

CONSTRUCTIONS



PROPERTIES



INDUSTRIES



PLANTATIONS



INTERNATIONAL VENTURES



# Review of Operations

*By the Group  
Managing Director*

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



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

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

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

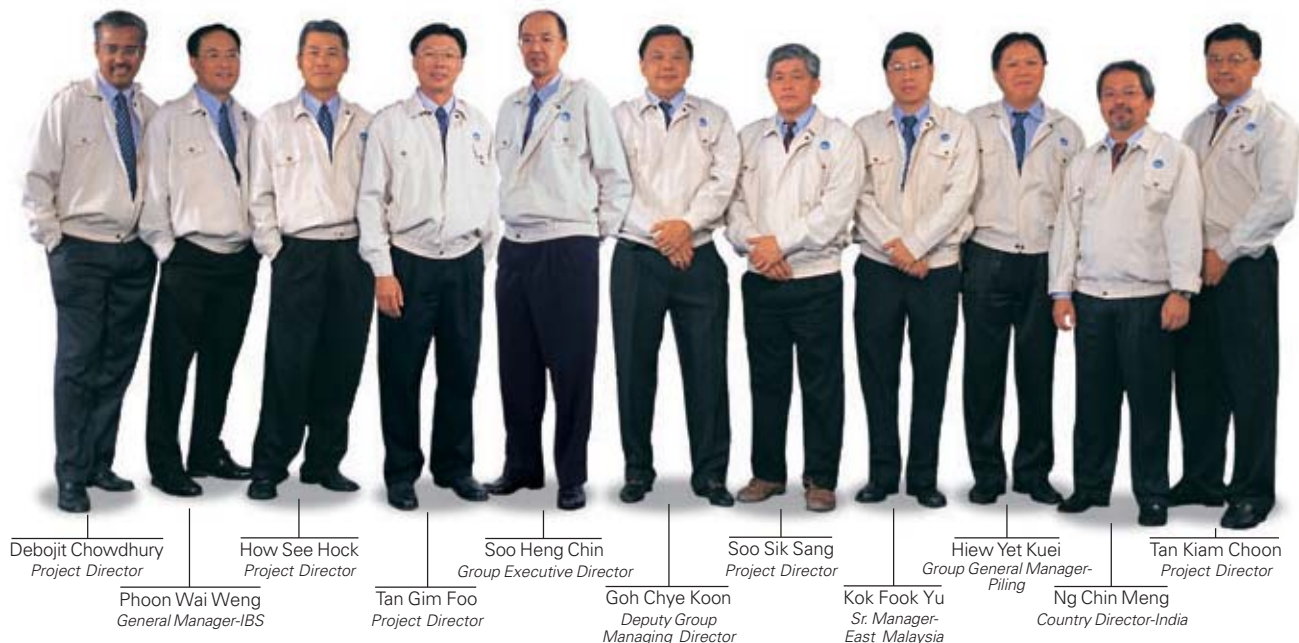
During 2002, the Malaysian construction sector continued its positive growth achieving a sectoral growth rate of 2.3% (2001:2.3%). The growth was sustained by the pump priming measures taken by the government in 2001 to boost the country's economic growth despite a setback in activity levels following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

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

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

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

#### Construction Division Management Team



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

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

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

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

*Regent Grove,  
Singapore*

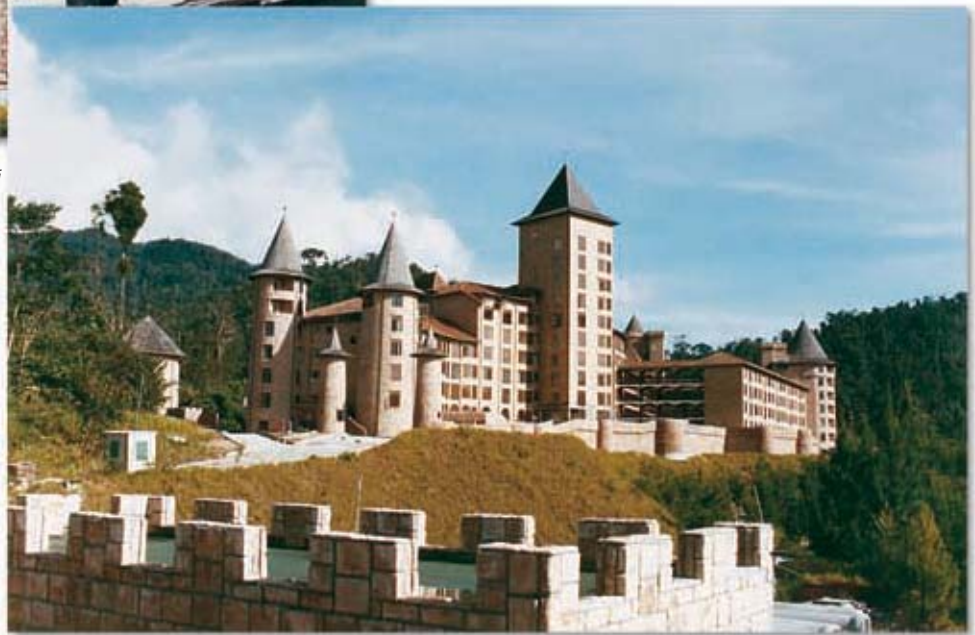


*The Putrajaya Convention Centre - scheduled for completion soon*





*The French Castle,  
Bukit Tinggi*



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

### Construction Support Services



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

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

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

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

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

## Properties Division Management Team



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

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





*Taman Utama,  
Sandakan, Sabah*



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

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

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

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



*Taman Gombak Permai, Kuala Lumpur*



*Bistari Impian, Johor*