

FINANCIAL STATEMENTS

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DIRECTORS' REPORT AND STATEMENT

for the year ended 31 December 2003

The Directors have pleasure in submitting their 20th annual report together with the audited financial statements of the Group and Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
3. Profit from ordinary activities after taxation	150,661	79,921
Minority interest	(4,937)	-
Net profit for the year	145,724	79,921

DIVIDENDS

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

RM'000

- (a) In respect of the year ended 31 December 2002 as shown in the Directors' Report and Statement for that year:-

Second interim dividend of 7% less tax paid on 22 May 2003	18,512
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- (b) In respect of the year ended 31 December 2003: -

First interim dividend of 5% less tax paid on 14 November 2003	13,693
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Second interim dividend of 10% less tax to be paid on 21 May 2004	27,524
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The Directors do not recommend the payment of any final dividend for the year ended 31 December 2003.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

6. During the financial year, the issued and paid up ordinary share capital of the Company was increased from RM363,936,565 to RM382,276,059 by way of the issuance of 7,168,800 and 11,170,694 new ordinary shares of RM1 each arising from the conversion of Warrants 2000/2004 at the exercise price of RM2.99 and RM2.76 (adjusted price) respectively in accordance with the Deed Poll dated 24 January 2000.

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

DIRECTORS' REPORT AND STATEMENT *(Continued)*

for the year ended 31 December 2003

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

7. At an Extraordinary General Meeting held on 17 October 2003, the Directors were authorised to proceed with the establishment and administration of an ESOS known as the IJM Corporation Berhad Employee Share Option Scheme.

The main features of the ESOS are as follows:

- a) The ESOS was implemented on 11 November 2003, and shall be in force for a period of five (5) years and expires on 10 November 2008.
- b) Eligible employees are at the absolute discretion of the ESOS Committee subject to the employee and Executive Director (holding office in a full time executive capacity) having been confirmed in the employment or appointment of IJM Corporation Berhad and its subsidiaries (save for any subsidiaries which are dormant) on or up to the Offer Date and has attained the age of eighteen (18) years. An Executive Director shall only be eligible if he is on the payroll and involved in the day-to-day management of IJM and his participation in the Scheme is specifically approved by the shareholders of the Company in a general meeting.
- c) The total number of new Company's shares which may be made available under the ESOS shall not exceed ten per centum (10%) (or any maximum percentage permitted by the relevant authorities) of the total issued and paid-up share capital comprising ordinary shares of the Company at any one time.
- d) The Option Price shall be the weighted average market price of the Company's shares as shown in the Daily Official List of the Malaysia Securities Exchange Berhad for the five (5) market days immediately preceding the Offer Date with an allowance for a discount of not more than ten per centum (10%) therefrom at the ESOS Committee's discretion or the par value of the Company's shares, whichever is the higher.

No offer has been granted to eligible employees in 2003.

WARRANTS

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

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

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

The exercise price of the Warrants 2000/2004 had been adjusted to RM2.76 per share on 10 June 2003 following the distribution of 148,442,024 ordinary shares of RM0.50 each in IJM Plantations Berhad ("IJMP") to the shareholders of the Company on the basis of two (2) IJMP shares for every five (5) shares held in the Company. The exercise price was adjusted in accordance with condition 3(1)(c) of the second schedule of the Deed Poll.

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

DIRECTORS

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

Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob, *Independent Non-Executive Chairman (appointed Chairman on 28 February 2003)*
Dato' Tan Boon Seng @ Krishnan, *Chief Executive Officer & Managing Director*
Goh Chye Koon, *Deputy Chief Executive Officer & Deputy Managing Director*
Soo Heng Chin, *Senior General Manager & Executive Director*
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor, *Senior Independent Non-Executive Director*
Datuk Oh Chong Peng, *Independent Non-Executive Director*
Datuk Yahya bin Ya'acob, *Independent Non-Executive Director*
Dato' Ismail Bin Shahudin, *Non-Executive Director (appointed on 30 October 2003)*
Dato' Goh Chye Keat, *Non-Executive Director*
Tan Sri Dato' (Dr) Haji Ahmad Azizuddin bin Haji Zainal Abidin, *Independent Non-Executive Chairman (resigned on 28 February 2003)*
Velayuthan A/L Tan Kim Song, *Group Executive Director (retired on 21 May 2003)*
Lai Meng, *Non-Executive Director (resigned on 30 September 2003)*
Haji Osman bin Haji Ismail, *Non-Executive Director (resigned on 30 January 2004)*

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

Name of Director	Number of Ordinary Shares of RM1 each			Balance 31.12.2003
	Balance 01.01.2003	Acquired	Disposed	
Dato' Tan Boon Seng @ Krishnan				
Direct interest	760,698	200,000	40,000	920,698
Indirect interest	319,698	25,000	-	344,698
Goh Chye Koon				
Direct interest	298,712	400,000	321,300	377,412
Soo Heng Chin				
Direct interest	5,000	120,000	75,000	50,000
Tan Sri Dato' (Dr) Haji Murad bin Mohamad Noor				
Direct interest	10,333	-	-	10,333
Dato' Goh Chye Keat				
Direct interest	576,362	120,000	270,000	426,362
Indirect interest	600,132	171,000	591,000	180,132

DIRECTORS' REPORT AND STATEMENT *(Continued)*

for the year ended 31 December 2003

DIRECTORS (Continued)

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

Name of Director	Balance 01.01.2003	Number of Warrants		Balance 31.12.2003
		Acquired	Disposed / Exercised	
Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob Direct interest	33,400	-	-	33,400
Dato' Tan Boon Seng @ Krishnan Direct interest	1,647,000	-	200,000	1,447,000
Indirect interest	234,000	-	-	234,000
Goh Chye Koon Direct interest	976,000	194,300	405,000	765,300
Soo Heng Chin Direct interest	642,000	25,000	140,000	527,000
Dato' Goh Chye Keat Direct interest	232,000	70,000	212,000	90,000
Indirect interest	172,000	42,000	210,000	4,000

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

13. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown in the financial statements) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has substantial financial interest other than Dato' Goh Chye Keat who has substantial financial interests in Industrial Concrete Products Berhad, an associate of the Group which trades with the Company and the Group in the ordinary course of business and Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob who has substantial financial interests in Minconsult Sdn Bhd, which trades with the Company and the Group in the ordinary course of business as disclosed in Note 44 to the financial statements.

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

OTHER STATUTORY INFORMATION

15. Before the financial statements of the Group and Company were made out, the Directors took reasonable steps: -

- to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

16. At the date of this report and statement, the Directors are not aware of any circumstances: -
- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts of the Group and Company inadequate to any material extent or the values attributed to current assets of the Group and Company misleading; or
 - (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate; or
 - (c) not otherwise dealt with in this report and statement or in the financial statements that would render any amount stated in the financial statements of the Group and Company misleading.
17. In the interval between the end of the financial year and the date of this report and statement: -
- (a) no item, transaction or other events of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and Company for the current financial year; or
 - (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor have any contingent liabilities arisen in any company in the Group.
18. No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.
19. In the opinion of the Directors: -
- (a) the results of the operations of the Group and Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (b) the financial statements of the Group and Company set out on pages 76 to 150 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2003 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

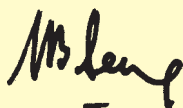
AUDITORS

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

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



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



DATO' TAN BOON SENG @ KRISHNAN

Petaling Jaya
26 February 2004

INCOME STATEMENTS

for the year ended 31 December 2003

	Note	THE GROUP		THE COMPANY	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
OPERATING REVENUE	3	1,363,895	1,295,195	238,203	236,802
COST OF SALES		(1,117,441)	(1,063,471)	(148,157)	(137,883)
GROSS PROFIT		246,454	231,724	90,046	98,919
OTHER OPERATING INCOME		54,658	43,464	46,370	40,515
TENDERING, SELLING AND DISTRIBUTION EXPENSES		(10,069)	(12,557)	-	-
ADMINISTRATIVE EXPENSES		(50,978)	(50,608)	(11,398)	(12,798)
OTHER OPERATING EXPENSES		(45,890)	(33,257)	(6,834)	(10,538)
OPERATING PROFIT BEFORE FINANCE COST	4	194,175	178,766	118,184	116,098
FINANCE COST	5	(23,161)	(24,124)	(13,606)	(17,194)
OPERATING PROFIT AFTER FINANCE COST		171,014	154,642	104,578	98,904
SHARE OF RESULTS OF ASSOCIATES		35,225	44,090	-	-
IMPAIRMENT OF INVESTMENT IN AN ASSOCIATE	6	-	(10,800)	-	(10,800)
SHARE OF RESULTS OF JOINTLY CONTROLLED ENTITIES		561	3,838	-	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		206,800	191,770	104,578	88,104
TAXATION					
Company and subsidiaries		(50,687)	(48,647)	(24,657)	(21,363)
Associates		(5,452)	(3,479)	-	-
Jointly controlled entities		-	(1,022)	-	-
	7	(56,139)	(53,148)	(24,657)	(21,363)
PROFIT FROM ORDINARY ACTIVITIES AFTER TAXATION		150,661	138,622	79,921	66,741
MINORITY INTEREST		(4,937)	(16,079)	-	-
NET PROFIT FOR THE YEAR		145,724	122,543	79,921	66,741
EARNINGS PER SHARE: -					
Basic	8(a)	39.2 Sen	34.0 Sen		
Fully diluted	8(b)	36.7 Sen	31.3 Sen		
DIVIDENDS PER SHARE	9	15.0 Sen	12.0 Sen		

BALANCE SHEETS

as at 31 December 2003

		THE GROUP		THE COMPANY	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CAPITAL AND RESERVES					
Share capital	11	382,276	363,937	382,276	363,937
Share premium		193,873	241,880	193,873	241,880
Revaluation reserve		26,357	53,335	-	-
Exchange translation reserve		18,885	5,402	17,602	1,276
Capital reserves	12	61,451	34,383	-	-
Retained profits	13	826,647	769,452	310,234	262,518
Shareholders' equity		1,509,489	1,468,389	903,985	869,611
Minority interest		18,482	102,825	-	-
		1,527,971	1,571,214	903,985	869,611
NON-CURRENT LIABILITIES					
Bonds	14	247,164	246,671	150,000	150,000
Term loans	15	68,909	523	-	-
Hire purchase and lease creditors	16	1,244	4,338	-	-
Deferred tax liabilities	17	4,956	26,924	-	-
Amount due to an associate	18	-	36,956	-	-
Trade payable	19	6,000	12,000	-	-
Retirement benefits	20	2,971	2,262	924	871
		331,244	329,674	150,924	150,871
DEFERRED INCOME	21	27,423	6,661	-	-
		1,886,638	1,907,549	1,054,909	1,020,482
NON-CURRENT ASSETS					
Property, plant and equipment	22	250,450	674,218	18,437	18,818
Subsidiaries	23	-	-	260,779	328,100
Associates	24	676,935	366,271	293,252	105,417
Long term investments	25	80,471	66,638	50,961	50,961
Long term receivables	26	43,466	53,701	-	-
Intangible assets	27	10,847	11,718	-	-
Deferred tax assets	17	14,068	25,300	2,867	358
Land held for property development	28(a)	72,331	29,288	281	281
		1,148,568	1,227,134	626,577	503,935
CURRENT ASSETS					
Property development costs	28(b)	332,492	321,725	-	-
Inventories	29	29,730	47,492	6,766	6,584
Trade and other receivables	30	760,762	780,512	611,047	792,939
Short term investments	31	107,073	101,048	16,453	10,053
Deposits with licensed banks	32	137,356	87,705	108,901	59,262
Cash and bank balances	33	47,639	49,572	1,648	7,015
		1,415,052	1,388,054	744,815	875,853
CURRENT LIABILITIES					
Trade and other payables	35	610,834	626,614	275,964	289,041
Interest bearing bank borrowings	36	45,581	68,246	35,075	66,446
Bank overdrafts	37	9,203	880	-	5
Current tax liabilities		11,364	11,899	5,444	3,814
		676,982	707,639	316,483	359,306
NET CURRENT ASSETS		738,070	680,415	428,332	516,547
		1,886,638	1,907,549	1,054,909	1,020,482

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2003

THE GROUP	Note	Share capital RM'000	Share premium RM'000	Non-distributable			Distributable	
				Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2003								
- as previously reported		363,937	241,880	73,853	5,402	34,383	737,453	1,456,908
- prior year adjustment	45	-	-	(20,518)	-	-	31,999	11,481
- as restated		363,937	241,880	53,335	5,402	34,383	769,452	1,468,389
Inflationary adjustment on opening balances on equity of a foreign associate	24(b)	-	-	-	-	-	(5,448)	(5,448)
Reserve on consolidation		-	-	-	-	4,851	-	4,851
Amortisation of reserve on consolidation		-	-	-	-	(80)	-	(80)
Reserves arising from translation of net investment in foreign subsidiaries, associates and branch		-	-	-	14,759	-	-	14,759
Realisation of foreign exchange reserve of a foreign branch		-	-	-	(1,276)	-	-	(1,276)
Net gain / (loss) not recognised in income statement		-	-	-	13,483	4,771	-	18,254
Capital distribution in conjunction with listing of a subsidiary	48	-	(81,933)	(26,978)	-	22,297	(50,876)	(137,490)
Net profit for the year		-	-	-	-	-	145,724	145,724
Dividends for the year ended: -								
31 December 2002	9	-	-	-	-	-	(18,512)	(18,512)
31 December 2003	9	-	-	-	-	-	(13,693)	(13,693)
Conversion of warrants	11	18,339	33,926	-	-	-	-	52,265
At 31 December 2003		382,276	193,873	26,357	18,885	61,451	826,647	1,509,489

THE GROUP	Note	Non-distributable					Distributable	
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Capital reserves RM'000	Retained profits RM'000	Total RM'000
At 1 January 2002								
- as previously reported		352,723	210,559	73,853	5,946	34,161	643,399	1,320,641
- prior year adjustment	45	-	-	(20,518)	-	-	29,657	9,139
- as restated		352,723	210,559	53,335	5,946	34,161	673,056	1,329,780
Reserve on consolidation		-	-	-	-	277	-	277
Amortisation of reserve on consolidation		-	-	-	-	(55)	-	(55)
Reserves arising from translation of net investment in foreign subsidiaries, associates and branch		-	-	-	(544)	-	-	(544)
Net gain / (loss) not recognised in income statement		-	-	-	(544)	222	-	(322)
Net profit for the year		-	-	-	-	-	122,543	122,543
Dividends for the year ended: -								
31 December 2001		-	-	-	-	-	(13,060)	(13,060)
31 December 2002	9	-	-	-	-	-	(13,087)	(13,087)
Issue of shares under ESOS	11	9,605	28,120	-	-	-	-	37,725
Conversion of warrants	11	1,609	3,201	-	-	-	-	4,810
At 31 December 2002		363,937	241,880	53,335	5,402	34,383	769,452	1,468,389

STATEMENTS OF CHANGES IN EQUITY *(Continued)*

for the year ended 31 December 2003

THE COMPANY	Note	Share capital RM'000	← Non-distributable →		Distributable	
			Share premium RM'000	Exchange translation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2003						
- as previously reported		363,937	241,880	1,276	257,261	864,354
- prior year adjustment	45	-	-	-	5,257	5,257
- as restated		363,937	241,880	1,276	262,518	869,611
Realisation of foreign exchange reserve of a foreign branch		-	-	(1,276)	-	(1,276)
Reserves arising from translation of net investment in a foreign subsidiary		-	-	17,602	-	17,602
Net gain / (loss) not recognised in income statement		-	-	16,326	-	16,326
Capital distribution in conjunction with listing of a subsidiary	48	-	(81,933)	-	-	(81,933)
Net profit for the year		-	-	-	79,921	79,921
Dividends for the year ended: -						
31 December 2002	9	-	-	-	(18,512)	(18,512)
31 December 2003	9	-	-	-	(13,693)	(13,693)
Conversion of warrants	11	18,339	33,926	-	-	52,265
At 31 December 2003		382,276	193,873	17,602	310,234	903,985
At 1 January 2002						
- as previously reported		352,723	210,559	1,272	219,975	784,529
- prior year adjustment	45	-	-	-	1,949	1,949
- as restated		352,723	210,559	1,272	221,924	786,478
Reserves arising from translation of net investment in a foreign branch		-	-	4	-	4
Net profit for the year		-	-	-	66,741	66,741
Dividends for the year ended: -						
31 December 2001		-	-	-	(13,060)	(13,060)
31 December 2002	9	-	-	-	(13,087)	(13,087)
Issue of shares under ESOS	11	9,605	28,120	-	-	37,725
Conversion of warrants	11	1,609	3,201	-	-	4,810
At 31 December 2002		363,937	241,880	1,276	262,518	869,611

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2003

	Note	THE GROUP	
		2003 RM'000	2002 RM'000
OPERATING ACTIVITIES			
Receipts from customers		1,349,831	1,233,223
Payments to contractors, suppliers and employees		(1,148,845)	(988,523)
Interest received		20,363	16,131
Interest paid		(7,661)	(8,624)
Income tax refunded		1,042	883
Income tax paid		(61,446)	(52,952)
Net cash flow from operating activities		153,284	200,138
INVESTING ACTIVITIES			
Acquisition of subsidiaries	39	(675)	(7,928)
Acquisition of shares from minority shareholders		(125)	(5,610)
Disposal of a subsidiary	40	1,198	672
Capital distribution in conjunction with listing of a subsidiary	48	(11,102)	-
Investments in associates		(31,796)	(44,390)
Acquisition of investments		(17,639)	(29,984)
Capital distribution by associates		-	7,825
Purchases of property, plant and equipment		(136,730)	(126,996)
Redemption of preference shares in an associate		3,400	-
Disposal of property, plant and equipment		6,210	7,699
Disposal of investments		1,365	275
Dividends received from associates		2,796	7,498
Dividends received from other investments		4,370	5,489
Net advances and repayments from/(to) associates		49,687	(28,027)
Advances to jointly controlled entities		(23,615)	-
Repayment from jointly controlled entities		5,479	-
Net cash flow used in investing activities		(147,177)	(213,477)
FINANCING ACTIVITIES			
Issue of shares by the Company: -			
- Employees Share Option Scheme		-	37,725
- Conversion of warrants		52,265	4,810
Issues of shares by subsidiaries to minority interest in subsidiaries		1,510	510
Net proceeds/(repayments) of bank borrowings		45,256	6,746
Repayments to hire purchase and lease creditors		(12,577)	(19,210)
Bonds interest		(15,500)	(15,500)
Dividends paid by subsidiaries to minority shareholders		(5,667)	(3,658)
Dividends paid by the Company		(32,272)	(26,164)
Net (redemptions)/placements of bank deposits assigned to trustees	42	(10,323)	7,376
Net cash flow from/(used in) financing activities		22,692	(7,365)
Net increase / (decrease) in cash and cash equivalents during the financial year		28,799	(20,704)
Cash and cash equivalents at beginning of the financial year		123,785	143,045
Foreign exchange differences on opening balances		273	1,444
Cash and cash equivalents at end of the financial year	42	152,857	123,785

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2003

	Note	THE COMPANY	
		2003 RM'000	2002 RM'000
OPERATING ACTIVITIES			
Receipts from customers		238,167	174,090
Payments to contractors, suppliers and employees		(157,106)	(114,792)
Interest received		6,305	1,625
Interest paid		(8,271)	(4,195)
Income tax refunded		93	883
Income tax paid		(21,784)	(9,230)
Net cash flow from operating activities		57,404	48,381
INVESTING ACTIVITIES			
Cash consideration for listing of a subsidiary	48(d)	(25,000)	-
Acquisition of subsidiaries		-	(4,980)
Investments in associates		(4,830)	(3,330)
Acquisition of investments		(778)	(5)
Redemption of preference shares in an associate		3,400	-
Disposal of investments		-	144
Disposal of property, plant and equipment		154	227
Dividends received from subsidiaries		8,676	33,362
Dividends received from associates		2,213	6,276
Dividends received from other investments		1,321	658
Purchase of property, plant and equipment		(600)	(380)
Advances to subsidiaries		(12,562)	(169,977)
Advances to associates		(8,602)	-
Advances to jointly controlled entities		(995)	(464)
Advances from subsidiaries		-	7,625
Advances from associates		-	1,480
Advances from jointly controlled entities		-	887
Capital distribution by associates		-	7,800
Repayment from jointly controlled entities		3,100	-
Repayment from associates		40,254	42,549
Net cash flow from/(used in) investing activities		5,751	(78,128)
FINANCING ACTIVITIES			
Issue of shares by the Company:-			
- Employees Share Option Scheme		-	37,725
- Conversion of warrants		52,265	4,810
Net (repayments)/proceeds of bank borrowings		(31,371)	11,743
Bonds interest		(7,500)	(7,500)
Dividends paid by the Company		(32,272)	(26,164)
Net cash flow (used in)/from financing activities		(18,878)	20,614
Net increase/(decrease) in cash and cash equivalents during the financial year		44,277	(9,133)
Cash and cash equivalents at beginning of the financial year		66,272	75,405
Cash and cash equivalents at end of the financial year	42	110,549	66,272

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 December 2003

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements, other than the changes in accounting policies set out in Note 45.

A. Basis of Preparation

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

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

(a) New standards applicable for the financial year

- (i) MASB 25 "Income Taxes"
- (ii) MASB 27 "Borrowing Costs"
- (iii) MASB 28 "Discontinuing Operations"
- (iv) MASB 29 "Employee Benefits"

(b) Early adoption of accounting standards applicable only in the next financial year

- (i) MASB 31 "Accounting for Government Grants and Disclosure of Government Assistance"
- (ii) MASB 32 "Property Development Activities"

With the exception of the adoption of MASB 25 on Income Taxes and MASB 29 on Employee Benefits, there are no changes in accounting policy that affect net profit for the year or shareholders' equity as the Group was already following the recognition and measurement principles in those standards. Where applicable, comparatives have been adjusted or extended to take into account the requirements of the new MASB Standards (Note 45).

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

B. Basis of Consolidation

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

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

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

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made for minority interest.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

for the year ended 31 December 2003

C. Subsidiaries

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

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

D. Associates

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

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

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

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

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

E. Jointly Controlled Entities

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

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

F. Goodwill

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

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

G. Investments

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

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

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

H. Currency Translations

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated accordingly at the closing rate.

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

	31.12.2003	31.12.2002
Foreign currency	RM	RM
1 US Dollar	3.800	3.800
1 Australian Dollar	2.845	2.153
1 Singapore Dollar	2.232	2.192
1 Hongkong Dollar	0.489	0.487
1 Chinese Renminbi	0.459	0.459
1 Indian Rupee	0.083	0.079
1 Argentine Peso	1.297	1.128
1 Pound Sterling	6.756	6.093

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

for the year ended 31 December 2003

I. Property, Plant and Equipment and Depreciation

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

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

Leasehold land	0.1	-	2.5%
Buildings	2	-	20%
Plant, machinery and equipment	10	-	20%
Office equipment, furniture and fittings	5	-	33.3%
Office renovations	10	-	20%
Motor vehicles	20	-	25%

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

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

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

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

J. Revenue and Profit Recognition

(i) Construction Contracts

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

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

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

(ii) Property Development Activities

Where the outcome of the development activity can be estimated reliably, property development revenue and costs are recognised as revenue and expenses respectively by reference to the stage of completion of development activity at the balance sheet date. The stage of completion is determined based on the proportion that the property development costs incurred to date bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that it is probable will be recoverable and the property development costs on the development units sold are recognised when incurred.

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

(iii) Sale of Goods

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

(iv) Other Revenue

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

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

K. Capitalisation of Finance Cost

Interest incurred on borrowings directly associated with development properties up to completion is capitalised and included as part of property development costs.

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

L. Land Held For Property Development and Property Development Costs

Land held for property development consists of land held for future development where no significant development has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost or at valuation less accumulated impairment losses. Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and the development is expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by MASB 32 on Property Development Activities. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value. Cost includes cost of land, all direct building costs, and other related development expenditure, including interest expenses incurred during the period of active development.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under trade and other receivables (within current assets). Where billings exceed revenue recognised in the income statement, the balance is shown as progress billings under trade and other payables (within current liabilities).

Where applicable, the fair value of land at the date of acquisition of subsidiaries is carried forward in place of cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

for the year ended 31 December 2003

M. Inventories

(i) Completed Buildings

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

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

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

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

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

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

O. Trade Receivables

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

P. Leased Assets

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

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

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

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

Q. Deferred Expenditure

(i) Expenses incurred on the development of quarry face are capitalised and written off on a straight line basis over the useful lives of the quarry face developed. The development is normally undertaken in phases and the useful lives of each phase is approximately two to three years.

(ii) Premium paid on the conversion of leasehold mining land to industrial land is written off on a straight line basis over the leasehold periods.

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

R. Borrowings

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

S. Income Taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary, associate or jointly controlled entity on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

T. Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Post-Employment Benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

for the year ended 31 December 2003

T. Employee Benefits (Continued)

(ii) Post-Employment Benefits (Continued)

Defined Contribution Plans

The Group's contributions to defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. (As required by law, companies in Malaysia make contribution to the state pension scheme, the Employees Provident Fund ("EPF")).

Defined Benefit Plans

The Company and certain subsidiaries participated in the IJM Retirement Scheme which is an approved defined benefits scheme under Section 150 of the Income Tax Act, 1967. The benefits payable on retirement are based on length of service and average basic salary over the last five years of service.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The Group determines the present value of the defined benefit obligation and the fair value of the plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date. The Group's obligation in respect of the said defined benefits scheme, calculated using the projected unit credit method, is determined by an actuarial valuation carried out every three years by a qualified actuary. The last valuation was carried out in December 2002.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses is charged or credited to income statement over the average remaining service lives of the related participating employees when the net cumulative unrecognised actuarial gains and losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of the plan assets.

Upon initial adoption of MASB 29 on Employee Benefits, the increase in defined benefit liability is recognised as an expense on a straight line basis over 5 years in accordance with the transitional provision of the Standard.

(iii) Equity Compensation Benefits

The Group does not make a charge to the income statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

U. Cash and Cash Equivalents

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

V. Share Capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share Issue Costs

External costs directly attributable to the issue of new shares are shown as a deduction from the share premium account, if any. In other cases, they are charged to the income statement when incurred.

(iii) Dividends

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

W. Financial Instruments

(i) Financial Instruments Recognised on the Balance Sheet

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

(ii) Financial Instruments Not Recognised on the Balance Sheet

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

Foreign Currency Forward Contracts

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

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

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

(iii) Fair Value Estimation For Disclosure Purposes

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

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

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

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

X. Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the acquisition of assets are included in non-current liabilities as deferred income and are credited to the income statement over the expected lives of the related assets, on bases consistent with the depreciation of the related assets.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

1. GENERAL INFORMATION

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

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

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

The number of employees in the Group and Company as at 31 December 2003 amounted to 972 (2002: 1,368) and 89 (2002: 84) respectively.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Foreign currency exchange risk

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

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

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

Interest rate risk

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

Market risk

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

Credit risk

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

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

Liquidity and cash flow risk

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

3. OPERATING REVENUE

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Construction contract revenue	961,563	953,828	219,147	183,875
Property development revenue	167,122	126,853	-	-
Sale of quarry and manufactured products	150,517	111,855	-	-
Sale of crude palm oil and by-products	75,450	96,836	-	-
Property management services	2,972	2,599	-	-
Dividend income	4,519	863	16,054	50,062
Rental of properties	1,752	2,361	3,002	2,865
	1,363,895	1,295,195	238,203	236,802
Share of operating revenue of: -				
Associates	319,360	244,333	-	-
Jointly controlled entities	94,314	120,984	-	-
	413,674	365,317	-	-
	1,777,569	1,660,512	238,203	236,802

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

4. OPERATING PROFIT BEFORE FINANCE COST

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Operating profit before finance cost is stated after charging: -				
Hire of plant and equipment	840	449	-	-
Property, plant and equipment: -				
- depreciation	25,839	29,547	919	1,060
- written off	107	237	-	-
- loss on disposal	15	199	-	-
Rental of land and buildings	908	764	-	-
Auditors' remuneration: -				
- current year	830	904	210	210
- under provision in respect of prior year	5	2	-	-
Other non-audit fees paid/payable to: -				
- auditors of the Company and their associates	637	203	325	29
- other auditors of the subsidiaries	73	26	-	-
Foreign exchange loss: -				
- unrealised	178	-	-	-
- realised	29	-	-	-
Allowance for diminution in value of investments	793	6,886	-	640
Amortisation of deferred expenditure	2,478	1,749	-	-
Amortisation of premium paid on quarry rights	70	18	-	-
Amortisation of goodwill	561	407	-	-
Amortisation of discount on bond issue	493	493	-	-
Allowance for doubtful debts	10,039	14,262	-	5,939
Construction contract costs	823,154	796,186	148,157	137,883
Property development costs	110,616	87,858	-	-
Cost of quarry and manufactured products sold	122,512	87,276	-	-
Staff cost*	68,963	66,905	10,258	11,528
and crediting:-				
Gross dividends received from:				
- subsidiaries (unquoted)	-	-	11,854	40,803
- associates				
(quoted)	-	-	2,565	2,245
(unquoted)	-	-	97	6,151
- other investments				
(quoted)	2,524	1,813	1,538	863
(unquoted)	2,063	3,917	-	-
Interest income	26,492	16,131	25,488	21,662
Foreign exchange gain: -				
- realised	4,224	200	3,967	-
- unrealised	9,679	10,309	9,256	9,770
Gain on disposal of property, plant and equipment	1,041	233	92	88
Rental income from properties	2,522	3,902	3,002	2,865
Write back of allowance for doubtful debts	912	906	-	-
Write back of allowance for diminution in value of investments	5,982	5	5,621	-
Gain on disposal/liquidation of investments	17	639	-	90

*Included in staff cost above for the financial year is Directors' remuneration as follows:

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Directors of the Company: -				
Fees				
- Current year	316	231	316	231
- Under/(over) provision in respect of prior year	(10)	72	(10)	72
Defined contribution retirement plan	449	449	332	333
Defined benefit retirement plan	79	75	63	60
Other emoluments	2,477	2,713	1,789	2,024
Directors of subsidiaries: -				
Fees	60	60	-	-
Defined contribution retirement plan	297	289	-	-
Defined benefit retirement plan	199	102	-	-
Other emoluments	2,652	2,479	-	-

The estimated monetary value of benefits-in-kind provided to the Directors of the Group and Company by way of usage of the Group's and Company's assets and the provision of other benefits amounted to RM191,000 (2002: RM138,000) and RM82,000 (2002: RM77,000) respectively.

5. FINANCE COST

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest expense on:-				
- Interest bearing bank borrowings	7,040	2,774	1,574	2,121
- Advances from subsidiaries	-	-	3,334	5,498
- Hire purchase and leasing	1,032	4,535	-	-
- Bonds	15,500	15,500	7,500	7,500
- Others	2,796	3,319	1,198	2,075
	26,368	26,128	13,606	17,194
Less interest capitalised into:				
- Property, plant and equipment (Note 22)	(2,995)	(2,004)	-	-
- Construction contract work in progress (Note 38)	(212)	-	-	-
	23,161	24,124	13,606	17,194

6. IMPAIRMENT OF INVESTMENT IN AN ASSOCIATE

During the preceding year, an impairment loss of RM10,800,000 was recognised for the Company's investment in Sin Kean Boon Group Berhad, a 20.1% associate of the Group in the "Manufacturing & Quarrying" segment, as the market value of the investment was below the Group's carrying value.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

7. TAXATION

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current tax:-				
- Malaysian income tax	(64,995)	(44,981)	(27,166)	(22,675)
- Overseas taxation	(2,563)	(6,002)	-	-
	(67,558)	(50,983)	(27,166)	(22,675)
Deferred taxation (Note 17)	11,419	(2,165)	2,509	1,312
	(56,139)	(53,148)	(24,657)	(21,363)
Current tax:-				
- Current year	(69,564)	(50,075)	(26,889)	(22,675)
- Benefits from previously unrecognised tax losses	2,484	581	-	-
- Under accruals in prior years (net)	(478)	(1,489)	(277)	-
	(67,558)	(50,983)	(27,166)	(22,675)
Deferred taxation:-				
- Origination and reversal of temporary differences	11,419	(2,165)	2,509	1,312
	(56,139)	(53,148)	(24,657)	(21,363)

The explanation of the relationship between taxation and profit from ordinary activities before taxation is as follows:

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Profit from ordinary activities before taxation	206,800	191,770	104,578	88,104
Tax calculated at the Malaysian tax rate of 28% (2002: 28%)	57,904	53,696	29,282	24,669
Tax effects of:				
- Different tax rates in other countries	(1,439)	2,348	-	-
- Lower tax rates for small and medium companies	(217)	8	-	-
- Expenses not deductible for tax purposes	12,515	13,050	1,017	5,479
- Expenses subject to double deduction	(2)	-	-	-
- Income not subject to tax	(9,332)	(13,673)	(5,919)	(8,785)
- Utilisation of tax incentives	(1,751)	(3,787)	-	-
- Deferred tax assets not recognised	467	598	-	-
- Utilisation of previously unrecognised tax losses	(2,484)	(581)	-	-
- Tax under provided in prior years	478	1,489	277	-
Taxation	56,139	53,148	24,657	21,363

Included in the income tax expense of the Group are tax savings from utilisations of tax losses as follows:

	THE GROUP	
	2003 RM'000	2002 RM'000
Tax losses :-		
Tax savings as a result of the utilisation of current year tax losses for which credit is recognised during the year	3,047	-
Tax savings as a result of the utilisation of tax losses brought forward for which the related credit is recognised during the year	2,484	581

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

8. EARNINGS PER SHARE

(a) Basic

The basic earnings per share for the financial year has been calculated based on the Group's net profit for the financial year of RM145,724,000 (2002: RM122,543,000) and on the weighted average number of ordinary shares in issue during the financial year of 371,846,000 (2002: 360,556,000) ordinary shares. The weighted average number of ordinary shares in issue was derived at after taking into account the issuance of shares pursuant to the ESOS in the preceding financial year and from the conversion of Warrants 2000/2004.

(b) Fully diluted

The fully diluted earnings per share of the Group is calculated by dividing the Group's net profit for the year of RM145,724,000 (2002: RM122,543,000) by the weighted average number of ordinary shares in issue adjusted to assume the conversion of all dilutive potential ordinary shares, i.e. the Warrants 2000/2004. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the weighted average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding warrants. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit for the warrants calculation.

	THE GROUP	
	2003 RM'000	2002 RM'000
Net profit for the year	145,724	122,543
	'000	'000
Weighted average number of ordinary shares in issue	371,846	360,556
Adjustments for Warrants	25,303	30,749
Weighted average number of ordinary shares for diluted earnings per share	397,149	391,305
Diluted earnings per share	36.7 Sen	31.3 Sen

9. DIVIDENDS

	2003		2002	
	Gross dividend per share Sen	Amount of dividend, net of tax RM'000	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
First interim dividend	5	13,693	5	13,087
Second interim dividend	10	27,524	7	18,512
	15	41,217	12	31,599

The financial statements do not reflect the second interim dividend declared after the financial year end amounting to RM27,524,000 (2002: RM18,512,000), which will only be accrued as a liability in the financial year ending 31 December 2004. No final dividend for the financial year ended 31 December 2003 (2002: Nil) has been proposed by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

10. SEGMENTAL REPORTING

(a) Primary reporting – Business segments

	Construction RM'000	Property Development RM'000
2003		
REVENUE:		
Total sales	1,268,982	204,378
Less: Inter-segment sales*	(136,708)	-
External sales	1,132,274	204,378
Less: Group's share of revenue of associates and jointly controlled entities	(170,711)	(34,284)
Total segment revenue	961,563	170,094
RESULT:		
Segment result	94,075	34,014
Share of results of associates and jointly controlled entities	7,521	1,760
Total segment profit before taxation	101,596	35,774
Taxation		
Profit from ordinary activities after taxation		
Minority interest		
Net profit for the year		
<i>* Inter-segment sales are transacted on an arms length basis</i>		
OTHER INFORMATION:		
Segment assets	944,988	620,761
Investment in associates	80,134	22,356
Total segment assets	1,025,122	643,117
Unallocated corporate assets		
Consolidated total assets		
Total segment liabilities	804,468	101,173
Unallocated corporate liabilities		
Incurred for the year :-		
Capital expenditure	99,166	9,937
Depreciation charged to income statement	11,518	629
Amortisation of goodwill	73	34
Amortisation of deferred expenditure	-	-
Amortisation of premium paid on quarry rights	-	-
Other significant non-cash expenses: -		
- Allowance for doubtful debts	9,000	220

Manufacturing & Quarrying RM'000	Plantation RM'000	Infrastructure RM'000	Investment & Others RM'000	Group RM'000
254,293 (31,446)	152,383 -	34,675 -	46,778 (15,766)	1,961,489 (183,920)
222,847 (72,330)	152,383 (76,933)	34,675 (34,675)	31,012 (24,741)	1,777,569 (413,674)
150,517	75,450	-	6,271	1,363,895
16,988 3,901	14,080 20,773	(4) 4,530	11,861 (2,699)	171,014 35,786
20,889	34,853	4,526	9,162	206,800
				(56,139)
				150,661 (4,937)
				145,724
144,085 57,103	2,744 298,113	17,525 137,593	215,504 8,646	1,945,607 603,945
201,188	300,857	155,118	224,150	2,549,552
				14,068
				2,563,620
48,637	80,000	1,184	2,349	1,037,811 16,320
				1,054,131
7,019 5,992 272 2,478 70	20,608 7,700 52 - -	- - - - -	- - 130 - -	136,730 25,839 561 2,478 70
819	-	-	-	10,039

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

10. SEGMENTAL REPORTING (Continued)

(a) Primary reporting – Business segments (Continued)

	Construction RM'000	Property Development RM'000
2002		
REVENUE:		
Total sales	1,197,373	221,745
Less: Inter-segment sales*	(76,703)	(61,093)
External sales	1,120,670	160,652
Less: Group's share of revenue of associates and jointly controlled entities	(166,842)	(30,479)
Total segment revenue	953,828	130,173
RESULT:		
Segment result	97,093	18,056
Share of results of associates and jointly controlled entities	7,512	1,672
Impairment of investment in an associate	-	-
Total segment profit before taxation	104,605	19,728
Taxation		
Profit from ordinary activities after taxation		
Minority interest		
Net profit for the year		
<i>* Inter-segment sales are transacted on an arms length basis</i>		
OTHER INFORMATION:		
Segment assets	759,366	592,168
Investment in associates	61,365	20,970
Total segment assets	820,731	613,138
Unallocated corporate assets		
Consolidated total assets		
Total segment liabilities	686,329	132,014
Unallocated corporate liabilities		
Consolidated total liabilities		
Incurred for the year :-		
Capital expenditure	38,049	10,909
Depreciation charged to income statement	8,386	633
Amortisation of goodwill	73	34
Amortisation of deferred expenditure	-	-
Amortisation of premium paid on quarry rights	-	-
Other significant non-cash expenses: -		
- Allowance for diminution in value of investments	-	-

Manufacturing & Quarrying RM'000	Plantation RM'000	Infrastructure RM'000	Investment & Others RM'000	Group RM'000
266,163 (73,345)	130,569 -	35,118 -	67,581 (46,896)	1,918,549 (258,037)
192,818 (80,963)	130,569 (33,733)	35,118 (35,118)	20,685 (18,182)	1,660,512 (365,317)
111,855	96,836	-	2,503	1,295,195
14,483 4,570 (10,800)	26,363 3,398 -	(4,688) 35,388 -	3,335 (4,612) -	154,642 47,928 (10,800)
8,253	29,761	30,700	(1,277)	191,770
				(53,148)
				138,622 (16,079)
				122,543
126,246 55,416	558,557 27,829	52,824 143,404	180,643 11,100	2,269,804 320,084
181,662	586,386	196,228	191,743	2,589,888
				25,300
				2,615,188
49,997	225,852	10,020	3,764	1,107,976
				38,823
				1,146,799
10,524 11,042 65 1,749 18	70,737 9,486 123 - -	- - - - -	- - 112 - -	130,219 29,547 407 1,749 18
71	-	-	6,815	6,886

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

10. SEGMENTAL REPORTING (Continued)

(b) Secondary reporting – Geographical segments

Geographical markets	Revenue from external customers RM'000	Total segment assets RM'000	Capital expenditure incurred during the year RM'000
2003: -			
Malaysia	1,479,069	1,887,189	40,946
Singapore	89,426	26,929	-
Vietnam	11,609	39,161	-
China	1,468	88,038	-
India	134,000	299,008	95,784
Australia	38,853	138,477	-
Argentina	22,085	67,912	-
Other countries	1,059	16,906	-
	1,777,569	2,563,620	136,730
Less: Group's share of revenue of associates and jointly controlled entities	(413,674)	-	-
	1,363,895	2,563,620	136,730
2002: -			
Malaysia	1,314,787	2,069,704	112,871
Singapore	68,910	23,272	-
Vietnam	12,613	38,122	-
China	1,606	100,032	-
India	219,204	182,174	17,348
Australia	20,902	110,824	-
Argentina	21,428	73,704	-
Other countries	1,062	17,356	-
	1,660,512	2,615,188	130,219
Less: Group's share of revenue of associates and jointly controlled entities	(365,317)	-	-
	1,295,195	2,615,188	130,219

11. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2003		2002	
	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000
Ordinary shares of RM1 each: -				
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid: -				
At 1 January	363,937	363,937	352,723	352,723
Issued under the Employees Share Option Scheme ("ESOS")	-	-	9,605	9,605
Conversion of Warrants	18,339	18,339	1,609	1,609
At 31 December	382,276	382,276	363,937	363,937

(a) During the financial year, the issued and paid up ordinary share capital of the Company was increased from RM363,936,565 to RM382,276,059 by way of :-

- (i) The issuance of 7,168,800 new ordinary shares of RM1 each arising from the conversion of Warrants 2000/2004 at the exercise price of RM2.99 in accordance with the Deed Poll dated 24 January 2000.
- (ii) The issuance of 11,170,694 new ordinary shares of RM1 each arising from the conversion of Warrants 2000/2004 at the exercise price of RM2.76 (adjusted price) in accordance with the Deed Poll dated 24 January 2000.

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

(b) As at the balance sheet date, the total number of Warrants 2000/2004 which remained unexercised amounted to 60,047,525 (2002: 78,387,019).

12. CAPITAL RESERVES

	THE GROUP	
	2003 RM'000	2002 RM'000
Capitalisation of post acquisition reserves in subsidiaries and associates: -		
At 1 January/At 31 December	12,563	12,563
Share of capital reserves of associates: -		
At 1 January	21,555	21,555
Dilution of a subsidiary arising from capital distribution:		
- Capital reserves arising from the issue of shares by a subsidiary to minority interests	36,089	-
- Capital distribution in conjunction with listing of a subsidiary	(13,792)	-
	22,297	-
At 31 December	43,852	21,555
Negative goodwill: -		
At 1 January	265	43
Arising from acquisition of additional shares in subsidiaries	4,851	277
	5,116	320
Less: Amortisation	(80)	(55)
At 31 December	5,036	265
Total capital reserves	61,451	34,383

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

13. RETAINED PROFITS

Subject to the agreement by the tax authorities, as at 31 December 2003, the Company has sufficient tax exempt income to declare exempt dividends of up to RM146,078,000 (2002: RM143,751,000) and tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends of up to RM163,384,000 (2002: RM151,856,000).

14. BONDS

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(a) 8% Secured Fixed Rate Bond 1999/2009	100,000	100,000	-	-
Less:				
Discount on issuance	4,932	4,932	-	-
Amortisation	(2,096)	(1,603)	-	-
	2,836	3,329	-	-
	97,164	96,671	-	-
(b) 5% Redeemable Unsecured Bond 2000/2005	150,000	150,000	150,000	150,000
	247,164	246,671	150,000	150,000

The principal features of the bonds are as follows:-

- (a) The RM100,000,000 nominal amount of 8% Secured Fixed Rate Bond 1999/2009 was issued by a subsidiary at RM95.068 per RM100 nominal value to two local licensed banks, being the primary subscribers, on a bought deal basis. The bond is secured by way of assignment of all rights under the Concession Agreement between the subsidiary and the Government of Malaysia referred to in Note 26(a) to the financial statements. The bond ranks parri passu and rateably among themselves and in priority to all other unsecured indebtedness.

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

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

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

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

The exercise price of the Warrants 2000/2004 had been adjusted to RM2.76 per share on 10 June 2003 following the distribution of 148,442,024 ordinary shares of RM0.50 each in IJM Plantations Berhad ("IJMP") to the shareholders of the Company on the basis of two (2) IJMP shares for every five (5) shares held in the Company. The exercise price was adjusted in accordance with condition 3(1)(c) of the second schedule of the Deed Poll.

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

15. TERM LOANS

	THE GROUP	
	2003 RM'000	2002 RM'000
Secured	48,015	523
Unsecured	22,800	-
	70,815	523
Payable within 1 year (Note 36)	1,906	-
Payable between 1 and 5 years	41,627	-
Payable after 5 years	27,282	523
Payable after 1 year (included in non-current liabilities)	68,909	523
	70,815	523
The currency exposure profile of term loans is as follows: -		
Indian Rupee	48,015	-
US Dollar	22,800	-
Australian Dollar	-	523
	70,815	523

The term loan of RM523,000 as at 31 December 2002 was repayable on 30 April 2023. This has been fully repaid during the year.

During the year, the term loan bore interest at rates ranging from 9.75% to 13.00% (2002: 6.05% to 6.40%) per annum while as at 31 December 2003, the effective interest rates ranged from 9.75% to 13.00% per annum (2002 : 6.40%) per annum.

	THE GROUP	
	2003 RM'000	2002 RM'000
The secured term loans are secured by: -		
- fixed and floating charges over certain subsidiaries' development properties	-	523
- fixed and floating charges over certain subsidiaries' property, plant and equipment and receivables	48,015	-
	48,015	523

16. HIRE PURCHASE AND LEASE CREDITORS

	THE GROUP	
	2003 RM'000	2002 RM'000
Minimum payments: -		
- payable within 1 year	204	19,047
- payable between 1 and 5 years	1,348	4,434
	1,552	23,481
Less: Future finance charges	(104)	(1,116)
Present value of liabilities	1,448	22,365
Present value of liabilities: -		
Payable within 1 year (Note 35)	204	18,027
Payable between 1 and 5 years (included in non-current liabilities)	1,244	4,338
	1,448	22,365

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

17. DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deferred tax assets	14,068	25,300	2,867	358
Deferred tax liabilities:				
- subject to income tax	(4,956)	(6,406)	-	-
- subject to capital gains tax	-	(20,518)	-	-
	(4,956)	(26,924)	-	-
	9,112	(1,624)	2,867	358
At 1 January	(1,624)	541	358	(954)
(Charged)/credited to income statement (Note 7)				
- property, plant and equipment	(1,279)	(6,169)	49	46
- post employment benefit	404	(18)	(155)	(18)
- intangible assets	(234)	(81)	-	-
- tax losses	2,977	17	-	-
- payables	3,087	3,785	577	1,010
- development properties	87	(109)	-	-
- others	6,377	410	2,038	274
	11,419	(2,165)	2,509	1,312
Disposal of subsidiary (Note 48)	(620)	-	-	-
Currency translation differences	(63)	-	-	-
At 31 December	9,112	(1,624)	2,867	358
Subject to income tax				
Deferred tax assets (before offsetting)				
- Property, plant and equipment	1,271	3,679	-	-
- Post-employment benefit	718	314	89	244
- Payables	9,569	6,482	3,098	2,521
- Tax losses	4,646	23,186	-	-
- Others	5,172	364	-	-
	21,376	34,025	3,187	2,765
Offsetting	(7,308)	(8,725)	(320)	(2,407)
Deferred tax assets (after offsetting)	14,068	25,300	2,867	358
Deferred tax liabilities (before offsetting)				
- Property, plant and equipment	(8,531)	(9,976)	(320)	(369)
- Development properties	(1,718)	(1,805)	-	-
- Intangible assets	(1,543)	(1,309)	-	-
- Others	(472)	(2,041)	-	(2,038)
	(12,264)	(15,131)	(320)	(2,407)
Offsetting	7,308	8,725	320	2,407
Deferred tax liabilities (after offsetting)	(4,956)	(6,406)	-	-
Subject to capital gains tax				
Deferred tax liabilities				
- Revaluation of land	-	(20,518)	-	-

The amount of unused tax losses for which no deferred tax asset is recognised in the balance sheet is as follows:

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax losses	3,217	3,689	-	-

18. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate in the previous financial year represents an amount due to an associate of IJM Plantations Berhad, which was disposed of during the financial year (Note 48). This arose from a loan obtained by an associate which was on-lent to a subsidiary for plantation development purposes. The loan is repayable by way of a bullet repayment 7 years from the first drawdown date of 25 October 1999 and carries interest at the fixed rate of 9.95% per annum. Certain long term leasehold plantation land and development expenditure of the Group were charged as security for the loan (Note 22(d)).

19. TRADE PAYABLE

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

	THE GROUP	
	2003 RM'000	2002 RM'000
Total balance outstanding	12,000	12,000
Amount payable within 12 months (Note 35)	(6,000)	-
Amount payable after 12 months	6,000	12,000

20. RETIREMENT BENEFITS

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(a) Defined contribution plan	85	-	-	-
(b) Defined benefit plan	2,886	2,262	924	871
	2,971	2,262	924	871

(a) Defined contribution plan

The Company and its subsidiaries in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. Apart from that, a subsidiary in India has also established an unfunded defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

20. RETIREMENT BENEFITS (Continued)

(b) Defined benefit plan

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At 1 January	2,262	1,594	871	936
Charged to the income statement	3,203	3,211	642	513
Contributions and benefits paid	(2,579)	(2,543)	(589)	(578)
At 31 December	2,886	2,262	924	871

The amounts recognised in the balance sheets may be analysed as follows:

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At 31 December				
Present value of funded obligations	20,048	17,342	3,101	2,748
Fair value of plan assets	(15,576)	(12,082)	(2,234)	(1,800)
Status of funded plan	4,472	5,260	867	948
Unrecognised actuarial gains	813	-	119	-
Unrecognised transitional liability (Note 45(b))	(2,399)	(2,998)	(62)	(77)
Liability in the balance sheet	2,886	2,262	924	871

The expense recognised in the income statements may be analysed as follows :-

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Current service cost	1,592	1,452	533	520
Interest cost	1,206	1,100	187	174
Expected return on plan assets	(624)	(751)	(93)	(119)
Actuarial losses/(gains) recognised	-	1,410	-	(62)
Past service cost	430	-	-	-
Amortisation of transitional liability (Note 45(b))	599	-	15	-
Total defined benefit retirement plan	3,203	3,211	642	513
Defined contribution retirement plan	7,241	7,114	1,486	1,433
Total included in staff cost (Note 4)	10,444	10,325	2,128	1,946
The charge to the income statement was included in the following line items:				
- cost of sales	5,308	5,492	960	947
- administrative expenses	5,136	4,833	1,168	999
Total included in staff cost (Note 4)	10,444	10,325	2,128	1,946

The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

	THE GROUP		THE COMPANY	
	2003 %	2002 %	2003 %	2002 %
At 31 December				
Discount rates	7	7	7	7
Expected return on plan assets	5	5	5	5
Expected rate of salary increases	5	5	5	5
Actual return on plan assets	1,216	766	178	121

21. DEFERRED INCOME

	THE GROUP	
	2003 RM'000	2002 RM'000
(a) Excess of sales proceeds over the carrying value of property, plant and equipment arising from the sale and leaseback arrangements which resulted in finance leases	-	6,661
(b) Government Grants	27,423	-
	27,423	6,661

The Government Grants represent grants from the Indian Government for certain toll road concessions awarded to the Group. There was no amortisation of the Government Grants during the year as the construction of the toll roads is still in progress.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

22. PROPERTY, PLANT AND EQUIPMENT

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

THE GROUP 2003

	Land				Long term leasehold plantation land and development expenditure
	Freehold At Cost RM'000	Long term leasehold At Cost RM'000	Long term leasehold At Valuation RM'000	Short term leasehold At Cost RM'000	At Cost RM'000
Net book value					
At 1 January 2003	12,907	38,696	1,308	6,773	213,211
Dilution / disposal of subsidiaries	-	(19,379)	-	(7,606)	(221,672)
Additions	6,397	871	-	971	8,827
Disposals	-	-	-	-	-
Written off	-	-	-	-	-
Depreciation charges for the year	-	(255)	-	(138)	(366)
Exchange differences arising from translation of assets of a foreign entity	-	-	-	-	-
Transfers / reclassifications	(10,449)	-	-	-	-
At 31 December 2003	8,855	19,933	1,308	-	-
At 31 December 2003					
Cost	8,855	23,767	-	-	-
Valuation	-	-	1,308	-	-
Accumulated depreciation	-	(3,834)	-	-	-
Net book value	8,855	19,933	1,308	-	-
At 31 December 2002					
Cost	12,907	42,275	-	7,827	214,475
Valuation	-	-	1,308	-	-
Accumulated depreciation	-	(3,579)	-	(1,054)	(1,264)
Net book value	12,907	38,696	1,308	6,773	213,211

Long term leasehold plantation land and development expenditure At Valuation RM'000	Buildings		Plant, machinery, equipment & vehicles At Cost RM'000	Office equipment, furniture & fittings & renovations At Cost RM'000	Capital work in progress At Cost RM'000	Total RM'000
	At Cost RM'000	At Valuation RM'000				
146,680	69,692	5,630	136,193	7,381	35,747	674,218
(146,585)	(39,065)	(4,723)	(53,668)	(3,064)	(30,992)	(526,754)
-	8,110	-	36,653	1,528	73,373	136,730
-	(34)	-	(4,938)	(212)	-	(5,184)
-	-	-	(74)	(33)	-	(107)
(95)	(2,604)	(247)	(23,506)	(1,995)	-	(29,206)
-	43	-	658	33	19	753
-	3	-	11	-	10,435	-
-	36,145	660	91,329	3,638	88,582	250,450
-	40,880	-	180,162	11,637	88,582	353,883
-	-	660	-	-	-	1,968
-	(4,735)	-	(88,833)	(7,999)	-	(105,401)
-	36,145	660	91,329	3,638	88,582	250,450
-	85,898	-	239,490	17,838	35,747	656,457
146,948	-	9,130	-	-	-	157,386
(268)	(16,206)	(3,500)	(103,297)	(10,457)	-	(139,625)
146,680	69,692	5,630	136,193	7,381	35,747	674,218

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

22. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE COMPANY 2003

	Long term leasehold land At Cost RM'000	Buildings At Cost RM'000	Plant, machinery, equipment & vehicles At Cost RM'000	Office equipment, furniture & fittings & renovations At Cost RM'000	Total RM'000
Net book value					
At 1 January 2003	9,173	7,651	1,345	649	18,818
Additions	-	-	333	267	600
Disposals	-	-	(60)	(2)	(62)
Depreciation charge for the year	(137)	(156)	(313)	(313)	(919)
At 31 December 2003	9,036	7,495	1,305	601	18,437
At 31 December 2003					
Cost	11,500	8,321	5,054	2,325	27,200
Accumulated depreciation	(2,464)	(826)	(3,749)	(1,724)	(8,763)
Net book value	9,036	7,495	1,305	601	18,437
At 31 December 2002					
Cost	11,500	8,321	5,255	2,076	27,152
Accumulated depreciation	(2,327)	(670)	(3,910)	(1,427)	(8,334)
Net book value	9,173	7,651	1,345	649	18,818

(a) Valuation

Property, plant and equipment include buildings, long term leasehold land, long term leasehold plantation land and development expenditure of certain subsidiaries which were last revalued in 1982, 1993 and 1997 based on an open market value basis by a firm of independent professional valuers.

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

	THE GROUP	
	2003 RM'000	2002 RM'000
Long term leasehold land	415	12,293
Long term leasehold plantation land and development expenditure	-	47,787
Buildings	50	3,701
	465	63,781

(b) Plantation development expenditure

For the preceding financial year, expenses incurred which have been capitalised in the Group's plantation development expenditure included depreciation charge of RM3,223,458 and interest expense of RM2,004,000.

(c) Assets acquired under finance lease agreements

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

	THE GROUP	
	2003 RM'000	2002 RM'000
Plant, machinery, equipment and vehicles	10,039	35,772

(d) As at the end of the preceding financial year, certain long term leasehold plantation land and development expenditure of the Group, at a net book value of RM158,851,170 had been charged as security for a loan of an associate referred to in Note 18 to the financial statements.

(e) During the financial year, interest expense of RM2,995,000 (2002: Nil) has been capitalised in the capital work in progress.

23. SUBSIDIARIES

	THE COMPANY	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost		
- in Malaysia	172,406	272,406
- outside Malaysia	5,363	5,363
	177,769	277,769
Less: Accumulated impairment losses	(173)	(173)
	177,596	277,596
Amount owing by a subsidiary (b)	83,183	50,504
	260,779	328,100

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

(b) Amount owing by a subsidiary is a loan by the Company to a foreign subsidiary, IJM International (BVI) Pty Ltd which was on-lent to its associate, Reliance-OSW (Nominees) Pty Limited, which holds a property in Australia. Exchange differences arising from the translation of the loan as at the financial year end of RM17,602,000 is recognised in equity as it represents the Company's net investment in the subsidiary whereby the loan is expected to be recovered only upon disposal of either the Group's investment in the associate or the disposal of the property by the associate (Note 49).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

24. ASSOCIATES

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(a) Associates other than Grupo Concesionario del Oeste S.A ("Grupo")	536,033	246,380	248,958	61,123
(b) Grupo	67,912	73,704	44,294	44,294
	603,945	320,084	293,252	105,417
(c) Amount owing by an associate	72,990	46,187	-	-
	676,935	366,271	293,252	105,417
Represented by: -				
Group's share of net assets	587,503	313,929		
Group's share of goodwill	206	1,085		
Goodwill on acquisition	16,236	5,070		
	603,945	320,084		
Market value of: -				
Quoted shares: -				
- in Malaysia	337,419	50,900	337,419	50,900
- outside Malaysia (Grupo)	12,343	8,451	12,343	8,451
	349,762	59,351	349,762	59,351

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(a) Associates other than Grupo				
At cost: -				
Quoted shares: -				
- in Malaysia	182,880	46,476	182,880	46,476
Unquoted shares: -				
- in Malaysia	54,888	67,046	35,283	33,852
- outside Malaysia	103,378	106,850	1,765	1,765
	341,146	220,372	219,928	82,093
Unquoted Redeemable Convertible Unsecured Loan Stocks (RCULS)*	50,000	-	50,000	-
Share of post-acquisition retained profits	111,818	42,840	-	-
Share of post-acquisition reserves	61,721	11,566	-	-
	564,685	274,778	269,928	82,093
Less: Accumulated impairment losses	(28,652)	(28,398)	(20,970)	(20,970)
	536,033	246,380	248,958	61,123

* The RCULS were issued by an associate, IJM Plantations Bhd ("IJMP") as part of its listing exercise detailed in Note 48. The RCULS bear interest at 5% per annum from 2 July 2003 until the date of redemption or maturity, whichever the earlier. The RCULS can be converted at a conversion rate of 1 RCULS for 2 new ordinary shares of RM0.50 each in IJMP during the conversion period from 2 July 2006 to 1 July 2008. All outstanding RCULS will be redeemed in full by IJMP on 1 July 2008.

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(b) Grupo:-				
Quoted shares at cost	38,080	38,080	38,080	38,080
Unquoted shares at cost	51,214	51,214	51,214	51,214
	89,294	89,294	89,294	89,294
Share of post-acquisition retained profits	25,618	31,410	-	-
Less: Accumulated impairment losses	(47,000)	(47,000)	(45,000)	(45,000)
	67,912	73,704	44,294	44,294

In 2002, pursuant to the Presidential Decree N°214 in Argentina, certain loans of a 20.1% associate in Argentina, Grupo Concesionario del Oeste S.A. ("Grupo") denominated in US dollars were converted into Peso at the rate of 1 US Dollar to 1 Peso and adjusted by a Reference Stabilisation Rate (CER), a rate which measures daily changes and is calculated on the basis of the monthly changes in the Consumer Price Index published by the Instituto Nacional de Estadística y Censos, of approximately 40.5% in 2002 whilst interest is capped at 8% per annum. Certain assets and liabilities of Grupo were also concurrently adjusted by an inflationary index of approximately 118%. Grupo's net gain resulting from these inflation adjustments amounted to approximately Peso 114.2 million (RM128.8 million).

Included in the share of results of associates for the preceding year (current year: Nil) was the Group's share of exceptional gain arising from the above-mentioned inflationary adjustments of RM25.9 million. For the current financial year, an amount of approximately RM27million (2002: Nil) has been adjusted as a reduction against opening reserves of Grupo and accordingly the Group's share of RM5.4million has been adjusted directly to equity.

The changes in Argentine economic conditions and the amendments made by the Argentina Government to the Concession Contract may affect Grupo's economic and financial equation, generating uncertainty regarding the future development of its business, the potential compliance with the investment program established in the Concession Contract and Grupo's ability to meet the financial obligations undertaken. Grupo's management is currently renegotiating the terms of the Concession Contract with the government.

Apart from that, as a result of the effects of the provisions of the Economic Emergency Law, Grupo was unable to meet certain financial ratios required by the credit facilities contract with its creditor banks. This situation, as well as the amendments to the Concession Contract mentioned above, could result in the debts and guarantees granted being claimable if the banks notify Grupo of that non-compliance. However, Grupo has received an extension until 6 April 2004 during which the banks will refrain from declaring the debts claimable. Grupo's management is currently still in the process of renegotiating the credit facilities contract with its creditor banks.

The management of Grupo is confident that the results of negotiations detailed above would be positive.

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

- (i) The presidential decrees are still being supplemented by regulations issued by various supervisory authorities. These regulations could have a material impact on the financial statements of Grupo.
- (ii) At the date of issuing the financial statements, the renegotiations of the Concession Agreement and credit facilities contract have yet to be concluded. The impact of the outcome on the financial statements could only be determined when the renegotiations are concluded.

Subject to the outcome of the above negotiations and based on the current valuation of the Group's share of net assets and best estimates of the net present value of future cashflow, the Directors are of the opinion that the investment in Grupo is not impaired.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

24. ASSOCIATES (Continued)

(c) The amount owing by an associate is unsecured, interest free and is not repayable within the next 12 months (Note 49).

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

	THE GROUP	
	2003 RM'000	2002 RM'000
Current year share of losses	(199)	(1,695)
Cumulative share of losses	(23,387)	(23,188)

25. LONG TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost: -				
Quoted shares: -				
- in Malaysia	48,911	48,911	48,911	48,911
- outside Malaysia	365	10,612	-	-
	49,276	59,523	48,911	48,911
Unquoted shares: -				
- in Malaysia	36,959	21,459	6,500	6,500
- outside Malaysia	265	260	260	260
	37,224	21,719	6,760	6,760
Unquoted unit trusts: -				
- outside Malaysia	-	1,742	-	-
	86,500	82,984	55,671	55,671
Less: Allowance for diminution in value: -				
- quoted shares	(107)	(10,424)	-	-
- unquoted shares	(5,922)	(5,922)	(4,710)	(4,710)
	(6,029)	(16,346)	(4,710)	(4,710)
	80,471	66,638	50,961	50,961
Market value of: -				
Quoted shares: -				
- in Malaysia	50,088	31,723	50,088	31,723
- outside Malaysia	295	159	-	-
	50,383	31,882	50,088	31,723

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Australian Dollar	249	1,930	-	-
Indian Rupee	14	-	-	-
	263	1,930	-	-

26. LONG TERM RECEIVABLES

	THE GROUP	
	2003 RM'000	2002 RM'000
(a) Receivable for construction of the Kementerian Kerja Raya Office Blocks	51,122	58,696
(b) Receivable for disposal of a development property	-	2,169
	51,122	60,865
Less:		
Amount receivable within 12 months (included in trade receivables - Note 30)	(7,656)	(7,164)
Amount receivable after 12 months	43,466	53,701

(a) The cost of construction of the Kementerian Kerja Raya Office Blocks by a subsidiary is reimbursable upon completion in instalments by the Government of Malaysia over a period of 13 1/2 years commencing from 1 March 1997, pursuant to a concession agreement. In connection with the concession, the subsidiary will also receive fees over the duration of the concession period for the maintenance, operation and management of the Kementerian Kerja Raya Office Blocks from the Government of Malaysia commencing from 1 March 1997. All rights under the above concession agreement have been assigned to secure the Bond referred to in Note 14(a) to the financial statements.

(b) The proceeds from the disposal of a development property by a subsidiary is receivable progressively over a period of 5 years commencing December 2001. The full amount has been received during the financial year.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

27. INTANGIBLE ASSETS

	THE GROUP	
	2003 RM'000	2002 RM'000
(a) Goodwill on consolidation	5,115	6,848
(b) Deferred expenditure	5,456	4,524
(c) Premium paid on quarry rights	276	346
	10,847	11,718
(a) Goodwill on consolidation		
At cost: -		
At 1 January	13,932	10,060
Arising from the acquisition of subsidiaries / additional equity interest in subsidiaries	688	3,872
Written off	(615)	-
Disposal of subsidiary (Note 48)	(2,465)	-
At 31 December	11,540	13,932
Less : Accumulated amortisation		
At 1 January	(7,084)	(6,677)
Current amortisation	(561)	(407)
Disposal of subsidiary (Note 48)	1,220	-
At 31 December	(6,425)	(7,084)
	5,115	6,848
(b) Deferred expenditure		
At cost: -		
At 1 January	14,786	10,944
Arising from the acquisition of subsidiaries / additional equity interest in subsidiaries	-	1,202
Additions	3,466	2,640
Written off	(928)	-
At 31 December	17,324	14,786
Less : Accumulated amortisation		
At 1 January	(10,262)	(8,513)
Current amortisation	(2,478)	(1,749)
Written off	872	-
At 31 December	(11,868)	(10,262)
	5,456	4,524

	THE GROUP	
	2003 RM'000	2002 RM'000
(c) Premium paid on quarry rights		
At cost: -		
At 1 January	364	-
Arising from the acquisition of subsidiaries / additional equity interest in subsidiaries	-	364
At 31 December	364	364
Less : Accumulated amortisation		
At 1 January	(18)	-
Current amortisation	(70)	(18)
At 31 December	(88)	(18)
	276	346

28. PROPERTY DEVELOPMENT

(a) Land held for property development

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Freehold land, at cost	63,743	23,956	281	281
Leasehold land, at cost	8,588	5,332	-	-
	72,331	29,288	281	281
At 1 January	29,288	16,032	281	281
Additions during the year	16,029	-	-	-
Disposals during the year	(245)	-	-	-
Transfer from property development costs (Note 28(b))	27,259	-	-	-
Acquisition of subsidiary	-	13,256	-	-
At 31 December	72,331	29,288	281	281

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

28. PROPERTY DEVELOPMENT (Continued)

(b) Property development costs

	THE GROUP	
	2003 RM'000	2002 RM'000
At 1 January		
Freehold land – at cost	149,356	105,973
Freehold land – at valuation	7,104	6,715
Leasehold land – at cost	71,465	49,024
Development costs	287,588	133,736
Accumulated costs charged to income statement	(193,788)	(93,584)
	321,725	201,864
Cost incurred during the year		
- purchase of land	33,249	55,250
- development costs	129,834	139,988
	163,083	195,238
Disposal of lands	(15,921)	-
Transfer to land held for property development (Note 28(a))	(27,259)	-
Costs charged to income statement	(110,616)	(87,858)
Completed units transferred to inventories	(3,861)	(1,138)
Exchange differences	5,341	914
Acquisition of subsidiary		
- land	-	10,056
- development costs	-	14,994
- accumulated cost	-	(12,345)
	-	12,705
At 31 December	332,492	321,725
At 31 December		
Freehold land – at cost	114,173	149,356
Freehold land – at valuation	6,794	7,104
Leasehold land – at cost	105,272	71,465
Development costs	410,657	287,588
Accumulated costs charged to income statement	(304,404)	(193,788)
	332,492	321,725

29. INVENTORIES

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost: -				
Raw materials: -				
- Construction materials	1,293	1,176	665	483
- Other raw materials	523	660	-	-
Finished goods: -				
- Crude palm oil	-	2,877	-	-
- Palm kernel	-	693	-	-
- Completed buildings	9,348	12,785	6,101	6,101
- Quarry and manufactured products	6,955	9,115	-	-
Stores, spares & consumables	1,742	6,731	-	-
Oil palm nurseries	-	2,465	-	-
Fertilisers and chemicals	-	2,176	-	-
Work-in-progress	135	96	-	-
	19,996	38,774	6,766	6,584
At net realisable value: -				
Finished goods: -				
- Completed buildings	9,734	8,615	-	-
- Quarry and manufactured products	-	103	-	-
	9,734	8,718	-	-
	29,730	47,492	6,766	6,584

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

30. TRADE AND OTHER RECEIVABLES

	Note	THE GROUP		THE COMPANY	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables		506,794	506,154	78,959	127,733
Less: Allowance for doubtful debts		(21,337)	(22,971)	(11,692)	(11,692)
		485,457	483,183	67,267	116,041
Trade and tender deposits		1,032	6,694	1,032	602
Trade advances		26,570	23,758	26,570	12,401
Less: Allowance for doubtful debts		(3,654)	(3,536)	(3,654)	(3,536)
		22,916	20,222	22,916	8,865
Other debtors, deposits and prepayments		50,142	35,121	6,748	3,841
Less: Allowance for doubtful debts		(6,574)	(6,260)	-	-
		43,568	28,861	6,748	3,841
Amounts due from customers on construction contracts	38	11,912	21,065	-	4,558
Amounts owing by subsidiaries		-	-	399,705	549,331
Amounts owing by associates		108,762	123,684	86,166	75,165
Less: Allowance for doubtful debts		(7,414)	(7,409)	(4,412)	(4,412)
		101,348	116,275	81,754	70,753
Amounts owing by jointly controlled entities	34	94,529	104,212	31,625	38,948
		760,762	780,512	611,047	792,939

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Ringgit Malaysia	647,706	671,322	585,417	753,991
Indian Rupee	67,763	71,805	25,630	38,948
Hongkong Dollar	16,571	4,636	-	-
Australian Dollar	9,307	29,519	-	-
US Dollar	18,916	3,230	-	-
Pound Sterling	499	-	-	-
	760,762	780,512	611,047	792,939

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

The amounts owing by subsidiaries and associates are unsecured, bear interest ranging from 3.0% to 8.4% (2002: 4.0% to 8.4%) per annum and have no fixed terms of repayment.

Included in trade receivables is the current portion of the receivable amount due for construction of the Kementerian Kerja Raya Office Blocks (Note 26) of RM7,656,000 (2002:RM7,164,000).

31. SHORT TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost: -				
Quoted shares - In Malaysia	22,148	21,045	20,737	19,601
- Outside Malaysia**	73,579	24,604	-	-
	95,727	45,649	20,737	19,601
Unquoted shares outside Malaysia**	-	49,071	-	-
Quoted warrants in Malaysia	55	402	2	402
Quoted debentures in Malaysia	16,644	16,575	218	175
	112,426	111,697	20,957	20,178
Less : Allowance for diminution in value of investments: -				
- Quoted shares	(4,667)	(10,603)	(4,504)	(10,125)
- Quoted warrants	(10)	-	-	-
- Quoted debentures	(676)	(46)	-	-
	(5,353)	(10,649)	(4,504)	(10,125)
	107,073	101,048	16,453	10,053
Market value:-				
Quoted shares: -				
- In Malaysia	14,032	9,287	12,776	8,322
- Outside Malaysia	109,753	28,520	-	-
	123,785	37,807	12,776	8,322
Quoted warrants in Malaysia	3,644	1,686	3,601	1,686
Quoted debentures in Malaysia	15,826	16,418	76	45
	143,255	55,911	16,453	10,053

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Hongkong Dollar	73,579	24,604	-	-
Chinese Renminbi	-	47,745	-	-
Australian Dollar	-	1,326	-	-
	73,579	73,675	-	-

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

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31. SHORT TERM INVESTMENTS (Continued)

** The short term investments quoted outside Malaysia represent the Group's investment in Guangdong Provincial Expressway Development Co. Ltd ("GPED"). At the end of the preceding financial year, 45 million foreign-legal person shares in GPED with a carrying value of RM47,745,000 was included in the unquoted shares outside Malaysia. The Securities Regulatory Commission of the People's Republic of China has vide its letter dated 17 January 2003, approved the conversion of these 45 million foreign-legal person shares in GPED to quoted "B" shares and these shares could be traded on the Shenzhen Stock Exchange from 8 March 2004. Accordingly, these have been classified as quoted shares outside Malaysia in the current financial year.

32. DEPOSITS WITH LICENSED BANKS

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Short term deposits with licensed banks	128,040	40,451	99,585	20,020
Fixed deposits with licensed banks	9,316	47,254	9,316	39,242
	137,356	87,705	108,901	59,262

Included in short term deposits with licensed banks are the deposits of a subsidiary amounting to RM22,935,000 (2002: RM12,612,000) which are assigned to the trustee of the bond holders to hold as security in connection with the 8% Secured Fixed Rate Bond issued by a subsidiary referred to in Note 14(a) to the financial statements. The short term deposits are maintained by the trustee for payment of interest, income tax and for the redemption of the bond. Surplus funds could only be released to the subsidiary with the consent of the trustee.

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Ringgit Malaysia	132,836	80,610	108,901	59,262
US Dollar	-	6,276	-	-
Australian Dollar	4,520	819	-	-
	137,356	87,705	108,901	59,262

During the year, the interest rates for the deposits denominated in US Dollar ranged from 1.15% to 1.73% (2002: 1.15% to 1.73%) per annum while the interest rates for the other deposits ranged from 2.15% to 4.29% (2002: 2.15% to 4.75%) per annum. As at 31 December 2003, the effective interest rates for deposits ranged from 2.15% to 4.29% (2002 : 2.15% to 4.75%) per annum. As at the end of the preceding financial year, the effective interest rate for the deposits denominated in US Dollar was at 1.15% per annum.

Deposits with licensed banks have a maturity ranging between 1 day to 1 year (2002: 1 day to 1 year).

33. CASH AND BANK BALANCES

Cash and bank balances include balances amounting to RM5,104,133 (2002: RM6,272,014) which are maintained in designated Housing Development Accounts pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Regulations, 1991 in connection with the Group's property development projects. The utilisation of these balances are restricted, before completion of the housing development and fulfilling all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects concerned.

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Ringgit Malaysia	41,272	39,895	1,217	6,921
Indian Rupee	4,032	6,593	-	-
Hongkong Dollar	9	16	-	-
Singapore Dollar	431	94	431	94
Australian Dollar	755	30	-	-
US Dollar	1,140	2,944	-	-
	47,639	49,572	1,648	7,015

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

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

	Note	THE GROUP		THE COMPANY	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(a) Amounts owing by jointly controlled entities		95,384	93,725	31,625	38,948
Less: Allowance for doubtful debts		(9,000)	-	-	-
		86,384	93,725	31,625	38,948
Share of results		8,145	10,487	-	-
	30	94,529	104,212	31,625	38,948
Amounts owing to jointly controlled entities		(22,123)	(13,327)	(9,128)	(5,889)
Share of results		3,900	997	-	-
	35	(18,223)	(12,330)	(9,128)	(5,889)
		76,306	91,882	22,497	33,059

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

34. AMOUNTS OWING BY / (TO) JOINTLY CONTROLLED ENTITIES (Continued)

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

	Group's effective interest in jointly controlled entities		Principal activity
	2003	2002	
Dywidag-IJM Joint Venture	49%	49%	Dormant
IJM-IT&T Joint Venture	51%	51%	Construction
IJM-Rezeki Joint Venture	70%	70%	Construction
IJM-Perkasa Sutera Joint Venture	70%	70%	Construction
IJM-SCL Joint Venture	50%	50%	Construction
IJM-Gayatri Joint Venture	60%	60%	Construction
WGI-IJM Joint Venture	40%	40%	Dormant
Liberty Properties – IJM Joint Venture	60%	60%	Construction
IJM Properties – JA Manan Development Joint Venture	50%	50%	Property development
IJMP – Mewah Kota Joint Venture	70%	70%	Property development
IJM Properties – Danau Lumayan Joint Venture	60%	60%	Property development
IJM Management Services-Giat Bernas Joint Venture	70%	70%	Project management services
IJM-NBCC-VRM Joint Venture	50%	-	Construction

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

	THE GROUP	
	2003 RM'000	2002 RM'000
Property, plant and equipment	5,716	3,788
Current assets	63,724	85,462
Current liabilities	57,476	65,569
Revenue	94,314	120,984
Expenses and costs of sales	93,753	117,146
Profits less losses before taxation	561	3,838

The Group's share of capital commitments in relation to interest in jointly controlled entities are RM3,052,809 (2002: RM5,095,916).

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

35. TRADE AND OTHER PAYABLES

	Note	THE GROUP		THE COMPANY	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade payables		387,896	354,205	46,675	55,145
Amounts due to customers on construction contracts	38	95,766	139,373	79,607	114,966
Progress billings in respect of property development		19,845	-	-	-
Amounts owing to subsidiaries		-	-	100,802	74,052
Amounts owing to associates		6,197	28,699	3,779	5,547
Amounts owing to jointly controlled entities	34	18,223	12,330	9,128	5,889
Hire purchase and lease creditors	16	204	18,027	-	-
Trade accruals		17,072	21,037	17,071	16,192
Other payables and accruals		65,594	52,839	18,865	17,146
Dividend payable		37	104	37	104
		610,834	626,614	275,964	289,041

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Ringgit Malaysia	561,855	577,850	269,258	283,146
Indian Rupee	41,525	38,478	6,339	5,889
Hongkong Dollar	919	6,637	-	-
Singapore Dollar	452	6	367	6
Australian Dollar	5,603	3,543	-	-
US Dollar	323	100	-	-
Pound Sterling	157	-	-	-
	610,834	626,614	275,964	289,041

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

The amounts owing to subsidiaries, associates and jointly controlled entities are unsecured, bear interest at rates ranging from 3.0% to 8.4% (2002: 4.0% to 5.0%) per annum and have no fixed terms of repayment.

Included in the trade payables is the current portion of outstanding purchase consideration arising from acquisition of land for property development by a subsidiary (Note 19).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

36. INTEREST BEARING BANK BORROWINGS

	Note	THE GROUP		THE COMPANY	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Secured: -					
Term loans	15	1,906	-	-	-
Unsecured: -					
Bankers' acceptances		36,075	68,246	35,075	66,446
Revolving credits		7,600	-	-	-
		43,675	68,246	35,075	66,446
		45,581	68,246	35,075	66,446

The currency exposure profile of the above bank borrowings is as follows:-

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Ringgit Malaysia	36,075	68,246	35,075	66,446
Indian Rupee	1,906	-	-	-
US Dollar	7,600	-	-	-
	45,581	68,246	35,075	66,446

The bankers' acceptances and revolving credits are unsecured and bear interest at rates ranging from 2.41% to 3.05% (2002: 2.90% to 3.10%) per annum during the year. As at 31 December 2003, the effective interest rates for the bankers' acceptances ranged from 3.00% to 3.02% (2002: 2.98% to 3.02%) per annum and the interest rates for the revolving credits was 2.41% (2002: Nil) per annum.

37. BANK OVERDRAFTS

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Secured	7,228	-	-	-
Unsecured	1,975	880	-	5
	9,203	880	-	5

The secured bank overdraft is secured by fixed and floating charges over inventories and receivables of a subsidiary.

The currency exposure profile of the bank overdrafts is as follows:-

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Ringgit Malaysia	299	880	-	5
Indian Rupee	7,228	-	-	-
US Dollar	1,676	-	-	-
	9,203	880	-	5

The bank overdrafts bore interest at rates ranging from 6.50% to 11.00% (2002: 6.90% to 7.65%) per annum during the year. As at 31 December 2003, the effective interest rates ranged from 6.50% to 11.00% (2002: 6.90% to 7.65%) per annum.

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Aggregate costs incurred to date	2,621,673	1,900,789	600,142	452,576
Attributable profits less recognised losses	279,635	194,463	136,770	65,649
	2,901,308	2,095,252	736,912	518,225
Less: Progress billings on contracts	(2,985,162)	(2,213,560)	(816,519)	(628,633)
	(83,854)	(118,308)	(79,607)	(110,408)
Amounts due from customers on construction contracts (included in trade and other receivables - Note 30)	11,912	21,065	-	4,558
Amounts due to customers on construction contracts (included in trade and other payables - Note 35)	(95,766)	(139,373)	(79,607)	(114,966)
	(83,854)	(118,308)	(79,607)	(110,408)
Advances received on contracts (included in trade payables)	25,453	39,040	9,016	19,095
Retention sums on contracts (included in trade receivables)	39,418	33,965	3,430	9,441

During the year, depreciation charge amounting to RM3,367,000 (2002: RM1,597,000) and interest expense of RM212,000 (2002:Nil) (Note 5) has been included in the aggregate costs incurred to date.

39. ACQUISITION OF SUBSIDIARIES

(a) During the financial year, the Group acquired the entire shareholdings in Warga Sepakat Sdn Bhd.

The acquisition has no significant effect on the financial results and financial position of the Group.

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

	At date of acquisition RM'000
Payables	(3)
Group's share of net assets	(3)
Goodwill	678
Cost of acquisition	675
Purchase consideration discharged by cash	675
Less: Cash and cash equivalents of a subsidiary acquired	-
Cash outflow on acquisition	675

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

39. ACQUISITION OF SUBSIDIARIES (Continued)

(b) During the preceding financial year, the Group/Company acquired the following subsidiaries :

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

These acquisitions had no significant effect on the financial results of the Group.

The effects of the acquisitions on the financial position of the Group as at 31 December 2002 were as follows:-

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

Details of net assets acquired, goodwill and cash flow arising from the acquisition in the preceding year are as follows: -

	At date of acquisition RM'000
Cash and bank balances	341
Property, plant and equipment	670
Deferred expenditure	1,566
Land held for property development	13,256
Development expenditure	12,705
Inventories	1,299
Receivables	63,461
Payables	(17,671)
Amount owing to shareholders	(66,581)
Group's share of net assets	9,046
Less: Amount accounted for as associates	(4,790)
Goodwill	3,687
Post acquisition losses	326
Cost of acquisition	8,269
Purchase consideration discharged by cash	8,269
Less: Cash and cash equivalents of subsidiaries acquired	(341)
Cash outflow on acquisition	7,928

40. DISPOSAL OF SUBSIDIARIES

- (a) During the financial year, a wholly-owned subsidiary, Malaysian Rock Products Sdn Bhd, disposed of its entire 100% equity interest in Mowtas Bulkers Sdn Bhd for RM1,200,000.

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

	At date of disposal RM'000	31.12.2002 RM'000
Cash and bank balances	2	2
Receivables	1,155	1,155
Payables	(9)	(9)
Net assets disposed of	1,148	1,148
Net disposal proceeds	1,200	
Net gain on disposal	52	
Total proceeds from disposal – cash consideration	1,200	
Cash and cash equivalents of subsidiary disposed	(2)	
Net cash inflow on disposal	1,198	

The disposal has no significant effect on the financial results of the Group for the financial year.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

40. DISPOSAL OF SUBSIDIARIES (Continued)

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

The disposals had no significant effect on the financial results of the Group.

The effects of the disposals on the financial position of the Group were as follows:-

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

41. NON-CASH TRANSACTIONS

The principal non-cash transactions during the financial year were transactions implemented as part of the listing exercise of IJM Plantations Berhad ("IJMP") on the Main Board of the Malaysia Securities Exchange Berhad, as detailed in Note 48.

- (i) subscription of 200,000,000 additional ordinary shares of RM0.50 each in IJMP, by way of capitalisation of amount owing by IJMP of RM100,000,000.
- (ii) capital distribution of 148,442,024 IJMP shares for free by the Company to the shareholders of the Company.
- (iii) distribution of 1,992,000 IJMP shares to the employees of the Company and its subsidiaries as part of the employees' annual bonus.
- (iv) distribution of 2,430,804 IJMP shares to the stockholders of Rahman Hydraulic Tin Berhad ("RHTB") as part of the consideration for the acquisition of the listing status of RHTB.

42. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deposits with licensed banks (Note 32)	137,356	87,705	108,901	59,262
Cash and bank balances (Note 33)	47,639	49,572	1,648	7,015
Bank overdrafts (Note 37)				
- Secured	(7,228)	-	-	-
- Unsecured	(1,975)	(880)	-	(5)
	(9,203)	(880)	-	(5)
	175,792	136,397	110,549	66,272
Less:				
Restricted deposits with licensed banks (Note 32)	(22,935)	(12,612)	-	-
	152,857	123,785	110,549	66,272

43. FAIR VALUES OF FINANCIAL INSTRUMENTS FOR DISCLOSURE PURPOSES

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

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

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

(a) Off balance sheet financial instruments

(i) Forward foreign exchange contracts

As at 31 December 2003, the Group has no outstanding forward foreign currency contracts.

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

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

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

(a) Off balance sheet financial instruments (Continued)

(i) Forward foreign exchange contracts (Continued)

The fair value of the above outstanding forward contracts, determined using forward exchange market rates as at 31 December 2002 was a favourable position of RM297,000.

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

(b) On balance sheet financial instruments

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

	Note	The Group Carrying value RM'000	Fair value RM'000	The Company Carrying value RM'000	Fair value RM'000
Financial Assets					
As at 31 December 2003					
(i) Long term investments	25				
- Quoted shares		49,169	50,383	48,911	50,088
- Unquoted shares		31,302	Note (bb)	2,050	Note (bb) (bb)
		80,471		50,961	
(ii) Short term investments	31				
- Quoted shares		91,060	123,785	16,233	12,776
- Quoted debentures		15,968	15,826	218	76
- Quoted warrants		45	3,644	2	3,601
		107,073		16,453	
(iii) Long term receivables	26	43,466	53,303	-	-
As at 31 December 2002					
(i) Long term investments	25				
- Quoted shares		49,099	31,882	48,911	31,723 (aa)
- Unquoted shares		15,797	Note (bb)	2,050	Note (bb) (bb)
- Unquoted unit trust		1,742	Note (bb)	-	- (bb)
		66,638		50,961	
(ii) Short term investments	31				
- Quoted shares		35,046	37,807	9,476	8,322
- Unquoted shares		49,071	58,786	-	- (cc)
- Quoted warrants		402	1,686	402	1,686
- Quoted debentures		16,529	16,418	175	45
		101,048		10,053	
(iii) Long term receivables	26	53,701	59,272	-	-

(aa) In the preceding financial year, the Directors were of the opinion that an allowance for diminution in value of the long term quoted investments quoted in Malaysia was not necessary.

(bb) It is not practicable to estimate the fair value of the Group's unquoted investments because of the lack of reference market prices and the inability to estimate fair value without incurring excessive costs. However, the Directors believe that the carrying values represent the recoverable amounts.

- (cc) In the preceding financial year, for unquoted investments in foreign-held legal person shares (unquoted shares) in Guangdong Provincial Expressway Development Co. Ltd ("GPED") at a carrying value of RM47.7 million included under short term investments in unquoted shares, estimates of its fair values had been made by reference to the market price of the quoted "B" shares of GPED, with an estimated discount for lack of marketability.

		The Group		The Company	
	Note	Carrying value RM'000	Fair value RM'000	Carrying value RM'000	Fair value RM'000
Financial liabilities					
As at 31 December 2003					
(i) Bonds	14	247,164	259,301	150,000	147,212
(ii) Trade payable (Non-current)	19	6,000	3,998	-	-
As at 31 December 2002					
(i) Bonds	14	246,671	259,679	150,000	145,937
(ii) Amount due to an associate	18	36,956	40,858	-	-
(iii) Trade payable (Non-current)	19	12,000	8,977	-	-

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

44. SIGNIFICANT RELATED PARTY DISCLOSURES

The Group

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

A General Mandate has been obtained from shareholders vide a Circular to Shareholders dated 29 April 2003 for Recurrent Related Party Transactions with the following related parties:-

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

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

	2003 RM'000	2002 RM'000
(aa) Associates: -		
(i) Sales / progress billings in respect of :-		
<u>Construction contract</u>		
- THB-IJM Joint Venture Sdn Bhd	-	2,970
- Worldwide Ventures Sdn Bhd	1,050	4,614
- Swarna Tollways	50,484	133,964
<u>Quarry products</u>		
- ICP Group	1,631	1,718
(ii) Purchases in respect of :-		
<u>Building materials</u>		
- ICP Group	8,406	24,864
<u>Agricultural fertilisers and chemicals</u>		
- Loongsyn Sdn Bhd	4,143	4,628

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

44. SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

	2003 RM'000	2002 RM'000
(iii) Interest charged to: -		
- Worldwide Ventures Sdn Bhd	4,552	4,128
- IJM Plantations Berhad	2,793	-
(iv) Advances / repayments to: -		
- OSW Properties Pty Ltd	4,275	10,854
- Reliance – OSW Investment Trust	11,955	10,546
- CIDB Inventures Sdn Bhd	740	9,907
- Worldwide Ventures Sdn Bhd	5,755	5,469
- THB-IJM Joint Venture Sdn Bhd	-	3,385
- Emas Utilities Corporation Sdn Bhd	3,441	-
(v) Advances / repayments from: -		
- Quay Link Enterprises	18,859	-
- Gautami Power Limited	7,049	4,750
- Avillion Hotels International (Sydney) Pty Ltd	-	3,435
- JWS Projects Sdn Bhd	2,561	1,838
- Emas Utilities Corporation Sdn Bhd	-	1,822
- OSW Properties Pty Ltd	9,325	-
- IJM Plantations Berhad	37,693	-
(bb) Jointly controlled entities: -		
(i) Progress billings in respect of construction contract by:		
- IJM Construction – Perkasa Sutera Joint Venture	14,051	13,488
(ii) Sales and marketing fees charged to:		
- IJM Properties – Danau Lumayan Joint Venture	1,112	-
(iii) Advances to :		
- IJM SCL Joint Venture	3,435	-
- IJM Gayatri Joint Venture	20,180	-
(iv) Repayment by :		
- IJM SCL Joint Venture	5,479	-
(cc) IJM Retirement Scheme:		
- Contribution to the Scheme	2,579	2,543
(dd) Purchase of building materials from a company related to IGB Corporation Berhad, a former substantial shareholder of the Company: -		
- STHSB *	2,830	2,795

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

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

	2003 RM'000	2002 RM'000
(i) MSB, a company in which a Director of the Company, Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman bin Wan Yaacob has an interest	1,769	1,837

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

<u>Related party</u>	<u>Type of transaction</u>	2003 RM'000	2002 RM'000
Receivables: -			
- OSW Properties Pty Ltd	Advances	-	10,854
- Reliance – OSW Investment Trust	Advances	11,955	10,546
- CIDB Inventures Sdn Bhd	Advances	740	9,907
- Worldwide Ventures Sdn Bhd	Advances	5,755	5,469
- THB-IJM Joint Venture Sdn Bhd	Advances	-	3,385
- IJM SCL Joint Venture	Advances	3,435	-
- IJM Gayatri Joint Venture	Advances	20,180	-
Payables: -			
- Emas Utilities Corporation Sdn Bhd	Advances	-	1,822

45. CHANGES IN ACCOUNTING POLICIES

During the financial year, the Group adopted certain new MASB standards as mentioned in the summary of significant accounting policies. As a result, the Group has changed some of its accounting policies to comply with the new MASB standards. With the exception of the adoption of MASB 25 on Income Taxes and MASB 29 on Employee Benefits, there are no changes in accounting policy that affect net profit for the year or shareholders' equity as the Group was already following the recognition and measurement principles in those standards. However, certain comparatives have been adjusted or extended to take into account the requirements of the new MASB Standards.

(a) Deferred tax

In previous years, deferred tax was recognised for timing differences except when there was reasonable evidence that such timing differences would not reverse in the foreseeable future. The tax effect of timing differences that resulted in a debit balance or a debit to the deferred tax balance was not carried forward unless there was a reasonable expectation of its realisation.

The potential tax savings relating to a tax loss carried forward was only recognised if there was assurance beyond any reasonable doubt that future taxable income would be sufficient for the benefit of the loss to be realised.

Where there was intention to dispose of revalued assets, the deferred tax relating to such assets was recognised through a transfer from the related revaluation surplus. No provision nor disclosure was made of this tax effect where the Group intended to hold such assets for the foreseeable future.

The Group has now changed its accounting policy to recognise deferred tax on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying values in the financial statements. Deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised.

In addition, deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

This change in accounting policy has been accounted for retrospectively.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

45. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Deferred tax (Continued)

The effects of the change on the Group's and Company's financial statements are as follows:

	As previously reported RM'000	Effects of change in policy RM'000	As restated RM'000
Group			
As at 31 December 2001 / 1 January 2002			
Revaluation reserve	73,853	(20,518)	53,335
Retained profits	643,399	29,657	673,056
Year ended 31 December 2002			
Taxation	55,490	(2,342)	53,148
As at 31 December 2002 / 1 January 2003			
Revaluation reserve	73,853	(20,518)	53,335
Retained profits	737,453	31,999	769,452
Deferred tax assets	-	25,300	25,300
Deferred tax liabilities	13,105	13,819	26,924
Company			
As at 31 December 2001 / 1 January 2002			
Retained profits	219,975	1,949	221,924
Year ended 31 December 2002			
Taxation	24,671	(3,308)	21,363
As at 31 December 2002 / 1 January 2003			
Retained profits	257,261	5,257	262,518
Deferred tax assets	-	358	358
Deferred tax liabilities	4,899	(4,899)	-

(b) Employee benefits

In previous years, the liability in respect of the defined benefits plan is based on an actuarial valuation calculated using the projected benefits valuation method. The cost of providing retirement benefits based on the latest actuarial valuation obtained is charged against profits on a systematic basis so as to be sufficient to meet the liability of the scheme over the future working lives of the existing employees. The difference between the amount charged to the income statement and payments made to the fund is treated as a non-current liability.

The Group has now changed its accounting policy to recognise the liability in respect of the defined benefit plan, which is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost based on actuarial valuation calculated using the projected unit credit method. Net actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, is charged or credited to income statement over the average remaining service lives of the related participating employees when the net cumulative unrecognised actuarial gains and losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of the plan assets.

On first adoption of MASB 29 on 1 January 2003, the deficit arising in respect of post-employment benefit obligations is recognised as an expense on a straight line basis over 5 years in accordance with the transitional provision of the Standard. The amounts charged to income statements of the Group and Company for the year are RM599,000 and RM15,000 respectively (Note 20). Unrecognised transitional liability of the Group and Company at 31 December 2003 amounted to RM2,399,000 and RM62,000 respectively (Note 20).

(c) Property development activities

The Group has adopted MASB 32 in advance of its effective date. Adoption of MASB 32 did not affect net profit or shareholders' equity as the Group was already following the recognition and measurement principles in this Standard.

The effect of reclassification of comparatives is as follows:

	As previously reported RM'000	Effects of change in policy RM'000	As restated RM'000
At 31 December 2002 / 1 January 2003			
Land held for property development	-	29,288	29,288
Property development costs	351,013	(29,288)	321,725

"Property development expenditure" has been renamed "property development costs".

46. CAPITAL COMMITMENTS

	THE GROUP	
	2003 RM'000	2002 RM'000
Approved and contracted for	22,437	49,561
Approved but not contracted for	-	34,753
	22,437	84,314
Analysed as follows: -		
Property, plant and equipment	-	41,314
Development land	22,437	43,000
	22,437	84,314

47. CONTINGENT LIABILITIES (UNSECURED)

	THE GROUP		THE COMPANY	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Bank borrowings of subsidiaries guaranteed by the Company	-	-	24,725	11,345
Bank borrowings of associates guaranteed by the Company	90,613	76,995	90,613	76,995
	90,613	76,995	115,338	88,340

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

48. SIGNIFICANT EVENT DURING THE YEAR

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

- (a) The par value of IJMP shares was split from one (1) ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each;
- (b) RM150,000,000 of "inter-company" advances from the Company to IJMP was capitalised in the following manner:
 - (i) RM100,000,000 of the advances was capitalised whereby 200,000,000 new IJMP Shares were issued; and
 - (ii) RM50,000,000 was converted into Redeemable Convertible Unsecured Loan Stocks in IJMP;
- (c) IJMP acquired the remaining 65% equity in Minat Teguh Sdn Bhd and the remaining 40% equity in Desa Talisai Sdn Bhd, of which the consideration was satisfied in the form of new IJMP shares issued;
- (d) The stockholders of RHTB was paid in the form of 2,430,804 IJMP shares and RHTB was paid a total cash consideration of RM25,000,000;
- (e) the Company distributed 1,992,000 IJMP shares to entitled employees of the Company and its subsidiaries (including IJMP) as part of the employees annual bonus; and
- (f) the Company distributed 148,442,024 IJMP shares to shareholders of the Company on the basis of two (2) IJMP Shares for every five (5) ordinary shares of RM1.00 each held in the Company.

The listing of IJMP on the Main Board of the Malaysia Securities Exchange Berhad was completed on 2 July 2003 and thereafter IJMP became a 49% associate of the Group.

The impact of the dilution of interest in IJMP is detailed below.

Details of net assets disposed and cash flow arising from the dilution are as follows: -

	At date of disposal RM'000	31.12.2002 RM'000
Cash and bank balances	11,102	4,049
Property, plant and equipment	526,754	513,827
Intangibles	1,245	1,726
Associates	24,963	23,646
Deferred tax	620	(6,939)
Deferred income	(2,296)	(3,444)
Inventories	16,729	13,760
Receivables	14,593	13,550
Amount owing by associates	7,784	11,744
Payables	(22,663)	(14,962)
Amount owing to holding company	(51,408)	(194,979)
Amount owing to associates	(37,394)	(36,956)
Borrowings	465	-
Hire purchase and leasing	(8,340)	(9,721)
Unquoted Redeemable Convertible Unsecured Loan Stocks	(50,000)	-
	432,154	315,301
Minority interest	(73,219)	(69,546)
Group's share of net assets	358,935	245,755
Less: Amount retained / accounted for as associates	(221,445)	
Net assets distributed to shareholders	137,490	
Net purchase consideration / disposal proceeds discharged by cash	-	
Less: Cash and cash equivalents of subsidiaries disposed	(11,102)	
Cash outflow on dilution	(11,102)	

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

48. SIGNIFICANT EVENT DURING THE YEAR (Continued)

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

	6 months ended 30.6.2003 RM'000	Year ended 31.12.2002 RM'000
Operating revenue	75,450	96,837
Cost of sales	(50,695)	(50,693)
Gross profits	24,755	46,144
Other income	1,516	3,094
Expenses	(9,786)	(19,886)
Finance cost	(2,405)	(3,318)
Operating profit	14,080	26,034
Share of results of associates	1,766	3,398
Profit before taxation	15,846	29,432
Taxation	(4,587)	(7,147)
Profits after taxation	11,259	22,285
Minority interests	(1,686)	(6,124)
Net profit	9,573	16,161
Less: Group's share of profit attributable to investments retained as associates	(4,729)	(7,984)
	4,844	8,177

49. COMPARATIVES

During the financial year, an amount owing by a subsidiary of RM83,183,000 and an amount owing by an associate of RM72,990,000 have been reclassified from current assets to non-current assets as the Directors are of the view that the balances represent the Group's and Company's net investment in a subsidiary and an associate as the balances due are expected to be recovered only upon disposal of either the Group's investment in the associate or the disposal of the property by the associate (Note 23).

For comparative purposes, the balances as at 31 December 2002 have been reclassified in the current financial statements.

The effect of the reclassifications on the Group's and Company's financial statements as at 31 December 2002 are as follows:

	Note	As previously reported RM'000	Effects of reclassif- ication RM'000	As restated RM'000
Group				
As at 31 December 2002				
Non-current assets				
Associates	24	320,084	46,187	366,271
Current assets				
Amounts owing by associates	30	169,871	(46,187)	123,684
Company				
As at 31 December 2002				
Non-current assets				
Subsidiaries	23	277,596	50,504	328,100
Current assets				
Amounts owing by subsidiaries	30	599,835	(50,504)	549,331

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

50. LIST OF SUBSIDIARIES AND ASSOCIATES *as at 31 December 2003*

Name	Country of incorporation	Effective equity interest		Principal activities
		2003 %	2002 %	
SUBSIDIARIES				
GR Commerce Sdn Bhd	Malaysia	72	72	Trading of building materials
IJM Construction Sdn Bhd	Malaysia	100	100	Civil and building construction and investment holding
IJM Properties Sdn Bhd	Malaysia	100	100	Property development and investment holding
IJM Argentina Sociedad Anomina *	Argentina	100	100	Investment holding
IJM Australia Pty Limited +	Australia	80	80	Engineering and construction consultancy and property development
IJM Investments (M) Limited ##	Mauritius	100	100	Investment holding
IJM International (BVI) Pty Ltd *	British Virgin Islands	100	100	Investment holding
IJM International Limited #	Hong Kong	100	100	Investment holding
IJM Investments (L) Ltd *	Federal Territory of Labuan	100	100	Investment holding
IJM Overseas Ventures Sdn Bhd	Malaysia	100	100	Investment holding
Jelutong Development Sdn Bhd	Malaysia	80	100	Civil construction and property development
Kamad Quarry Sdn Bhd	Malaysia	100	100	Quarrying, manufacture and sale of premix products and road pavement construction
Malaysian Rock Products Sdn Bhd	Malaysia	100	100	Quarrying, sale of rock products and investment holding
Nilai Cipta Sdn Bhd *	Malaysia	70	70	Office complex concession holder
Styrobilt Sdn Bhd	Malaysia	100	100	Dormant
Torsco Berhad *	Malaysia	100	100	Engineering, fabrication and construction
Held by IJM Construction Sdn Bhd				
IJM Building Systems Sdn Bhd	Malaysia	100	100	Prefabricated building construction
Jurutama Sdn Bhd	Malaysia	100	100	Civil and building construction and property development
Kami Builders Sdn Bhd	Malaysia	100	100	Civil construction and property development
Prebore Piling & Engineering Sdn Bhd *	Malaysia	79.9	79.9	Piling, engineering and other construction works

Name	Country of incorporation	Effective equity interest		Principal activities
		2003 %	2002 %	
Held by IJM Properties Sdn Bhd				
BDA-Kidurong Development Sdn Bhd *	Malaysia	53	53	Property development
Chen Yu Land Sdn Bhd	Malaysia	100	100	Property development
IJM Management Services Sdn Bhd	Malaysia	100	100	Project and construction management services
Jalanan Masyhur Sdn Bhd	Malaysia	51	51	Property development
Liberty Heritage (M) Sdn Bhd	Malaysia	100	100	Property management and car parking services
Maxharta Sdn Bhd	Malaysia	100	100	Property development, civil and building construction
NS Central Market Sdn Bhd	Malaysia	70	70	Property development
Sinaran Intisari (M) Sdn Bhd	Malaysia	51	51	Property development
Suria Bistari Development Sdn Bhd	Malaysia	51	51	Property development
Wedec Sdn Bhd	Malaysia	100	100	Interior fit-out services, upgrades and renovation works
Xylocorp (M) Sdn Bhd	Malaysia	100	100	Property development
Held by Malaysian Rock Products Sdn Bhd				
Aggregate Marketing Sdn Bhd	Malaysia	100	51	Sale of rock products
Azam Ekuiti Sdn Bhd	Malaysia	100	100	Quarry owner
Bohayan Industries Sdn Bhd	Malaysia	70	70	Quarrying, sale of quarry products, production and sale of ready-mixed concrete
Damansara Rock Products Sdn Bhd	Malaysia	100	100	Quarrying, road pavement construction, manufacture and sale of premix products
Global Rock Marketing Sdn Bhd	Malaysia	100	100	Sale of rock products
Kemena Industries Sdn Bhd *	Malaysia	55	55	Manufacture of ready-mixed concrete and reinforced concrete products
Kuang Rock Products Sdn Bhd	Malaysia	100	100	Quarrying and sale of rock products
Mowtas Bulkiers Sdn Bhd *	Malaysia	-	100	Multi-user bulking terminal
Oriental Empire Sdn Bhd	Malaysia	100	100	Quarry owner
Scaffold Master Sdn Bhd	Malaysia	100	100	Sale and rental of steel scaffolding
Strong Mixed Concrete Sdn Bhd	Malaysia	100	100	Production and supply of ready-mixed concrete
Warga Sepakat Sdn Bhd	Malaysia	100	-	Leaseholder of quarry land

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

50. LIST OF SUBSIDIARIES AND ASSOCIATES (Continued) as at 31 December 2003

Name	Country of incorporation	Effective equity interest		Principal activities
		2003 %	2002 %	
Held by IJM Investments (M) Limited				
IEMCEE Infra (Mauritius) Limited ##	Mauritius	100	100	Investment holding
IJMII (Mauritius) Limited ##	Mauritius	100	100	Investment holding
IJM Rewa (Mauritius) Limited ##	Mauritius	100	100	Investment holding
Held by IJMII (Mauritius) Limited				
IJM (India) Infrastructure Limited *	India	95.2	70	Construction
Held by IJM Rewa (Mauritius) Limited				
Rewa Tollway Private Limited @	India	100	100	Infrastructure development
Held by IJM (India) Infrastructure Limited				
Swarnandhra-IJMII Integrated Township Development Company Private Limited @	India	48.6	-	Property development
Held by IJM Australia Pty Limited				
Billmex Pty Limited +	Australia	80	80	Property development
Held by Torsco Berhad				
Sang Kee Enterprise Sdn Bhd *	Malaysia	100	100	Property investment
Sang Kee Feedmills Sdn Bhd *	Malaysia	100	100	Property investment
Torsco Overseas Sdn Bhd*	Malaysia	100	100	Provision of engineering, fabrication and construction works
ASSOCIATES				
CIDB Inventures Sdn Bhd	Malaysia	33.65	24.9	Infrastructure investment
Cofreth (M) Sdn Bhd *	Malaysia	20	20	Total facilities management, operations & maintenance, co-generation and district cooling system/service provider
Community Resort Development System Sdn Bhd*	Malaysia	20	20	Dormant
Deltabumi Sdn Bhd	Malaysia	40	40	Special purpose vehicle
Emas Utilities Corporation Sdn Bhd *	Malaysia	40	40	Investment holding
Grupo Concesionario del Oeste S.A. ~	Argentina	20.1	20.1	Construction, renovation, repair, conservation and operation of Acceso Oeste highway
IJM Plantations Berhad *	Malaysia	49.4	100	Cultivation of oil palm and investment holding

Name	Country of incorporation	Effective equity interest		Principal activities
		2003 %	2002 %	
IJM-Yorkville (BVI) Pty Ltd *	British Virgin Islands	50	50	Special purpose vehicle for financing
Industrial Concrete Products Berhad *	Malaysia	20.66	21.5	Manufacture of precast concrete products
Inversiones e Inmobiliaria Sur-Sur S.A. *	Chile	25	25	Property Development
JWS Projects Sdn Bhd	Malaysia	50	50	Investment holding
Macroland Holdings Sdn Bhd	Malaysia	30	30	Under members' voluntary liquidation
MASSCORP-Chile Sdn Bhd	Malaysia	31.87	31.4	Investment holding
Precast Products Sdn Bhd *	Malaysia	-	25	Dormant
Precast Property Sdn Bhd *	Malaysia	50	50	Dormant
Precast Technology Sdn Bhd *	Malaysia	50	50	Dormant
Sin Kean Boon Group Berhad *	Malaysia	20.1	20.1	Manufacture of roller shutters and aluminium extrusions and investment holding
Spirolite (M) Sdn Bhd *	Malaysia	37.5	37.5	Manufacture of straight extruded pipes and "spiral" pipes, tubes, tanks and containers
Held by IJM Australia Pty Limited				
Quay Link Enterprises Pty Limited +	Australia	40	40	Property development
Held by IJM Construction Sdn Bhd				
Hexacon Construction Pte Limited ^	Singapore	49	49	Civil and building construction
Highway Master Sdn Bhd	Malaysia	50	50	Road pavement construction
Integrated Water Services (M) Sdn Bhd *	Malaysia	35	35	Operation and maintenance of a water treatment plant
IT&T Builders Sdn Bhd	Malaysia	45	45	Building construction
Malaysian Construction Ventures (Overseas) Sdn Bhd	Malaysia	20	20	Project consultancy services
Nekadsatu Jaya Sdn Bhd	Malaysia	50	50	Construction and property development
THB-IJM Joint Venture Sdn Bhd	Malaysia	49	49	Construction
Held by IJM International (BVI) Pty Ltd				
Avillion Hotels International (Sydney) Pty Limited *	Australia	49	49	Hotel operator
Reliance-OSW (Nominees) Pty Limited *	Australia	49	49	Trustee company

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2003

50. LIST OF SUBSIDIARIES AND ASSOCIATES (Continued) as at 31 December 2003

Name	Country of incorporation	Effective equity interest		Principal activities
		2003 %	2002 %	
Held by IJM International Limited				
Amcol Pacific Infrastructure Pte Limited *	Singapore	20	20	In creditors' voluntary liquidation
Grapevine Investments (Hong Kong) Limited #	Hong Kong	50	50	Investment holding
OSW Properties Pty Limited *	Australia	50	50	Property development
Held by IEMCEE Infra (Mauritius)Limited				
Gautami Power Private Limited *	India	36	36	Power generation
Held by IJMII (Mauritius) Limited				
Swarna Tollway Pte Ltd *	India	35.09	32.5	Infrastructure development
Held by IJM Overseas Ventures Sdn Bhd				
Earning Edge Sdn Bhd	Malaysia	21.67	20	Property development
MASSCORP-Namibia Sdn Bhd	Malaysia	40	40	Investment holding
Held by IJM Properties Sdn Bhd				
Ever Mark (M) Sdn Bhd	Malaysia	50	50	Property development
MASSCORP-Vietnam Sdn Bhd	Malaysia	20	20	Investment holding
Wilmington Sdn Bhd	Malaysia	50	50	Property development
Worldwide Ventures Sdn Bhd	Malaysia	50	50	Property development and investment holding
Held by Malaysian Rock Products Sdn Bhd				
Batu Kenangan Sdn Bhd *	Malaysia	40	40	In members' voluntary liquidation
DML-MRP Resources (M) Sdn Bhd	Malaysia	50	50	Dormant
Pulai Maju Sdn Bhd	Malaysia	50	50	Leaseholder of quarry land

^ Audited by PricewaterhouseCoopers, Singapore

Audited by PricewaterhouseCoopers, Hong Kong

+ Audited by PricewaterhouseCoopers, Australia

~ Audited by PricewaterhouseCoopers, Argentina

Audited by PricewaterhouseCoopers, Mauritius

@ Audited by PricewaterhouseCoopers, India

* Not audited by PricewaterhouseCoopers

STATUTORY DECLARATION

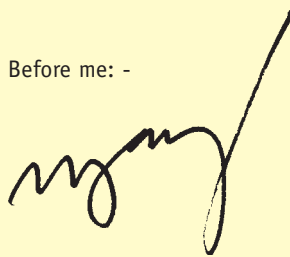
I, Loy Boon Chen, being the officer primarily responsible for the financial management of IJM Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 76 to 150 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Petaling Jaya on 26 February, 2004.



LOY BOON CHEN

Before me: -



G. VIJAYAN BASKARAN PPN
Commissioner for Oaths
Petaling Jaya

REPORT OF THE AUDITORS TO THE MEMBERS



PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 (3) 2693 1077
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Report of the auditors to the members of IJM Corporation Berhad

Company No: 104131-A

We have audited the financial statements set out on pages 76 to 150. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and Company as at 31 December 2003 and of the results and cash flows of the Group and Company for the financial year ended on that date;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

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

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

PRICEWATERHOUSECOOPERS
(AF-1146)
Chartered Accountants

Kuala Lumpur
26 February 2004

Shirley Goh
(1778/08/04(J))
Partner

LIST OF PROPERTIES

as at 31 December 2003

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Values at 31 December 2003 RM'000
PROPERTY, PLANT & EQUIPMENT								
JOHOR								
Lot PTB 19233 H.S.(D) 210937 Unit 1701-1703 Jalan Tebrau, Johor Bahru	Commercial land	0.064	Freehold	Office space (3 years; 2,361 sq.m.)	-	7	A:1996	2,179
Lot Nos. 810, 811 and MLO 23, GM 66, 68 & H.S. (M) 937 Mukim Sedenak, Air Bembau, Kulai	Agriculture land	8.147	Freehold	Vacant; for future development	-	-	A:1998	2,000
E-2-1 Block Mawar, Anjung Seri Condominium Jalan Persiaran Seri Alam 81750 Masai	Condominium	0.009	Freehold	Residential	-	5	A:1999	228
E-2-6, 3-2, 3-5 Block Mawar, Anjung Seri Condominium Jalan Persiaran Seri Alam 81750 Masai	Condominium	0.027	Freehold	Residential (Vacant)	-	5	A:1999	482
NEGERI SEMBILAN								
H.S. (D) 77335, P.T. 6322 Mukim Labu, Daerah Seremban	Industrial land	14.164	Leasehold	Quarrying	2053	-	A:1993	1,082
H.S. (D) 75235, P.T. 6054 Mukim Labu, Daerah Seremban	Industrial land	16.997	Leasehold	Quarrying	2053	-	A:1993	3,133
H.S. (D) 151681, P.T. 23506 Mukim Labu, Daerah Seremban	Industrial land	4.047	Leasehold	Quarrying	2063	-	A:2003	54

LIST OF PROPERTIES *(Continued)*

as at 31 December 2003

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Value as at 31 December 2003 RM'000
PENANG								
Parcel No. M/0/05/20 & M/0/05/21, Pusat Perdagangan Tanjung	Office	0.05	Leasehold	Office (548 sq.m.)	2089	8	A:1994	655
PT 35, No HS (D) 11743, Seksyen 4, Daerah Timur Laut, Bandar Jelutong	Industrial land	6.423	Freehold	Vacant; for future development	-	-	A:2001	10,449
PT 69, 70, 71 Seksyen 9E, Daerah Timor Laut, Bandar Georgetown	Residential	4.4496	Leasehold	Work In Progress	2100	-	A:2001	5,244
PT 1 to PT15 Seksyen 8 Daerah Timor Laut Bandar Georgetown	Commercial	0.2256	Leasehold	W-I-P 15 shops	2102	-	A.2003	922
PERAK								
Lot 11004, 4-3/4 Miles, Jalan Lahat, Mukim Ulu Kinta	Industrial land & building	2.718	Leasehold	Plant 1, Office building & workshop (8.757sq.m.)	2053	25	R:1981	1,587
PT No. 595, H.S. (D) Dgs 1276/88 and PT No. 538, H.S. (D) Dgs 1272/88, Mukim Lumut, Daerah Manjung	Industrial land & building	2.016	Leasehold	Plant 2A, C & D, Office building & workshop (6.930 sq.m.)	2087	10	R:1993	3,627
Lot l1, Mukim Lumut, Daerah Manjung	Industrial land & building	2.497	Leasehold	Plant 2B, Workshop (3,600 sq.m.)	2094	4	A: 1995	3,560
				Plant 2E (1,800 sq.m.)	2094	2	A: 2002	1,095
Lot D-2, Mukim Lumut, Daerah Manjung	Industrial land & building	5.075	Leasehold	Plant 3, Office building, workshop & jetty (4,480 sq.m.)	2093	3	A:1996	11,188

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Value as at 31 December 2003 RM'000
SARAWAK								
Lot 1176 Block 32, Kemena Crossing, Bintulu	Industrial Land & Building	3.710	Leasehold	Office & workshop (1,734 sq. m.)	2050	17	A:1987	1,631
Lot 2945, Block 32 Kemena Land District Bintulu	Industrial land & Building	2.676	Title yet to be issued	Vacant for future development	-	10	A:1996	1,006
Lot 1402, Block 31, Kemena Land District Jalan Tanjung Batu 97000 Bintulu	Commercial Land & Building	0.016	Leasehold	Shop-office (154 sq.m.)	2048	14	A:1996	255
Lot 3822, Block 31, Kemena Land District Jalan Tanjung Batu 97000 Bintulu	Building	0.003	Leasehold	Residential (333 sq.m.)	2056	8	A:1995	165
SELANGOR								
Lot 170, Section 7, Jalan Yong Shook Lin, 46050 Petaling Jaya	Commercial land & Building	0.759	Leasehold	2 office buildings (7,088 sq.m.)	2069	23	A: 1985	16,532
55 Jalan TS6/10A, Subang Industrial Park, Subang Jaya, H.S.(D) 97263, P.T. 27731 Mukim of Petaling	Industrial land	0.018	Leasehold	3 storey industrial building (178 sq.m.)	2090	9	A: 1996	653
Workshop 3.5KM, Jalan Kampung Jawa Klang	Workshop	0.020	Leasehold	Workshop	-	3	A:2000	24
EMR 5364, Lot 2775 District of Klang	Workshop	0.037	Rented	For repair & maintenance of steel scaffolding	-	4	A:1999	68
Lot No 197, Mukim Rawang, Daerah Gombak, Kundang Industrial Park	Industrial land	0.185	Freehold	Vacant; for future development	-	-	A:2000	459
P.T 29651, H.S. (D) 97465, Mukim Sungai Buluh, Daerah Petaling	Commercial land & building	5.459	Leasehold	22 units of shoplex of which 19 are tenanted	2090	7	A:1997	2,725

LIST OF PROPERTIES *(Continued)*

as at 31 December 2003

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Value as at 31 December 2003 RM'000
SELANGOR (Continued)								
P.T 17308, H.S. (D) 30887, Mukim Kapar, Daerah Klang	Industrial	1.698	Freehold	Vacant; for future development	-	-	A:2003	6,397
Lot 6497 Sungai Buloh Estate Off 6th Mile Jalan Kapar 42100 Kapar, Klang	Land & building	5.75	Freehold	Office, Store, Workshop & Workers' Quarters	-	3	A:2001	2,963
Lot No 52177, Mukim Batu Daerah Gombak, KM 15 Jalan Rawang	Land & Building	0.013	Leasehold	Store	2089	12	A:1992	106
Lot No M45 Unit M45-2A & 2B Block 6 Seremban	Land & Building	0.013	Freehold	Vacant	-	5	A:1999	126
Unit No. K2/01/05 & K1/02/01 (23-1 & 1-2, Desa Seri Puteri, Jalan 2/125G, 57100 KL)	Commercial	0.034	Leasehold	Commercial office	2093	2	A:2002	474
WILAYAH PERSEKUTUAN KUALA LUMPUR								
B7-6 Puncak Prima Condo Sri Hartamas	Condominium	0.009	Freehold	Residential	-	6	A:2001	333
Golden City Condominium No: 19-05, 19th Floor Jalan Ipoh, 51200	Condominium	0.010	Freehold	Residential	-	8	A:1995	192
INDIA								
Village & Post Bodhanam, Chillakur Mandal, Kadivedu Sub-post, Nellore District, Andhra Pradesh - 524410	Agricultural land	19.18	Freehold	For installing plants, quarrying & office	-	-	A:2002	1,248
Rewa Road, Opp Jail Building, PO MAU (Beohari), Madhya Pradesh - 484774	Agricultural land	6.00	Freehold	For installing plants, quarrying & office	-	-	A:2002	390

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Value as at 31 December 2003 RM'000
DEVELOPMENT PROPERTIES & LAND HELD FOR PROPERTY DEVELOPMENT								
JOHOR								
Lot 13904-13980, 14007-14060 and 14067 & 19215 Kampung Muafakat Jalan Tun Abdul Razak	Commercial & Residential	16.35	Title yet to be issued	Under development	-	-	A:1992	18,100
Part of Lot 1896 Kampung Serantau Jalan Dato' Jaafar Larkin	Commercial & Residential	9.224	Leasehold	Under development	2101	-	A:1992	36,514
NEGERI SEMBILAN								
HS (D) 109551, PT 888, Pekan Bukit Kepayang, Daerah Seremban	Commercial	1.902	Leasehold	Under development	2096	-	A:2001	18,158
PENANG								
Lots 14, 17, 372, 374, 376 & 492, Section 19, Georgetown, North East District	Commercial land	0.546	Freehold	Vacant; for future development	-	-	A:1992	10,726
Lots 721 to 739 & 745, 1721 and 1727, Seksyen 4, Bandar Butterworth, Daerah Seberang Prai Utara	Commercial & residential land, Agricultural	5.378	Freehold	Vacant; for future development	-	-	A:1992	9,525
Lots 395 & 396, Mukim 1, Pulau Betong, Daerah Barat Daya	Agriculture land	2.104	Freehold	Vacant; for future development	-	-	A:1992	1,306
Lots 34, 35, 38, 40, 41, 1245 & 101, Mukim 12, Daerah Seberang Prai Tengah	Agriculture land	5.508	Freehold	Vacant; for future development	-	-	A:1994	1,224
Holding No. 299, 300 & 304, Mukim 14, Seberang Prai Selatan	Commercial and residential land	10.918	Freehold	Under development	-	-	A:1994	16,397

LIST OF PROPERTIES *(Continued)*

as at 31 December 2003

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Value as at 31 December 2003 RM'000
PENANG (Continued)								
Lot No. 501, Mukim 14, Seberang Prai Selatan (comprised in Geran No. 38943)	Commercial and residential land	3.567	Freehold	Under development	-	-	A:1994	6,369
Lot No. 862, Mukim 14, Seberang Prai Selatan (comprised in No. Pendaftaran 3754)	Commercial and residential land	1.806	Freehold	Vacant; for future development	-	-	A:1994	3,214
Lot No. 583, Mukim 14, Seberang Prai Tengah (comprised in Geran Mukim No. 381)	Commercial and residential land	1.453	Freehold	Vacant; for future development	-	-	A:1994	710
Lot No. 590, Mukim 14, Seberang Prai Tengah (comprised in No. Pendaftaran 12126)	Commercial and residential land	21.032	Freehold	Vacant; for future development	-	-	A:1994	10,278
Lot No. 591, No. GM 168, Mukim 14, Seberang Prai Tengah	Commercial and residential land	2.635	Freehold	Vacant; for future development	-	-	A:1994	1,288
Lot No. 592, Mukim 14, Seberang Prai Tengah (comprised in No. Pendaftaran 12127)	Commercial and residential land	11.153	Freehold	Vacant; for future development	-	-	A:1994	5,450
Lot No. 1639, Mukim 14, Seberang Prai Tengah, (comprised in Geran Mukim No. 299)	Commercial and residential land	2.978	Freehold	Vacant; for future development	-	-	A:1994	1,455
Lot No. 1640, Mukim 14, Seberang Prai Tengah (comprised in Geran Mukim No. 300)	Commercial and residential land	0.121	Freehold	Vacant; for future development	-	-	A:1994	59

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Value as at 31 December 2003 RM'000
Lot Nos. 1686 & 1729 Mukim 14, Seberang Prai Tengah	Agriculture land	5.233	Freehold	Vacant; for future development	-	-	A:1995	3,394
Lot No. 1627, Mukim 14, Seberang Prai Tengah	Agriculture land	7.282	Leasehold	Vacant; for future development	2876	-	A:1995	3,506
Lot No. 1628, Mukim 14, Seberang Prai Tengah	Agriculture land	1.174	Freehold	Vacant; for future development	-	-	A:1995	556
Lot 1725, 1727, 1728, 1768, 1781 & 1789, Mukim 14, Seberang Prai Tengah	Agriculture land	8.72	Freehold	Vacant; for future development	-	-	A:1995-96	4,569
PT 241, Seksyen 9W, No HS (D) 5169, Daerah Timur Laut, Bandar Georgetown	Industrial	6.07	Leasehold	Under development	2100	-	A:2001	7,087
PT 32, 33, 34, 35 Seksyen 4, ` No HS (D) 11743, Bandar Jelutong, Daerah Timur Laut	Mixed development	11.001	Freehold	Under development	-	-	A:2001	43,216
Parcel A1-1 to A1-12, A3-1 to A3-4 Seksyen 4 Jelutong, Daerah Timur Laut	Mixed development	55.24	Freehold	Yet to be reclaimed	-	-	-	8,987
Parcel A2-1 to A2-3, Seksyen 8 Georgetown, Daerah Timur Laut	Mixed development, residential	10.627	Freehold	Yet to be reclaimed	-	-	-	11,162
Parcel B1-1 to B1-8, B2-1 to B2-3, C1-2 to C1-3, C1-7 to C1-9, C2-1 to C2-7, C3-1 & C3-2 Seksyen 8 Georgetown, Daerah Timur Laut	Mixed development	44.681	Leasehold	Yet to be reclaimed	-	-	-	8,605

LIST OF PROPERTIES *(Continued)*

as at 31 December 2003

Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Value as at 31 December 2003 RM'000
PERAK								
Lot HS (D) KA 27107 - 9, PT No, 123935 - 7, Mukim of Hulu Kinta, Daerah Kinta	Residential land	5.071	Leasehold	Vacant; for future development	2092	-	A:2001	15,923
SABAH								
CL 075477584, District of Sandakan, 6th North Road	Residential	134.7	Leasehold	Under development	2081	-	A:1998	24,162
CL 075204269, District of Sandakan	-	3.97	Leasehold	Vacant; for future development	-	-	A:2002	882
CL 075204241, District of Sandakan	-	5.91	Leasehold	Vacant; for future development	-	-	A:2003	1,354
SARAWAK								
Lot 7978, Section 65 KTLD, (Balance of Lot 5238, Section 65 KTLD, Kuching)	Agricultural	11.338	Leasehold	Under development	2024	-	A:1991	6,755
Lot 5536, Section 65 KTLD, Kuching	Agricultural	2.752	Leasehold	Under conversion to residential	2038	-	A:1996	2,629

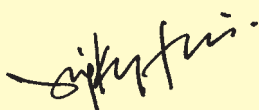
Location	Description	Area (Hectares)	Tenure	Existing Use	Expiry Date	Age of Building (years)	Date of Revaluation (R) / Acquisition (A)	Net Book Value as at 31 December 2003 RM'000
SELANGOR								
Lot 4446, Mukim Kapar, 41400 Kelang	Agriculture land	1.214	Freehold	Vacant; for future development	-	-	A:1984	300
Grant No 5051 Lot 240 Mukim of Klang	Agricultural	40.052	Freehold	Under development	-	-	A:1994	46,476
H.S. (D) 45120, P.T. 23728 Mukim Kapar, Daerah Klang	Industrial land	7.79	Freehold	Vacant; for future development	-	-	A:1989	18,762
Lot 6497 C.T. 26645 Mukim Kapar, Daerah Klang	Industrial land	5.969	Freehold	Vacant; for future development	-	-	A:1996	8,689
WILAYAH PERSEKUTUAN KUALA LUMPUR								
Mukim of Petaling, Kuala Lumpur. (Cheras)	Residential & commercial	26.709	Leasehold	Vacant; for future development	2078	-	A: 2003	33,962
AUSTRALIA								
1, William Street, Melbourne Victoria 3000	Industrial warehouse	1.000	Freehold	For sale	-	-	A:2003	30,036

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting (AGM) of IJM CORPORATION BERHAD (104131-A) will be held at the Registered Office at 2nd Floor, Wisma IJM, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 19 May 2004, at 4.00 p.m. to transact the following matters:-

1. To receive the audited financial statements for the year ended 31 December 2003 together with the reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To elect retiring Directors as follows:-
 - a) Tan Sri Dato' (Dr) Haji Murad Bin Mohamad Noor *(Resolution 2)*
 - b) Dato' Tan Boon Seng @ Krishnan *(Resolution 3)*
 - c) Goh Chye Koon *(Resolution 4)*
 - d) Dato' Ismail Bin Shahudin *(Resolution 5)*
 - e) Abd Hamid Bin Othman *(Resolution 6)*
3. To reappoint PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration. *(Resolution 7)*
4. As special business to consider and pass the following ordinary resolutions:-
 - a) "That the Directors' fees of RM316,000 for the year ended 31 December 2003 be approved to be divided amongst the Directors in such manner as they may determine." *(Resolution 8)*
 - b) "That the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act 1965, to allot and issue not more than ten percent (10%) of the issued share capital of the Company at any time upon such terms and conditions and for such purposes as the Directors in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof." *(Resolution 9)*

By Order of the Board



Jeremie Ting Keng Fui
MAICSA 0777605
Company Secretary

Petaling Jaya
27 April 2004

Notes:

1. **APPOINTMENT OF PROXY**
A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and such a proxy need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised. The instrument appointing a proxy must be deposited at the Registered Office not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting. The Annual Report and Form of Proxy are available for access and download at IJM website at <http://www.ijm.com>.
2. **RETIREMENT OF DIRECTORS**
The Resolution 2, if approved, will authorise the continuity in office of the Director (who is over the age of 70 years) until the next AGM pursuant to Section 129 (6) of the Companies Act, 1965 (the Act). The particulars of all Directors including those seeking re-election are contained in the Annual Report.
3. **DIRECTORS' FEES**
The Resolution 8, if approved, will authorise the payment of Directors' fees pursuant to Article 100 of the Articles of Association.
4. **AUTHORITY TO ISSUE SHARES UNDER SECTION 132D**
The Resolution 9, if approved, will renew the authorisation obtained at the last AGM, pursuant to Section 132D of the Act, for issuance of up to 10% of the issued share capital of the Company, subject to compliance with the regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. The authorisation, unless in pursuance of offers, agreements or options granted by the Directors while the approval is in force, will expire at the next AGM.

FORM OF PROXY

I/We
of
being a member of **IJM CORPORATION BERHAD (104131-A)**
hereby appoint
of
or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the 20th Annual General Meeting (AGM) of IJM CORPORATION BERHAD (104131-A) to be held on Wednesday, 19 May 2004, at 4.00 p.m. and, at any adjournment thereof, in the manner indicated below:

No.	Resolutions	For	Against
1.	To receive the audited financial statements for the year ended 31 December 2003 together with the reports of the Directors and Auditors thereon		
2.	To reappoint Tan Sri Dato' (Dr) Haji Murad Bin Mohamad Noor as Director to hold office until the next AGM		
3.	To reappoint Dato' Tan Boon Seng @ Krishnan as Director		
4.	To reappoint Goh Chye Koon as Director		
5.	To reappoint Dato' Ismail Bin Shahudin as Director		
6.	To reappoint Abd Hamid Bin Othman as Director		
7.	To reappoint PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration		
8.	To approve the payment of Directors' fees of RM316,000		
9.	To authorise the issuance of up to 10% of the issued share capital of the Company		

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

Number of Shares Held

Signed (and sealed) this day of 2004

Signature(s) :

Notes:

A member or holder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and such a proxy need not be a member of the Company. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised. The instrument appointing a proxy must be deposited at the Registered Office not less than forty-eight (48) hours before the time set for holding the meeting or adjourned meeting. The Annual Report and Form of Proxy are available for access and download at the website at <http://www.ijm.com>.

Stamp

The Company Secretary
IJM CORPORATION BERHAD (104131-A)
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Malaysia

CORPORATE INFORMATION



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PRINCIPAL BANKERS

- ABN AMRO Bank Berhad
- HSBC Bank Malaysia Berhad
- Malayan Banking Berhad
- RHB Bank Berhad
- Standard Chartered Bank Malaysia Berhad
- United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Board of Malaysia Securities
Exchange Berhad since
29 September 1986
MSEB Code : 3336
Reuters Code : IJMS.KL
Bloomberg Code : IJM MK

