

CORPORATE GOVERNANCE STATEMENT



The Malaysian Business Corporate Governance Award 2002, the KLSE Corporate Merit Award (Construction Sector) 2002 & 2003, Euromoney's top 20 ranking in corporate governance in the world's emerging markets for 2003, the National Annual Corporate Report Award 2003 (Construction and Infrastructure Project Companies) ... are testimonies to IJM's firm commitment to exemplary corporate governance.

The founders of this Group recognised that high standards of corporate governance are imperative to safeguard the interests of all stakeholders' and to enhance 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 operations. Thus, with the introduction of the Code, the formalisation of these practices were not difficult to achieve.

The Board of Directors ("the Board") fully supports and is committed to ensuring that the highest standards of corporate governance are practised throughout the Group. The Board continues to encourage professionalism, integrity and good governance as the way forward for the Group 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 IJM 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 business 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 15 to 17.

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 ensures 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. Of the ten Board members, seven are non-executive Directors. Amongst the non-executive Directors, four (4) are independent. The Chairman is one of the independent non-executive Directors. Y. Bhg. Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor is the Senior Independent Non-Executive Director.

The role of the Chairman and the Chief Executive Officer & Managing Director (CEO & MD) 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 CEO & MD on all operational matters, and acts as facilitator at the meetings of the Board. The CEO & MD 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 convened as and when necessary. In 2003, 5 Board meetings were held. Besides these Board meetings, Directors participated in several tender adjudication meetings and investment briefings where members deliberated on the Group's participation in major project bids and/or investments. 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.

The attendance record of each Director was as follows:

	Number of Meetings Attended	Percentage
Executive Directors		
Dato' Tan Boon Seng @ Krishnan	4 out of 5	80%
Goh Chye Koon	5 out of 5	100%
Soo Heng Chin	5 out of 5	100%
Velayuthan a/l Tan Kim Song (<i>Retired on 21 May 2003</i>)	2 out of 2	100%
Independent Non-Executive Directors		
Tan Sri Dato' Ir (Dr) Wan Abdul Rahman bin Wan Yaacob	5 out of 5	100%
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor	5 out of 5	100%
Datuk Oh Chong Peng	5 out of 5	100%
Datuk Yahya bin Ya'acob	5 out of 5	100%
Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin (<i>Resigned on 28 February 2003</i>)	1 out of 1	100%
Non-Executive Directors		
Dato' Goh Chye Keat	5 out of 5	100%
Dato' Ismail Bin Shahudin (<i>Appointed on 30 October 2003</i>)	*Exempted	-
Lai Meng (<i>Resigned on 30 September 2003</i>)	3 out of 3	100%
Haji Osman bin Haji Ismail (<i>Resigned on 30 January 2004</i>)	5 out of 5	100%
Abd Hamid bin Othman (<i>Appointed on 25 March 2004</i>)	-	-

* Leave of absence approved by MSEB on 24 December 2003.

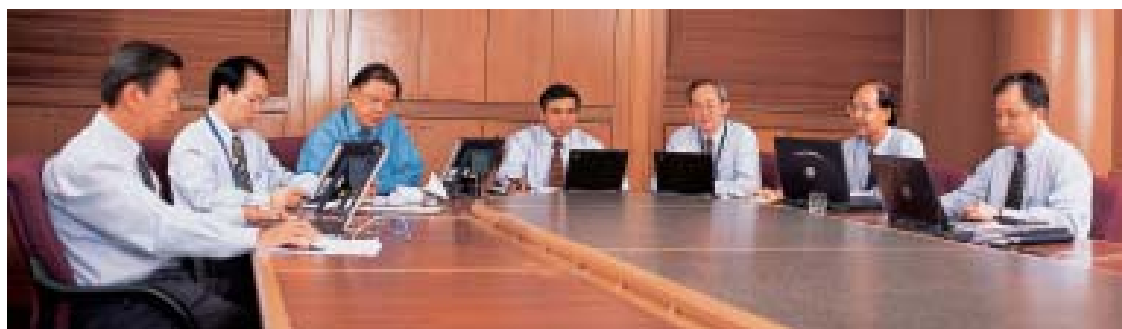
CORPORATE GOVERNANCE STATEMENT *(Continued)*

The Company may from time to time use 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 Board has delegated certain functions to the Committees it established to assist in the execution of its responsibilities. The Committees operate under clearly defined terms of reference. The Chairman of the respective Committees report to the Board the outcome of the Committee meetings and such reports are included in the 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 and Head of Properties and Industries Divisions besides the Company Secretary and relevant departmental heads.



The Executive Committee meets monthly to review the performance of the Group's operating divisions

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.

Eleven (11) Executive Committee meetings were held during the year 2003. The attendance record of each member of the Committee was as follows:

Executive Directors	Number of Meetings Attended	Percentage
Dato' Tan Boon Seng @ Krishnan	11 out of 11	100%
Goh Chye Koon	10 out of 11	91%
Soo Heng Chin	10 out of 11	91%
Velayuthan a/l Tan Kim Song (Ceased w.e.f. 21 May 2003)	3 out of 4	75%

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 Yahya bin Ya'acob and Y. Bhg. Datuk Oh Chong Peng. The terms of reference and summary of activities of the Audit Committee are set out on pages 52 to 55.

3. Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises four members. Three of the members 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.

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.

The Nomination & Remuneration Committee will meet as required and for year 2003, three (3) meetings were held. All recommendations of the Nomination & Remuneration Committee are subject to the ratification 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 Y. Bhg. Dato' Tan Boon Seng @ Krishnan (Chairman), Mr Goh Chye Koon and Mr Soo Heng Chin.

5. ESOS Committee

A new ESOS Committee was established on 30 October 2003 and is responsible for implementing and administering the new Employees Share Option Scheme (ESOS) of the Company. The ESOS Committee comprises Y. Bhg. Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor (Chairman), Mr Goh Chye Koon and Mr Soo Heng Chin.

CORPORATE GOVERNANCE STATEMENT *(Continued)*

Supply of Information

All Directors are provided 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 reports provide information on major operational, financial and corporate issues, reports and/or minutes of Board Committees such as Executive Committee, Audit Committee, Nomination & Remuneration Committee, ESOS Committee and Share Committee, 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 and disclosure of interests of Directors in contracts, property, offices pursuant to Section 131 of the Companies Act, 1965 ("the Act").

In addition to quarterly Board meetings, briefings are conducted for the Board on various issues such as changes to companies and securities legislations, rules and regulations from time to time to inform them of the latest developments in these areas. The Board 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 MSEB. 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 a full time Company Secretary appointed by the Board. The Company's Directors' Manual, MSEB Listing Manual, the Malaysian Code of Corporate Governance, Statement on Internal Control: Guidance for Directors of Public Listed Companies and Code of Ethics for Directors and Secretaries, updates on company and securities legislations, and other relevant rules and regulations have been made available to the Directors.

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 MSEB. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks. A brief induction 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. In 2003, a Board meeting was held at our Indian office and the Directors took the opportunity to visit several of the Group's on-going projects there.

Re-election

The Articles of Association provides that all Directors submit themselves for re-election at least every three (3) years in compliance with the listing requirements of the MSEC. 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 Act.

REMUNERATION

The remuneration policy of the Company is based on the philosophy that the Group does not aspire to be a market leader for basic salary but will give 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 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.

Fees

Fees payable to non-executive Directors are determined by the Board with the approval from shareholders at the Annual General Meeting. Fees are fixed and variable, and are payable based on meeting attendances and the Director's level of responsibility within the Board and its Committees.

Basic Salary

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



Chairman Tan Sri Wan, CEO Dato' Krishnan Tan & Secretary Jeremie Ting with the MSEC Corporate Merit Award (Construction Sector)

CORPORATE GOVERNANCE STATEMENT *(Continued)*

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 in accordance with the guidelines laid out in the IJM Scheme & Conditions of Service.

Pension Arrangements

Contributions are made to the Employees Provident Fund, the national mandatory defined contribution plan, in respect of all employees and Malaysian-resident 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' Share Options and Warrants

The Group also rewards its staff with share options under its Employee Share Option Scheme. During the year, a new scheme was established. Options for up to 36.75 million shares were, however, granted in 2004.

The movement in Directors' warrants during the financial year ended 31 December 2003 are set out on page 23.

Directors' Remuneration

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

1. Aggregate remuneration of Directors categorised into appropriate components:

	Salaries RM'000	Fees RM'000	Bonus, Incentives & Others RM'000	Retire- ment Benefits RM'000	EPF RM'000	Benefits - in-kind RM'000	Total RM'000
Executive Directors	1,252	-	1,199	79	449	52	3,031
Non-executive Directors	-	190	26	-	-	44	260

2. Aggregate remuneration of each Director:

Executive Directors

Name	RM'000
Dato' Tan Boon Seng @ Krishnan	1,172
Goh Chye Koon	1,023
Soo Heng Chin	497
Velayuthan a/l Tan Kim Song <i>(Retired on 21 May 2003)</i>	339

Non-Executive Directors

Name	RM'000
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob	47
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor	62
Datuk Oh Chong Peng	16
Datuk Yahya Bin Ya'acob	25
Dato' Goh Chye Keat	26
Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin (<i>Resigned on 28 February 2003</i>)	66
Lai Meng (<i>Resigned on 30 September 2003</i>)	18
Haji Osman Bin Haji Ismail (<i>Resigned on 30 January 2004</i>)*	-
Abd Hamid Bin Othman (<i>Appointed on 25 March 2004</i>)	-

*A fee of RM18,000 was paid to Permodalan Nasional Berhad ("PNB") as Haji Osman Bin Haji Ismail was a nominee Director of PNB

INVESTOR RELATIONS & SHAREHOLDERS COMMUNICATION

Dialogue between the Company and Investors

The Company places great importance in ensuring the highest standards of transparency and accountability in the disclosure of information of interest to its shareholders as well as to potential investors or even the public.

Various announcements and disclosures to the MSEB made during the year, including the timely release of financial results on a quarterly basis, provide shareholders and the investing public with an overview of the Group's performance and operations.

At every Annual General Meeting, a presentation is given by the CEO & MD to explain the Group's strategy, performance and major developments to shareholders. Any information that may be regarded as material would not be given to any single shareholder or shareholder group on a selective basis except to the extent of their representation in the Board.

The Group conducts dialogues with financial analysts from time to time as a means of effective investors relations. At least two scheduled Analysts Briefing are held each year, usually co-inciding with the release of the Group's second and final quarterly results to explain the results achieved and the strategies going forward. A Press conference is normally held after the Annual General Meeting of the Company. The Company had also participated in many institutional investors' forums during the financial year both locally and outside Malaysia.



CEO Dato' Krishnan Tan giving a company briefing to analysts

CORPORATE GOVERNANCE STATEMENT *(Continued)*

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 very comprehensive and current website at <http://www.ijm.com> to further enhance investor relations and shareholders communications, including their access to information about the Company and the Group. Among others, the website provides information on daily movement of the securities of the Company, corporate announcements released to the MSEB, what others say of the Company, annual reports, Minutes of general meetings, distribution of dividends, unclaimed dividends, securities dealings of Directors and substantial shareholders, and a profile of the Group.

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 CEO & MD 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 Board aims 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 fraud and other irregularities.

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 52 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



GROUP SUPPORT SERVICES

Seated left to right: Velaigam a/l Doraisamy (Senior Manager - Legal), Loy Boon Chen (Finance Director) & Jeremie Ting Keng Fui (Company Secretary)
Standing left to right: Woo Wee Weng (Manager - Information Systems), Wong Wai Li (Manager - Human Resource & Administration),
Devaraj Govindarajoo (Senior Manager - Business Development) & Ng Yoke Kian (Manager - Corporate Services)

AUDIT COMMITTEE REPORT

Membership and Meetings

The Audit committee met on five (5) occasions during the year 2003 and the attendance of each member of the Audit Committee is as follows:

	No. of meetings held during the year	No. of meetings attended
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor Chairman of the Audit Committee (Senior Independent Non-Executive Director)	5	5
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob Member (Independent Non-Executive Director)	5	5
Y. Bhg. Datuk Yahya bin Ya'acob Member (Independent Non-Executive Director)	5	5
Datuk Oh Chong Peng Member (Independent Non-Executive Director)	5	5

Activities

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

- the quarterly financial result announcements;
- the year end financial statements of the Group;
- annual audit strategy and plan of the external auditors;
- 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;
- 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 is to provide the Audit Committee with independent and objective reports on the effectiveness of the system of internal control within the Group.

The Internal Audit Department 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 from amongst the Directors and shall consist of not less than three members. The 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.

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:
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) 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.
- (iii) (a) must have a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
- (b) must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

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 members have carried out their duties in accordance with the terms of reference.



MEMBERS OF THE AUDIT COMMITTEE

Left to right: Datuk Oh Chong Peng, Tan Sri Dato' Ir (Dr) Wan Abdul Rahman Bin Wan Yaacob, Tan Sri Dato' (Dr) Haji Murad Bin Mohd Noor, Datuk Yahya Bin Ya'acob

AUDIT COMMITTEE REPORT *(Continued)*

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 and management being 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 whom 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.



*Lyndon Alfred Felix,
Head of Internal Audit
Department*

Duties

- 1) To review quarterly reporting to Malaysia Securities Exchange Berhad ("MSEB") and year end financial statements of the Group before submission to the Board, focusing on:
 - (i) going concern assumption;
 - (ii) any changes in accounting policies & practices;
 - (iii) significant issues arising from the audit;
 - (iv) compliance with accounting standards, regulatory and other legal requirements; and
 - (v) major judgmental areas.
- 2) To consider the nomination and appointment of external auditors, as well as their audit fee.
- 3) To consider any letter of resignation from the external auditors, and any questions of resignation or removal.
- 4) To discuss with the external auditors, prior to the commencement of audit, their audit plan, which states the nature of the audit, and to ensure co-ordination of audit where more than one audit firm is involved.
- 5) To review with the external auditors, their evaluation of system of internal controls, their management letter and the management's response.
- 6) To review the assistance given by the employees of the Company to the external auditors.

- 7) 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 plan and 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.
- 8) To consider the major findings of internal investigations and management's response.
- 9) To monitor any related party transactions and 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.
- 10) To review the reports of the Risk Management Committee in relation to the adequacy and integrity of the Group's internal control system.
- 11) To review all prospective financial information provided to the regulators and/or the public.
- 12) To report promptly to the MSEC on any matter reported by it to the Board of Directors, which has not been satisfactorily resolved resulting in the breach of the MSEC Listing Requirements.
- 13) To consider other matters as may be directed by the Board from time to time.

INTERNAL CONTROL STATEMENT

Responsibility

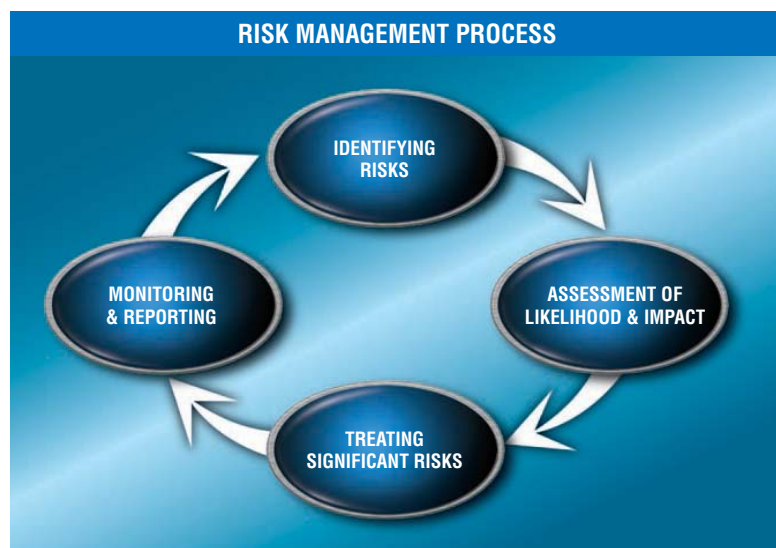
The Board of Directors recognises the importance of sound internal control and risk management practices to good corporate governance. The Board affirms its overall responsibility for IJM Group's systems of internal control and risk management, and for reviewing the adequacy and integrity of those systems. 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 such systems can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group has 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 business division's risk management function is led by the respective head of 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 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 utilisation and cash flow performance;
- a detailed budgeting process where operating units prepare budgets for the coming year which are approved both at divisional 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.

During the year, all the Divisions within the Group have carried out their annual reviews on their risk profiles and accordingly certain changes to the risk management and internal control process have been made. The changes were reviewed by the RMC and were subsequently reported to the Audit Committee.

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.



RISK MANAGEMENT COMMITTEE

Left to right: Raw Koon Beng (Manager - Accounts), Pang Sek Loh (Senior Manager - Technical), Siva Kumar a/l Rajappan (Manager - Quality Systems), Loy Boon Chen (Finance Director), Low Hong Imm (Manager - Accounts & Finance), Tan Hock Chien (Manager - Accounts) & Md. Ghazali Bin Ali (Construction Manager) Not in picture: Khoo Kah Hock (Manager - Finance)

STATEMENT ON QUALITY

Journey Towards Excellence Through Quality

The IJM Group has built a reputation for quality products and services deeply rooted in its motto “Excellence Through Quality”. It is the Group’s objective to seek continuous improvement in its quality standards to ensure that the Group’s products and services find strong acceptance from clients and continues to remain successful in business.

Policy on quality

It is IJM Group’s policy that:

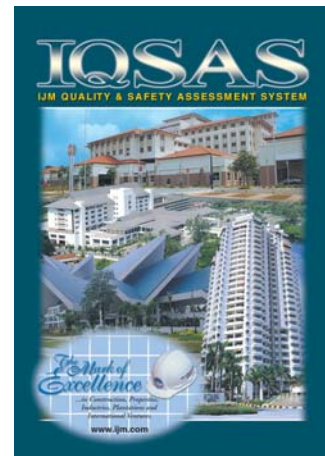
1. All projects and services undertaken will be implemented in such a manner that they exceed customer’s expectation.
2. The quality of the final products and services will be improved through continuous review and advancement of construction processes and quality assurance system.
3. The skills of our 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 ISO 9002:1994 in 1996. Since then, the Group has successfully renewed its certification every year.

To reaffirm its commitment towards “Zero Defects”, the Group has developed a standard known as IJM Quality & Safety Assessment Assurance 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 poorly trained 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.



Continuous Quality Improvement

The Group is committed to providing a high level of end product quality – its *Mark of Excellence*. Continuous process towards maintaining a culture of “Excellence Through Quality” is, therefore, accorded high priority. Among the activities for the year included:

1. Enhancement of Quality Manual by introducing flow chart conceptualised procedures;
2. Introduction of Quality System Department’s (QSD) manuals in the Group’s server system for easy accessibility by all staff;
3. Incorporation of Quality Policies and Procedures in the Project Manager Handbook;
4. Expansion of scope of IQSAS to cover Civil Works
5. Staff development through regular training – both in-house and external seminars; and
6. Knowledge-sharing concept via a defects database analysis system

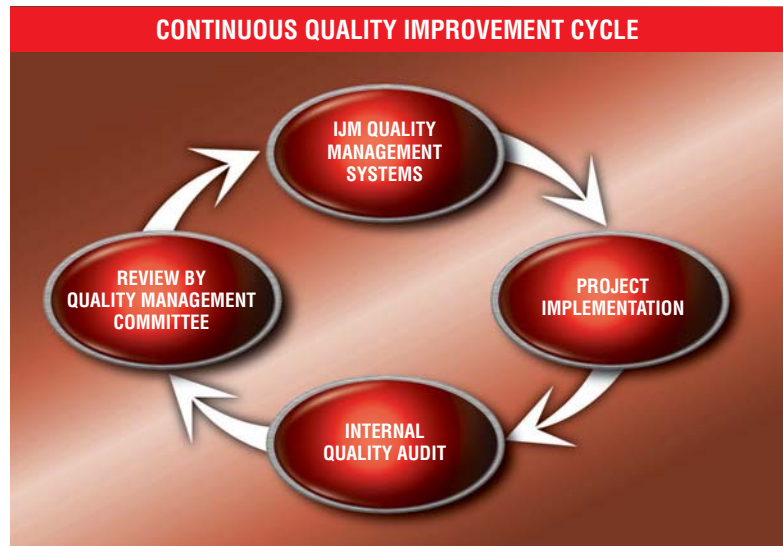


Pull-off test for internal wall tile

IJM projects’ quality management systems are continuously assessed through internal quality audits conducted by auditors from QSD. Each project and relevant Head Office department is normally audited twice a year. During the year, 31 audits were carried out.

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

The Group also has a Quality Award competition where the projects are assessed annually from the Civil and Building categories. The projects are assessed on ten major criteria, including an independent survey based on customers' feedback. The project with the highest score in each of the Civil and Building categories is rewarded with the QMC Chairman's Trophy and prize money, and enhanced bonuses for project staff.



Winners of the 2003 Quality Awards...



...Civil category: Butterworth Outer Ring Road



...Building category: Riana Green Phase 4

ISO Certification

The Group aims for all its businesses to strive towards ISO 9000 certification. IJM Properties Sdn Bhd became the latest company to join the Group's stable of ISO-certified companies when it was successfully audited for the implementation of MS ISO 9001:2000 certification on 10 December 2003.

To date, the companies within the Group which have attained the ISO certification are as follows:-

1. Strong Mixed Concrete Sdn Bhd
2. IJM Corporation Berhad
3. IJM Construction Sdn Bhd
4. Prebore Piling & Engineering Sdn Bhd
5. IJM Building Systems Sdn Bhd
6. IJM (India) Infrastructure Sdn Bhd
7. IJM Properties Sdn Bhd

Annual Survey

Annually, survey forms are sent to clients or clients' representatives 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 principle 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 system and process for 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 OSHAS 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 collective responsibility for the prevention of injuries and occupational health hazards and the assurance of public safety when carrying out its business activities. Concerted efforts are continually being made to ensure pre-emptive measures are being carried out at all locations of the Group's operations.

Human Resources Minister Datuk Dr. Fong Chan Onn's visit to Putrajaya Convention Centre...



...presenting a certificate to Project Manager Chan Foo Kheong for achieving one million hours without lost time injury...



...and inspecting one of the safety aspects

Strategies to implement safety and health policy

The following strategies were drawn up to implement the policy:

- Compliance with all applicable legislative requirements;
- Commitment to achieve higher standard of compliance;
- Increase awareness and accountability of employees at all levels vis-à-vis their responsibility in ensuring safety and health;
- Provide information, training and facilities to every employee and interested parties;
- Monitoring 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 Head Office for the purpose of:

- assisting the development of safety and health rules and a safe system of works;
- reviewing the effectiveness of existing 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 work place and recommends immediate corrective actions, and
- reviewing the safety and health policies at the place of work and make recommendations to management if such practices were inconsistent with established policies.

The SHC conducts regular inspection of work sites and meetings are held at least once a month to confer and highlight possible improvement to existing level of safety and health.

A copy of the "Occupational Health and Safety Manual and Procedure" is given to every project site and department. The manual was formulated by the Safety and Health Department ("SHD") and is 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 OHSMC comprises senior managers from various operating units, representatives from safety and health committee ("SHC") and is headed by the Chief Executive Officer and Managing Director. The OHSMC meets periodically to review the operations of the safety and health management systems to ensure the effectiveness of the occupational safety and health at work site.



CEO Dato' Krishnan Tan presenting the Safety Award to French Castle's Project Manager, Leong Chan Fatt

During the year, the SHD carried out a total of 30 safety and health audits, covering all existing active projects. Where necessary, corrective and preventive actions are recommended and actions are taken to rectify any identifiable weakness or deficiency.

A Safety Award competition is organised annually to further promote occupational health and safety awareness. Projects with the highest score in each of the identified category are rewarded

with a trophy, prize money and enhanced bonuses for the project staff.

IJM Health and Safety Assessment Systems (IHSAS)

In line with its efforts to further improve upon the safety aspects of all of its activities, the Group has developed the IJM Health and Safety Assessment Systems (IHSAS). IHSAS is a self-regulated assessment system of procedures and testing methods in which standards are set out for various safety aspects of construction works undertaken, including Foundation and Piling, Building and Civil Engineering.

IHSAS is formulated based on the OHSAS 18001 standards and all other relevant applicable laws such as the Occupational Safety and Health Act, 1994 and the Factories and Machinery Act, 1967.

Training

In its endeavour to achieve "Zero Accident", IJM employees undergo regular safety and health management systems training which are organised both internally and externally. Induction training is also organised for all new employees or workers joining the Group, including regular safety and health talks conducted by the SHD. During the year, SHD introduced new training programs such as the Hazard Identification, Risk Assessment and Risk Control (HIRARC) and Chemical Handling.

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 recognises 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 structures in the rapidly expanding IJM Group.

The Group constantly monitors areas of environmental concern with the view of taking pre-emptive measures to prevent irreversible damage to the environment. Sensibly designed environmental management systems are, therefore, a pre-requisite for efficient environmental control.

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

- how arising environmental issues will be addressed during engineering design, and
- how environmental protection and mitigation measures are to be implemented from construction to operational phases, where applicable.

The main components of an EMP incorporate the following items:

- **Project Description:** Outline of project features, components and major development activities during construction.
- **Environmental Impact:** Summary of potential environmental impacts and their significance. The area of impacts encompasses air, noise and water quality vis-à-vis their effects to human and ecology.
- **Amelioration:** Identifying specific measures to be applied in order to control or ameliorate potential adverse impacts and, in the case of amelioration, the extent to which the measures taken will reduce the adverse impact.
- **Monitoring:** Devise programmes to monitor the identified potential impacts and effects, thereby the effectiveness of proposed amelioration measures are assessed.



Noise level testing

Environmental Monitoring and Compliance Report

Environmental monitoring is continually being carried out at project level, often with the help of external consultants. The purpose of monitoring is to evaluate the effectiveness of mitigating measures undertaken to ensure adverse environmental effects are kept to a minimum. The main areas under environmental monitoring include environmental management system, air quality control, erosion, sediment and flood control, traffic control, waste management, water quality control, noise level control, sewage effluent and sanitary facilities, and other ecological issues.

Environmental audit is regularly conducted and the findings thereof are used to compile the Environmental monitoring and Compliance Reports which generally incorporate the following elements:

1. Analysis of results derived from environmental studies;
2. Evaluation of the anticipated environmental impacts and the effectiveness of the implemented amelioration measures;
3. Report on work status on the implementation of amelioration measures;
4. Status of compliance to approved standards and/or regulatory requirements;
5. Recommendations for further action, if any.

The report is intended to provide the contractor and/or relevant authorities with feedback on the status of the EMP implementation including an assessment on effectiveness. Due recognition is given to its recommendation and necessary actions are taken where non-compliance report has been filed.

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 Plantation Division has undertaken various environment friendly practices to protect the environment. These include:



Good cover of legumes for soil and water conservation

- **Soil and water conservation:**

Soil erosion is minimised during plantation development by the quick planting of leguminous cover crops. In established plantation, a policy of retaining as much plant cover as practicable helps prevent soil loss and conserves moisture. Where the terrain requires it, contour terraces are constructed to serve the same purposes. 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 fertilisers. The added advantage is that the yield of fresh fruit bunches have improved significantly.

In addition to mill effluents irrigation, the plantation also uses bunch ash to replace potash fertiliser, empty fruit bunches as a soil conditioning mulch, and dried decanter solids as a soil ameliorant in areas with iron-rich soils.

- **Integrated Pest Management:**

Where practical, beneficial plants such as *Cassia Cobanensis* are 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.

- **Soil Conditioning and Enrichment:**

For soil conditioning, shredded empty fruit bunches (EFB) are used to reduce water stress on the palms caused by less favorable soil conditions, such as the sandy 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 improve the soil, the Plantation Division uses legume as cover establishment during the early stages of the palm's growth to prevent the growth of undesirable plants that may compete for nutrient and sunlight. Established legumes also contribute 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 in all of its replanting programmes.

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

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

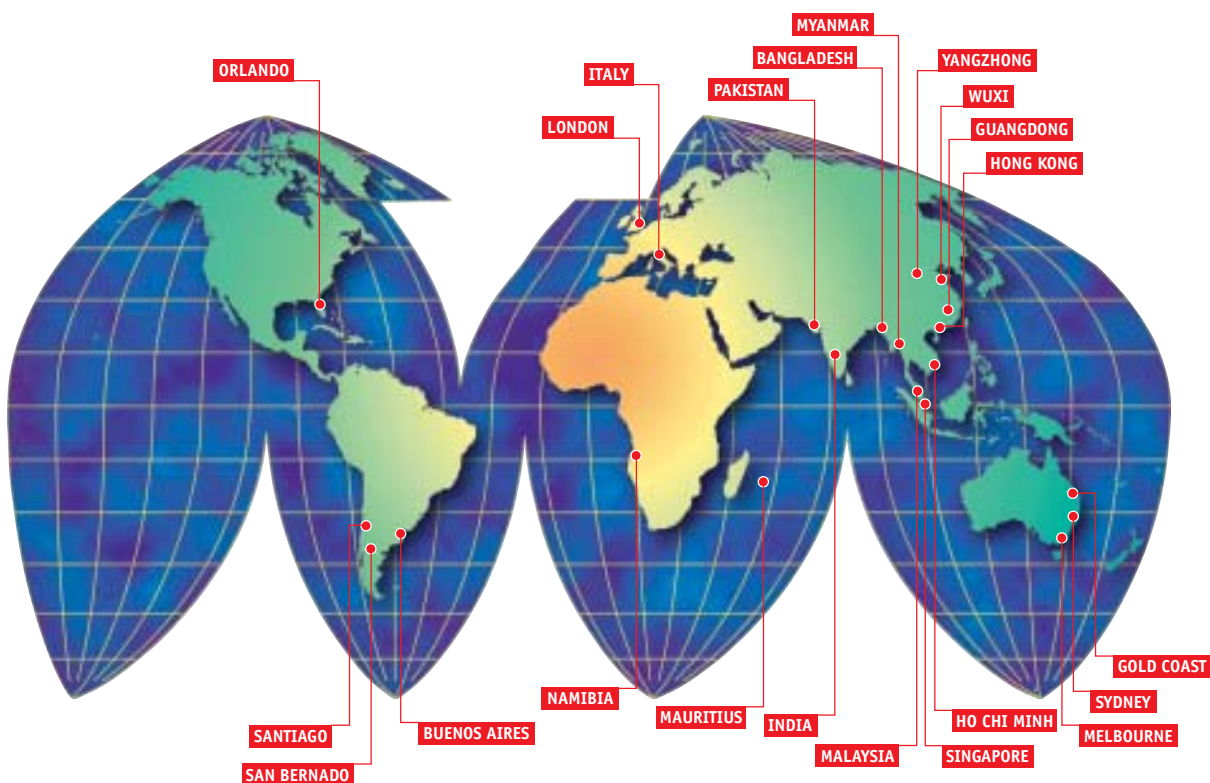
The Group has established itself as a leading player in the construction industry, particularly through innovatively designed and quality construction works

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 required 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 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 technologies 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

OUR FOOTPRINTS IN THE WORLD



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. We also have the distinction of becoming the first Malaysian company to embark on a privatised housing scheme in India besides leading the first consortium of Malaysian construction companies to undertake the BOT highway project in India. In each of these markets, new skills are required to adapt to local conditions, cooperate effectively and deliver on the promises expeditiously.



QC Lab, IJM Plantations

Innovative Products

The Group is also on the constant look out to develop new products for use in its various operations. In 2002, we reported that through a joint-venture undertaken by IJM Building Systems Sdn Bhd, production of the first lightweight oil palm fibre reinforced cement composite panels was accredited by the Malaysian Book of Records Award as the first such product in Malaysia.

This year, Industrial Concrete Products Berhad, a 20%-associate, was also accredited by the Malaysian Book of Records for manufacturing of the longest precast concrete pile of 46 metres. The piles were used for some of the ports and maritime terminals in Port Klang, Penang and Lumut.



Longest manufactured pile in Malaysia

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 2002.

The main R & D activities are oil palm breeding and seed production. For this purpose, and along with 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 2003, QTRC produced more than 960,000 DxP hybrid seeds for our Sugut estate, almost doubled that of 2002.

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

QTRC continue to house various training courses, including "Innovations in Oil Palm Nursery Management Practices", "FFB Quality Day for Estate & Mill Managers", amongst others. The research and training activities at QTRC in the coming years are expected to contribute further towards improving productivity of the Division.



OUR PEOPLE

People make the Organisation. At IJM, it is our firm belief that the employees of IJM are the most important assets. Dedicated employees are the crucial factor and driving force behind the success of IJM. High priority is accorded by IJM to nurture and care for the employees. In turn, the pool of competent employees of IJM - driven by their passion for excellence - would form the building blocks to support the Group's long-term growth.

Training

The Group continues to encourage its employees to improve their competencies and skills through formal developmental activities such as training, professional seminars, etc. In year 2003, RM344,009 was expended in the various competencies enhancement programs. The competencies building sessions emphasised on on-the-job skills, information technology, safety and health management, soft skills such as management, supervisory development, accounts and finance, presentation skills and report writing. A total of 32,560 man-hours of training were provided to its employees in year 2003.



Construction men at work

The Group is committed to building up a pool of competent and qualified Safety & Health Officers to meet statutory requirements under the OSHA 1994. Continuing the precedence set in previous years, the second batch of 15 employees from the construction division was identified to attend the Safety and Health Officer certification course.

The Group remains a company that recognises the importance of developing, managing and nurturing talent. Orientation programs at the onset of joining the Group, coupled with induction courses by the immediate managers, are geared towards ensuring a smooth assimilation of new employees to the Group's core beliefs and values.



CEO Dato' Krishnan Tan and staff at the NACRA Award

Work place mentoring for the young graduates has been identified to be successful in encouraging focused development of each graduate and cohesiveness among the batch of young recruits. Furthermore, this allows for early identification of potential talents that in turn provide for an avenue for the upcoming performers to be put on an accelerated career progression plan to recognise and nurture their differing strengths and abilities.

During the year, the Group took another step towards inculcating in its employees a culture of good presentation skills - in terms of speaking, listening and thinking on their feet, all in another mutually supportive learning environment, with the establishment of the IJM Toastmasters Club.



IJM Toastmasters Club-inculcating a culture of good presentation skills

Staff Welfare

Staff welfare remains an integral part of the Group's commitment to its employees. Whilst the Group strives to create more wealth for its shareholders, it does not forget its commitment to employees. Planned insurance coverage for all employees continue to be provided ensuring peace of mind and security in the form of 24-hours worldwide personal accident coverage, term assurance with critical illness cover, hospitalisation and surgical insurance. In addition, the IJM Retirement Scheme is providing employees attaining retirement age with a welcome lump sum of cash. This Scheme has the added benefit of providing safety nets to employees who succumb to ill health or die in service of the Group.



Health talks are regularly organised as part of the Group's caring programs for its employees

that it's not only about planting oil palms. The IJMP Eagles team blazed the trail to win the prestigious IJM-Adidas Challenge Football Trophy whilst the IJMP Cobra Blacks emerged champions at the 3rd COBRA 10's East Malaysia rugby competition.

Sports and Social Activities

The employees of IJM are an active lot. Staff of all ages, race and creed participate in the many events and programs organised to foster better social interaction among the employees. Responses to these social activities and sports competitions underline the enthusiasm, sense of belonging and esprit de corps of the people. Treasure hunts, visits to local eco-tourist spots eg Gua Tempurong and the Dark Caves are some activities enjoyed together, aside from the many occasions held to enjoy festive celebrations together.

The 7th edition of the Friendship Games, an annual sports competition between IGB Corporation Berhad, IJM and PricewaterhouseCoopers continue to draw response from the people in a big way.

The employees of IJM at the plantations front are not to be left out. They had shown time and again



The 20th Annual Dinner & Dance

Loyalty Awards

More than half of the Group's 972 employees had been with us for more than 5 years. During the year, another 14 of its employees reached their 20th anniversary with the Group and were rewarded at the Group's Annual Dinner and Dance.



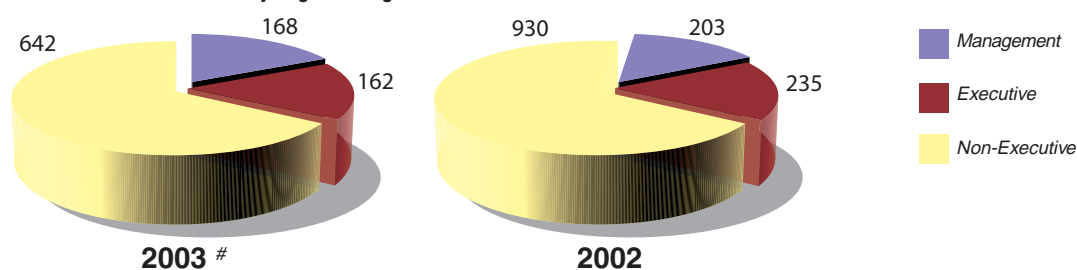
IJMP Eagles team in action during the 3rd COBRA 10's East Malaysia rugby competition



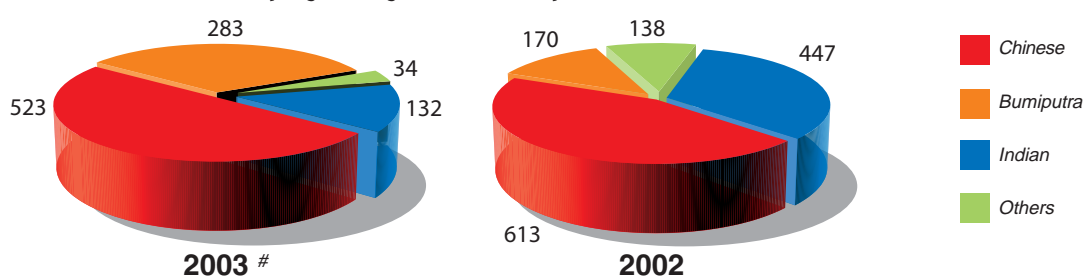
CEO & MD Dato' Krishnan Tan is among 14 recipients of the 20-year Loyalty Awards

EMPLOYEES & PRODUCTIVITY

Employees by Classification

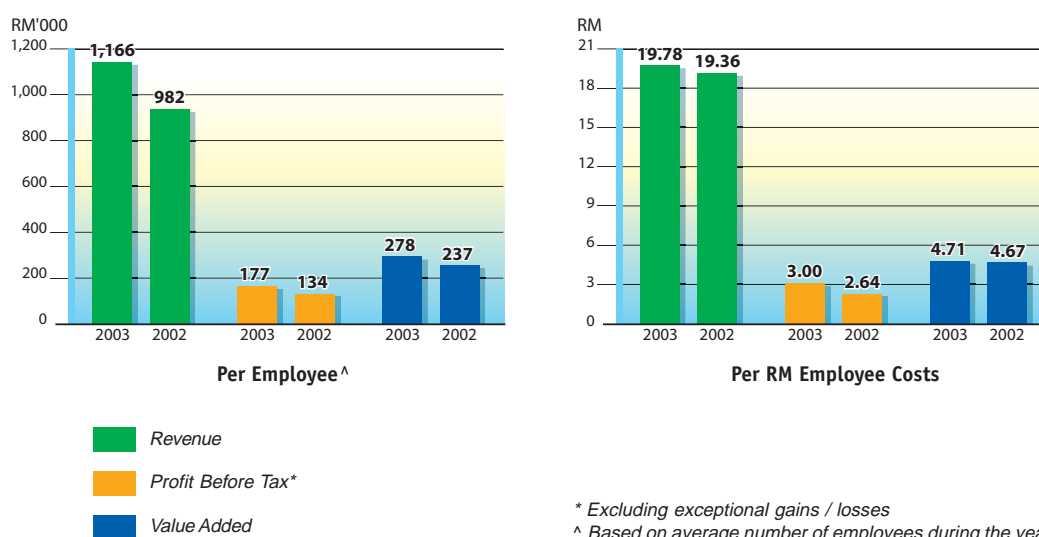


Employees by Ethnic Composition



Decrease due to exclusion of the employees of IJM Plantations Berhad which became an associate with effect from 2 July 2003

Productivity



* Excluding exceptional gains / losses

^ Based on average number of employees during the year

COMMUNITY SERVICE

Caring for our Community



Seri Paduka Baginda Raja Permaisuri Agong, Tuanku Fauziah Binti Almarhum Tengku Abdul Rashid (second from right) with Jeremie Ting at the Heart to Art paintings for Charity drive

Believing firmly in being a socially responsible corporate citizen, the Group responded to several needs of the various communities and organisations. Total contributions of RM2.50 million were made to various charitable, educational, cultural and sports organisations.

For year 2003, the recipients for contributions in cash and in kind included the Perdana Leadership Foundation, Yayasan Kajian Dan Pembangunan Masyarakat, Majlis Kanser Nasional, Malaysian Humanitarian Foundation, Malaysian Care, Rumah Amal Cheshire Home, Pusat Penjagaan Kanak-kanak Cacat Taman Megah, Rumah Ozanam, Institut Jantung Negara, Huaren Education Foundation (UTAR), Maju Institute of Educational Development, amongst others.

Other community activities were also organised, including what is now a regular event in the IJM calendar – the blood donation campaign. During the year, children from several charitable organisations were also invited to join in our festive celebrations and trips such as that to Gua Tempurung.

IJM Scholarship Award 2003

IJM continues in the tradition of providing financial assistance to needy and deserving undergraduates who pursue local tertiary education. Another 8 deserving undergraduates were awarded scholarships to study at the local universities. This brings total scholarships awarded so far to 72. It is the Group's belief that these awards provide a stream of bright young professionals to sustain and reinvigorate the Group's long-term growth.



The Group continues to respond to needs of various charitable organisations



Past and present scholars with our Chairman, Deputy CEO and Company Secretary