future development	-	-	A:1995-96	4,556
Parcel C3, Daerah Timur Laut Bandar Georgetown	Industrial	6.07	Leasehold	Under development	2100	-	A:2001	8,973
Parcel A3 Jalan Udini	Mixed Development	12.141	Freehold	Under development	-	-	A:2001	45,682
PERAK								
Parcel No. 1 Lot No. 78 Mukim of Gunong Semanggol, Daerah Kerian	Residential land	0.093	Leasehold	Vacant; for future development	2093	-	A:1995	273
SABAH								
CL 075477584, District of Sandakan, 6th North Road	Residential	134.7	Leasehold	Under development	2081	-	A:1998	24,414
SARAWAK								
Lot 7978, Section 65 KTL D, (Balance of Lot 5238, Section 65 KTL D, Kuching)	Agricultural	11.338	Leasehold	Under development	2024	-	A:1991	6,319

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R)/ Acquisition (A)	Net Book Value as at 31 December 2002 RM'000
Lot 5536, Section 65 KTLD, Kuching	Agricultural	2.752	Leasehold	Under conversion to residential	2038	-	A:1996	2,459
SELANGOR								
Lot 4446, Mukim Kapar, 41400 Kelang	Agriculture land	1.214	Freehold	Vacant; for future development	-	-	A:1984	300
Grant No 5051 Lot 240 Mukim of Klang	Agricultural	40.052	Freehold	Under development	-	-	A:1994	19,502
P.T. 29651, H.S.(D) 97465 Mukim Sungai Buluh, Daerah Petaling	Residential land	5.459	Leasehold	Under development	2090	-	A:1993	18,137
H.S. (D) 45120, P.T. 23728 Mukim Kapar, Daerah Klang	Industrial land	7.79	Freehold	Vacant; for future development	-	-	A:1989	18,538
Lot 6497 C.T. 26645 Mukim Kapar, Daerah Klang	Industrial land	5.969	Freehold	Vacant; for future development	-	-	A:1996	8,855
PLANTATIONS								
SABAH								
Wisma IJM Plantations	Commercial land & building	0.575	Leasehold	1 Office Building	2081	1-2	A:2000	7,301
LA 78080114 (CL085321535) District of Labuk/ Sugut, Sandakan	Agriculture land & building	1,011	Leasehold	Oil palm cultivation & research and training centre	2087	6-10	R:1997	25,068
District of Labuk/ Sugut Country Lease No. 085330141	Agriculture land & buildings	4,032.28	Leasehold	Oil palm cultivation	2082	3-16	R:1997	104,553
District of Labuk/Sugut Part of Country Lease No. 085330150	Industrial land & building	40	Leasehold	Palm oil mill & ancillary building	2082	5-10	R:1997	8,028
District of Labuk/Sugut Country Lease No. 085322881	Agriculture land & buildings	1,944	Leasehold	Oil palm cultivation	2087	3-5	R:1997	47,707
District of Sandakan Country Lease No. 075165774	Residential	3.17	Leasehold	Vacant; for future development	2892	-	A:1996	1,050
District of Sandakan Sungai Segaluid/ Pangantin	Agriculture land	120.94	Leasehold	Vacant; for future development	2077-2096	-	A:1996& 2000	486
District of Labuk & Sugut Kampung Ensuan	Agriculture land	38.37	Leasehold	Vacant; for future development	2097	-	A:1998	119
District of Sandakan Sungai Mowtas	Industrial land	8.49	Leasehold	Vacant; for future development	2022	-	1997	3,444
District of Labuk/Sugut	Agriculture land & building	19,759	Leasehold	Oil palm cultivation & palm oil mill	2078-2098	1-5	A:1998-2001	242,531
District of Beluran Country Lease No. 085331559, 085331568, 085330098, 085333875, 085334738, 085334729	Agriculture land, staff quarters & office	986.69	Leasehold	Oil palm cultivation	2095-2099	1-2	A:2001	10,063

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R)/ Acquisition (A)	Net Book Value as at 31 December 2002 RM'000
District of Beluran Country Lease No. 085331488	Agriculture land	248.6	Leasehold	Oil palm cultivation	2097	-	A:2000	1,072
District of Labuk/ Sugut Country Lease No. 085328310	Agriculture land	12.87	Leasehold	Vacant for future development	2094	-	A:1999	81
District of Sandakan Sungai Mowtas	Industrial land & building	14.19	Leasehold	Palm kernel crushing plant	2038 & 2094	-	A:1996-97	9,947
District of Sugut Country Lease No. 085333973	Agriculture land	2,945.28	Leasehold	Oil palm cultivation	2098	-	A:1998-2001	23,809
District of Labuk/ Sugut 083171180, 083171153, 083171162, 083171171	Agriculture land	12.59	Leasehold	Vacant, for future development	2031	-	A:2002	37
Sabang Jetty	Forest reserve	4.185	Leasehold	Jetty	2019	-	Completed in 2002	2,598

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting (AGM) of IJM CORPORATION BERHAD (104131-A) will be held at the Registered Office at 2nd Floor, Wisma IJM, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 21 May 2003, at 4.00 p.m. to transact the following matters:-

1. To receive the audited financial statements together with the reports of the Directors and Auditors for the year ended 31 December 2002. (Resolution 1)
2. To elect retiring Directors as follows:-
 - a) Tan Sri Dato' (Dr) Haji Murad Bin Mohamad Noor (Resolution 2)
 - b) Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman Bin Wan Yaacob (Resolution 3)
 - c) Dato' Goh Chye Keat (Resolution 4)
3. To reappoint PricewaterhouseCoopers as Auditors and to authorize the Directors to fix their remuneration. (Resolution 5)
4. As special business to consider and pass the following ordinary resolutions:-
 - a) "That the Directors' fees of RM221,125 for the year ended 31 December 2002 be approved to be divided amongst the Directors in such manner as they may determine." (Resolution 6)
 - b) "That the Directors be and are hereby authorized, pursuant to Section 132D of the Companies Act 1965, to allot and issue not more than ten percent (10%) of the issued share capital of the Company at any time upon such terms and conditions and for such purposes as the Directors in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorized to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof." (Resolution 7)

By Order of the Board



Jeremie Ting Keng Fui
MAICSA 0777605
Company Secretary

Petaling Jaya
29 April 2003

Notes:

1. APPOINTMENT OF PROXY
A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and such a proxy need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorized. The instrument appointing a proxy must be deposited at the Registered Office not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting. The Annual Report and Form of Proxy are available for access and download at IJM website at <http://www.ijm.com>.
2. RETIREMENT OF DIRECTORS
The Resolution 2, if approved, will authorize the continuity in office of the Director (who is over the age of 70 years) until the next AGM pursuant to Section 129 (6) of the Companies Act, 1965 (the Act). The particulars of all Directors including those seeking re-election are contained in the Annual Report.
3. DIRECTORS' FEES
The Resolution 6, if approved, will authorize the payment of Directors' fees pursuant to Article 100 of the Articles of Association.
4. AUTHORITY TO ISSUE SHARES UNDER SECTION 132D
The Resolution 7, if approved, will renew the authorization obtained at the last AGM, pursuant to Section 132D of the Act, for issuance of up to 10% of the issued share capital of the Company, subject to compliance with the regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. The authorization, unless in pursuance of offers, agreements or options granted by the Directors while the approval is in force, will expire at the next AGM.

I/We
of
being a member of **IJM CORPORATION BERHAD (104131-A)**
hereby appoint
of

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the 19th Annual General Meeting (AGM) of IJM CORPORATION BERHAD (104131-A) to be held on Wednesday, 21 May 2003, at 4.00 p.m. and, at any adjournment thereof, in the manner indicated below:

No.	Resolutions	For	Against
1.	To receive the audited financial statements together with the reports of the Directors and Auditors for the year ended 31 December 2002		
2.	To reappoint Tan Sri Dato' (Dr) Haji Murad Bin Mohamad Noor as Director to hold office until the next AGM		
3.	To reappoint Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman Bin Wan Yaacob as Director		
4.	To reappoint Dato' Goh Chye Keat as Director		
5.	To reappoint PricewaterhouseCoopers as Auditors and to authorize the Directors to fix their remuneration		
6.	To approve the payment of Directors' fees of RM221,125		
7.	To authorize the issuance of up to 10% of the issued share capital of the Company		

Please indicate with "X" how you wish your vote to be cast. In the absence of specific instruction, your Proxy will vote or abstain as he/she thinks fit.

Number of Shares Held

Signed (and sealed) this day of 2003

Signature(s) :

Notes:

A member or holder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and such a proxy need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorized. The instrument appointing a proxy must be deposited at the Registered Office not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting. The Annual Report and Form of Proxy are available for access and download at the website at <http://www.ijm.com>.

Stamp

The Company Secretary
IJM CORPORATION BERHAD (104131-A)
2nd Floor, Wisma IJM
Jalan Yong Shook Lin
46050 Petaling Jaya
Selangor Darul Ehsan
Malaysia



IJM CORPORATION BERHAD (104131-A)

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VIETNAM

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Fax : +603-22898899
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Auditors

PricewaterhouseCoopers
11th Floor
Wisma Sime Darby
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Malaysia

Principal Bankers

- ABN AMRO Bank Berhad
- HSBC Bank Malaysia Berhad
- Malayan Banking Berhad
- RHB Bank Berhad
- United Overseas Bank (Malaysia) Berhad

Stock Exchange Listing

Main Board of Kuala Lumpur
Stock Exchange since
29 September 1986
KLSE Code : 3336
Reuters Code : IJMS.KL
Bloomberg Code : IJM MK

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IJM PLANTATIONS BERHAD (133399-A)

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