

		1996	1997	1998	1999	2000
<b>OPERATING REVENUE</b>						
(including share of associated companies and jointly controlled entities revenue)	RM'000	1,113,951	1,475,555	1,148,516	1,209,968	1,094,264
(excluding share of associated companies and jointly controlled entities revenue)	RM'000	884,642	995,277	730,629	549,598	615,848
<b>PROFIT BEFORE TAX</b>	RM'000	131,404#	93,800	70,743	139,431	118,956
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	RM'000	89,426	63,234	39,130	117,676	76,773
<b>ISSUED SHARE CAPITAL</b>	RM'000	308,259	342,072	342,090	345,966	351,517
<b>SHAREHOLDERS' FUNDS</b>	RM'000	640,590	953,676	990,217	1,092,721	1,193,197
<b>TOTAL ASSETS</b>	RM'000	1,448,919	1,918,291	1,969,561	2,050,274	2,262,011
<b>EARNINGS PER SHARE (Basic)</b>	Sen	29.3#	19.1	11.4	34.2	21.9
<b>GROSS DIVIDEND PER SHARE</b>	Sen	8.0	8.0	5.0	6.0	8.0
<b>NET TANGIBLE ASSETS PER SHARE</b>	RM	2.05	2.73	2.84	3.05	3.26
<b>RETURN ON TOTAL ASSETS</b>	%	6.2	3.3	2.0	5.7	3.4
<b>RETURN ON SHAREHOLDERS' FUNDS</b>	%	14.0	6.6	4.0	10.8	6.4
<b>DEBT <sup>(1)</sup> EQUITY RATIO</b>	%	54.1	43.2	49.3	30.1	30.9
<b>SHARE PRICE</b>						
High	RM	6.10	7.05	2.45	3.46	4.42
Low	RM	4.02	1.22	0.595	1.86	2.56
<b>WARRANT PRICE</b>						
High	RM	-	-	-	-	1.69
Low	RM	-	-	-	-	0.70

# Restated to include extraordinary items in accordance with International Accounting Standard 8 (Revised)

<sup>(1)</sup> Debt represent total borrowings net of cash and bank balances and deposits with licensed banks



#### ■ 26 February 2000

Hampshire Park Project was selected for the launching of the *Operation on Occupational Health and Safety at Construction Sites 2000*. The event, organized by DOSH, was officiated by the Honourable Minister of Human Resources Datuk Dr Fong Chan Onn.



#### ■ 31 March 2000

640 of our staff packed the Selangor Ballroom at Hotel Sheraton Subang for the 17<sup>th</sup> IJM Annual Dinner & Dance. Among the highlights of the evening was the presentation of the 20-year service award to 10 of our staff.

#### ■ 6 April 2000

The design, construction and commissioning of the Sibu Airport Extension project was successfully completed and handed over to our client. The project was completed in ten months with zero lost time incident.

#### ■ 1 May 2000

Section A of the prestigious Mumbai-Pune Expressway, India, constructed by IJM-SCL Joint Venture at a cost of RM150.5 million, was opened to traffic amidst fanfare and praises from our client Maharashtra State Road Development Corporation, the press and the general public.

#### ■ 5 May 2000

The RM281 million Putrajaya Hospital project, jointly constructed by IJM and THB, was successfully completed and the building officially handed-over to the Ministry of Health on this date.

#### ■ 19 May 2000

The IJM Quality and Safety Assessment System (IQSAS) was officially launched by the Minister of Housing and Local Government, Dato' Seri Ong Ka Ting at Riana Green Condominiums. IQSAS, a self regulated system of procedures and testing methods was formulated by the Group to attain a higher level of quality and safety in its continued commitment towards zero-defects in building works.



#### ■ 3 – 5 June 2000

The 3<sup>rd</sup> IJM Regional Games was held at the Tanjong Puteri Golf Resort, Johor Bahru. 350 participants from 5 teams battled for supremacy with the team from Central Region emerged as champions.

#### ■ 9 June 2000

The RM61 million Colmar Village project was successfully completed and handed over to our client. This French-themed resort, reminiscent of an authentic Northeastern French Village dating back to the 16<sup>th</sup> century, marked a significant achievement for IJM in undertaking building construction of such artistic nature.

#### ■ 13 June 2000

IJM regularly organises the blood donation campaign to boost the blood bank of University Hospital. As always, the campaign is well supported by staff of IJM with 46 generous donors on this particular occasion.



#### ■ 17 June 2000

20 IJM staff visited Shelter 2, a home for teenage girls who came from various background including family conflict, abuse and neglect. Activities organized during the visit included singing and fun games.



#### ■ 31 July 2000

Binh An Water Corporation, Vietnam held the Loan Signing Ceremony for its project financing term loan. This marked the first time that both foreign banks and local Vietnamese state-owned banks had jointly-participated in the financing of a foreign invested project in that country.

#### ■ 12 September 2000

IJM was presented with the first Malaysian International Contractor of the Year Awards, at the Malaysian Construction Industry Awards 2000.

#### ■ 7 – 8 October 2000

Suria Bistari Development Sdn Bhd, a subsidiary of IJM, officially launched its flagship development project, the Bistari Impian Phase 1B comprising a total of 256 apartment units in Johor Bahru.



#### ■ 16 October 2000 – 15 November 2000

The annual Safety Month Campaign is organised to increase safety and health awareness amongst staff at all levels and sub-contractors. Competitions for eight different categories were held, and all winners were awarded their prizes in a ceremony held at Hotel Sheraton, Subang.



#### ■ 16 – 22 October 2000

IJM played host to the 4<sup>th</sup> Friendship Games, a tournament designed to foster friendship and goodwill among staff of IGB Corporation Berhad and Tan & Tan Development Berhad (both competing as one team), IJM Corporation Berhad and PricewaterhouseCoopers. IJM emerged as overall champions.

#### ■ 3 November 2000

IJM Corporation Berhad was awarded the OHSAS 18001:1999 certification by SIRIM. IJM becomes the first Malaysian company in the Construction industry to receive this internationally acclaimed award.

#### ■ 3 November 2000

About 300 staff of IJM gathered at our Kompleks Sukan for a Deepavali party. The highlight of the evening was the Miss Deepavali contest.

#### ■ 11 November 2000

IJM's Sports Club presented a collection of used clothings, toys, kitchen-wares and a bicycle to the Salvation Army, Puchong, a welfare organization for the poor, aged and homeless.



#### ■ 24 November 2000

Prebore Piling & Engineering Sdn Bhd was awarded the MS ISO 9002:1994 certification by SIRIM.

#### ■ 25 November 2000

IJM's Company Secretary was awarded the ROC-MAICSA Company Secretary Award 2000 in the listed company category.

#### ■ 21 December 2000

Pelabuhan Tanjung Pelepas Rail Link project team emerged overall winner of the IJM Quality Award. The award was presented during the 11<sup>th</sup> Quality Management Review meeting.

Authorized Share Capital	:	RM1,000,000,000
Issued & paid-up Capital	:	RM351,596,654
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights		
On show of hands	:	1 vote
On a poll	:	1 vote for each share held

**DISTRIBUTION OF SHAREHOLDINGS**

Range of Shareholdings	Number of Shareholders	Number of Shares	Percentage of Issued Capital
Less than 1,000	324	97,789	0.03%
1,000 - 10,000	4,944	14,106,355	4.01%
10,001 - 100,000	632	20,796,055	5.91%
100,001 to less than 5% of issued shares	255	209,367,227	59.55%
5% and above of issued shares	3	107,229,228	30.50%
	6,158	351,596,654	100.00%

**REGISTER OF SUBSTANTIAL SHAREHOLDERS (Excluding Bare Trustees)**

	Number of Shares		Percentage of Issued Capital
	Direct	Deemed Interests	
1. Amanah Raya Berhad - Skim Amanah Saham Bumiputera	19,952,294	-	5.675%
2. Dato' Tan Chin Nam	-	70,982,534	20.189%
3. Employees Provident Fund Board	45,754,000	-	13.013%
4. GEL Capital (Malaysia) Berhad	-	7,066,000	2.010%
5. Great Eastern Holdings Limited	-	15,805,000	4.495%
6. Great Eastern Life Assurance (Malaysia) Berhad	7,066,000	-	2.010%
7. IGB Corporation Berhad	12,903,600	58,078,934	20.189%
8. Intercontinental Aviation Services Sdn Bhd	10,000,000	-	2.844%
9. Lim Yong Keat	3,657,534	6,048,666	2.761%
10. Oversea-Chinese Banking Corporation Ltd	-	15,786,000	4.490%
11. Permodalan Nasional Berhad	12,743,000	-	3.624%
12. Riraian Enterprise Sdn Bhd	48,078,934	-	13.674%
13. Robert Tan Chung Meng	-	70,982,534	20.189%
14. Tan & Tan Developments Berhad	-	70,982,534	20.189%
15. The Capital Group Companies, Inc.	-	13,428,897	3.819%
16. The Great Eastern Life Assurance Co. Ltd	3,828,000	7,066,000	3.098%
17. Yayasan Pelaburan Bumiputra	-	12,743,000	3.624%

**THIRTY LARGEST SHAREHOLDERS**

	Number of Shares	Percentage of Issued Capital
1. HSBC Nominees (Tempatan) Sdn Bhd		
- Pledged Securities Account for Riraian Enterprise Sdn Bhd	48,078,934	13.67%
2. Employees Provident Fund Board	39,198,000	11.15%
3. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	19,952,294	5.67%
4. Arab-Malaysian Nominees (Tempatan) Sdn Bhd		
- Pledged Securities Account for IGB Corporation Berhad (BK 7/786-2)	12,903,600	3.67%
5. Permodalan Nasional Berhad	12,743,000	3.62%
6. Chase Malaysia Nominees (Asing) Sdn Bhd - Emerging Markets Growth Fund	12,162,714	3.46%
7. AlliedBan Nominees (Tempatan) Sdn Bhd		
- Pledged Securities Account for Intercontinental Aviation Services Sdn Bhd	10,000,000	2.84%
8. Malaysia Nominees (Tempatan) Sdn Bhd		
- Great Eastern Life Assurance (Malaysia) Berhad (MLF)	6,966,000	1.98%
9. Phileo Allied Nominees (Tempatan) Sdn Bhd		
- PhileoAllied Credit & Leasing for Salient Growth Sdn Bhd	5,000,000	1.42%
10. AlliedBan Nominees (Tempatan) Sdn Bhd		
- Phileo Asset Management for PhileoAllied Bank (Malaysia) Berhad	5,000,000	1.42%
11. HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for GMO Emerging Markets Fund	4,929,000	1.40%
12. HSBC Nominees (Asing) Sdn Bhd		
- BNY Brussels for the State Teachers Retirement System of Ohio (Genesis Asset Management)	4,750,000	1.35%
13. Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Malaysia	4,422,000	1.26%
14. AM Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	3,836,000	1.09%
15. Glenfield Enterprise Sdn Bhd	3,659,000	1.04%
16. Overseas Assurance Corporation (Malaysia) Berhad	3,346,000	0.95%
17. Hwang-DBS Custodian Nominees (Asing) Sdn Bhd - DBS Bank for Timbara Services Limited	3,019,000	0.86%
18. Glenfield Enterprise Sdn Bhd	2,855,000	0.81%
19. Cartaban Nominees (Asing) Sdn Bhd		
- State Street Australia Fund Q3VA for Fullerton (Private) Limited	2,500,000	0.71%
20. Citicorp Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad (Par Fund)	2,483,332	0.71%
21. DB (Malaysia) Nominee (Asing) Sdn Bhd - DB GCS London for Credit Lyonnais (OPCVM.FCP)	2,409,000	0.69%
22. Malaysian Assurance Alliance Berhad	2,222,000	0.63%
23. Chase Malaysia Nominees (Asing) Sdn Bhd - Genesis Malaysia Maju Fund Limited	2,144,000	0.61%
24. Malaysia Nominees (Asing) Sdn Bhd		
- Oversea-Chinese Bank Nominees Pte Ltd for Greatlink Asean Growth Fund (9011D)	2,110,000	0.60%
25. HSBC Nominees (Asing) Sdn Bhd		
- BNY Brussels for the State Teachers Retirement System of Ohio (Sanford Emerg)	1,938,000	0.55%



	Number of Shares	Percentage of Issued Capital
26. AM Nominees (Tempatan) Sdn Bhd - Pertubuhan Keselamatan Sosial	1,935,000	0.55%
27. Citicorp Nominees (Asing) Sdn Bhd - CB LDN for Stichting Shell Pensioenfond	1,850,000	0.53%
28. Universal Trustee (Malaysia) Berhad - BHLB Pacific Emerging Companies Growth Fund	1,746,000	0.50%
29. Malaysia Nominees (Asing) Sdn Bhd		
- Oversea-Chinese Bank Nominees Pte Ltd for Greatlink Enhancer Fund (9012Z)	1,718,000	0.49%
30. Arab-Malaysian Nominees (Tempatan) Sdn Bhd		
- Arab-Malaysian Trustee Bhd for HLB Penny Stock Fund (5/4-3)	1,515,000	0.43%
	<b>227,390,874</b>	<b>64.66%</b>

## Analysis of Warrantholdings

as at 30 March 2001

### WARRANTS 2000/2004

Issued	: RM80,178,930
Outstanding	: RM80,074,930

### DISTRIBUTION OF WARRANTHOLDINGS

Range of Shareholdings	Number of Warrantholders	Number of Warrants	Percentage of Outstanding Warrants
Less than 1,000	271	98,684	0.12%
1,000 - 10,000	2,960	5,758,145	7.19%
10,001 - 100,000	217	6,406,007	8.00%
100,001 to less than 5% of outstanding warrants	83	49,867,066	62.28%
5% and above of outstanding warrants	2	17,945,028	22.41%
	<b>3,533</b>	<b>80,074,930</b>	<b>100.00%</b>

### THIRTY LARGEST WARRANTHOLDERS

	Number of Warrants	Percentage of Outstanding Warrants
1. HSBC Nominees (Tempatan) Sdn Bhd		
- Pledged Securities Account for Riraian Enterprise Sdn Bhd	10,768,828	13.45%
2. Employees Provident Fund Board	7,176,200	8.96%
3. Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	3,990,458	4.98%
4. IGB Corporation Berhad	2,886,000	3.60%
5. Permodalan Nasional Berhad	2,548,600	3.18%
6. Chase Malaysia Nominees (Asing) Sdn Bhd - Emerging Markets Growth Fund	2,432,542	3.04%
7. AlliedBan Nominees (Tempatan) Sdn Bhd		
- Pledged Securities Account for Intercontinental Aviation Services Sdn Bhd	2,237,000	2.79%
8. Arab-Malaysian Nominees (Tempatan) Sdn Bhd		
- Arab-Malaysian Trustee Bhd for HLB Penny Stock Fund (5/4-3)	1,786,000	2.23%
9. Malaysia Nominees (Tempatan) Sdn Bhd		
- Great Eastern Life Assurance (Malaysia) Berhad (MLF)	1,732,000	2.16%
10. Glenfield Enterprise Sdn Bhd	1,519,000	1.90%
11. Universal Trustee (Malaysia) Berhad - BHLB Pacific High Growth Fund	1,413,000	1.76%
12. Tan Boon Seng @ Krishnan	1,371,000	1.71%
13. Goh Chye Koon	1,331,000	1.66%
14. Arab-Malaysian Nominees (Tempatan) Sdn Bhd		
- Arab-Malaysian Trustee Bhd for BHLB Pacific Dana Al-Hsan	1,019,000	1.27%
15. Ooi Poay Lum	1,014,000	1.27%
16. Phileo Allied Nominees (Tempatan) Sdn Bhd		
- PhileoAllied Credit & Leasing for Salient Growth Sdn Bhd	1,000,000	1.25%
17. Hwang-DBS Custodian Nominees (Asing) Sdn Bhd		
- DBS Bank for Timbara Services Limited	1,000,000	1.25%
18. AlliedBan Nominees (Tempatan) Sdn Bhd		
- Phileo Asset Management for PhileoAllied Bank (Malaysia)	1,000,000	1.25%
19. HSBC Nominees (Asing) Sdn Bhd		
- BNY Brussels for the state Teachers Retirement System of Ohio (Genesis Asset Management)	950,000	1.19%
20. Soo Heng Chin	815,000	1.02%
21. Universal Trustee (Malaysia) Berhad		
- BHLB Pacific Emerging Companies Growth Fund	809,000	1.01%
22. Velayuthan a/l Tan Kim Song	800,000	1.00%
23. Overseas Assurance Corporation (Malaysia) Berhad	751,200	0.94%
24. Loy Boon Chen	742,000	0.93%
25. Tan Gim Foo	733,000	0.92%
26. How See Hock	717,000	0.90%
27. Teh Kean Ming	717,000	0.90%
28. Universal Trustee (Malaysia) Berhad - BHLB Pacific Savings Fund	716,000	0.89%
29. Soo Sik Sang	707,400	0.88%
30. Debojit Chowdhury a/l N.G Chowdhury	698,000	0.87%
	<b>55,380,228</b>	<b>69.16%</b>

## DIRECTORS

### The Board

The Board had, prior to the introduction of the Malaysian Code on Corporate Governance ("the Code") and the Revamped Listing Requirements of Kuala Lumpur Stock Exchange (KLSE), set out governance policies covering the relationships with its stakeholders, the Board's own affairs and its relationship with its Group Managing Director. Notwithstanding this, whilst the Board recognises its ultimate responsibility and accountability for the Group's operations, the Board recognises the need to continuously review and improve the governance framework. To this end, the Board is taking steps to evaluate the status of the Group's corporate governance procedures with regards to the Code (together with provisions contained in the Revamped Listing Requirement of KLSE) and to make the required enhancements where necessary. Committees of the Board and their date of formation are as follows:

Share Committee	30 September 1986
ESOS Committee	13 March 1992
Audit Committee	31 January 1994
Executive Committee	31 March 1995
Remuneration Committee	2 December 1998

The Board further acknowledges the need to review the terms of reference and operating procedures of established committees to ensure that the committees are compliant with the Code.

The Board has at least four (4) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Board meetings bring an independent judgment to bear on issues of strategy, business performance, resources and standards of conduct.

Four (4) Board meetings were held during the year 2000. The attendance record of each Director is as follows:

	Percentage (%)	
<b>Executive Directors</b>		
Tan Boon Seng @ Krishnan	4	100
Goh Chye Koon	3	75
Ooi Poay Lum	3	75
<b>Non-executive Directors</b>		
Tan Sri Dato’ Haji Ahmad Azizuddin bin Haji Zainal Abidin	4	100
Tan Sri Dato’ (Dr) Haji Murad bin Mohamad Noor	3	75
Tan Sri Dato’ Ir. Wan Abdul Rahman bin Wan Yaacob	3	75
Datuk Yahya Bin Ya’acob	2	50
Dato’ Goh Chye Keat	4	100
Dato’ Arthur Tan Boon Shih	2	50
Choo Choon Yeow	4	100
Khoo Chew Meng	3	75
Lai Meng	4	100
Mior Abdul Rahman bin Miou Mohd Khan	4	100
Soo Heng Chin ( <i>Alternate to Ooi Poay Lum</i> )	4	100
Velayuthan A/L Tan Kim Song ( <i>Alternate to Choo Choon Yeow</i> )	3	75

Ten out of the thirteen Board members are non-executive Directors. Amongst the non-executive Directors, four (4) are considered by the Board to be independent and the Chairman is one of the independent non-executive Directors. The Company from time to time uses the services of retired executive Directors for specific roles in the Company's operations for specific periods. These Directors are paid remuneration for their services. The three (3) Directors are Dato' Goh Chye Keat, Choo Choon Yeow and Khoo Chew Meng.

Together, they bring a wide range of technical skills and experience relevant to ensure that the Group continues to be a competitive leader in the construction industry with a strong reputation for technical and professional competence.

A brief description of the background of each Director is presented on pages 8 and 9.

There is a division of responsibility between the Chairman and the Group Managing Director and there is a balance of executive, non-executive and independent non-executive Directors. This is to ensure that there is proper representation for all shareholders, and further ensures that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business. The independence status of the independent non-executive Directors will be further examined prior to the 1 June 2001 dateline.

The Board has set up an Executive Committee to assist the Board in the day-to-day operations of the Group. The Executive Committee operates under clearly defined terms of reference. The Executive Committee comprises three (3) executive Directors headed by the Group Managing Director, Tan Boon Seng @ Krishnan. The other members of the Executive Committee are the Deputy Group Managing Director, Goh Chye Koon and the Group Executive Director, Ooi Poay Lum.

The terms of reference of the Executive Committee are as follows:

- To decide on all transactions and matters relating to the Group's core business or existing investments with restricted authority given by way of limits determined by the Board
- To decide on all matters relating to banking facilities as may be required for the conduct of the Group's operations
- To undertake such function and all matters as may be approved or delegated by the Board.

The terms of reference of the Executive Committee was further modified in the last quarter of the year to include the following:

- To notify and invite the Directors to attend the tender adjudication meeting for any construction project in excess of RM500 million (or RM250 million for overseas contracts) being considered for commitment. Privatization, deferred payment, Build-Operate-Transfer or Build-Operate-Own projects will require specific Board approval.

The Board also has set up an ESOS Committee and Share Committee in 1992 and 1986 respectively. The Share Committee, comprising of Tan Boon Seng @ Krishnan, Goh Chye Koon and Ooi Poay Lum, is responsible for regulating and approving securities transactions and registrations. The ESOS Committee, comprising of Tan Sri Dato' (Dr) Haji Murad Bin Mohamad Noor, Goh Chye Koon and Loy Boon Chen, is responsible for implementing and administering the Employees Share Option Scheme (ESOS) of the Company. The Share Committee is chaired by Tan Boon Seng @ Krishnan, and the ESOS Committee is chaired by Goh Chye Koon.

### **Supply of Information**

All Directors are provided quarterly Board reports prior to the Board meeting. As a general rule, papers on specific subjects are sent to the Board in advance and are issued in a timely manner to enable the Directors to obtain further explanations where necessary and that they are adequately informed prior to the meeting.

Amongst others, the report provides information on major operational, financial and corporate issues, its operating units, activities and performance of projects, divisional performance and reasons for significant diversions from budgets and major changes in the Company structure and securities transactions.

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 of Directors are also invited and do attend the semi-annual Senior Management Dialogue wherein operational review and management strategies are presented and discussed.

The Directors are also notified of any corporate announcements released to the KLSE and 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.

All Directors have access to the advice and services of the full time Company Secretary appointed by the Board, and they have been issued with the Code of Ethics for Directors and Secretaries.

## Appointments to the Board

The Remuneration Committee, a sub-committee of the Board, also acts as the Nominations Committee, and is responsible for making recommendations for any appointments to the Board including those of subsidiaries & associated companies. In making these recommendations, the Remuneration Committee considers the required mix of skills and experience which the Directors should bring to the Board.

The Remuneration Committee comprises four non-executive Directors, two of whom are independent. The Chairman of this Committee is Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor. In January 2001, Mior Abdul Rahman bin Miou Mohd Khan, a non-executive Director stepped down as a Director and thus relinquish his position as a member of the Remuneration Committee. The membership of the Remuneration Committee presently comprise three (3) members, the majority of whom are independent non-executive Directors. The other members of the Remuneration Committee are Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob and Dato' Goh Chye Keat.

## Re-election

Under the Company's present Articles of Association, at least one third of the Directors (except for the Managing Director and the Deputy Managing Director) are subject to re-election by rotation at each Annual General Meeting and all Directors retire from office once at least in each three (3) years. The Articles of Association will be amended to provide for all Directors to submit themselves for re-election at least every three (3) years in compliance with the Code.

For the forthcoming Annual General Meeting, Tan Boon Seng @ Krishnan and Goh Chye Koon have volunteered themselves for re-election.

## REMUNERATION

### Directors' Remuneration

The Board has a Remuneration Committee which also acts as the Nominations Committee comprising exclusively of non-executive Directors, as explained above.

Under its terms of reference, the Remuneration Committee recommends to the Board the framework of executive remuneration and its cost, and the remuneration package for each executive Director. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of those Directors.

The Remuneration Committee will meet as required and for year 2000, two (2) meetings were held and all its members attended these meetings.

The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole. The Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors.

Directors do not participate in decisions on their own remuneration packages.

## Fees

Fees payable to non-executive Directors is determined by the Board with the approval from shareholders at the Annual General Meeting. The last revision to the fees payable to non-executive Directors were approved by the shareholders on 17 May 2000 at the 16th Annual General Meeting.

## Basic Salary

The Remuneration Committee conducts an annual review of the basic salary for all senior executives of the Group, including each executive Director, taking into account the performance of the individual.



### Bonus & Incentive Scheme

The Group operates a bonus & incentive scheme for all employees, including the Executive Directors. The criteria 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 Remuneration Committee and approved by the Board, and are shown below.

### Benefits-In-Kind

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

### Pension Arrangements

Contributions are made to the Employees Provident Fund, the national mandatory defined contribution plan, in respect of all Malaysian-resident executive Directors. In addition, all 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, including early retirement and on grounds of chronic ill-health. The scheme also provides for lump sums in the event of death in service.

### Directors' Share Options and Warrants

The movement in Directors' share options and warrants during the financial year ended 31 December 2000 are set out on pages 44 and 45.

### Directors' Remuneration

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

- Aggregate remuneration of Directors categorized into appropriate components:

	<b>Salaries RM'000</b>	<b>Fees RM'000</b>	<b>Bonus &amp; Incentives RM'000</b>	<b>Benefits -in-kind RM'000</b>	<b>Total RM'000</b>
Executive Directors	1124	0	276	48	1,448
Non-executive Directors	820	142	125	24	1,111

- Number of directors whose remuneration falls into the following bands:

<b>Range of remuneration</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-executive</b>
Below RM200,000	0	9
RM200,001 to RM250,000	1	0
RM250,001 to RM300,000	1	0
RM300,001 to RM350,000	0	1
RM350,001 to RM400,000	0	1
RM400,001 to RM450,000	1	0
RM450,001 to RM500,000	0	0
RM500,001 to RM550,000	1	0

For purposes of the above, remunerations paid to alternate Directors who are full time employees of the Group have been placed according to the classification of the principal Director.

## SHAREHOLDERS

### Dialogue between the Company and Investors

The Group conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information about Company performance, corporate strategy and other matters affecting shareholders' interests.

As from 2001, presentations will be made, where appropriate, to explain the Group's strategy, performance and major developments to shareholders during the Annual General Meeting. However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

The Annual Report contains a full business review, including a financial and operational review, and a description of the Group's products. In addition, the Group has established a website at <http://www.ijm.com> from which shareholders can access for information. Among others, the website provides daily movement of the securities of the Company, corporate announcements released to the KLSE, what others say of the Company, annual reports, and profiles of the Group.

### Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting for each financial year end and the related papers were sent out to shareholders at least 10 market days before the date of the meeting in accordance with the Company's Articles of Association.

For the financial year ended 31 December 2000, the notice of meeting and related papers will be sent out to shareholders at least 21 days before the date of the meeting to comply with the Code. The Company's Articles of Association will be amended to reflect this change.

At each Annual General Meeting, the Board encourages shareholders to participate in the question and answer session. The Chairman and, where appropriate, the Group Managing Director 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 declares the number of proxy votes received both for and against the resolutions.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The statement of Directors pursuant to section 169 of the Companies Act 1965 is set out on pages 42 to 47 of this annual report.

## Internal Control

The Directors acknowledge their responsibility for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risks to which it is exposed. This system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The key element of the Group's internal control system includes:

- clearly defined delegation of responsibilities to committees of the Board and to operating units, including authorization levels for all aspects of the business which are set out in an authority matrix
- 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 operating unit level and by the full Board
- monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary
- visits to operating units by members of the Board and senior management

## Audit Committee

The Audit Committee was established in 1994, and is chaired by Tan Sri Dato' Haji Murad bin Mohamad Noor. Other members of the Audit Committee are Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob and Tan Boon Seng @ Krishnan. The terms of reference of the Audit Committee, which were amended following the introduction of the Revamped Listing Requirements, are set out on page 40.

## Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is stated on page 40.

## Composition

The Audit Committee, which was established by the Board of Directors in January 1994, comprises three Directors, a majority of whom are independent. The Chairman of the Audit Committee is Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor. Two others in the Audit Committee are Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob and Tan Boon Seng @ Krishnan, who is the Group Managing Director.

## Terms of Reference

The terms of reference of the Audit Committee were amended following the introduction of the Revamped Listing Requirements of Kuala Lumpur Stock Exchange. The terms of reference are as follows:-

- (1) To review and report the following to the Board of Directors of the Company:-
  - (a) the audit plan, with the external auditor;
  - (b) its audit report, with the external auditor;
  - (c) the assistance given by the employees of the Company to the external auditor;
  - (d) the quarterly results and year end financial statements, prior to the approval of the Board of Directors, focusing particularly on:-
    - (i) going concern assumption;
    - (ii) changes in or implementation of major accounting policy changes;
    - (iii) significant and unusual events arising from the audit; and
    - (iv) compliance with accounting standards, regulatory and other legal requirements.
  - (e) any related party transaction 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;
  - (f) any letter of resignation from the external auditors of the Company;
  - (g) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
  - (h) the external auditors' management letter and management's response;
  - (i) the internal audit function:-
    - (i) the 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) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
    - (iii) its evaluation of the system of internal controls, with the external auditor;
    - (iv) consider the major findings of internal audit investigations and management's response;
    - (v) review any appraisal or assessment of the performance of the staff of the internal audit function;
    - (vi) approve any appointment or termination of senior staff member of the internal audit function; and
    - (vii) note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation.
- (2) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of Management, where necessary).
- (3) To recommend the nomination of a person or persons as external auditors.
- (4) To carry out such other functions as may be agreed to by the Audit Committee and Board of Directors.

## Meetings

The Audit Committee met on four (4) occasions during year 2000. The external auditors and the Finance Director were invited and attended all the meetings of the Audit Committee. The Company Secretary is the secretary to the Audit Committee, and the Board is presented a report of the Committee at every ensuing Board meeting. The external auditors may request a meeting by notifying the secretary if they consider it necessary.

## Activities

During the year, the activities of the Audit Committee included:-

1. reviewing the quarterly financial result announcements;
2. reviewing 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;
3. reviewing audit strategy and plan of the external auditors; and
4. reviewing related party transaction and conflict of interest situation that may arise within the Company or Group.

The Company is currently looking into establishment of an internal audit department to review the effectiveness of the system of internal control within the Company and Group.