

STATEMENT OF VALUE ADDED & DISTRIBUTION

	2005 [#] RM'000	2003 RM'000
Value added :		
Revenue	1,802,291	1,363,895
Purchases of goods & services	(1,371,997)	(1,071,081)
Value added by the Group	430,294	292,814
Share of profits of associates	46,167	35,225
Share of profits of jointly controlled entities	2,320	561
Other investment income	321	68
Total value added	479,102	328,668
Distribution :		
To employees		
- Salaries & other staff costs	102,353	68,963
To Governments		
- Taxation	79,334	56,139
To providers of capital		
- Dividends	80,254	32,205
- Finance costs	41,245	23,161
- Minority interest	18,989	4,937
Retained for future reinvestment & growth		
- Depreciation and amortisation	51,695	29,744
- Retained profits	105,232	113,519
Total distributed	479,102	328,668

Value added is a measure of wealth created. The above statement shows the Group's value added for 2005 and 2003 and its distribution by way of payments to employees, governments and capital providers, with the balance retained in the Group for future reinvestment and growth.

	2005 [#] RM'000	2003 RM'000
Reconciliation		
Profit for the year	185,486	145,724
Add : Depreciation and amortisation	51,695	29,744
Finance costs	41,245	23,161
Staff costs	102,353	68,963
Taxation	79,334	56,139
Minority Interests	18,989	4,937
Total value added	479,102	328,668

[#] Represents 15 months ended 31 March 2005

ANALYSIS OF SHAREHOLDINGS

as at 15 June 2005

Authorised Share Capital : RM1,000,000,000
 Issued & paid-up Capital : RM462,061,980
 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 100	175	5,524	0.00%
100 – 1,000	1,438	1,317,226	0.29%
1,001 - 10,000	2,143	8,742,948	1.89%
10,001 – 100,000	665	22,944,288	4.97%
100,001 to less than 5% of issued shares	300	301,548,332	65.26%
5% and above of issued shares	2	127,503,662	27.59%
	4,723	462,061,980	100.00%

REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Shares		Percentage of Issued Capital
	Direct	Deemed Interests	
1. Employees Provident Fund Board	63,390,800	-	13.719%
2. The Capital Group Companies, Inc.	-	30,592,097	6.621%
3. Tronoh Consolidated Malaysia Berhad	91,034,362	-	19.702%

DIRECTORS' SHAREHOLDINGS AND OPTIONS OF EMPLOYEE SHARE OPTION SCHEME IN IJM CORPORATION BERHAD

as at 15 June 2005

Name of Directors	Number of Shares		Percentage of Issued Capital	Number of Options		Percentage of Outstanding Options
	Direct	Deemed		Direct	Deemed	
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob	33,400	-	0.007%	100,000	-	0.239%
Dato' Tan Boon Seng @ Krishnan	2,367,698	578,698 ¹	0.638%	1,360,000	-	3.254%
Dato' Goh Chye Koon	992,712	-	0.215%	1,360,000	-	3.254%
Soo Heng Chin	412,000	-	0.089%	1,020,000	-	2.441%
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor	10,333	-	0.002%	100,000	-	0.239%
Datuk Oh Chong Peng	-	-	-	100,000	-	0.239%
Datuk Yahya bin Ya'acob	-	-	-	100,000	-	0.239%
Dato' Goh Chye Keat	348,462	170,132 ²	0.112%	-	-	-
Dato' Ismail bin Shahudin	-	-	-	100,000	-	0.239%
Dato' Abdullah bin Mohd Yusof	-	-	-	-	-	-
Abd Hamid bin Othman	-	-	-	-	-	-

Note:-

*¹ Through a family member*² Through CK Goh Holdings Sdn Bhd and Jurutama Holdings Sdn Bhd

THIRTY LARGEST SHAREHOLDERS

	Number of Shares	Percentage of Issued Capital
1. Tronoh Consolidated Malaysia Berhad	86,034,362	18.62%
2. Employees Provident Fund Board	41,469,300	8.97%
3. Amanah Raya Nominees (Tempatan) Sdn Bhd- Skim Amanah Saham Bumiputera	23,014,294	4.98%
4. HSBC Nominees (Asing) Sdn Bhd- Emerging Markets Growth Fund	17,897,714	3.87%
5. HSBC Nominees (Asing) Sdn Bhd- BBH and Co Boston for GMO Emerging Markets Fund	13,040,600	2.82%
6. Valuecap Sdn Bhd	12,651,700	2.74%
7. Amanah Raya Nominees (Tempatan) Sdn Bhd- Amanah Saham Wawasan 2020	10,189,200	2.21%
8. Amanah Raya Nominees (Tempatan) Sdn Bhd- Amanah Saham Malaysia	6,981,300	1.51%
9. HSBC Nominees (Asing) Sdn Bhd- Capital International Emerging Markets Investment Fund	6,967,000	1.51%
10. Cartaban Nominees (Tempatan) Sdn Bhd- Amanah SSCM Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board (JF404)	6,672,400	1.44%
11. Malaysia National Insurance Berhad	5,665,300	1.23%
12. HSBC Nominees (Asing) Sdn Bhd- Invesco Series (AsianEquityCore)	5,655,500	1.22%
13. Cartaban Nominees (Asing) Sdn Bhd- State Street Australia Fund Q3VD for Fullerton (Private) Limited	5,266,500	1.14%
14. HSBC Nominees (Tempatan) Sdn Bhd- Pledged Securities Account for Tronoh Consolidated Malaysia Berhad (201-139193-089)	5,000,000	1.08%
15. Takaful Nasional Sdn Bhd	4,435,200	0.96%
16. HSBC Nominees (Asing) Sdn Bhd- T. Rowe Price Trust Company, International Common Trust Fund	4,224,500	0.91%
17. Pertubuhan Keselamatan Sosial	4,114,000	0.89%
18. Citicorp Nominees (Tempatan) Sdn Bhd- CMS Dresdner Asset Management Sdn Bhd for Employees Provident Fund	4,000,000	0.87%
19. Universal Trustee (Malaysia) Berhad- Mayban Unit Trust Fund	3,731,000	0.81%
20. HSBC Nominees (Tempatan) Sdn Bhd- HSBC (M) Trustee Berhad for CMS Premier Fund (4959)	3,700,000	0.80%
21. HSBC Nominees (Asing) Sdn Bhd- T. Rowe Price International Funds for New Asia Fund	3,603,600	0.78%
22. HSBC Nominees (Asing) Sdn Bhd- BBH (LUX) SCA for Fidelity Funds Malaysia	3,500,000	0.76%
23. RHB Nominees (Tempatan) Sdn Bhd- RHB Asset Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	3,333,000	0.72%
24. Amanah Raya Nominees (Tempatan) Sdn Bhd- Amanah Saham Didik	3,302,900	0.71%
25. Mayban Nominees (Tempatan) Sdn Bhd- Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja (N14011980810)	2,972,000	0.64%
26. HSBC Nominees (Tempatan) Sdn Bhd- Nomura Asset Mgmt SG for Employees Provident Fund	2,597,000	0.56%
27. HSBC Nominees (Asing) Sdn Bhd- Abu Dhabi Investment Authority	2,514,415	0.54%
28. Citicorp Nominees (Asing) Sdn Bhd- American International Assurance Company Limited (P CORE)	2,448,300	0.53%
29. Cartaban Nominees (Asing) Sdn Bhd- Investors Bank and Trust Company for Ishares, Inc.	2,347,200	0.51%
30. HSBC Nominees (Asing) Sdn Bhd- Stichting Pensioenfond ABP.	2,220,900	0.48%
	299,549,185	64.81%

DIRECTORS' SHAREHOLDINGS IN INDUSTRIAL CONCRETE PRODUCTS BERHAD

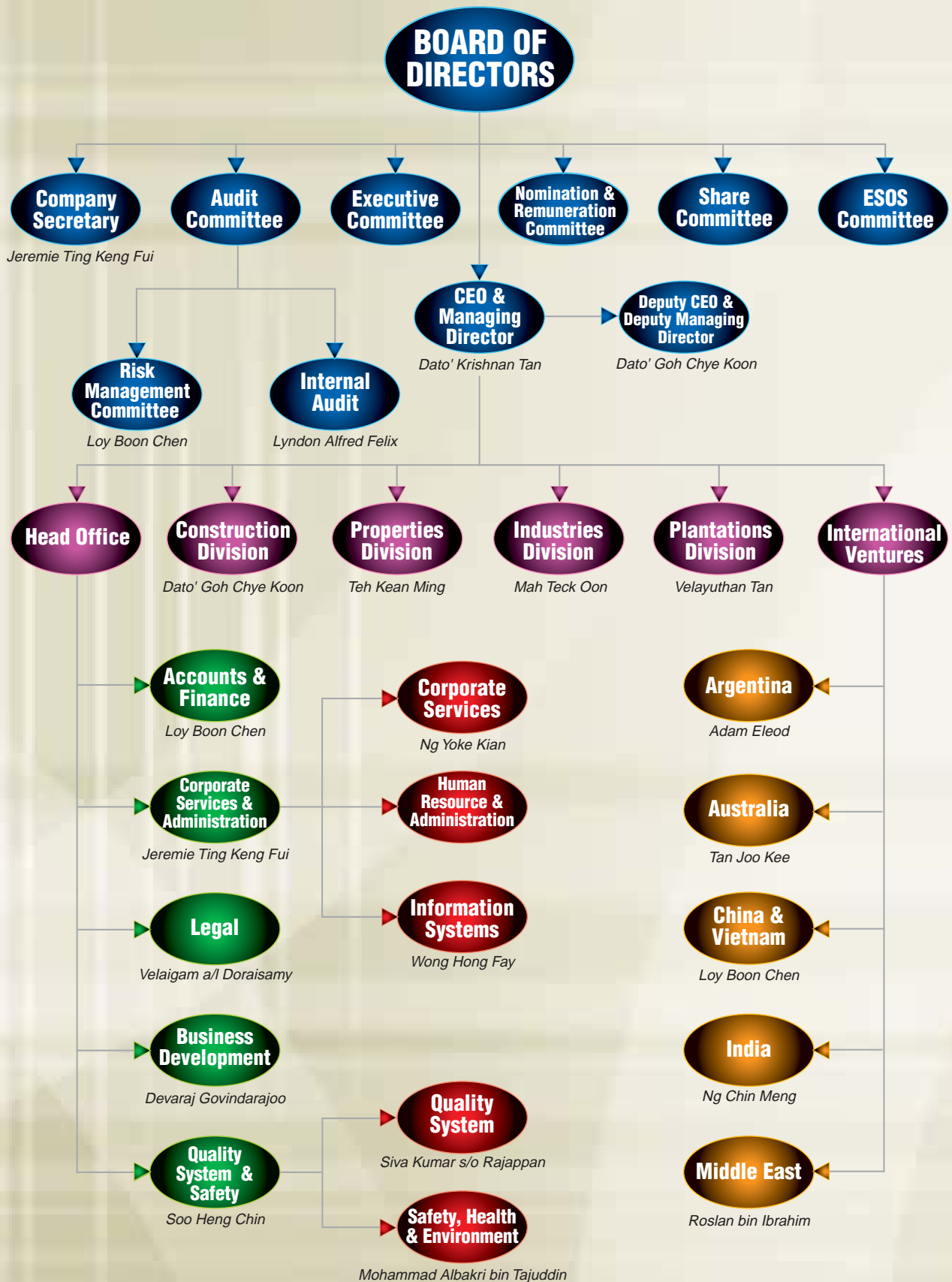
Name of Directors	Number of Shares		Percentage of Issued Capital
	Direct	Deemed	
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob	-	-	-
Dato' Tan Boon Seng @ Krishnan	105,000	375,500 ¹	0.328%
Dato' Goh Chye Koon	100,000	-	0.068%
Soo Heng Chin	-	-	-
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor	-	-	-
Datuk Oh Chong Peng	-	-	-
Datuk Yahya bin Ya'acob	-	-	-
Dato' Goh Chye Keat	129,500	4,165,020 ²	2.931%
Dato' Ismail bin Shahudin	-	-	-
Dato' Abdullah bin Mohd Yusof	-	-	-
Abd Hamid bin Othman	-	-	-

Note:-

*¹ Through a family member

*² Through CK Goh Holdings Sdn Bhd and Jurutama Holdings Sdn Bhd

GROUP ORGANISATION CHART



HIGHLIGHTS OF 2004/05

- IJM Corporation Berhad ("IJM") acquired additional shares in Industrial Concrete Products Berhad ("ICP"), a former 20.4% associate through acquisition of an additional 32.4% stake on 12 May 2004 and a subsequent mandatory general offer, raising its equity interest to a 71.5%-subsidiary as at 31 March 2005.
- To further rationalise the Group's operations, IJM disposed its entire equity interest in Malaysia Rock Products Sdn Bhd to ICP for RM110 million in a shares swap arrangement with ICP.
- IJM Properties Sdn Bhd and Maxisegar Sdn Bhd signed a Shareholders Agreement to acquire and develop a parcel of leasehold land in the District of Kuala Langat which has a gross development value in excess of RM4.50 billion.
- IJM Construction Sdn Bhd and KEB Builders Sdn Bhd signed a Shareholders Agreement to undertake the construction of the Shah Alam-Shah Alam 2 Expressway Project and a network of flood mitigation canals, roads and bridges.
- IJM was awarded a RM708 million Design and Build contract for the construction of Lebuhraya Kajang-Seremban (KASEH) - its single largest contract ever.
- Secured its first project in the Middle East – the RM120 million Fortune Tower in Dubai.
- Revenue and pre-tax profits both reached record highs of RM2,426.04 million (including share of associates and jointly controlled entities) and RM283.81 million respectively.
- Market capitalisation and total assets breached the RM2 billion and RM3 billion marks respectively for the first time.
- IJM successfully raised RM150 million from a 7-year nominal value Medium Term Notes program to replace its existing bonds, which matured in February 2005.
- IJM retains the NACRA Industry Excellence Award: Construction and Infrastructure Project Companies category.
- Implemented the second Employee Share Option Scheme.



GROUP SUPPORT SERVICES

Seated left to right: Jeremie Ting Keng Fui, Soo Heng Chin, Loy Boon Chen and Velaigam s/o Doraisamy
 Standing left to right: Sivakumar s/o Rajappan, Ng Yoke Kian, Devaraj s/o Govindarajoo, Wong Hong Fay,
 Mohammad Albakri Bin Tajuddin and Lyndon Alfred Felix

CORPORATE DIARY

16 January 2004

JOINT VENTURE DEVELOPMENT – SIGNING OF SHAREHOLDERS AGREEMENT

IJM Properties Sdn Bhd, a wholly-owned subsidiary of IJM Corporation Berhad ("IJM"), signed a Shareholders' Agreement with Landmarks Land & Properties Sdn Bhd and Elegan Pesona Sdn Bhd to develop a luxury condominium project in Wangsa Maju, Kuala Lumpur. The development, over 14 acres of land, has a gross development value of RM300 million.

13 February 2004

KLSE CORPORATE MERIT AWARD 2003



IJM was the recipient of the KLSE Corporate Merit Award (Construction Sector) for the second consecutive year. This award bears testimony to the management's continued commitment to exemplary corporate governance.

4 March 2004

THE MITI EXCELLENCE AWARD 2003



IJM was awarded the Ministry of International Trade and Industry ("MITI") Excellence Award – Export Excellence (Services). International Trade and Industry Minister, Y.B. Dato' Seri Rafidah Aziz presented the award to Dato' Krishnan Tan during the award presentation ceremony held at the Mandarin Oriental Hotel, Kuala Lumpur.

20 March 2004

AFFORDABLE HOUSING AND RELOCATION PROJECT



The Prime Minister, Y.A.B. Datuk Seri Abdullah Ahmad Badawi witnessed the handing over of the Letters of Offer by the State Secretary of Penang, Dato' Khalid Ramli, to the successful applicants of the low cost units at Bandar Sri Pinang. These units are part of the relocation programme for the residents who were affected by the Jelutong Expressway project in Penang.

30 March 2004

VISIT BY PERSONNEL OF CIDB



A team of 6 personnel from the Construction Economics Research division of Construction Industry Development Berhad ("CIDB"), headed by their General Manager Pn Sariah Abd Karib, visited IJM to foster a closer working relationship.

10 April 2004

21ST ANNUAL DINNER AND DANCE



The IJM Group celebrated its 21st Annual Dinner and Dance at the Putrajaya Convention Centre. It was attended by more than 1,000 IJM employees and their spouses, attired in colourful batik. The highlights of the evening were the presentation of the Quality and Safety Awards to the respective winners and the 20-year Service Award to 13 long-service deserving employees. Among the recipients for this award was Dato' Goh Chye Koon.

6 May 2004

ICP, A SUBSIDIARY OF IJM

Industrial Concrete Products Berhad ("ICP") became a subsidiary of IJM with the acquisition of 33,955,080 shares of ICP from Hume Industries (Malaysia) Berhad and Hume Plastics (Malaysia) Sdn Bhd. This represents 32.4% of ICP's issued and paid-up capital. This acquisition is expected to further strengthen the Group's downstream activities in the construction material sector.

5 – 6 June 2004

5TH BIENNIAL IJM REGIONAL GAMES

IJM held the 5th biennial Regional Games in Penang in its continuing efforts to promote staff interaction. More than 300 staff, representing the Group's various regional operations participated in the 10 sports events which were held over 2 days. ICP and the Northern Region emerged as joint overall champions for the first time in the Games series.

11 – 12 June 2004

MBAM BUILDERS CONVENTION 2004

IJM participated in the two-day Builders Convention 2004 that was jointly organised by Malaysian Builder Association of Malaysia ("MBAM") and CIDB at Sunway Pyramid, Selangor. The event was officiated by Works Minister, Y.B. Datuk Seri Samy Vellu. This event was aimed at providing invaluable insights on successful practices, key strategies and the latest innovations in the construction industry. Our CEO Dato' Krishnan Tan presented a paper on "Going Global".

26 June 2004

DEPUTY CEO & DEPUTY MD OF IJM ELECTED AS PRESIDENT OF MBAM

Dato' Ir. Goh Chye Koon, IJM's Deputy CEO & Deputy MD was elected the President of MBAM for the term 2004 – 2006.

10 July 2004

CONFERMENT OF TITLE TO IR. GOH CHYE KOON

Ir. Goh Chye Koon, Deputy CEO & Deputy MD was conferred the Darjah Setia Pangkuan Negeri (D.S.P.N) which carries the title Dato' by Tuan Yang Terutama, Yang Di-Pertua Negeri Pulau Pinang, Tun Dato' Seri Haji Abdul Rahman bin Haji Abbas on the occasion of His Excellency's 66th birthday.

15 – 30 July 2004

FRIENDSHIP GAMES 2004

The 8th edition of this Friendship Games involving IJM Corporation Berhad, IGB Corporation Berhad-Gold IS and PricewaterhouseCoopers saw the 3 companies participating in 10 sports events held at various locations in the Klang Valley. This annual tournament is held to promote goodwill and friendship amongst the employees from these companies. IJM emerged as the overall champions for the 5th time.

CORPORATE DIARY

(Continued)

4 August 2004

VISIT BY FOREIGN MEDIA REPRESENTATIVES



Foreign media representatives from China, Chile and Peru visited Malaysia on the invitation of MATRADE. The visit was to promote various services and businesses opportunities available in Malaysia to their respective countries. IJM was chosen as the provider for the construction and engineering services.

10 August 2004

KLSE RAT RACE



IJM continued to support this annual event by sending a team of 5 members to participate at the corporate rat race on the streets of Kuala Lumpur. Our cheerleading team, decked in blue and white, was in attendance to give moral support.

10 August 2004

SIGNING OF SHAREHOLDERS AGREEMENT FOR IMPSA (MALAYSIA) SDN BHD



Torsco Berhad, a wholly-owned subsidiary of IJM, signed an agreement to acquire a 40% stake in IMPSA (Malaysia) Sdn Bhd, enabling Torsco Berhad to be involved in the crane manufacturing business. The signing ceremony was witnessed by the International Trade and Industry Minister, Y.B. Dato' Seri Rafidah Aziz.

12 August 2004

SIGNING OF TWO SHAREHOLDERS AGREEMENTS - 'CANAL CITY DEVELOPMENT' AND 'SHAH ALAM - SHAH ALAM 2 EXPRESSWAY'

IJM Properties Sdn Bhd signed a Shareholders' Agreement with Maxisegar Sdn Bhd to acquire and develop a parcel of leasehold land in the District of Kuala Langat, Selangor. The project has a gross development value in excess of RM4.5 billion and is known as the 'Canal City Development'. IJM Construction Sdn Bhd, a wholly-owned subsidiary of IJM Corporation Berhad signed a Shareholders' Agreement with KEB Builders Sdn Bhd to undertake the construction of the Shah Alam – Shah Alam 2 Expressway Project and a network of flood mitigation canals, roads and bridges.

19 August 2004

INVESTMENT IN EVERSENDAL



A Subscription Agreement was signed between IJM Construction Sdn Bhd with Eversendal-Corporation Sdn Bhd ("ECSB") and Dato' Nathan a/l Elumalay for the subscription of 12,000,000 Redeemable Convertible Cumulative Preference Shares. This would enable IJM to tap into the steel fabrication and erection expertise of ECSB which has made a strong presence in the Middle East.

20 August 2004

VISIT BY VIETNAMESE DELEGATION

A group of 6 delegates, headed by Mr. Nguyen Van Dong from the Vietnam Housing Management and Development Company of District 2, Ho Chi Minh City, visited IJM to discuss the property development potential in the Vietnamese capital.

26 – 29 August 2004

BURSA MALAYSIA EXPO 2004



As part of its investor relations' programs, IJM participated in this annual event organised by Bursa Malaysia at the Putra World Trade Centre, Kuala Lumpur.



Visitors to IJM booth were briefed on its products and services, the business, financial and operational aspects of the Group's performance. Annual reports, corporate brochures and gifts were distributed to the visitors.

31 August 2004

FAMILY DAY



It is not all work at IJM. True to its standing as a caring employer, IJM organised a family day for all its employees and their family members. More than 650 employees and their family members packed themselves at the Taman Desa Water Park to enjoy the facilities and participated in the games. Food and drinks were also served.

30 November 2004

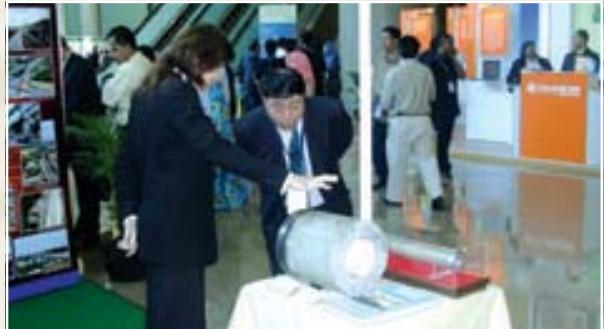
IJM RETAINS NACRA AWARD



IJM was the recipient of the National Annual Corporate Report Award ("NACRA") under the Industry Excellence category (Construction and Infrastructure Project Companies) for the second consecutive year. Dato' Krishnan Tan received the award from the Minister of Domestic Trade and Consumer Affairs, Y.B. Dato' Mohd Shafie bin Hj Apdal during the award presentation ceremony held at the Palace of the Golden Horses Hotel, Kuala Lumpur.

24 – 25 January 2005

PARTICIPATION IN THE 5TH MINISTERS' FORUM EXHIBITION



IJM participated in the 5th Ministers' Forum Exhibition 2005 on Infrastructure Development in the Asia-Pacific Region held at the Putrajaya Convention Centre. The two-day event was officiated by the Minister of Works, Y.B. Dato' Seri Samy Vellu. The exhibition opened a new perspective for the Asia-Pacific Region by focusing on the emerging areas and by providing new marketing opportunities for both the regional and the international players.



2 February 2005

RM300 MILLION CP/MTN AGREEMENT SIGNING CEREMONY



A Trust Deed and Facility Agreement signing ceremony was held at the PJ Hilton Hotel, Petaling Jaya between IJM Corporation Berhad, Commerce International Merchant Bankers and AmMerchant Bank Berhad in relation to the issuance of RM300 million Nominal Value 7-Year Medium Term Notes and Commercial Papers.

IJM's order book increases to RM2bil

By S. S. S. S.

The order book of IJM Construction has increased to RM2 billion, up from RM1.5 billion in 2011, says the company's managing director, Datuk Seri Idris Harun.

"We are pleased that IJM's order book has increased to RM2 billion, which is a testament to the company's strong performance and the confidence of our clients," he said.

He added that the company's order book is a reflection of its strong track record and the confidence of its clients in its ability to deliver high-quality projects on time and within budget.

The company's order book is a testament to its strong track record and the confidence of its clients in its ability to deliver high-quality projects on time and within budget.

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ANALYSTS PRAISE IJM'S STRONG PERFORMANCE IN 2011



The company's strong performance in 2011 was a result of its focus on core business and the execution of its strategic plan. The company's order book is a testament to its strong track record and the confidence of its clients in its ability to deliver high-quality projects on time and within budget.

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4 Companies & Strategies



IJM leverages on its strengths

Company	Revenue (RM mil)	Profit (RM mil)	Market Cap (RM mil)
IJM Construction	1,200	150	1,500
IJM Infrastructure	800	100	1,000
IJM Real Estate	400	50	500
IJM Other	200	20	200

IJM UNIT SEES HIGHER EARNINGS

By S. S. S. S.

The earnings of IJM Unit have increased to RM1.5 billion, up from RM1.2 billion in 2011, says the company's managing director, Datuk Seri Idris Harun.

"We are pleased that IJM's earnings have increased to RM1.5 billion, which is a testament to the company's strong performance and the confidence of our clients," he said.

He added that the company's earnings are a reflection of its strong track record and the confidence of its clients in its ability to deliver high-quality projects on time and within budget.

The company's earnings are a testament to its strong track record and the confidence of its clients in its ability to deliver high-quality projects on time and within budget.

IJM set to gain from Canal City, highway projects

The company's earnings are a testament to its strong track record and the confidence of its clients in its ability to deliver high-quality projects on time and within budget.



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IJM Construction to buy 12 million preference shares in Eversendai

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CHAIRMAN'S STATEMENT

“For order book enhancement, greater reliance will be placed on our off-shore operations. There are opportunities in India and we have the necessary skills, experience, reputation and capacity to take on a much bigger order book there. The Gulf States may deliver some opportunities and a new market experience in 2005.”

“The Group is well positioned to secure further successes in 2005/06. In an environment clouded with uncertainty and potential for job losses for some, we are fortunate to be in an enviable position.”



Bistari Impian Phase 2, Johor



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

INTRODUCTION

On behalf of the Board of Directors of IJM Corporation Berhad, I am pleased to present the Annual Report and the Financial Statements of the Group and the Company for the 15-month period ended 31 March 2005.

OPERATING ENVIRONMENT

In 2004, the global economy expanded by 4.8%, the strongest pace in 20 years. On the local front, the Malaysian economy experienced its highest growth in four years, growing by 7.1% in 2004.

The country's strong performance of the economy in 2004 reflected the rapid growth of global trade in manufactures, higher prices for oil and most non-oil commodities and rising domestic private consumption. The strong global growth, however, masked some disturbing trends. High and rising oil and non-oil commodities prices raised inflation fears, beginning a monetary tightening stance in the US, leading to rising interest rates. These were accompanied by measures to cool the economy by China, with its wider implications for trade with China going forward.

With the private sector assuming the lead role in driving growth, Government policies were targeted at maintaining stable and conducive economic conditions. The monetary policy stance in 2004 remained supportive of domestic economic activities and domestic inflation rate was low at 1.4%.

Amidst this robust picture were dark clouds for the local construction sector, which is the core focus of our Group. Growth contracted by 1.9% due to lower activity in the civil engineering sub-sector, though this was partly mitigated by expansion in both residential and non-residential buildings sub-sectors. Lower civil engineering activity was attributed to the completion

CHAIRMAN'S STATEMENT

(Continued)

of several large infrastructure projects and reduction in public spending on infrastructure projects in 2004 as the Government continued with its policy of fiscal consolidation. While the supply of jobs shrank and intensive competition reduced margins, the benign cost environment of the recent past was jarred by the sudden increase in steel and fuel prices, and shortage of labour. The sectoral picture continues to be poor with even the Prime Minister exhorting contractors to go abroad to build order book.

OPERATING RESULTS

Despite the tough operating environment for our core business, the Group recorded better performance, achieving higher revenue and operating profits. For the current financial period of 15 months, the Group achieved revenue of RM1,802.29 million and pre-tax profit of RM283.81 million. The better performance is attributable to better contributions from the Properties and Industries Divisions. In this regard, our strategy of intensifying efforts in the property sector in anticipation of a downturn in local construction activity has been timely.

BUSINESS OUTLOOK AND OPERATIONAL STRATEGIES FOR 2005/06

For 2005, economists are predicting a lower global GDP growth rate of about 4%. The prospects for the Malaysian economy remains good with real GDP expected to expand, albeit at a lower rate of 5-6%, according to the forecast made by Bank Negara Malaysia. The domestic economy's firm macroeconomic fundamentals, strong private sector supported by positive consumer and business sentiments, accommodative monetary policy and the recent governmental intervention in allocating increased development expenditure to mitigate the downward slide of the construction sector, are expected to underpin the GDP growth in 2005.

Opportunities for large order book enhancement in Malaysia will, however, be limited, though some big ticket infrastructure projects such as the water related ones may be implemented. For local operations, our focus will be on the private sector and emphasis will be on cost effective and efficient work execution, taking advantage of the surplus capacities of a slowing sector to bring in our margins.

For order book enhancement, greater reliance will be placed on our off-shore operations. There are opportunities in India and we have the necessary skills, experience, reputation and capacity to take on a much bigger order book there. The Gulf States may deliver some opportunities and a new market experience in 2005.

The Properties Division is again expected to pull in a good set of results, both in Malaysia and in India. We have in the making a sustainable and market responsive business model, anchored on our motto of "Excellence Through Quality". We can continue to build on this and take it to even greater heights.

We welcome to the Group the ICP family, which will significantly enlarge our Industries Division. Though the enlarged ICP group will face stiff competition locally in view of the slowing construction sector, active repositioning of the business towards the booming regional markets will see a new growth phase. Exports of ICP piles are rising while manufacturing for the southern China market will see a new plant being commissioned at the end of 2005 in the booming Guangdong province. A commercial ready-mix concrete plant commenced operations in Hyderabad in 2004, a modest beginning of what we hope will be a major concrete products business in India.

The Plantations Division should see enhanced tonnage of fresh fruit bunches production with increasing mature acreages as well as maturing palms. Barring weakness in CPO prices and any significant upsurge in fertiliser and fuel prices, the Division should see improved earnings.



Stainless steelworks for 'Gerbang' project in Putrajaya

A larger Infrastructure Division is beginning to take shape. Tolling has commenced in the Swarna concession and two other concessions in Madhya Pradesh in India. Construction work on the 33%-owned second Vivekananda toll bridge and the 20%-owned Gautami Power Plant projects are progressing well. On 8 March 2005, the Group secured another highway concession from National Highways Authority of India for the widening to four lane of a 108-km highway of the Mahua-Jaipur section of NH-11 in Rajasthan, India on Build-Operate-Transfer (BOT) basis. The potential for acquiring new highway concessions in India, Pakistan and elsewhere continues to be promising. Meanwhile, existing infrastructure investments in other countries will continue to do well, the latest being the turnaround to profitability of our Argentinean expressway after weathering very difficult business conditions following the Peso devaluation of 2001.



An elevated section of Delhi Metro, India

On 30 May 2005, a Memorandum of Agreement was signed with Kaseh Lebuhraya Sdn Bhd for the Company to participate in the BOT concession in respect of a dual three-lane highway between Kajang and Seremban, by way of management and equity participation in a new company to be incorporated. This deal is subject to a due diligence exercise, acceptance of a scheme of arrangement by creditors and approval by the authorities.

The Company has recently entered into a conditional Share Purchase Agreement to acquire a 25% equity interest in Kumpulan Europlus Berhad (KEB) for a total cash consideration of RM33,144,608 with a call option to acquire a further 5% equity interest. KEB holds the concessions to the West Coast Highway and Canal City projects, as well as a 47% equity stake in Talam Corporation Berhad, a major housing developer in Malaysia with land bank exceeding 4,000 ha. This acquisition, when completed, can have tremendous synergies for the Group's businesses.

During the financial period, the Group has made investments in Eversendai-Corporation Sdn Bhd and Insitu Envirotech Pte Ltd which operate in specialised areas of construction, which we view as potentially beneficial to the Group in the long term.

The Group is well positioned to secure further successes in 2005/06. In an environment clouded with uncertainty and potential for job losses for some, we are fortunate to be in an enviable position. Nevertheless, we should remain vigilant and proactive in the management of our existing businesses to produce better results.

DIVIDENDS

Total dividend payout for 2004/05 has been maintained at 15% despite heavier cash flow outlay for long-term investments and increased working capital requirements. A first interim dividend of 5% or 5 sen per share less tax at 28% was declared and paid on 12 November 2004 and a second interim dividend of 10% or 10 sen per share less tax at 28% was declared and paid on 12 May 2005. Due to the increase in the capital base, the quantum of dividend has increased from RM41.22 million to RM49.48 million. No final dividend is being recommended.

CORPORATE PROPOSAL

On the corporate development front, 2004/05 saw an exciting year for the Group with record number of significant corporate proposals aimed at further enhancing our returns. The corporate proposals implemented during the period include:-

- (i) On 6 May 2004, the Company entered into an agreement with ICP to dispose its entire equity interest in Malaysian Rock Products Sdn Bhd, a wholly-owned subsidiary of the Company, to ICP for a sale consideration of RM110 million to be satisfied by an issuance of 39,285,714 ordinary shares of RM1.00 each in ICP at RM2.80 per share. The completion of this proposal was announced on 18 January 2005.

To comply with the public shareholding spread requirement of ICP, the Company disposed 21,200,000 ICP shares, thereby reducing the Company's equity interest in ICP to 66.3%.

CHAIRMAN'S STATEMENT

(Continued)

- (ii) On 12 October 2004, the Company announced the issuance of up to RM300 million nominal value 7-year Commercial Papers and Medium Term Notes ("MTNs"). The first issuance of MTNs of RM150 million nominal value was completed on 24 February 2005.
- (iii) On 12 October 2004, the Company announced a renounceable rights issue of up to 100,944,400 new warrants at an indicative issue price of RM0.05 per warrant on the basis of one (1) new warrant for every five (5) existing shares held in the Company. The entitlement date has been fixed for 11 July 2005. In addition, the Company also announced the issuance of up to 10,000,000 new warrants to eligible management staff of the Group at an indicative issue price of RM0.05 per warrant. Approvals from the Securities Commission and shareholders have been obtained. The Company is currently in the final process of circulating the prospectus.
- (iv) On 25 February 2005, ICP announced a bonus issue of 29,298,742 ordinary shares of RM1 each in ICP on the basis of one (1) new share for every five (5) existing shares held on 17 June 2005. In addition, ICP also announced a share split of each existing share into two (2) ordinary shares of RM0.50 each to be implemented immediately after the bonus issue. The new shares were listed on the Bursa Malaysia Securities Berhad on 24 June 2005.

CORPORATE GOVERNANCE

Our Statement on Corporate Governance can be found on pages 53 to 61.



Healthy young palms

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies in 2004/05.

RELATED PARTY TRANSACTIONS

Significant related party transactions of the Group for the financial period are disclosed in Note 44 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 Extraordinary General Meeting held on 27 April 2004.

Except for those disclosed in Note 44 to the financial statements, there were no material contracts of the Group involving directors' and major shareholders' interest during the period.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank the directors, management and all employees of the Group for their strong commitment and contribution towards the continued success of our Group. The year 2005/06 will be a very challenging one but I am confident the Group would take on these challenges as in the past and continue to strive for new heights of achievements. I would also like to take this opportunity to thank shareholders, associates, clients, bankers, sub-contractors and suppliers for their continuing support to the Group.

Dato' Abdullah bin Mohd Yusof joined the Board as a Non-executive Director on 18 August 2004 and resigned on 5 July 2005. I thank him for his valuable contributions during his short tenure. I also take this opportunity to congratulate our Deputy CEO & Deputy Managing Director, Dato' Goh Chye Koon, who is also the President of Master Builders Association Malaysia for the term 2004 to 2006, on being conferred the Darjah Setia Pangkuan Negeri award that carries the title Dato' by the Tuan Yang Terutama Yang Di-Pertua Negeri Pulau Pinang, Tun Dato' Seri Haji Abdul Rahman bin Haji Abbas on the occasion of His Excellency's 66th birthday on 10 July 2004 and on being awarded the Johan Mangku Negara by Seri Paduka Baginda Yang Di-Pertuan Agong XII, Tuanku Syed Sirajuddin ibni al-Marhum Tuanku Syed Putra Jamalullail on the occasion of His Majesty's 62nd birthday on 4 June 2005.

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