"...the Division will be intensifying its effort to launch new and innovative products at competitive prices."

review of operations

Properties

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

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

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

Properties Division Management Team

Seated (L to R): Mr Low Eng Bee (Sr. Marketing Manager), Mr Teh Kean Ming (Group General Manager - Properties) & Mr Wong Chee Voon (General Manager - Southern Region)

Standing (L to R): Mr Tan Aik Hong (Sr. Manager), Mr Joey Khoo (Sr. Marketing Manager), Mr Ch'ng Ewe Ghee (Ass. Manager - Contracts), Mr Karam Singh (Sr. Manager), Mr Colin Samson (Manager - Liaison), Mr Khoo Kah Hock (Asst. Manager - Finance) & Mr Toh Chin Leong (Sr. Engineer)

The Division registered an improved pre-tax profit of RM16.87 million on a turnover of RM148.58 million representing increases of 25.8% and 52.3% respectively over 2000.

During the year, the property market remained sluggish despite competitive pricing and a low interest environment. The subdued demand could be due to the uncertain environment resulting from rising unemployment and deteriorating business sentiment.

Nevertheless, the Government continued its proactive role to boost the industry by relaxing the Foreign Investment Committee guidelines, lifting the restriction for bridging financing of properties above RM250,000 and exempting stamp duty for sales and purchases, transfer and loan agreements. In addition, civil servants were also given exemptions on processing fees for purchases of completed properties up to end of 2001.

Despite the challenging market conditions, the Division performed considerably well through contributions from existing on-going projects such as Riana Green, Petaling Jaya; Yen Yen Park, Kuching and Taman Utama, Sandakan. The Division continues to emphasise quality products, timely completion and professionalism in property management services to give property owners and investors greater assurance of a liveable home and long-term capital appreciation.

Despite a promising prospect of early recovery in the global economy, the Division is cautiously optimistic of the outlook for 2002 and will be intensifying its effort to launch new and innovative products at competitive prices. The Division will continue to capitalise on the strength of its in-house expertise to deliver quality properties coupled with value engineering to bring the cost down and to create value for property owners and investors. In response to the current competitive environment, new innovative products incorporating elements of K-economy will be offered to meet the demands of the ever changing and more sophisticated needs of purchasers.

The Division will embark on new projects in strategic locations which include mixed development projects along the new proposed Jelutong Expressway, Penang; new luxurious condominiums in Bukit Jambul, Penang; and housing schemes in Kg Jawa, Klang and Larkin, Johor. With the upward trend in CPO prices and the rising purchasing power of the residents, more phases will be launched in Taman Utama, Sandakan, Sabah.

Taman Idaman in Seberang Perai, Penang

GMD Mr Krishnan Tan handing over the mock key to representatives of Riana Green Phase III owners

"The next steps forward would be to raise efficiency and increase utilisation of existing capacities."

review of operations

Industries

The Industries Division manufactures products ranging from ready-mixed and pre-cast concrete and bituminous products to HDPE pipes and tanks. Steel engineering and fabrication, and production of aggregates and rock products are other core activities of the Division.

The Division is one of Malaysia's largest quarrying groups, with an annual capacity exceeding 6.5 million tons of granite and industrial-use stones. It is the first quarry in Malaysia to be awarded the ISO 9002 certificate for its quality management in aggregate and premix production.

Industries Division Management Team

Seated (L to R): Mr Low Hong Imm (Manager - Accounts & Finance), Mr Leong Yew Kuen (General Manager), Mr William Ho (General Manager), Mr Mah Teck Oon (Director - Industries Division), Mr Yeo Poh Meng (Managing Director - Torsco Berhad) & Mr Chee Kok Phoon (Manager)

Standing (L to R): Mr Peter Tan (Manager - Credit Control) & Ms Chan Choy Ping (Manager - Accounts & Finance)

For 2001, the division chalked up a higher turnover of RM237.71 million (2000: RM188.71 million), an increase of 26.0%. In line with this, pre-tax profit rose by 48.3% to RM17.38 million (2000: RM11.72 million). The better performance was attributed to higher sales volume and better margins, increased capacity utilisation, efficient cost control and strong support from within the IJM Group.

Assembly of Quayside Container Crane for North Port

The steel fabrication business of Torsco Berhad (Torsco), a subsidiary, continued its steady performance. It registered an annual turnover of RM56.96 million and pre-tax profit of RM6.35 million, an improvement of 34.4% and 15.6% respectively. Among the major jobs undertaken by Torsco during 2001 were the fabrication of container cranes for both local and international customers, fabrication and commissioning of a palm oil mill in Sabah and a major arch bridge in Putrajaya. We envisage that Torsco would perform better in the current year, with its existing healthy order book of RM58.53 million.

The quarrying business under Malaysian Rock Products Sdn Bhd posted a turnover of nearly RM55.91 million with a pre-tax profit of RM3.17 million. This compared well to last year's turnover of RM48.56 million and pre-tax profit of RM2.48 million. The better results were achieved on the back of a slightly lower sales volume of 3.63 million tons (2000: 3.66 million tons) for aggregates and higher premix sales of 283,000 tons (2000: 252,000 tons). The quarries in South Johor recorded higher sales. Selling prices for both the aggregates and premix rose during the year, which contributed significantly towards pre-tax profit. The demand at Klang Valley, although stagnant, remained at a comfortable level with prices moving in a tight range that was near last year's level. Similarly, there was also no increase in demand in the Labu vicinity.

In the year, the Management actively sought out new quarries to replenish the reserves in the present quarries. These searches were carried out with a view to support the Group's construction activities throughout the country and address demand in new corridors of development.

Backed by better demand from both external and in-house markets, the ready-mixed concrete business under Strong Mixed Concrete Sdn Bhd achieved a 47.2% growth in turnover to RM53.86 million from RM36.58 million in financial year 2000. In tandem with this, pre-tax profit rose to RM4.20 million (2000: RM0.45 million), aided by higher selling prices, better cost control and lower depreciation. In order to achieve continuous growth and profitability, this sector is adopting a strategy to ensure full capacity utilisation of its existing plant and to seek new markets in better locations to expand its business.

At Scaffold Master Sdn Bhd, total billings of scaffolding rental for 2001 surged by 69.5% to RM4.95 million from RM2.92 million in 2000, helped by significant in-house usage, which amounted to 60.0% of total turnover. Pre-tax profit rose 37.8% to RM1.35 million despite absorbing higher depreciation charges. During the year, the company purchased additional scaffoldings worth RM3.23 million to cater for higher customer demand.

On the whole, the Industries Division performed well in financial year 2001, achieving its best result in the last five years. The next steps forward would be to raise efficiency and increase utilisation of existing capacities and to venture into new businesses with some synergy to existing operations. We are confident of achieving better results on the back of a larger Group order book and continuous effort by the Malaysian Government to spur economic growth through the construction sector.

"The management is proactively addressing the cost issues."

review of operations

Plantations

Incorporated in 1985, the Plantations Division has an extensive area of well-managed oil palm plantations of over 30,000 hectares comprising 14 estates in Sandakan, Sabah.

To complement the plantation, the Division has three palm oil mills capable of processing 750,000 tonnes of oil palm fruits per year. This state-of-the-art processing mills consistently produce results above the industry's average. Awards from the Malaysia Palm Oil Board (MPOB, previously known as the Palm Oil Registration and Licensing Authority, PORLA) are testimony of this.

Future plans call for increased planted hectarage and the creation of new palm oil mills and associated facilities.

Plantations Division Management Team
L to R: Mr Christopher Richard Donough (Research Controller), Mr Ng Chung Yin (Plantation Controller - Sugut Region II), Mr P.K. Venugopal (Controller - Agri Services), Mr Velayuthan Tan (Executive Director), Mr Ling Ah Hong (Group General Manager), Mr David Das (Group Planting Advisor), Mr Kunjuman Thomas (Plantation Controller - Sandakan Region), Mr Siah Heng San (Plantation Controller - Sugut region I) and Mr Steve Ong (Chief Accountant)

The Division's turnover rose 11.4% to RM72.55 million from RM65.12 million posted in 2000. Pre-tax profit amounted to RM6.80 million, representing a jump of 42.0% over the RM4.79 million achieved in the previous year. The better pre-tax profit was mainly attributed to an increase in fresh fruit bunches (FFB) production of the estates to 237,151 tonnes (2000: 219,039 tonnes). In terms of key industry parameters of yield and costs, the Division continued to perform well in 2001. Crude palm oil (CPO) prices, however, remained low throughout the year. The Group achieved an average CPO price of RM838 compared to RM897 in 2000.

The Division's land bank totalled 77,475 acres at the end of 2001, an increase of 6,954 acres over the previous year. The matured estates of 22,225 acres (representing 45% of the total planted acreage) produced a total of 237,151 tonnes of FFB in 2001, which represents an increase of 8.2% over the year 2000. The rise in FFB production was mainly due to increase in the age profile of the younger planted acreage.

As at 31 December 2001, immature planted acreage of the Division, located mainly at Labuk Sugut Region, was 26,983, an increase of 4,305 acres from last year's. As this acreage matures, the Group's profitability is expected to be enhanced in the future. The balance of the land bank of approximately 28,267 acres will be planted in the next few years.

The Desa Talisai Palm Oil Mill processed 220,110 tonnes of FFB in 2001. The 30/45 tonne-per-hour palm oil mill of 35%-associate Minat Teguh Sdn Bhd processed 116,668 tonnes of FFB in 2001. The newly completed Sabang Palm Oil Mill, with a 30/45 tonnes processing capacity, commenced its operations in January 2002. This mill is to cater for estates in the Sugut Region of Sandakan.

In addition, earthwork on the Division's 200/400 tonne-per-day palm kernel crushing plant has been completed. The plant and building structure work will commence shortly.

The management is proactively addressing the cost issues facing the Plantations Division. With the expected increase in demand from China and other countries and expected lower FFB production by the Industry, CPO price should stay above RM1,000 for the year 2002. Consequently, we are hopeful of an improved performance from the Division.

Sabang Palm Oil Mill in Sugut Region, Sabah