



Paramount Corporation Berhad is...

directly involved in businesses that benefit society. As innovators, we are dedicating ourselves to improving the quality of life not just for today but for tomorrow as well. And as torch bearers for generations to come, we are committed to

...creating a brighter future.



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of the Company will be held at Topas Room, Ground Floor, Hyatt Regency Saujana, 2km, Off Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Tuesday, 27 May 2003 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Accounts for the year ended 31 December 2002 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the declaration of a final dividend of 4.5%, tax exempt, in respect of the year ended 31 December 2002. **Resolution 2**
3. To approve the payment of Directors' fees. **Resolution 3**
4. To re-elect the following Directors who retire pursuant to Article 119(a) of the Company's Articles of Association:

Dato' Md Taib bin Abdul Hamid **Resolution 4**
 Ong Keng Siew **Resolution 5**
5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

"That YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Resolution 6**
6. To appoint Messrs Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs Arthur Andersen & Co, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors. **Resolution 7**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Authority to Directors to issue shares

"That, subject to the Companies Act, 1965, Articles of Association of the Company and approval from Kuala Lumpur Stock Exchange and other Governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued share capital of the Company for the time being."

Resolution 8

NOTICE OF DIVIDEND ENTITLEMENT

Subject to the approval of the shareholders, a final dividend of 4.5%, tax exempt, in respect of the year ended 31 December 2002, will be paid on 10 July 2003 to shareholders whose names appear in the Record of Depositors on 19 June 2003.

A depositor shall qualify for entitlement only in respect of:

- Shares transferred into the depositor's securities account before 4.00 p.m. on 19 June 2003 in respect of ordinary transfers;
- Shares bought on Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of Kuala Lumpur Stock Exchange.

By Order of the Board

TAY LEE KONG

Secretary

Petaling Jaya
Selangor Darul Ehsan
5 May 2003

NOTES

APPOINTMENT OF PROXY

- A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the above meeting.

APPOINTMENT OF AUDITORS

- The Company has received a Notice of Nomination pursuant to section 172(II) of the Companies Act, 1965, which appears on page 96 of the Annual Report, for the nomination of Messrs Ernst & Young, who have given their consent to act, for appointment as Auditors of the Company in place of the retiring Auditors.

SPECIAL BUSINESS

- The Ordinary Resolution proposed under item 7, if passed, will renew the powers given to the Directors at the last Annual General Meeting authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

This authority will, unless revoked or varied by the Company in general meeting, expires at the conclusion of the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF THIRTY-THIRD ANNUAL GENERAL MEETING

pursuant to paragraph 8.28(2) of Kuala Lumpur Stock Exchange Listing Requirements

1. Names of Directors standing for election or re-election:

The Directors retiring by rotation pursuant to Article 119 (a) of the Company's Articles of Association and standing for re-election are as follows:

- Ong Keng Siew
- Dato' Mohd Taib bin Abdul Hamid

A Director who is over the age of seventy and seeking re-appointment is as follows:

- Tan Sri Dato' Ahmad Sabki bin Jahidin

The details of the three Directors seeking re-election or re-appointment are the same as that stated in the Directors' profile from pages 11 to 15 and the shareholdings of the Directors in the Company are the same as that stated on page 46.

2. Details of Attendance of Directors at Board Meetings:

The details of the attendance of Directors at board meetings are the same as that stated in the Directors' profile from pages 11 to 15.

3. The 33rd Annual General Meeting will be held at Topas Room, Ground Floor, Hyatt Regency Saujana, 2km, Off Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Tuesday, 27 May 2003 at 10.00 a.m.

CORPORATE PROFILE

Paramount Corporation Berhad ("Paramount") was incorporated on 15th April 1969 as a public limited company under the name of Malaysia Rice Industries Berhad. It was then principally involved in the business of rice milling.

In 1971, Paramount successfully obtained listing on the Official Lists of Kuala Lumpur Stock Exchange ("KLSE") and Stock Exchange of Singapore Ltd ("SES").

In 1978, Paramount was restructured into a property development company with the acquisition of the entire issued share capital of Perumahan Berjaya Sdn Bhd, a real estate company. As part of the Company's plans to diversify further, Paramount also acquired an oil palm estate in Perak in 1980. The Company assumed its present name in 1980.

In 1981, Paramount acquired a 49% equity interest in Nanyang Insurance Company Berhad ("NIC"), whose principal activity was the underwriting of general insurance business.

The following year, Paramount acquired the entire issued and paid-up share capital of 4 more property development companies, Patani Jaya Sdn Bhd, Berkeley Sdn Bhd, Berkeley Maju Sdn Bhd and Maju Gading Development Sdn Bhd.

1983 marked Paramount's entry into the education sector with its wholly owned subsidiary, Kolej Damansara Utama Sdn Bhd (now known as KDU College Sdn Bhd), setting up KDU College in Petaling Jaya. Today, KDU College is acknowledged as a premier centre for higher education.

In 1984, Paramount ceased its rice milling operations.

In compliance with the national policy, Paramount was de-listed from the Official List of SES on 1st January 1990.

In March 1991, Paramount completed the acquisition of a 23-storey condominium known as Regency Tower.

Spurred by the success of the Petaling Jaya Campus, KDU College opened a branch campus in Penang in July 1991.

NIC became a subsidiary of Paramount following the acquisition of additional shares in 1993 and in the same year changed its name to Paramount Assurance Berhad ("PAB") to reflect the group's common identity.

In October 1996, Paramount acquired Berlian Sakti Sdn Bhd, one of the major contractors for the group's past and present development projects. This alliance was created to reap synergistic benefits for both companies. The same year, KDU College further expanded its business by entering into a joint venture to set up a campus in Sibul, East Malaysia.

In line with Bank Negara Malaysia's directive on the merger of insurance companies, PAB's general insurance operation merged with that of Jerneh Insurance Berhad ("JIB") in December 1999, resulting in PAB holding a 20% equity in JIB. PAB then changed its name to Paramount Global Assets Sdn Bhd ("PGA") to reflect the current nature of its business.

In October 2001, KDU College expanded its education business by moving downstream to set up a private primary and secondary smart school.

Based on an evaluation of its present operations and future prospects, Paramount, through its wholly owned subsidiary, PGA took up a 20.31% equity in iCarnegie, Inc ("iCarnegie") in June 2002. iCarnegie, which is an associate company of Carnegie Technology Education, is, in turn, a wholly owned subsidiary of Carnegie Mellon University, a world leader in computing, education and research.

On 28 June 2002, KDU Management Development Centre Sdn Bhd, a wholly owned subsidiary, was set up to venture into the provision of executive education and continuing professional development programs.

In line with Paramount's strategy to expand its land bank in high growth areas, Paramount through its wholly owned subsidiary company, Paramount Property Development Sdn Bhd, entered into a conditional Sale and Purchase Agreement on 24 January 2003 to acquire 524.70336 acres of freehold prime broadacre parcel of development land located in the central corridor of Klang Valley.

Over the years, Paramount has been pursuing a vision of value creation for its customers, shareholders, business partners and employees. Today, this vision has shaped Paramount into a progressive and successful group of companies. Paramount now focuses on 3 core businesses, i.e. property, construction and education, in order to capitalize on the group's resources and expertise.

Paramount's property development arm, Patani Jaya Sdn Bhd has earned an excellent reputation as a reliable and quality focused developer in Sungai Petani. Leveraging on its proven track record, Paramount will continue to grow its land bank in high growth areas in the Klang Valley, Penang and Johor.

Paramount's construction division has successfully diversified into infrastructure development such as public roads and highways as well as high-rise commercial property. The division has also expanded its business operations to the Klang Valley, Pahang and Melaka.

Paramount will continue to strengthen its position in the education sector, particularly in the field of tertiary education. Paramount also aims to develop its private smart school, Sekolah Sri KDU, into a hallmark of education excellence in Malaysia.

Paramount embraces the future with a firm commitment to further growth by building on the Group's strengths and success to further expand existing core businesses in order to provide good returns on investment for shareholders and enhance revenue from business operations. Quality management, strong corporate values, business dynamism and focused core businesses will continue to steer Paramount into the future. Management will continue to evaluate the Group's performance to capitalise on its strengths and resources, and to take advantage of business opportunities in a rapidly changing market. Backed by these strategies, Paramount's competitive position will see the Group embarking on an exciting journey of unfolding challenges in the new millennium.



*We are building assets that will
be regarded as treasured legacies tomorrow.*



GROUP CORPORATE STRUCTURE

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PARAMOUNT CORPORATION BERHAD • 3578-A



Property

100%	Perumahan Berjaya Sdn Bhd
100%	Wangsa Merdu Sdn Bhd
100%	Patani Jaya Sdn Bhd
100%	Kelab Bandar Laguna Merbok Sdn Bhd
100%	Paramount Property Development Sdn Bhd

Education

85%	KDU College Sdn Bhd
100%	KDU Smart School Sdn Bhd
100%	Janahasil Sdn Bhd
61%	KDU College (Sibu) Sdn Bhd (formerly known as Rajinas Intelek Sdn Bhd)
100%	KDU Management Development Centre Sdn Bhd

Construction & Civil Engineering

100%	Berlian Sakti Sdn Bhd
100%	Arah Teknik Sdn Bhd
100%	Bilsys Sdn Bhd
100%	Zenbilt Sdn Bhd

Investment

100%	Paramount Corporation Limited
80.56%	PCM (HK) Ltd
100%	Paramount Global Assets Sdn Bhd
20%	Jerneh Insurance Bhd
20.31%	iCarnegie, Inc

Others

100%	Berkeley Sdn Bhd
70%	Berkeley Maju Sdn Bhd
30%	Current Connection Sdn Bhd
100%	Maju Gading Development Sdn Bhd
100%	Paramount Electronics Industries Sdn Bhd
76.94%	SMT Circuit Assembly Pte Ltd
27%	Suci Teguh Holdings Sdn Bhd
80%	ASMC Sdn Bhd
49%	Jasarim Bina Sdn Bhd
49%	Seleksi Megah Sdn Bhd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Dato' Md. Taib bin Abdul Hamid*
DSDK

Group Managing Director & Group Chief Executive Officer

Teo Chiang Quan

Deputy Group Managing Director & Deputy Group Chief Executive Officer

Ong Keng Siew

Members

Tan Sri Dato' Ahmad Sabki bin Jahidin*
PSM, DPMP, DIMP, JMN, KMN, SAP, PMP, PJK

Dato' Haji Azlan Bin Hashim*
DSNS, DSSA

Rohana Tan Sri Mahmood

Geh Cheng Hooi*

Dr Brian Shoy Teng To

SECRETARY

Tay Lee Kong
(MAICSA 772833)

REGISTERED OFFICE

Level 8, Uptown 1
1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Telephone: 03-7726 3000
Facsimile: 03-7726 9559
e-mail: info@pcb.com.my
Website: www.pcb.com.my

REGISTRAR

Securities Services (Holdings) Sdn Bhd

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Telephone: 03-2095 7077
Facsimile: 03-2094 9940

AUDITORS

Arthur Andersen & Co.
Chartered Accountants

SOLICITORS

S.K. Yeoh & Partners

PRINCIPAL BANKERS

Malayan Banking Berhad
Alliance Bank Malaysia Berhad
Citibank Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange

* Independent Non-Executive Directors

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF KUALA LUMPUR STOCK EXCHANGE

OPTIONS

During the financial year, a total of 1,102,000 options were exercised.

NON-AUDIT FEE

The amount of non-audit fees paid to the external auditors by the Group and by the Company for the financial year is reflected in Note 4, page 76 of the audited accounts.

MATERIAL CONTRACTS

Perumahan Berjaya Sdn Bhd and KDU College Sdn Bhd ("KDU") had entered into a Tenancy Agreement dated 15 January 2002 to let to KDU the Petaling Jaya campus building comprising a four storey main building, a five storey building with a basement car park and another five storey building bearing postal address No. 43, Jalan SS22/41, 47400 Petaling Jaya for a period of three years commencing 1 January 2002 at a monthly rental of RM235,000.

Rohana Tan Sri Mahmood, a Director of the Company, is also a Director and substantial shareholder of KDU.

REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

RECURRENT RELATED PARTY TRANSACTIONS

During the financial year, the recurrent related party transactions conducted pursuant to the shareholders' mandate were as follows:

- a) The Tenancy Agreement mentioned under Material Contracts at an aggregate value of RM2.82 million.
- b) KDU's award of a construction contract totalling RM12.3 million for the construction and completion of KDU's addition and extension to its Penang campus college building to Berlian Sakti Sdn Bhd, a 100% Paramount subsidiary, at an aggregate value of RM5,095,295.

Rohana Tan Sri Mohmood, a director of the Company, is also a Director and substantial shareholder of KDU.

BOARD OF DIRECTORS' PROFILE

DATO' MD. TAIB BIN ABDUL HAMID

Chairman,
Independent Non-Executive Director
B.A. (Hons.) Econs.
64 years of age – Malaysian

Dato' Taib, who is the Chairman of Paramount Corporation Berhad ("Paramount") brings to the Group a wealth of experience spanning both the private and public sectors. He first served with Bank Negara Malaysia ("BNM") from 1960 to 1975. Following this, he was the Executive Director of a commercial bank. From 1988 to 1995 he assisted, in his capacity as a BNM appointee, in the management of several financial institutions. Dato' Taib had also served as the Chairman of the Board of Phileo Allied Berhad and Allied Bank Malaysia Berhad until recently. Dato' Taib joined Paramount on 14 November 1994 and was appointed the Chairman of the Board of Directors on 20 July 2001.

Dato' Taib also serves as the Chairman of the Nomination and Remuneration Committees.

Dato' Taib attended all the 5 board meetings.



TEO CHIANG QUAN

Group Managing Director &
Group Chief Executive Officer
Hon Doc Middlesex University of United Kingdom
53 years of age – Malaysian

Teo joined Paramount as a Director on 19 January 1977. He started to play an active role in the management of Paramount when he first served as Chief Executive of the Group's insurance division, from 1981 to 1991. Under his stewardship, the insurance division grew from a company with a single branch to a respectable and well-capitalized insurance company with 11 branches. He was also instrumental in ensuring the successful merger of the Group's insurance operations with Jerneh Insurance Bhd ("JIB"). In 1989, Teo assumed the position of Group Managing Director & Group Chief Executive Officer of Paramount and has since then transformed Paramount into a reputable and financially sound diversified group.

Current directorship in a public company includes JIB.

Teo is a substantial shareholder of Paramount.

Teo attended all the 5 board meetings.





GEH CHENG HOOI

Independent Non-Executive Director
Fellow of the Institute of Chartered Accountants, England and Wales
68 years of age – Malaysian

Geh has carved a name for himself in the field of accounting and consulting. After qualifying as a Chartered Accountant, he worked for Price Waterhouse, London, before returning to Malaysia to join KPMG Peat Marwick in 1961. He was admitted as a partner in 1964 and retired as a senior partner of KPMG Peat Marwick in 1989. Geh was invited to join the Board of Paramount on 3 March 1998.

Geh also serves on the Audit, Nomination and Remuneration Committees.

Current directorships in public companies include Hap Seng Consolidated Berhad, Kewangan Usahasama Makmur Berhad, Lingui Developments Berhad (Group), LPI Capital Berhad, Lonpac Insurance Berhad, NCB Holdings Berhad, PB Trustee Services Berhad, Star Publication (Malaysia) Bhd, Tan Chong Motor Holdings Bhd, The Bank of Nova Scotia Bhd, Tien Wah Press Holdings Bhd, Plus Expressway Berhad and Malayan Flour Mills Berhad.

Geh attended 4 out of 5 board meetings.



DATO' HAJI AZLAN BIN HASHIM

Independent Non-Executive Director
Fellow of the Institute of Chartered Accountants, Ireland
61 years of age – Malaysian

Dato' Azlan joined the Board of Paramount on 7 May 1982. Dato' Azlan began his career with the Malayan Railways in 1966. His last designation was that of Chief Accountant for a period of two years. In 1972, he became a partner of a public accounting firm, Azman, Wong, Salleh & Co. He stayed as an active partner in the firm for 12 years before joining Arab-Malaysian Development Bhd. From 1985 to September 1991, he held the post of Managing Director. Dato' Azlan had also served as the President of the Federation of Public Listed Companies from 1994 to 1998. Dato' Azlan is currently the Executive Vice-Chairman of Arab-Malaysian Corporation Berhad and the Deputy Chairman of AmAssurance Berhad.

Dato' Azlan also serves on the Audit, Nomination and Remuneration Committees.

Other directorships include AmMerchant Bank Berhad, AMFB Holdings Berhad, AMDB Berhad, AmAssurance Berhad, AmProperty Trust Management Berhad, Arab-Malaysian Corporation Berhad, AMMB Holdings Berhad, AmBank Berhad, Kemas Holdings Bhd, Kumpulan Perangsang Selangor Berhad, Metrod (M) Berhad, Sapura Motor Berhad, Yayasan Arab-Malaysian and Global Carriers Berhad.

Dato' Azlan attended all the 5 board meetings.



ONG KENG SIEW

Deputy Group Managing Director &
Deputy Group Chief Executive Officer
C.A (M) FCCA

46 years of age – Malaysian

Ong's relationship with Paramount spans more than 20 years. He joined the Group as an Accountant in 1981 and after three years of dedication and hard work, he was promoted to the position of Finance and Administration Manager. In 1989, he was again promoted to General Manager overseeing the operations of the property division. He was invited to join the Board on 14 November 1994 and in 1997, assumed the position of Deputy Group Managing Director & Deputy Group Chief Executive Officer.

Ong also serves on the Audit Committee.

Ong attended all the 5 board meetings.



ROHANA TAN SRI MAHMOOD

Non-Independent Non-Executive Director
B.A. (Hons) in Politics; Masters in International Relations,
University of Sussex

48 years of age – Malaysian

Rohana's working experience encompasses both the private and government sectors. She is the Advisor and a Board Member of the Pacific Basin Economic Council ("PBEC") Malaysia member committee. PBEC, which was formed by the Malaysian Government in 1991, is a regional association of senior business executives representing more than 1,000 corporations in 20 countries around the Pacific. She is also a Director of the Malaysian Strategic Research Centre ("MSRC"), an independent, non-profit organization formed primarily to advance the understanding of both domestic and international activities in Malaysia. The Chairman of MSRC is YB Dato Seri Najib Tun Razak, the Minister of Defence, Malaysia. Prior to this, she was with the Institute of Strategic and International Studies ("ISIS") Malaysia and the Ministry of Foreign Affairs, Malaysia. Rohana is also actively involved in business principally in education, having invested in the education arm of Paramount. Rohana joined the Board on 28 July 1997.

Rohana attended all the 5 board meetings.



TAN SRI DATO' AHMAD SABKI BIN JAHIDIN

Independent Non-Executive Director
B.A. Hons. University of Malaya
71 years of age – Malaysian

Tan Sri Dato' Ahmad Sabki has served both the government and private sectors with distinction. Tan Sri's nineteen years of government service include serving the Ministry of Culture, Youth & Sports, Malaysian Rubber Exchange & Licensing Board, International Rubber Association, International Natural Rubber Organisation, Malaysia Invisible Trade and Malaysian Rubber Development Corporation. Tan Sri joined the Board on 19 February 1997.

Tan Sri Dato' Ahmad is the Chairman of the Audit Committee and a member of both the Nomination and Remuneration Committees.

Current directorships in public companies include Apollo Food Holdings Berhad, Cygal Berhad, Gula Perak Berhad, Hwang-DBS (Malaysia) Berhad, Nanyang Press Holdings Berhad and Zaitun Berhad

Tan Sri Dato' Ahmad attended all the 5 board meetings.



DR BRIAN SHOY TENG TO

Non-Independent Non-Executive Director
MM Degree (Master in Management); DBA (Hon)
(Doctor of Business Administration)
47 years of age – British

Brian, who joined Paramount on 9 July 2001, brings to the Group more than 20 years of experience in the field of providing management consultancy services to emerging growth companies in Europe, Asia and North America including gaining access to and structuring international joint ventures, licensing agreements, distribution arrangements and corporate partnerships. His wealth of experience also includes energy/oil and gas, professional services, education, chemical manufacturing, telecommunications, banking and finance, agro technology and consumer goods. Brian has also completed Business programs at Harvard, Stanford, Dartmouth, Insead, Berkeley and NUS.

Brian attended all the 5 board meetings.

Save as disclosed, none of the Directors have any family relationship with any Director and/or major shareholders nor conflict of interest with Paramount.

None of the Directors have been charged for any offence.

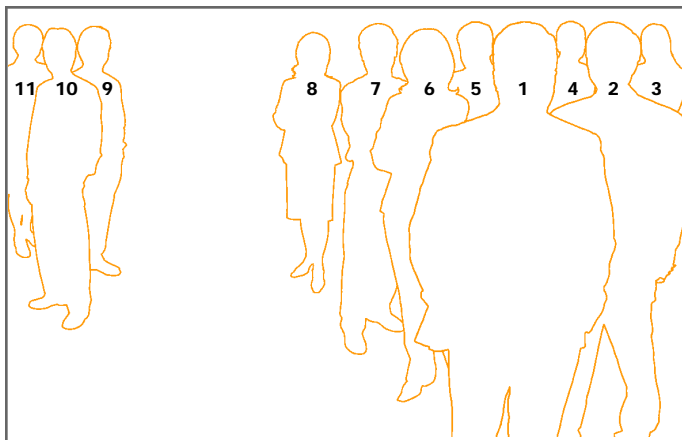
SENIOR MANAGEMENT

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- 1. TEO CHIANG QUAN**
Group Managing Director & Group Chief Executive Officer
- 2. ONG KENG SIEW**
Deputy Group Managing Director & Deputy Group Chief Executive Officer
- 3. LAU SAY MIN, CLAUDIA**
Group Human Resource Director
- 4. DR TAN TOH WAH**
Chief Executive
KDU College Sdn Bhd – Penang Campus
- 5. FELICIAN TEO WEI**
Chief Executive Officer/Executive Director
KDU Smart School Sdn Bhd & KDU College (Sibu) Sdn Bhd
- 6. TAY LEE KONG**
Corporate Affairs Director
- 7. CHUAN YEONG MING**
Deputy Managing Director
Berlian Sakti Sdn Bhd
- 8. CHENG MIEN WEE**
Executive Director
KDU Management Development Centre Sdn Bhd
- 9. OH KENG KOOI**
Audit Director
- 10. LIEW YIN CHEW**
Deputy Managing Director
Patani Jaya Sdn Bhd
- 11. DR CHIA CHEE FEN**
Chief Executive
KDU College Sdn Bhd – Petaling Jaya Campus









*We are striving to delight the markets we serve
with innovative products and services.*



CHAIRMAN'S STATEMENT

PESANAN PENGURUSI

On behalf of the Board of Directors, I am pleased to present the Thirty-Third Annual Report and Audited Accounts of Paramount Corporation Berhad ("Paramount" or "the Company") Group ("the Group") for the financial year ended 31 December 2002.

OPERATING BACKGROUND

Amidst a broad based growth in the Malaysian economy achieved in 2002, the Group's property and construction division grew moderately due to the successful implementation of the Government's macroeconomic policy initiatives. This in turn led to a stronger recovery in private sector expenditure in 2002 as a result of higher fiscal spending, a reduction in income taxes, low interest rates and improved employment and income prospects.

Our reputation as a reliable property developer saw an increase in demand for the Group's residential and commercial properties. Needless to say, the Home Ownership Campaign which included the stamp duty waiver particularly in the first half of 2002 and attractive packages by financial institutions at very competitive rates helped to accelerate this demand. The surge in turn was felt by the construction division which however maintained a cautious approach in its selection of clients. Despite the repatriation of illegal foreign workers by the Government in the second half of the year, the impact felt by the construction division was minimal due to proactive measures taken earlier.

The education division faced greater challenges during the year under review having to operate in a very competitive environment following an increase in intake of students by public universities and the establishment of more private colleges. As at end 2002, there were 20 private universities and 516 private colleges in Malaysia, of which the total number of private colleges that have been given approval to accept foreign students has increased from 231 in 2001 to 238 in 2002.

FINANCIAL REVIEW

I am pleased to inform you that for the year ended 31 December 2002, the Group recorded satisfactory results.

The Group's revenue rose to RM213.5 million, which is an increase of 30.4% compared with RM163.7 million in 2001. The property and construction divisions grew moderately to register favourable results whilst the education division's performance was adversely affected due to the extremely competitive nature of the private education market.

The Group's profit before tax declined by 21.3% to RM27.4 million, compared with RM34.8 million in 2001 due mainly to the lower contribution from the education division as a result of higher operating expenses and pre-operating expenses amounting to RM2.6 million incurred by the Group's newly incorporated subsidiary, KDU Smart School Sdn Bhd, which commenced operations in January 2003. In addition a provision for bad and doubtful debts amounting to RM1.6 million by the construction division, the provision for a warranty claim of RM2.2 million arising from the merger of the Group's insurance business with that of Jerneh Insurance Berhad in December 1999 and the consolidation

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya mengemukakan Laporan Tahunan Ketiga Puluh Tiga dan Akaun Teraudit Kumpulan ("Kumpulan") Paramount Corporation Berhad ("Paramount" atau "Syarikat") bagi tahun kewangan berakhir 31 Disember 2002.

LATAR BELAKANG OPERASI

Dalam keadaan perkembangan luas ekonomi Malaysia pada tahun 2002, bahagian harta dan pembinaan Kumpulan berkembang secara sederhana akibat pelaksanaan inisiatif dasar makroekonomi Kerajaan yang berkesan. Hasilnya perbelanjaan sektor swasta telah pulih secara giat kerana perbelanjaan fiskal yang tinggi, pengurangan cukai pendapatan, kadar faedah rendah dan peningkatan prospek kerja dan pendapatan.

Reputasi Kumpulan sebagai pemaju harta yang dipercayai menghasilkan penambahan permintaan untuk harta kediaman dan komersial. Kempen Pemilikan Rumah yang termasuk pengecualian cukai setem, khususnya pada setengah tahun pertama 2002 dan pakej yang menarik dari institusi kewangan telah mendorong meningkatkan permintaan ini. Perkembangan ini menyentuh juga bahagian pembinaan. Walau bagaimanapun kami berhati-hati dalam pemilihan klien. Masalah pekerja asing yang haram pada setengah tahun kedua memberi kesan minimal terhadap bahagian pembinaan kerana tindakan proaktif yang diambil sebelum itu.

Bahagian pendidikan menghadapi cabaran yang lebih besar pada tahun yang ditinjau kerana beroperasi dalam persekitaran yang amat sengit persaingan hasil daripada penambahan pengambilan pelajar oleh universiti awam dan penubuhan kolej swasta yang baru. Pada akhir tahun 2002 terdapat 20 buah universiti swasta dan 516 kolej swasta di Malaysia. Daripada jumlah kolej swasta itu bilangan yang diberi kelulusan mengambil pelajar asing menambah dari 231 pada tahun 2001 ke 238 pada tahun 2002.

TINJAUAN KEWANGAN

Dengan sukacita saya ingin memaklumkan bahawa bagi tahun berakhir 31 Disember 2002, Kumpulan telah mencapai prestasi yang memuaskan.

Perolehan Kumpulan menambah ke RM213.5 juta, meningkat 30.4% berbanding dengan RM163.7 juta pada tahun 2001. Bahagian harta dan pembinaan berkembang secara sederhana agar mencapai prestasi yang agak baik manakala prestasi bahagian pendidikan kurang baik kerana persaingan yang amat hebat dalam pasaran pendidikan swasta.

Keuntungan Kumpulan sebelum cukai menurun sebanyak 21.3% ke RM 27.4 juta berbanding dengan RM 34.8 juta pada tahun 2001 akibat sumbangan yang lebih rendah daripada bahagian pendidikan kerana kos operasi dan pra-operasi yang lebih tinggi sebanyak RM2.6 juta oleh anak syarikat baru Kumpulan, iaitu KDU Smart School Sdn Bhd, yang bermula operasi pada Januari 2003. Tambahan lagi peruntukan untuk hutang sebanyak RM1.6 juta oleh pembinaan, tuntutan jaminan sebanyak RM2.2 juta hasil

of losses amounting to RM2.8 million by the Group's newly acquired associated company, iCarnegie Inc., which commenced operations in June 2002 due to high operating expenses in the implementation of business plans, had negatively impacted the bottomline.

Correspondingly, profit attributable to shareholders declined by 28.3% to RM16.0 million, as compared to RM22.3 million in 2001 whilst earnings per share decreased by 28.7% to 15.9 sen from 22.3 sen in the previous financial year. Net tangible assets per share rose 3.0% to RM2.76 compared to RM2.68 in 2001 and shareholders' fund as at 31 December 2002 improved by 1.4% to RM279.8 million from RM268.9 million as at 31 December 2001.

Revenue and profit before tax at Company level for the current financial year under review were RM15.2 million and RM6.5 million, respectively, as compared to RM16.3 million and RM10.0 million, respectively in the previous financial year.

DIVIDENDS

The Board of Directors of the Company is recommending a final tax exempt dividend of 4.5 sen which will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

An interim dividend of 3.0 sen per share, less income tax at 28%, was paid on 18 October 2002 (Total for 2001 :1.8 sen per share, tax exempt, and 5.7 sen per share, less income tax at 28%).

CORPORATE DEVELOPMENTS

On 10 May 2002, Paramount Global Assets Sdn Bhd subscribed for 3 million shares in iCarnegie, Inc ("iCarnegie")'s common stock, at a par value of US\$0.0001 per share, in conjunction with iCarnegie's private offering of up to 8 million shares of its common stock ("the offering"), for a total cash consideration of US\$3 million, which represents 20.3% of iCarnegie's enlarged outstanding share capital of 14.8 million shares. The transaction was completed on 10 June 2002.

On 28 June 2002, the Company set up a wholly-owned subsidiary, KDU Management Development Centre Sdn Bhd ("KMDC"). The principal activities of KMDC are the provision of executive education and continuing professional development programs.

On 25 July 2002, Patani Jaya Sdn Bhd, entered into a Sale and Purchase Agreement with Sara Yasmine Binti Mohamed and Mariany Binti Mohammad Yit to dispose of its entire shareholding of 70 thousand ordinary shares of RM1.00 each in Adegan Dinamik Sdn Bhd ("ADSB") for a total cash consideration of RM79 thousand based on ADSB's Net Tangible Assets as at 30 June 2002.

On 24 January 2003, the Company through its newly established wholly-owned subsidiary, Paramount Property Development Sdn Bhd ("PPD"), entered into a conditional sale and purchase agreement with Syarikat Pembangunan Hartanah Guthrie Sdn Bhd, a wholly-owned subsidiary of Guthrie Property Development Holdings Sdn Bhd, which in turn is a subsidiary of Kumpulan

daripada gabungan bisnis insuran Kumpulan dengan Jernih Insurance Berhad pada Disember 1999 serta penggabungan kerugian sebanyak RM2.8 juta oleh pembelian syarikat bersekutu iCarnegie Inc., yang bermula operasi pada Jun 2002 disebabkan oleh kos operasi yang tinggi, telah mempengaruhi keuntungan.

Begitu juga keuntungan kepada pemegang saham menurun 28.3% ke RM16.0 juta berbanding dengan RM22.3 juta pada tahun 2001 manakala pendapatan sesaham menurun 28.7% ke 15.9 sen dari 22.3 sen pada tahun kewangan sebelumnya. Aset ketara bersih sesaham meningkat 3.0% ke RM2.76 berbanding dengan RM2.68 pada tahun 2001 dan tabung pemegang saham pada 31 Disember 2002 meningkat 1.4% ke RM279.8 juta dari RM268.9 juta pada 31 Disember 2001.

Di peringkat Syarikat, jumlah perolehan bagi tahun kewangan kini adalah RM15.2 juta berbanding RM16.3 juta pada tahun sebelumnya dan keuntungan sebelum cukai adalah RM6.5 juta berbanding RM10.0 juta pada tahun sebelumnya.

DIVIDEN

Lembaga Pengarah Kumpulan mencadangkan supaya dividen akhir sebanyak 4.5 sen sesaham berkecuali cukai dikemukakan untuk persetujuan pemegang saham pada Mesyuarat Agung Tahunan yang akan datang.

Dividen sementara sebanyak 3.0 sen sesaham tolak cukai pendapatan 28% telah dibayar pada 18 Oktober 2002 (Jumlah untuk 2001: 1.8 sen sesaham, berkecuali cukai, dan 5.7 sen sesaham, tolak cukai pendapatan 28%)

PERKEMBANGAN KORPORAT

Pada 10 Mei 2002, Paramount Global Assets Sdn Bhd telah membeli 3 juta saham stok iCarnegie Inc. dengan nilai par US\$0.0001 sesaham semasa tawaran stok iCarnegie sejumlah 8 juta saham, untuk harga US\$3 juta yang merupakan 20.3% daripada modal sejumlah 14.8 juta saham. Transaksi ini dimuktamadkan pada 10 Jun 2002.

Pada 28 Jun 2002, Syarikat menubuh sebuah anak syarikat milik penuh, KDU Management Development Centre Sdn Bhd ("KMDC"). Aktiviti utama KMDC ialah membekalkan program perkembangan pendidikan eksekutif dan pendidikan profesional berterusan.

Pada 25 Julai 2002, Patani Jaya Sdn Bhd, menandatangani Perjanjian Jual Beli dengan Sara Yasmine Binti Mohamed dan Mariany Binti Mohammad Yit untuk menjual semua 70 ribu saham biasa bernilai RM1.00 sesaham dalam Adegan Dinamik Sdn Bhd ("ADSB") untuk jumlah wang tunai RM79 ribu berdasarkan Aset Ketara Bersih ADSB pada 30 Jun 2002.

Pada 24 Januari 2003, Syarikat melalui anak syarikat milik penuh, Paramount Property Development Sdn Bhd ("PPD"), menandatangani Perjanjian Jual Beli bersyarat dengan Syarikat Pembangunan Hartanah Guthrie Sdn Bhd, anak syarikat milik penuh Guthrie Property Development Holdings Sdn Bhd, yang merupakan anak syarikat Kumpulan Guthrie Berhad untuk

Guthrie Berhad for the acquisition of approximately 524.7 acres of land in the Mukim of Klang, Shah Alam, Selangor Darul Ehsan for a total cash consideration of RM169.1 million.

The Foreign Investment Committee approved the proposed acquisition on 27 March 2003. The proposed acquisition is pending the approval of the shareholders of the Company.

MARKET OUTLOOK

As global markets are now compelled to operate within an environment where there is greater political and economic uncertainty, it is envisaged that growth in the Malaysian economy would be mainly domestic driven, supported by a modest growth in external demand.

With a reduction in spending on infrastructure projects by both the private and Government sectors, following the completion of some of the on-going projects, the construction sector is expected to experience a slow down. In the residential sub-sector, property overhang will continue to remain a reality throughout the year.

The demand for residential homes will continue to exist but buyers have become increasingly more discerning, being ever mindful of factors such as developer's track record and project location. However, with the rising affluence and standard of living of prospective home investors, we hold a distinct advantage as the Group's niche development cater for mid and high end markets.

As mentioned earlier, the tertiary education sector will continue to operate in a challenging environment which has been further compounded following the outbreak of Severe Acute Respiratory Syndrome (SARS) as this is expected to have an adverse impact on the education industry particularly the enrolment of foreign students. On the positive side, given the growing demand for quality primary and secondary education, our long term prospects in this sector looks bright.

PROSPECTS

The current year will see the Group operating under difficult conditions due to various factors as stated above. As such, the Board of Directors expects the Group's results for 2003 to be lower than that of the financial year ended 2002.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my heartfelt gratitude to our staff for their hard work and commitment towards the achievement of the objective and results of the Group.

To our shareholders and business associates, I thank you for your continued support and confidence. And to my fellow Board members, I look forward to your continued counsel and guidance.

membeli tanah seluas 524.7 ekar di Mukim Kelang, Shah Alam, Selangor Darul Ehsan dengan harga tunai sejumlah RM169.1 juta.

Jawatankuasa Pelaburan Asing telah meluluskan cadangan pembelian tersebut pada 27 Mac 2003. Cadangan pembelian ini sedang menunggu persetujuan pemegang saham Syarikat.

TINJAUAN PASARAN

Oleh kerana pasaran dunia terpaksa beroperasi dalam keadaan politik dan ekonomi yang tidak pasti, adalah dijangka perkembangan ekonomi Malaysia akan dipandu oleh permintaan tempatan, dibantu sedikit oleh permintaan luar.

Dengan kurangnya perbelanjaan projek infrastruktur oleh sektor kerajaan dan swasta, sektor pembinaan dijangka akan mengalami perkembangan yang kecil. Untuk sub-sektor rumah kediaman, dijangka pembekalan akan melebihi permintaan sepanjang tahun.

Walaupun permintaan untuk rumah kediaman akan menyambung, pembeli akan lebih sedar khususnya berkenaan faktor seperti rekod pemaju dan lokasi projek. Dengan peningkatan pendapatan dan mutu hidup pembeli, kami mempunyai kelebihan kerana Kumpulan membina rumah untuk pasaran tengah dan tinggi.

Seperti dinyatakan di atas, sektor pendidikan tertiar akan terus beroperasi dalam persekitaran yang amat mencabar, ditambah lagi dengan masalah Severe Acute Respiratory Syndrome (SARS) yang akan membawa kesan yang negatif kepada sektor pendidikan terutamanya dalam pengambilan pelajar asing. Di sebelah positif, oleh kerana permintaan untuk pendidikan bermutu di peringkat rendah dan menengah, prospek kami di sektor ini adalah cerah di jangkamasa panjang.

PROSPEK

Pada tahun ini Kumpulan akan beroperasi dalam keadaan yang rumit oleh kerana berbagai faktor yang tersebut di atas. Oleh demikian, Lembaga Pengarah menjangka prestasi untuk tahun 2003 akan lebih rendah dari yang tercapai pada tahun kewangan yang berakhir 2002.

PENGHARGAAN

Bagi pihak Lembaga, saya dengan penuh keikhlasan ingin mengucapkan rasa terhutang budi kepada kakitangan atas ketekunan usaha dan komitmen mereka ke arah pencapaian objektif dan prestasi Kumpulan.

Kepada para pemegang saham dan rakan-rakan niaga, saya ucapkan ribuan terima kasih atas sokongan dan keyakinan setia anda. Dan kepada ahli-ahli Lembaga, saya mengalu-alukan segala kaunsel dan bimbingan.

Dato' Md. Taib bin Abdul Hamid

Chairman
Pengerusi

A young girl with dark hair and bangs, wearing a light blue school uniform and a large blue headset with a microphone, is seated at a blue desk. She is looking down at a piece of paper she is holding with both hands. The paper has some text on it, including a heading that appears to be "Topic" followed by a list of bullet points. In the background, other students in similar uniforms are also wearing headsets and working at their desks. The classroom has yellow and blue vertical decorations. A large red "A2" is overlaid on the left side of the image.

A2

*We have a clear responsibility to deliver
and set new standards.*



B2

B1



CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

TINJAUAN OPERASI KETUA PEGAWAI EKSEKUTIF

Our business performance in 2002 was generally satisfactory albeit a mixed one as not all the divisions in the Group grew positively. Whilst the property development and construction divisions continued to register higher growth, both in terms of revenue and profitability, the educational services division recorded lower profits. Although revenue for the year under review was comparable to that of the previous year, profit before tax declined. This was mainly because of the cost of implementing strategic initiatives that were designed to strengthen the position of the Group and contribute towards its continued growth in the coming years.

PROPERTY DEVELOPMENT

In 2002, Patani Jaya Sdn Bhd ("PJSB"), operating the property development activity of the Group, was the main contributor to the Group's profitability. PJSB recorded a pre-tax profit of RM15.8 million, an increase of 11.3% as compared to the previous year of RM14.2 million. Revenue rose to RM61.1 million, an improvement of 8.1%, as compared to the previous year of RM56.5 million.

During the year under review, PJSB's current development, Bandar Laguna Merbok, recorded sales of 344 units of which 206 units, equivalent to 60%, were taken up by bumiputera purchasers. This achievement was attributed mainly to the focused marketing and promotional campaigns and, based on market studies, flexibility in customising our units to tap an ever increasing bumiputera market in Sungai Petani.

Despite the stiff competition intensified by the presence of major players in the Northern region, PJSB achieved a market share of 40% and 22% for two-storey terrace houses and two-storey semi-

Prestasi bisnes kami pada tahun 2002 pada umumnya adalah memuaskan walaupun tidak serata kerana bukan semua bahagian dalam Kumpulan berkembang secara positif. Bahagian perkembangan harta dan pembinaan mencapai perkembangan yang tinggi dari segi perolehan dan keuntungan manakala bahagian perkhidmatan pendidikan merekod keuntungan yang lebih rendah. Walaupun perolehan untuk tahun yang ditinjau serata dengan tahun yang lepas, keuntungan sebelum cukai telah menurun. Ini adalah kerana kos melaksanakan inisiatif strategik yang dibentuk khas untuk menyumbang kepada perkukuhan kedudukan Kumpulan pada tahun-tahun yang akan datang.

PERKEMBANGAN HARTANAH

Pada tahun 2002, Patani Jaya Sdn Bhd ("PJSB"), pelaksana aktiviti bahagian perkembangan hartanah Kumpulan, merupakan penyumbang utama kepada keuntungan Kumpulan. PJSB mencatat keuntungan sebelum cukai sebanyak RM15.8 juta, meningkat sebanyak 11.3% berbanding dengan RM14.2 juta pada tahun sebelumnya. Perolehan menambah ke RM61.1 juta, meningkat 8.1% berbanding dengan RM56.5 juta pada tahun sebelumnya.

Pada tahun yang ditinjau, pembangunan kini PJSB, iaitu Bandar Laguna Merbok, merekodkan penjualan 344 unit, antaranya 206 unit atau 60% dibeli oleh kaum bumiputera. Pencapaian ini adalah akibat pemasaran berfokus dan kempen promosi berdasarkan kajian pasaran serta fleksibiliti dalam ciri-ciri unit yang direka khusus untuk pasaran bumiputera yang sedang berkembang di Sungai Petani.

Walaupun PJSB menghadapi persaingan yang hebat dari beberapa pemaju utama di wilayah Utara, ianya berjaya mencapai





detached houses, respectively, in Sungai Petani during the year under review. PJSB's success is due to buyers becoming increasingly discerning in their preference for lifestyle concepts and attaching equal importance to a developer's track record and reputation.

PJSB's notable achievements during the year under review which will benefit our customers and the community at Bandar Laguna Merbok bear ample testimony to the Group's growing reputation as a reliable and responsible developer. These include:

- The completion of a RM5.3 million clubhouse fully equipped with sports and recreational facilities
- The completion and hand-over of a RM0.3 million surau for the Muslim community
- The attainment of the ISO 9001:2000 Quality Management System Certification for "Development of Residential & Commercial Properties" awarded by SIRIM QAS Sdn Bhd in January 2003

The above achievements will help to bolster the Group property development division's efforts to implement strategic business plans that create further product differentiation between Bandar Laguna Merbok and the rest of our competitors, aided by a customer-centric Quality Management System that will provide for the continual improvement of quality products and services.

Since 1996, of the total 2024 units launched, 1891 units having a combined sales value of RM316 million have been sold as at 31 December 2002. Thus far, a total of 1519 units have been completed and handed over to satisfied owners along with certificates of fitness. An additional 2006 units are expected to be fully completed over the next 4 to 5 years.

Given the above scenario, management is ever mindful of the need to replenish and increase the Group's landbank, particularly in high growth areas. Thus, the Group has, in the current financial year, entered into a conditional agreement to acquire 524.7 acres of freehold land located in the Klang Valley for a total cash consideration of RM169.1 million. The payment will be spread over a period of 3 years from the date when the agreement becomes unconditional. The Foreign Investment Committee approved the

pembahagian pasaran 40% untuk rumah teres dua tingkat dan 22% untuk rumah berkembar dua tingkat di Sungai Petani pada tahun yang ditinjau. Kejayaan PJSB adalah kerana pemilihan pembeli dari segi konsep gaya hidup dan juga dari sudut pencapaian dan reputasi pemaju.

Pencapaian PJSB pada tahun yang ditinjau akan memanfaatkan pelanggan dan komuniti Bandar Laguna Merbok. Hal ini membuktikan bahawa Kumpulan telah mencapai reputasi sebagai pemaju yang bertanggungjawab serta boleh dipercayai. Pencapaian ini termasuk:

- Siap membina rumah kelab yang bernilai RM5.3 juta lengkap dengan kemudahan sukan dan rekreasi
- Siap membina dan menyerahkan sebuah surau bernilai RM0.3 juta untuk komuniti beragama Islam
- Pencapaian Sijil ISO 9001:2000 Quality Management System untuk "Development of Residential and Commercial Properties" yang dianugerahkan oleh SIRIM QAS Sdn Bhd pada Januari 2003.

Pencapaian di atas akan menggalakkan bahagian perkembangan hartanah kumpulan untuk melaksanakan rancangan strategik bisnes untuk membezakan lagi Bandar Laguna Merbok daripada saingan melalui suatu Sistem Pengurusan Kualiti yang berasaskan pelanggan agar memperbaiki lagi keluaran dan perkhidmatan bermutu.

Sejak tahun 1996, antara jumlah 2024 unit yang dilancar, 1891 unit bernilai sebanyak RM316 juta telah dijual setakat 31 Disember 2002. Sehingga kini sejumlah 1519 unit telah dibina dan diserahkan kepada pemilik bersama sijil kelayakan menduduki. Dijangka sebanyak 2006 unit lagi akan siap dibina dalam masa 4 hingga 5 tahun akan datang.





acquisition of the land on 27 March 2003 and documentations are currently being prepared to seek shareholders' approval. The land, which is located in Shah Alam and within the locality of Bukit Kemuning has been approved for mixed development. This development is expected to contribute positively to the Group's future earnings.

CONSTRUCTION

Berlian Sakti Sdn Bhd ("BSSB"), the Group's construction arm recorded a substantial increase in revenue for the year under review, from RM51.2 million in the previous year to RM97.8 million, which is an increase of 91%. BSSB achieved a pre-tax profit of RM6.5 million, an improvement of 16%, as compared to RM5.6 million in the previous year.

Despite operating in a highly competitive industry which was severely affected by the repatriation of illegal foreign workers by the Government in the second half of the year, BSSB's substantial increase in revenue is commendable. However, pre-tax profit did not increase correspondingly with revenue due to a provision for bad and doubtful debts amounting to RM1.6 million in accordance with prudent accounting practice.

As part of its business strategy, BSSB has expanded its operations to Pahang, Melaka and, in particular, the Klang Valley, where it secured sizeable housing contracts which contributed to approximately 30% of its total revenue for the year under review. As a player in the highly competitive construction industry, BSSB's continual success in securing external projects augurs well for its future.

Looking ahead, it is anticipated that the division will see continued growth due to sound strategic plans which are well in place. These include, amongst others, selecting reputable clients and sourcing for more negotiated contracts that offer higher profit margins. In addition, by leveraging on the Group's financial strength and reputation as a reliable and reputable developer, BSSB will focus on undertaking joint venture development projects with potential partners who have landbanks in order to achieve higher returns on profit margins as well as mitigate business risks.

Dalam senario tersebut, pengurusan amat sedar tentang keperluan menambah tanah, khususnya di kawasan yang berkembang pesat. Maka Kumpulan telah, dalam tahun kewangan ini, menandatangani persetujuan bersyarat untuk memperolehi 524.7 ekar tanah hakmilik bebas di Lembah Kelang dengan harga tunai RM169.1 juta. Bayaran akan dilakukan secara ansuran dalam masa 3 tahun dari tarikh perjanjian ditertera. Jawatankuasa Pelaburan Asing telah meluluskan perolehan tanah tersebut pada 27 Mac 2003 dan dokumen-dokumen sedang disediakan untuk kelulusan pemegang saham. Lokasi tanah tersebut adalah di Shah Alam dalam kawasan Bukit Kemuning dan ia telah diluluskan untuk pembangunan bercampur. Perkembangan ini dijangka akan menyumbang secara positif kepada perolehan Kumpulan pada masa akan datang.

PEMBINAAN

Berlian Sakti Sdn Bhd ("BSSB"), bahagian pembinaan Kumpulan mencatat peningkatan perolehan yang hebat dari RM51.2 juta pada tahun yang lepas ke RM97.8 juta bagi tahun yang ditinjau, penambahan sebanyak 91%. BSSB mencapai keuntungan sebelum cukai sebanyak RM6.5 juta, meningkat 16% jika dibanding dengan RM5.6 juta pada tahun lepas.

Walaupun beroperasi dalam industri yang persaingan tinggi serta mengalami masalah persingkirkan pekerja asing oleh Kerajaan pada setengah tahun kedua, peningkatan perolehan BSSB amat menggalakkan. Akan tetapi keuntungan sebelum cukai tidak meningkat sekadarnya oleh kerana peruntukan untuk hutang sebanyak RM1.6 juta mengikut amalan akaun yang baik.

Sebagai strategi bisnes, BSSB telah meluaskan operasinya ke negeri Pahang, Melaka dan khususnya, ke Lembah Klang, di mana ia telah mendapat beberapa kontrak pembinaan rumah yang menyumbang 30% daripada jumlah perolehan untuk tahun yang ditinjau. Sebagai pemain dalam industri pembinaan yang amat pesat saingan, kejayaan BSSB mendapat projek luar menunjukkan masa depan yang cerah.

Memandang ke masa depan, adalah dijangka bahagian ini akan mencapai perkembangan yang cemerlang kerana perancangan



PROPERTY INVESTMENT

Despite a prolonged weak rental market for condominiums, Wangsa Merdu Sdn Bhd ("WMSB"), the owner and manager of Regency Tower, a 23 storey condominium comprising 76 units of luxury apartments located in the Golden Triangle of Kuala Lumpur, was able to maintain an occupancy rate of 96% for the year under review. Revenue and profit before tax improved to RM6.2 million and RM1.8 million, respectively, compared with RM5.9 million and RM1.1 million in the previous year.

The improvement is due to WMSB's unwavering commitment to maintain and continually upgrade the condominium and facilities at Regency Tower in order for the tenants to enjoy a comfortable lifestyle.

As in previous years, Perumahan Berjaya Sdn Bhd ("PBSB") maintained its level of revenue and profitability from the rental of its premises.

EDUCATIONAL SERVICES

This division comprises the provision of tertiary educational services which is undertaken by KDU College Sdn Bhd ("KDU") and primary and secondary educational services by KDU Smart School Sdn Bhd ("KDU Smart School"). For the year under review, the division recorded a revenue of RM46.0 million as compared to RM48.3 million in the previous year, a modest decline of 4.8%.

Profit before tax, however, was reduced to RM5.2 million as compared to RM10.7 million in the previous year, a decline of 51.4%. One of the main factors that contributed to the decline in profit was a loss of RM2.6 million due to pre-operational expenses incurred by KDU Smart School. The loss accounted for approximately 50% of the division's decline in profit. KDU Smart School which only took in its first batch of students in January 2003 is expected to have a gestation period of one to two years before registering profitability. The decline is also attributable to an increasingly competitive environment as a result of an increase intake of students by public universities, the establishment of more private colleges and the additional approval given to more colleges to accept foreign students. Additionally, operating expenses increased due to improvement in staffing, upgrading

strategik yang kukuh. Antara lain, strateginya termasuk memilih klien yang reputasi tinggi dan mendapat kontrak yang menghasilkan keuntungan lumayan. Tambahan lagi berasaskan kekuatan kewangan dan reputasi Kumpulan sebagai pemaju yang boleh dipercayai dan bereputasi tinggi, BSSB akan menumpukan perhatian kepada projek pembangunan sesama dengan rakan niaga yang memiliki harta tanah agar dapat mencapai keuntungan yang lumayan serta mengurangkan risiko bisnes.

PELABURAN HARTA

Walaupun penyewaan untuk pasaran kondominium adalah rendah, Wangsa Merdu Sdn Bhd ("WMSB"), pemilik dan pengurus Regency Tower, sebuah kondominium 23 tingkat yang mengandungi 76 unit pangsapuri mewah di Golden Triangle, Kuala Lumpur, dapat mengekalkan kadar penghunian 96% bagi tahun yang ditinjau. Perolehan dan keuntungan sebelum cukai meningkat ke RM6.2 juta dan RM1.8 juta, berbanding dengan RM5.9 juta dan RM1.1 juta pada tahun sebelumnya.

Kemajuan tersebut adalah kerana komitmen WMSB mengekal dan membaiki kemudahan kondominium di Regency Tower agar penyewa dapat menikmati gaya hidup yang selesa.

Seperti pada tahun-tahun yang lalu, Perumahan Berjaya Sdn Bhd ("PBSB") berjaya mengekalkan tahap perolehan dan keuntungan dari penyewaan premis yang dimilikinya.

PERKHIDMATAN PENDIDIKAN

Bahagian ini meliputi pembekalan perkhidmatan pendidikan tertiar oleh KDU College Sdn Bhd ("KDU") dan pendidikan rendah dan menengah oleh KDU Smart School Sdn Bhd ("KDU Smart School"). Untuk tahun yang ditinjau, bahagian ini mencatat perolehan sebanyak RM46.0 juta berbanding dengan RM48.3 juta pada tahun sebelumnya, menurun 4.8%.

Keuntungan sebelum cukai menurun ke RM5.2 juta berbanding dengan RM10.7 juta pada tahun sebelumnya, menurun 51.4%. Satu antara faktor yang menyebabkan kemerosotan ialah kerugian RM2.6 juta kerana kos pra-operasi KDU Smart School. Kerugian ini merupakan hampir 50% daripada kemerosotan keuntungan



and the provision of new facilities for students and the expansion of the Penang campus at a cost of RM13.9 million. KDU College (Sibu) Sdn Bhd (formerly known as Rajinas Intelek Sdn Bhd), which manages the Sibu campus, recorded a loss of RM0.85 million for the year under review.

In order to remain highly competitive to retain and attract new students, KDU will continue to upgrade its teaching resources, facilities and programs. The Petaling Jaya campus has upgraded its cafeteria and a new training center was established. The Library, one of the most important resource centers for students, was renovated and stocked with a wider range of resource materials for students who enrolled for the January intake.

During the current year, KDU signed a tenancy agreement for a 6-storey block comprising 60 units of apartments at Kota Damansara specifically to serve as a student hostel for outstation and foreign students.

With the completion of the expansion of the Penang campus in December 2002, the campus now has an additional 170,000 sq ft of built-up area which houses 21 new classrooms, 10 computer laboratories, 2 tiered lecture halls, each with a seating capacity of 150 students and an auditorium, which is currently being refurbished to be a first class concert hall. With a spacious multi-purpose pre-function area adjacent to the auditorium, the 6th floor has been designated to be a major cultural center in Penang. Other new facilities include 120 in-door car parks and an enlarged trendy cafeteria managed by students from our own School of Hotel and Tourism Management. To promote a healthy lifestyle amongst KDU students, a new gymnasium has been added to the student center.

Through the upgraded KDU Community Network ("KCN") Version 2, improvements were made to the e-learning and e-administration platform to ensure faster delivery of education contents to students and further enhance administrators' efficiency. With modules of programs being systematically upgraded, KCN has proven to be a vital tool that further improves the learning experience of students, both on-campus and off-campus. One of the benefits of the upgraded KDU Smart Initiatives has been the creation of a wireless environment to enable students to enjoy instant global reach via the internet either in the library or cafeteria. A Customer Relationship Management system



bagian pendidikan. KDU Smart School yang baru mengambil pelajar pada Januari 2003 dijangka akan memberi keuntungan dalam masa satu atau dua tahun lagi. Penurunan keuntungan juga disebabkan oleh persekitaran yang bersaing hebat hasil daripada peningkatan pengambilan pelajar oleh universiti awam, penubuhan lebih banyak kolej swasta dan kelulusan kepada lebih banyak kolej untuk mengambil pelajar asing. Tambah juga, perbelanjaan operasi seperti peningkatan kakitangan, pembaikan dan pembekalan kemudahan baru untuk pelajar serta perluasan kampus Pulau Pinang sebanyak RM13.9 juta. KDU College (Sibu) Sdn Bhd (dahulunya dikenali sebagai Rajinas Intelek Sdn Bhd), yang menguruskan kampus Sibu merekodkan kerugian RM0.85 juta pada tahun yang ditinjau.

Dengan tujuan mengekal dan menarik pelajar baru dalam industri yang persaingan tinggi, KDU akan terus memperbaiki sumber pengajar, kemudahan dan programnya. Kampus Petaling Jaya telah menambah baik kafeterianya dan sebuah pusat latihan baru juga dibina. Perpustakaan, salah satu pusat sumber yang penting bagi pelajar, telah diperbaharui dan dibekalkan dengan bahan sumber untuk pelajar yang akan diambil masuk pada bulan Januari.

Pada tahun ini juga, KDU telah menandatangani perjanjian menyewa sebuah blok 6 tingkat yang mengandungi 60 unit apartmen di Kota Damansara khusus untuk dijadikan asrama untuk pelajar dari luar bandar dan pelajar asing.

Dengan tamatnya perluasan kampus Pulau Pinang pada bulan Disember 2002, kampus ini mempunyai tambahan 170,000 kaki persegi ruang untuk menampung 21 buah bilik darjah baru, 10 makmal komputer, 2 dewan syarahan, setiap dewan muat untuk 150 pelajar dan sebuah auditorium yang sedang dijadikan sebuah dewan konsert kelas satu. Dengan suatu ruang serbaguna yang luas di sebelah auditorium, Tingkat 6 telah dijadikan sebuah pusat budaya yang utama di Pulau Pinang. Kemudahan baru yang lain termasuk 120 tempat letak kereta dalaman dan sebuah kafeteria moden yang akan diuruskan oleh pelajar dari School of Hotel and Tourism Management kami sendiri. Untuk menggalakkan gaya hidup yang sihat di kalangan pelajar KDU, kami telah membina sebuah gimnasium baru di pusat pelajar.

Melalui menaiktaraf KDU Community Network ("KCN") Versi 2, platform e-pembelajaran dan e-pentadbiran ditambahbaik untuk



was implemented during the year to help KDU keep abreast of the current trend of students in order to provide a higher level of quality services and to support KDU's marketing and sales efforts.

The achievement of an upgraded ISO 9001:2000 Quality Management System Certification for Education in the current year is a reflection of KDU's commitment to provide quality education. During the year under review, the Faculty of Information and Multimedia Technology successfully passed the recertification audit for its MSC-status.

KDU celebrates its 20th Anniversary in the current year. Leveraging on the college's wealth of experience and firm commitment, KDU will continue to provide quality tertiary education to both Malaysians and international students.

KDU Smart School, the operator of Sekolah Sri KDU, moved into its own purpose built school in September 2002. The school has a comprehensive range of facilities for its students including science laboratories, access to computers and the internet via a 2mbps leased line, 8 computers and an LCD projector in every class, two computer laboratories and a host of other special laboratories and rooms. All teachers are provided with notebooks to help in lesson plan preparations and classroom delivery. Aside from providing physical activities such as karate, taekwondo and gymnastics, the school has entered into a partnership with Yamaha Music to provide guitar, piano and violin classes for students in order for them to experience a holistic education. Transportation facilities are also arranged for the students as part of the service plus model of the school.

The current class : teacher ratio is 1 : 2. All teachers who possess at least an undergraduate qualification have been selected based on their experience, skills and specialization in core subjects. They must also demonstrate a keen willingness to adapt to a new teaching-learning environment with emphasis on the smart teaching methodology. Teachers are provided with 120 hours of Smart Teaching Methodology Training which serves as a foundation in class preparation and lesson delivery using the IT platform. In addition, KDU Smart School is committed to providing its teachers with an additional 40 hours of retraining annually, in order to improve their skill-sets and keep them abreast of the latest international teaching-learning pedagogy.

memastikan penyampaian kandungan pendidikan secara lebih cepat kepada pelajar dan meningkatkan kecekapan pentadbiran. Dengan menaiktaraf modul program secara sistematik, KCN telah dibuktikan sebagai alat yang begitu penting dalam memperbaiki pengalaman pembelajaran pelajar dalam dan luar kampus. Antara satu manfaat kenaikantaraf KDU Smart Initiatives ialah pembinaan persekitaran wireless untuk membolehkan pelajar menikmati akses global secara spontan di perpustakaan atau kafeteria. Sistem Customer Relationship Management juga dilaksanakan pada tahun yang sama untuk membolehkan KDU mengikuti tren terkini pelajar agar dapat menyampaikan perkhidmatan yang bermutu serta menyokong usaha pemasaran dan penjualan KDU.

Pencapaian menaiktaraf ISO 9001-2000 Quality Management System Certification for Education pada tahun ini juga mencerminkan komitmen KDU menyampaikan pendidikan yang berkualiti. Pada tahun yang ditinjau, Faculty of Information and Multimedia Technology telah lulus dalam audit pensijilan semula status MSC.

KDU akan meraikan Ulang Tahun Ke-20 pada tahun ini. Berasaskan kekayaan pengalaman dan komitmennya, KDU akan terus menyampaikan pendidikan tertiar yang berkualiti kepada pelajar Malaysia dan pelajar antarabangsa.

KDU Smart School, pelaksana Sekolah Sri KDU telah berpindah ke sekolah yang dibina khususnya pada bulan September 2002. Sekolah ini mempunyai kemudahan yang komprehensif bagi pelajarannya, termasuk makmal sains, akses ke komputer dan internet melalui talian 2mbps, 8 komputer dan LCD projector di setiap bilik darjah, dua makmal komputer dan beberapa makmal dan bilik khas yang lain. Semua guru dibekalkan notebook untuk





The structures of teaching-learning at the school are based on the Smart School approach which encourages interactive and participative learning in the classroom where students are provided with the opportunity to master a variety of subjects and to hone their skill-sets.

The school formally commenced operations on 6 January 2003. The response to Sekolah Sri KDU was overwhelming with a total of 528 students registered in 22 classes comprising students from Standards 1 to 5 and, Forms 1 and 2. In 2004, the school is expected to have a total student population of 1152.

Work has commenced on the construction of a Multi-Purpose Sports Complex which houses a swimming pool, two tennis courts, a basketball and netball court, a 200-m running track and a field, on an adjoining land. The Sports Complex is targeted for completion in July 2003. Plans are also underway to commence the construction of the secondary school which is scheduled to be completed in time for the January 2005 intake.

During the year under review, a new subsidiary, KDU Management Development Centre Sdn Bhd ("KMDC"), was established to meet the growing needs of a discerning executive education market. KMDC will be involved in conducting executive education and continuing professional development programs in a state-of-the-art executive learning environment, complete with both Hi-Tech and Hi-Touch facilities.

INVESTMENT AND OTHERS

The Group's investment in Jerneh Insurance Berhad ("JIB") continued to produce positive results. During the year under review, the Group's share of profits, from its 20% equity interest in JIB, improved marginally to RM5.7 million from RM5.4 million in the previous year.

In June 2002, the Group, through its wholly owned subsidiary, Paramount Global Assets Sdn Bhd, invested in 3 million shares, representing 20.3% of iCarnegie, Inc ("iCarnegie")'s common stock, par value US\$0.0001 per share for a total cash consideration of US\$3 million (equivalent to RM11.4 million). iCarnegie is involved in developing curriculum for information technology courses that is delivered via the internet to educational and non-educational

membantu menyediakan rancangan pengajaran dan penyampaian di bilik darjah. Selain dari menyediakan aktiviti jasmani seperti karate, taekwondo dan gimnastik, sekolah juga telah berkerjasama dengan Yamaha Music untuk menyampaikan kelas gitar, piano dan violin agar pelajar dapat menikmati pendidikan yang menyeluruh. Kemudahan pengangkutan untuk pelajar juga diaturkan sebagai model servis plus sekolah.

Nisbah kelas : guru kini ialah 1 : 2. Semua guru yang dipilih mempunyai sekurang-kurangnya kelayakan ijazah sarjana muda serta pengalaman, kemahiran dan pengkhususan masing-masing. Mereka juga menunjukkan kesanggupan menyesuaikan diri kepada persekitaran pembelajaran yang baru dengan tumpuan ke metodologi pengajaran bestari. Semua guru diberi 120 jam latihan dalam Metodologi Pengajaran Bestari sebagai asas dalam penyediaan dan penyampaian pengajaran dalam bilik darjah yang menggunakan teknologi maklumat atau IT. Tambahan lagi, KDU Smart School berazam memberi latihan tambahan selama 40 jam setiap tahun supaya meningkatkan set kemahiran mereka serta menguasai pedagogi pengajaran-pembelajaran antarabangsa yang terkini.

Struktur pengajaran dan pembelajaran adalah berdasarkan kaedah Sekolah Bestari yang menggalakkan pembelajaran interaktif dan partisipatif dalam bilik darjah di mana pelajar diberi peluang mempelajari berbagai matapelajaran sambil menambah set kemahiran mereka.

Sekolah bermula operasi pada 6 Januari 2003. Respon terhadap Sekolah Sri KDU amat baik dengan sejumlah 528 pelajar berdaftar di 22 kelas dari Darjah 1 hingga 5 dan Tingkatan 1 dan 2. Sekolah dijangka akan mengambil seramai 1152 pelajar pada tahun 2004.

Kerja telah dimulakan untuk membina Kompleks Serbaguna Sukan yang mengandungi kolam renang, dua gelanggang tenis, gelanggang bola keranjang dan bola jaring, track 200-m dan padang, di tanah sebelah sekolah. Kompleks Sukan dijangka akan siap pada bulan Julai 2003. Pelan juga telah dimulakan untuk membina sekolah menengah supaya sedia menerima pelajar pada Januari 2005.

Pada tahun yang ditinjau, sebuah anak syarikat baru, KDU Management Development Centre Sdn Bhd ("KMDC") telah ditubuhkan untuk memenuhi keperluan pasaran pendidikan

partners worldwide. iCarnegie currently delivers a 10 course suite of information technology certificate program to 25 academic partners worldwide, which in turn provide facilities to support a hybrid method of on-line learning and classroom instruction. This investment in iCarnegie will enhance the Group's core business in educational services since iCarnegie is associated with Carnegie Mellon University, a world leader in computing education and research. It will also enable the Group's educational services division to leverage on iCarnegie's expansion plans and strong growth in e-learning markets. iCarnegie is expected to incur losses in its early stage of implementing its business plan. For the year under review, the Group's share of loss is RM2.8 million. iCarnegie expects to be profitable by 2004.

The Group's oil palm plantation, which recorded a marginal profit during the year due to low production, is undergoing a replanting exercise. Almost half of the estate has been replanted and the exercise is expected to be fully completed in over a year's time.

CORPORATE AND SOCIAL RESPONSIBILITIES

The Group devotes considerable attention to our corporate and social responsibilities.

During the year under review, PJSB continued to play an active role in its contributions to society and community through its representation in and donations to numerous charitable organizations, schools and orphanages, in particular the Yayasan Sultanah Bahiyah.



eksekutif. KMDC akan terlibat dalam pembekalan program perkembangan pendidikan eksekutif dan pendidikan profesional berterusan dalam persekitaran pembelajaran yang canggih serta dilengkapi dengan kemudahan Hi-Tech dan Hi-Touch.

PELABURAN DAN LAIN-LAIN

Pelaburan Kumpulan dalam Jerneh Insurance Berhad ("JIB") terus memberi hasil yang positif. Pada tahun yang ditinjau ini, keuntungan Kumpulan melalui 20% ekuiti dalam JIB meningkat sekadar kecil ke RM5.7 juta dari RM5.4 juta pada tahun yang lepas.

Pada Jun 2002, Kumpulan melalui anak syarikat milik penuh, Paramount Global Assets Sdn Bhd telah melabur 3 juta saham yang merupakan 20.3% daripada stok iCarnegie Inc. (iCarnegie) dengan nilai par US\$0.0001 sesaham untuk harga tunai US\$3 juta (atau RM11.4 juta). iCarnegie terlibat dalam perkembangan kurikulum kursus teknologi maklumat yang disampaikan melalui internet kepada rakan niaga pendidikan dan bukan pendidikan di seluruh dunia. iCarnegie kini menyampaikan program sijil teknologi maklumat 10 kursus kepada 25 rakan niaga akademik di seluruh dunia yang membekalkan kemudahan untuk kaedah pembelajaran dan pengajaran bilik darjah secara on-line. Pelaburan dalam iCarnegie akan menambah penglibatan Kumpulan dalam perkhidmatan pendidikan kerana iCarnegie berhubungkait dengan Carnegie Mellon University, pemimpin dunia dalam pendidikan dan penyelidikan komputer. Ia juga membolehkan bahagian perkhidmatan pendidikan Kumpulan kami memanfaatkan dari rancangan perkembangan dan pertumbuhan giat dalam pasaran e-pembelajaran. iCarnegie dijangka akan mengalami kerugian pada tahap awal pelaksanaan bisnes. Pada tahun yang ditinjau kerugian Kumpulan adalah sebanyak RM2.8 juta. iCarnegie menjangka akan mula beruntung pada tahun 2004.

Ladang kelapa sawit yang dimiliki oleh Kumpulan telah mencatat keuntungan yang kecil pada tahun yang ditinjau kerana keluaran yang rendah dan juga ianya sedang ditanam semula. Hampir separuh ladang telah ditanam semula dan kegiatan ini dijangka akan tamat dalam masa setahun lagi.



KDU has provided, thus far, scholarships worth over a million Ringgit, to deserving students. KDU's holistic approach towards education has helped create greater awareness among students about the plight of the less fortunate as well as a better understanding of global and environmental issues through students' activities in clubs and societies.

HUMAN RESOURCE

A key factor contributing to the success of a company is its human resource capital and the Group recognizes its employees as its single most important asset.

The Group has as at 31 December 2002 increased its total staff strength to 697 compared to 595 in the previous year to meet the Group's increased responsibilities of managing and overseeing ventures that are engaged in new undertakings. The Group continues to encourage its staff to realize their full potential by providing in-house as well as external training to meet the challenging demands of the industries in which it operates and to seize opportunities for career advancement within the organization.

In 2002, the Group implemented the first phase of a five phase Advanced Executive Program for all executives and managers within the education division. Each phase, which is a comprehensive week long 100-hour program, focuses on competitive analysis, strategy development and advanced innovation and growth within the Group.

The Group is ever mindful of the need to motivate, reward and retain quality staff as it places a high value on meritocracy. Towards this end, the Group's Human Resource Policy & Guideline are designed to reflect the Group's appreciation and acknowledgment of the untiring efforts, commitment and dedication of its employees.

TANGGUNGJAWAB KOPORAT DAN SOSIAL

Kumpulan sentiasa memberi perhatian kepada tanggungjawab korporat dan sosialnya.

Pada tahun yang ditinjau, PJSB turut memainkan peranan yang giat dalam sumbangan kepada masyarakat dan komuniti melalui perwakilan dan derma kepada beberapa pertubuhan amal, sekolah dan rumah anak yatim, khususnya Yayasan Sultanah Bahiyah.

KDU setakat ini telah menawarkan biasiswa bernilai lebih daripada sejuta ringgit kepada pelajar yang cemerlang. Kaedah menyeluruh KDU terhadap pendidikan telah membantu meningkatkan kesedaran pelajar terhadap insan yang kurang bernasib serta menimbulkan kefahaman tentang isu-isu global dan persekitaran melalui aktiviti kelab dan persatuan pelajar.

SUMBER MANUSIA

Faktor utama yang menyumbang kepada kejayaan sesebuah syarikat ialah sumber manusianya dan Kumpulan menyedari bahawa kakitangannya merupakan asetnya yang terpenting.

Jumlah bilangan kakitangan pada 31 Disember 2002 telah meningkat ke 697 orang berbanding dengan 595 pada tahun sebelumnya untuk menampung tanggungjawab mengurus dan menyelia kegiatan berkaitan dengan usaha baru. Kumpulan terus menggalakkan kakitangan mencapai potensi mereka melalui latihan dalaman dan luaran agar menangani cabaran industri serta mengambil kesempatan untuk memperkembangkan kerjaya dalam organisasi.

Pada tahun 2002 Kumpulan telah melaksanakan fasa pertama Program Eksekutif Lanjutan yang mengandungi lima fasa untuk semua eksekutif dan pengurus bahagian pendidikan. Setiap fasa mengandungi program komprehensif sepanjang minggu selama 100 jam, berfokus kepada analisis kompetitif, perkembangan strategi dan inovasi dan perkembangan dalam Kumpulan.

Kumpulan sentiasa sedar tentang keperluan mendorong, menghadaiah dan mengekal kakitangan berkualiti kerana kami mengiktiraf nilai yang tinggi terhadap meritokrasi. Ke arah ini, Panduan dan Polisi Sumber Manusia Kumpulan direkabentuk khusus untuk mencerminkan apresiasi dan penghargaan Kumpulan kepada daya usaha, komitmen dan dedikasi kakitangannya.

TEO CHIANG QUAN

Group Chief Executive Officer
Ketua Pegawai Eksekutif Kumpulan





We are honing our skills to build brands that remain the centre of attraction.

STATEMENT ON CORPORATE GOVERNANCE

Paramount Corporation Berhad ("Paramount" or "the Company") is committed to business in integrity, transparency and professionalism in all its activities. As part of this commitment, the Board of Directors ("Board") supports the highest standards of corporate governance and the development of best practices.

The Company has complied throughout the year with the Provisions of the Code of Corporate Governance except for the appointment of a Senior Independent Director, for reasons which are explained below.

DIRECTORS

The Board of Paramount has eight members comprising two executive directors and six non-executive directors, four of whom are independent. This strong and independent element brings an objective and independent judgement to the decision making process of the Board. The biographical details of the Board members are set out in the Board section on pages 11 to 15.

Dato' Mohd Taib bin Abdul Hamid, an independent non-executive director, chairs the Board and the Group Managing Director & Group Chief Executive Officer is Teo Chiang Quan. There is a clear division of responsibility between these two roles to ensure a balance of power and authority. All the four independent non-executive directors are considered by the Board to be independent of management and free from any businesses or relationships which could materially interfere with the exercise of their independent judgement.

As the Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee are independent non-executive directors and the members of the latter two committees comprise exclusively of independent non-executive directors, the Board believes that it is not necessary to nominate one individual to assume the role of a Senior Independent Director.

The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. The Directors have wide ranging experience and all of them have either occupied or are currently holding senior positions in industry and/or government. The individuality and vast experience of the Directors in arriving at collective decisions at board level will ensure impartiality.

The Board provides effective leadership and manages overall control of the Group's affairs through the schedule of matters reserved for its decision. This includes:

- Setting and monitoring objectives, goals and strategic directions for management
- Adopting an annual budget and continuously monitoring financial performance
- Assessing and approving major capital expenditure including significant acquisitions and disposal of investments
- Ensuring significant risks are appropriately managed and regularly reviewed and monitored
- Selecting and appointing of new directors and setting the remuneration for directors and senior management
- Mentoring, monitoring and evaluating the Chief Executive Officer and his support management team
- Ensuring strict adherence to relevant compliance with laws and regulations and disclosure regimes

The Board met five times during the year, one of which comprised an extended two-day strategy review and discussion. The attendance record of directors during the year was as follows:

Director	Attendance
Dato' Md Taib bin Abdul Hamid	5 out of 5
Teo Chiang Quan	5 out of 5
Ong Keng Siew	5 out of 5
Tan Sri Dato' Ahmad Sabki bin Jahidin	5 out of 5
Dato' Haji Azlan bin Hashim	5 out of 5
Rohana Tan Sri Mahmood	5 out of 5
Geh Cheng Hooi	4 out of 5
Brian Shoy Teng To	5 out of 5

Formal agendas, papers and reports are supplied to Directors in a timely manner, prior to Board meetings. All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of their duties.

Appropriate training and briefing are available to all Directors on appointment to the Board, and subsequently as necessary, taking into account their individual qualifications and experience.

All Directors are subject to election by shareholders at the first opportunity after their appointment. The Company's Articles of Association ensures that all Directors stand for re-election at least once in every three years.

The Board operates through three standing committees with delegated authority and defined terms of reference. The composition, purpose and function of these committees are described below.

Audit Committee

A detailed report on this committee is contained on pages 40 and 41 of this Annual Report.

Nomination Committee

The Nomination Committee comprises exclusively of four independent non-executive Directors: Dato' Md Taib bin Abdul Hamid, Tan Sri Dato' Ahmad Sabki bin Jahidin, Dato' Haji Azlan bin Hashim and Geh Cheng Hooi. The Chairman of the Board chairs the Committee, which meets at least once a year and additionally if required.

The Nomination Committee is entrusted with the task of proposing new nominees for the Board and for assessing existing Directors on an on-going basis. The Nomination Committee also considers the balance of the board membership, determining the core competencies and skills required of the Board.

DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee also comprises exclusively of four independent non-Executive Directors: Dato' Md Taib bin Abdul Hamid, Tan Sri Dato' Ahmad Sabki bin Jahidin, Dato' Haji Azlan bin Hashim and Geh Cheng Hooi. The Remuneration Committee, which meets at least once a year and additionally if required, is chaired by the Chairman of the Board.

The Remuneration Committee is responsible for ensuring that the Company's Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration should be sufficient to attract and retain its

Executive Directors and senior management to manage the Company and continuously build for the future, giving due regard to the interest of shareholders and to the financial and commercial health of the Company.

Remuneration Policy

Total remuneration, comprising salaries, bonus and benefits, of executive directors and senior management are reviewed annually. Salaries are benchmarked against equivalent market salaries for companies with similar turnover and market capitalization and are set around the median point of the comparator group. The salaries are set by the committee after consideration of the Company's performance, market conditions, the level of increase awarded to employees throughout the business and the need to reward individuals based on their performance and responsibility.

The annual bonus scheme is designed to encourage and reward employees for achievement or betterment of challenging financial and business targets, set in the annual budget adopted by the

board at the beginning of each financial year. Awards are not contractual and are paid on the basis of the individual's contribution during the preceding year as well as individual and team performance.

The Company also provides long term incentives in the form of share scheme and retirement benefits or gratuity. Currently there exists an Employee Share Option Scheme, which will expire on 2 August 2003. All employees, who are in permanent full-time employment of the Group for a period of at least one (1) continuous year are entitled to participate in the scheme. The quantum for retirement benefit or gratuity is the summation of the multiplication of the factor 15/26 by the basic salary as at 31 December of each year from the date of joining the Company (as pro-rated) till the date of retirement, resignation or death (as pro-rated).

Annual fees and Directors' traveling allowance are paid based on current market surveys.

The details of the remuneration of each Director during the financial year are as follows:

Director	Basic Salary (RM'000)	Bonus (RM'000)	Professional fees (RM'000)	Director fees (RM'000)	Benefits in-kind (RM'000)	Total Remuneration (RM'000)
Executive						
Teo Chiang Quan	672	197	–	49	63	981
Ong Keng Siew	292	44	–	35	14	385
Non-Executive						
Dato' Md Taib bin Abdul Hamid	–	–	–	38	–	38
Tan Sri Dato' Ahmad Sabki bin Jahidin	–	–	–	25	–	25
Dato' Haji Azlan bin Hashim	–	–	–	30	–	30
Rohana Tan Sri Mahmood	–	–	196	30	21	247
Geh Cheng Hooi	–	–	–	25	–	25
Brian Shoy Teng To	–	–	–	25	–	25

SHAREHOLDERS

The Company is committed to ongoing communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the Annual General Meeting and timely dissemination of information on significant company developments and price sensitive information in accordance with Kuala Lumpur Stock Exchange Listing Requirements. The group's web-site at www.pcb.com.my contains corporate and customer information updated on a regular basis.

The Company's Annual General Meeting not only deals with the formal business of the Company but represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Shareholders are invited to ask questions and express their views about the Company's business at the meeting. The Company plans to present to shareholders an overview of the Group's business at future meetings. A Press conference is normally held after the Annual General Meeting to brief members of the Press on the performance of the Group for the benefit of potential investors as well as those shareholders who have been unable to attend the meeting.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board is mindful of its responsibility to present a balanced and understandable assessment of Paramount's financial position and prospects, in all reports, both to investors and the regulatory bodies.

This assessment is primarily provided in the Chairman's Statement and Chief Executive Officer's Performance Review. An explanation of the respective responsibilities of the Directors and the auditors in the preparation of the accounts is set out in the statement of Directors' responsibilities section of the printed report.

Internal control

The Directors are responsible for the Group's system of internal controls and for regularly reviewing its effectiveness. The principal aim of the system of internal controls is the management of business risks that are significant to the fulfillment of Paramount's business objectives with a view to enhancing, over time, the value of the shareholders' investment and safeguarding the Group's assets. Although no system of internal controls can provide absolute assurance that business risk will be mitigated, the Group is committed to designing an internal control system that meets the Group's particular needs and the risks to which it is exposed. The key areas that have been established include a risk management policy designed to ensure its proper implementation and a risk framework encompassing the required risk procedures.

Relationship with External Auditors

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia. The report on the role of the audit committee in relation to the external auditors may be found in the Report on Audit Committee set out on pages 40 and 41.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors is pleased to issue the following Audit Committee Report and its activities for the year.

MEMBERS AND MEETINGS

There are four members in the Audit Committee consisting of three independent non-executive directors and one executive director.

Meetings were held every quarterly and a fifth meeting was held with the external auditors excluding the presence of the executive director.

Names of Directors	Status	Number of Meetings Attended by Members
YBhg Tan Sri Dato' Ahmad Sabki Bin Jahidin	Chairman/Independent Non Executive Director	5 out of 5 meetings
Mr Geh Cheng Hooi	Independent Non-Executive Director/ Accountant	4 out of 5 meetings
Mr Ong Keng Siew	Deputy Group CEO/ Accountant	5 out of 5 meetings
YBhg Dato' Haji Azlan Bin Hashim	Independent Non-Executive Director/ Accountant	5 out of 5 meetings

TERMS OF REFERENCE

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

Membership

The members shall be appointed by the Board and the Committee shall consist of at least three (3) directors, a majority of whom are independent directors. The Chairman of the Committee shall be an independent non-executive director.

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants

Any vacancy in the Committee resulting in non-compliance of the said requirements must be filled within three (3) months.

No alternate director shall be appointed as a member of the Audit Committee.

Meetings

The Committee shall meet on a quarterly basis or at more frequent intervals as required to deal with matters within its terms of reference. The meetings shall have a quorum of two members who are independent directors.

The Committee shall meet with the external auditors without the presence of executive board members at least once a year.

Other directors and employees may attend any particular Audit Committee meeting only at the Committee's invitation specific to the relevant meeting.

The Committee shall record its conclusions on issues discussed during meetings and report to the Board at the quarterly Board Meetings.

Authority

The Audit Committee is hereby authorised by the Board to:

- investigate any matter within its terms of reference;
- have resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to Paramount Corporation Berhad ("Paramount") and its group of companies ("the Group");
- have direct communication channels with the external auditors and internal auditor; and
- obtain independent professional or other advice as deemed necessary.

Reporting of breaches to the Exchange

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements, the Committee shall promptly report such matter to KLSE.

Duties of the Committee

The duties of the Committee shall be as follows:

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

- iii) To review the quarterly and year-end financial statements of the Company/Group, focusing particularly on:
 - a) Any changes in accounting policies and practices;
 - b) Significant adjustments arising from the audit;
 - c) The going concern assumption;
 - d) Compliance with accounting standards and other legal requirements.
 - iv) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
 - v) To review the external auditor's management letter and management's response;
 - vi) To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - vii) To review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - viii) To consider major findings of internal investigations and management's response;
 - ix) To consider any related party transactions that may arise within the Company or Group; and
 - x) To consider other topics deemed fit by the Committee within its terms of reference and/or as defined by Board.
- ii) Discussed audit plans with external auditors before commencement of audit, and
 - iii) Reviewed external auditors' management letter and management's response.
- b) Meeting with external auditors
- Met with external auditors without the presence of executive board members to discuss issues relating to the audit of the Group.
- c) Internal Controls
- i) Reviewed internal audit plans with internal auditor covering the adequacy of scope, functions and resources of internal audit function;
 - ii) Discussed results of internal audit process and deliberated on highlighted issues of concern;
 - iii) Considered related party transactions that arose and advised the Board on the appropriate action to be taken;
 - iv) Discussed the impact of Messrs Arthur Andersen & Co's merger with Messrs Ernst & Young on the Group, reviewed the suitability of Messrs Ernst & Young as future auditors and proposed a change of external auditors to the Board;
 - v) Considered and approved the remit of the internal audit function;
 - vi) Advised the Board on the state of internal control of the Group and the issuance of the Statement on Internal Control.

Review of the Audit Committee

The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Committee met to discuss and review matters for subsequent recommendations to the Board of Directors. These include:

- a) Financial Statements
 - i) Reviewed the quarterly and year-end financial statements prior to the Board's approval for its release to KLSE and press;

INTERNAL AUDIT FUNCTION

The internal audit department was established to carry out its duties impartially and independently. It has the principal responsibility of carrying out audits of the operations within the Group and provides general assurances to management and the Audit Committee.

The role of internal audit function as identified by the Audit Committee in the form of audit charter further includes furnishing management with independent analyses, appraisals, counsel and information on the activities reviewed. Special assignments and investigations are conducted from time to time as and when requested by the Board, Audit Committee and management.

Audit reports are issued to the Audit Committee incorporating findings, recommendations and management's response noted in the course of audits and corrective actions taken by operating units are reported back to the Committee at subsequent meetings.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code of Corporate Governance ("the Code") includes as a principle of Corporate Governance that the Board of Directors ("the Board") should "maintain a sound system of internal control" and the Listing Requirements of Kuala Lumpur Stock Exchange ("KLSE") requires the Board to disclose the state of internal control in the annual report.

The statement that follows, which is prepared in accordance with the guidelines provided by the Guidance for Directors of Public Listed Companies ("the Guidelines"), covers the financial year under review.

BOARD'S RESPONSIBILITY

The Board perceives and accepts a sound and reliable internal control system as a base for good Corporate Governance within Paramount Corporation Berhad ("Paramount" or "the Company") and its group of companies ("the Group"). The Board assumes the overall responsibility of maintaining a sound and reliable system of internal control to safeguard shareholders' investment and the Company's assets.

During the financial year, the Board had set the tone to consolidate the established control culture in the Group with an appropriate control environment conducive to the internal control objectives set out in the Guidelines. The Board acknowledges the continuous need to review the adequacy and integrity of the internal control system and is aware that the internal control system can only provide reasonable but not absolute assurance. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board had approved and adopted a framework to identify, analyse, evaluate, treat and monitor principal risks affecting the Group's strategic business objectives throughout the year.

The Board does not regularly review the internal control system of its associated companies, as the Board does not have any direct control over their operations. Notwithstanding, the Group's interests are served through representation on the board of the respective associated companies and receipt and review of management accounts and enquiries thereon. These representations also provide the Board with information for timely decision making on the continuity of the Group's investments based on the performance of the associated companies.

RISK MANAGEMENT FRAMEWORK/ STRATEGIC PLANS

The Board and management have reviewed the Group's internal control and formalized the risk management practices to comply with the Guidelines and the Code. In conjunction with this the Board has supported management's effort in holding an awareness talk on risk management and engaging consultants to conduct a risk workshop for senior managers.

Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. This includes evaluating and addressing emerging risks encountered in investment ventures.

INTERNAL AUDIT FUNCTION

The Board is aware that effective monitoring on a continuous basis is an essential component of a sound system of internal control. In this respect, the Board through the Audit Committee regularly receive and review reports on internal control from its internal audit function.

The internal audit function role is assumed by the Group's Internal Audit Department which reports directly to the Audit Committee Chairman. The Board emphasizes on its impartiality, proficiency and professionalism ensuring that all internal audit staff are not involved in any executive functions and that audits are carried out independently.

Scope and depth of work done by the internal audit function are determined by the Audit Committee after careful consideration and discussion of the audit plan with management.

INFORMATION SYSTEMS

Management prepares and reviews comprehensive monthly financial information showing actual results against budget for the month and year-to-date. The financial and management information are collated together with updated forecasts for the financial year which are then submitted to the Board for quarterly review.

The Board approved an integrated ERP information system for the Group which was installed to support and enhance the information system. The integrity, adequacy, timeliness and security of the information systems are constantly reviewed.

OTHER KEY AREAS OF INTERNAL CONTROL/ CONTROL PROCESSES

Clearly defined areas of responsibilities for all committees of the Board and clear lines of accountability for various level of management.

Good management culture and operating style with management review forming the base of the Group's internal control system and expected code of conduct for management staff.

A detailed budgeting and monitoring process which support the five (5)-year strategic plans of the Board and management. The Group's strategic planning process is reviewed by the Board on an annual basis.

Periodic documented principal risks report to the Board as compiled on a group wide basis.

Continuous upgrading and development of the internal control systems upon reported changes highlighted at the Audit Committee and Board levels.

The professionalism and competence of staff is maintained through a rigorous recruitment process, a performance appraisal system and a wide variety of training and development programmes.

NO MAJOR CONTROL WEAKNESSES

During the financial year under review, the Audit Committee and the Board had not requested the internal audit function to conduct any investigations and the Board is satisfied that the internal control system is functioning adequately and that its integrity is maintained. The Board is also pleased to report that based on reviews and observations made during the year, they are not aware of any material or significant weaknesses in the Group's internal control system that would result in material losses or affect the business objectives of the Group.

ANALYSIS OF SHAREHOLDINGS as at 31 March 2003

SHARE CAPITAL

Authorised capital	:	RM200,000,000
Issued and fully paid-up	:	RM101,497,949
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 999	205	3.87	64,759	0.06
1,000 – 10,000	4,653	87.78	13,190,206	13.00
10,001 – 100,000	395	7.45	10,773,776	10.62
100,001 – less than 5% of issued shares	44	0.83	29,986,208	29.54
5% and above of issued shares	4	0.07	47,483,000	46.78
Total	5,301	100.00	101,497,949	100.00

THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shareholdings	%
1. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Paramount Equities Sdn Bhd	17,310,000	17.05
2. Paramount Equities Sdn Bhd	14,015,000	13.81
3. Serata Kaya Sdn Bhd	10,639,000	10.48
4. Southern Acids (M) Berhad	5,519,000	5.44
5. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore PBD for Gemwood Limited	4,821,750	4.75
6. Bunga Indah (M) Sdn Bhd	3,309,391	3.26
7. Southern Realty (M) Sdn Bhd	2,999,000	2.95
8. Thye Heng (How Kee) Company Sdn Bhd	2,569,000	2.53
9. Angsana Sutera Sdn Bhd	1,924,000	1.90
10. Thye Heng (How Kee) Company Sdn Bhd	1,490,000	1.47
11. Glamour Partnership Sdn Bhd	1,466,000	1.44
12. Kenanga Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Teo Pek Swan	1,190,000	1.17
13. Thye Heng (How Kee) Company Sdn Bhd	1,108,000	1.09
14. Yayasan Kelantan Darulnaim	958,000	0.94
15. AmFinance Berhad Pledged securities account for Ta Kin Yan (Smart)	465,000	0.46
16. Ooi Lay Suan	445,000	0.44
17. Sin Heap Lee Equities Sdn Bhd	385,140	0.38
18. Sin Yan Holdings (M) Sdn Bhd	385,140	0.38
19. Teo Chiang Quan	368,000	0.36
20. Choot Ching Koon	365,000	0.36
21. Tay Lee Kong	355,500	0.35
22. Southern Edible Oil Industries (M) Sdn Bhd	333,000	0.33
23. Goh Beng Choo	332,000	0.33
24. Khor Joo Hong	331,000	0.33
25. Khor Joo Hong	326,000	0.32
26. Ghee Thong Sdn Bhd	321,000	0.32
27. Mayban Securities Nominees (Asing) Sdn Bhd Mayban Nominees (S) Pte Ltd for Teo Soo Meng	300,000	0.30
28. Oh Kim Sun	255,000	0.25
29. Menteri Kewangan Malaysia	216,399	0.21
30. Art Printing Works Sdn Bhd	200,000	0.20
Total	74,701,320	73.60

SUBSTANTIAL SHAREHOLDERS as at 31 March 2003

Name	No. of Ordinary shares of RM1.00 each		Percentage of issued share capital %
	Direct	Indirect	
Paramount Equities Sdn Bhd	31,325,000	–	30.86
Teo Chiang Quan	368,000	31,654,888 (1)	31.55
Southern Acids (M) Berhad	5,519,000	–	5.44
Serata Kaya Sdn Bhd	10,639,000	5,519,000 (2)	15.92
Southern Edible Oil Industries (M) Sdn Bhd	333,000	16,158,000 (3)	16.25
Southern Realty (M) Sdn Bhd	2,999,000	16,491,000 (4)	19.20
Banting Hock Hin Estate Co Sdn Bhd	184,000	19,490,000 (5)	19.38
Dato' Low Mong Hua	67,000	19,674,000 (6)	19.45
Thye Heng (How Kee) Company Sdn Bhd	5,167,000	–	5.09
Teh Liang Peng	–	5,167,000 (7)	5.09
Teh Wao Kheng	–	5,167,000 (7)	5.09
Teh Wei Siong	–	5,167,000 (7)	5.09
Teh Chee Tong	1,000	5,167,000 (7)	5.09
Teh Win Kee	23,000	5,167,000 (7)	5.11
Khor Joo Hong	657,000	5,167,000 (7)	5.74

Notes:

1. By virtue of his equity interest in Paramount Equities Sdn Bhd, Teo Soo Pin Sdn Berhad and Qualipro Corporation Sdn Bhd.
2. By virtue of its deemed interest in Southern Acids (M) Berhad.
3. By virtue of its deemed interest in Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
4. By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
5. By virtue of its deemed interest in Southern Realty (M) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
6. By virtue of his deemed interest in Banting Hock Hin Estate Co Sdn Bhd, Southern Realty (M) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
7. By virtue of their deemed interests in Thye Heng (How Kee) Company Sdn Bhd.

DIRECTORS' SHAREHOLDINGS as at 31 March 2003**In Paramount Corporation Berhad**

	Shareholding	Direct %	Shareholding	Indirect %
Teo Chiang Quan	368,000	0.36	31,654,888	31.19
Ong Keng Siew	13,000	0.01	–	–
Dato' Md. Taib bin Abdul Hamid	–	–	50,000	0.05

	No. of options offered	No. of Options accepted	No. of Options exercised
Teo Chiang Quan	360,000	360,000	360,000
Ong Keng Siew	252,000	252,000	–

In Related Corporations:

	Shareholding	Direct %	Shareholding	Indirect %
KDU College Sdn Bhd				
Rohana Tan Sri Mahmood	–	–	353,000	15
Paramount Corporation Limited				
Teo Chiang Quan*	1	0.001	–	–

* Held in trust for Paramount Corporation Berhad

By virtue of his interest in the Company, Teo Chiang Quan is also deemed interested in the shares of all the other subsidiaries of the Company to the extent of the Company's interest in these subsidiaries.

SCHEDULE OF PROPERTIES HELD BY THE GROUP

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description & Existing Use	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2002 (RM'000)
16.11.1990 (22.04.1997)	Jalan Ceylon City of Kuala Lumpur Wilayah Persekutuan	23-storey residential condominium block consisting of 76 units of luxury apartments known as Regency Tower (Available for tenancy)	14 years	Freehold	40,238	48,848
11.03.1998	Jalan 3/109C Off Jalan Kelang Lama Wilayah Persekutuan	3 floors of office space (Available for tenancy)	10 years	99 years lease commencing 21.01.1979	Strata Title	199
19.12.1978 (06.08.2001)	Jalan SS22/21 Petaling Jaya Selangor Darul Ehsan	2 blocks of 5-storey and 1 block of 4 storey annexed commercial institute (College campus – KDU Petaling Jaya campus)	20 years	Freehold	123,900	8,788
28.04.2000	Nos. 3, 5 & 7 Jalan Teknologi 2/1 Seksyen 2 Kota Damansara Petaling Jaya Selangor Darul Ehsan	Land (Nos. 3 & 7 – vacant) No. 5 – KDU Smart School (Sri KDU)	1 year	30 years lease commencing 02.11.2000	520,543	29,437
13.06.2001	Block B, Gugusan Teratai (Mawarai), Jalan Cecawi 6/30 Kota Damansara Selangor Darul Ehsan	5-storey of 60 units of apartments (KDU Hostel apartments)	1 year	99 years lease	Strata Title	4,003
11.03.1998	A11-1, Bandar Sri Damansara Mukim of Sungai Buluh Petaling Jaya Selangor Darul Ehsan	4-storey shopoffice (Tenanted)	6 years	Freehold	1,760	675
08.04.1982	Lot 11882 to 11886, HS(D) 13157 to 13161 T/K Jalan Batu Tiga Klang	Vacant Land	–	Freehold	6,698	3
04.01.1980	Mukim of Pengkalan Bahru District of Manjung Perak Darul Ridzuan	Oil Palm Plantation known as Dindings Oil Palm Estate	–	Freehold	74,090,932	5,833

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description & Existing Use	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2002 (RM'000)
08.04.1982	Mukim of Sungai Petani and Sungai Pasir District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Taman Patani Jaya (Under development)	–	Freehold	485,695	954
30.09.1994	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Bandar Laguna Merbok (Under development)	–	Freehold	2,985,377	9,963
30.09.1994	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Bandar Laguna Merbok (Held for future development)	–	Freehold	11,122,367	45,839
15.05.2001	1 Lorong BLM 1/1 Bandar Laguna Merbok 08000 Sungai Petani Kedah Darul Aman	2/3-storey shopoffice (Office premise – occupied by Patani Jaya Sdn Bhd and Belian Sakti Sdn Bhd)	2 years	Freehold	4,088	1,135
30.09.1994	P.T. 68352, 68353 & 68354 Bandar Laguna Merbok 08000 Sungai Petani Kedah Darul Aman	Recreational Land (P.T. 68353 – Kelab Bandar Laguna Merbok's clubhouse; P.T. 68352 & P.T. 68354 – Vacant)	1 year	Freehold	1,414,333	12,707
06.03.2000	Geran 2672, Lot 460 Mukim of Pulai District of Baling Kedah Darul Aman	Land (Approved for low cost development)	–	Freehold	758,428	1,220
04.07.2000	Geran 1711, Lot 1143 Mukim of Semiling District of Kuala Muda Kedah Darul Aman	Land (Approved for low cost development)	–	Freehold	644,453	2,070
11.03.1998	21 Lorong 20 Taman Patani Jaya 08000 Sungai Petani Kedah Darul Aman	3-storey shopoffice (Tenanted)	15 years	Freehold	1,540	237
11.03.1998	No 19 & 19A Lorong 1 Taman Sutera 08000 Sungai Petani Kedah Darul Aman	Corner-lot 2-storey shopoffice (Available for tenancy)	11 years	Freehold	2,967	254

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description & Existing Use	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2002 (RM'000)
10.01.1999	No 7 Lorong 1 Taman Sutera 08000 Sungai Petani Kedah Darul Aman	2-storey shopoffice (Tenanted)	11 years	Freehold	1,680	182
10.01.1999	No 9, 11, 31, & 39 Lorong 1 Taman Sutera 08000 Sungai Petani Kedah Darul Aman	4 units of 2-storey shopoffice (Available for tenancy)	11 years	Freehold	6,720	729
21.04.1993 (15.08.2002)	Jalan Anson Daerah Timur Laut George Town Penang	1 block of 5-storey and 1 block of 8-storey with basement, annexed commercial institute	6 years	Freehold	90,966	27,185
28.07.1998	No 12, Jalan Khaw Sim Bee 10450 Penang	4-storey of 12 units apartment (KDU Hostel Apartments)	8 years	Freehold	15,565	3,010
18.08.1999	No 16, Lorong Binajaya 3 Kawasan Perusahaan Ringan Usahajaya Permatang Tinggi 14000 Bukit Mertajam	2-storey detached factory (Available for tenancy)	4 years	Freehold	1,916	170
16.02.2000	No 4, 6, 8, 10, 12, 14 & 16 Jalan Pala 12 Kawasan Ind. Ringan Permatang Tinggi 14000 Bukit Mertajam Penang	7 units of 2 storey semi-detached factories (Tenanted)	4 years	Freehold	45,500	2,286
16.02.2000	No 2 Jalan Pala 12 Kawasan Ind. Ringan Permatang Tinggi 14000 Bukit Mertajam Penang	1 unit of 2 storey semi-detached factories (Available for tenancy)	4 years	Freehold	6,500	327
30.12.1995 (01.04.1998)	Senai 111 Industrial Park Johor Bahru Johor Darul Takzim	Factory Land & Building (Vacant)	6 years	30 years lease commencing 28-02-1996	164,221	7,229
30.04.1997 (20.02.2002)	10/F, Parkview Commercial Building, 9-11 Shelter Street Causeway Bay Hong Kong	Office Space (Occupied by Paramount Corporation Ltd)	20 years	999 years lease commencing 20.05.1889	1,400	913

FIVE YEAR GROUP FINANCIAL PROFILE

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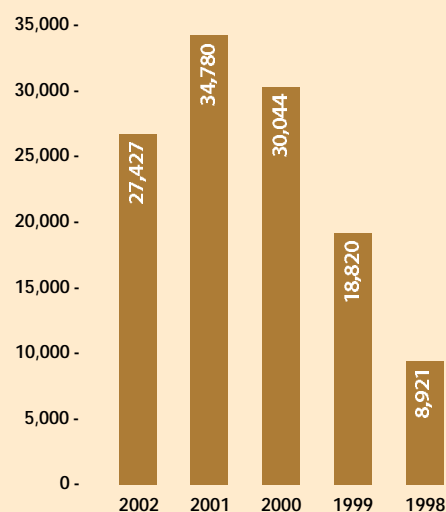
PARAMOUNT CORPORATION BERHAD • 3578-A

	Year 31 Dec 2002 RM'000	Year 31 Dec 2001 RM'000	Year 31 Dec 2000 RM'000	Year 31 Dec 1999 RM'000	Year 31 Dec 1998 RM'000
TURNOVER	213,517	163,695	134,410	142,767	120,655
EARNINGS					
Profit from operations	24,565	29,372	25,824	18,633	11,957
Exceptional items	0	0	0	2,227	(1,899)
Share of profit/(loss) of associated companies	2,862	5,408	4,220	(2,040)	(1,137)
Profit before taxation	27,427	34,780	30,044	18,820	8,921
Taxation	(11,188)	(11,485)	(9,845)	318	(5,673)
Profit after taxation	16,239	23,295	20,199	19,138	3,248
Minority interests	(233)	(1,017)	(953)	(1,304)	239
Retained profits brought forward	16,006 100,340	22,278 79,861	19,246 64,034	17,834 49,417	3,487 48,398
Profits attributable to members of the Company	116,346	102,139	83,280	67,251	51,885
Net dividends	(6,298)	(1,799)	(3,419)	(3,217)	(2,468)
Retained profits carried forward	110,048	100,340	79,861	64,034	49,417

TURNOVER RM'000

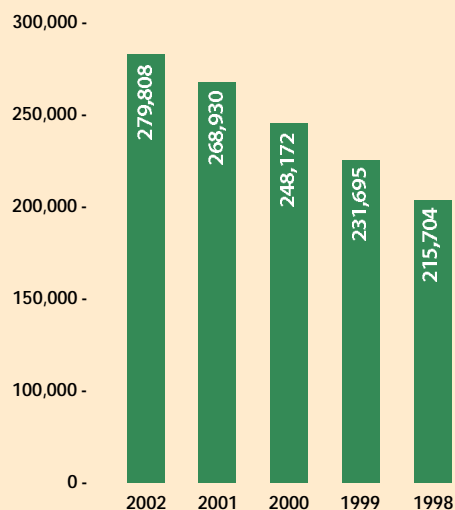


PROFIT BEFORE TAX RM'000



	Year 31 Dec 2002 RM'000	Year 31 Dec 2001 RM'000	Year 31 Dec 2000 RM'000	Year 31 Dec 1999 RM'000	Year 31 Dec 1998 RM'000
ASSETS EMPLOYED					
Property, plant and equipment	189,915	162,621	144,508	132,814	136,569
Associated companies	36,544	27,266	25,830	22,252	2,040
Other investments	271	9,843	3,581	5,136	27,235
Land held for development	40,283	42,335	47,204	47,534	48,882
Net current assets	38,532	36,681	40,629	42,531	35,464
Term Loan	(18,440)	(2,500)	(7,500)	(13,538)	(22,213)
Long Term Liabilities	(2,413)	(2,413)	(2,284)	(1,941)	(1,059)
Provision for Retirement Benefits	(782)	(577)	(571)	(516)	(479)
Minority Interests	(4,102)	(4,326)	(3,225)	(2,577)	(3,473)
Unearned Premium Reserve	0	0	0	0	(12,694)
Net tangible assets	279,808	268,930	248,172	231,695	210,272
Goodwill	0	0	0	0	5,432
Net Assets	279,808	268,930	248,172	231,695	215,704
FINANCED BY					
Share capital	101,301	100,199	99,958	99,279	97,955
Capital reserves	4,703	4,726	4,690	4,730	4,686
Share premium	63,756	63,665	63,663	63,652	63,646
Retained profits	110,048	100,340	79,861	64,034	49,417
Shareholders' funds	279,808	268,930	248,172	231,695	215,704
FINANCIAL STATISTICS (Per ordinary share of RM1 each)					
Earnings before taxation	27.2 sen	34.8 sen	30.1 sen	19.1 sen	9.1 sen
Earnings after taxation	15.9 sen	22.3 sen	19.3 sen	18.1 sen	3.6 sen
Dividends gross	7.50 sen	7.50 sen	4.75 sen	4.50 sen	3.50 sen
Dividend cover (times)	2.54	12.38	5.63	5.54	1.41
Net tangible assets	RM2.76	RM2.68	RM2.48	RM2.33	RM2.15

SHAREHOLDERS' FUNDS RM'000



EARNINGS PER SHARE Sen



STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Listing Requirements of Kuala Lumpur Stock Exchange.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company is also involved in the cultivation and sale of oil palm fresh fruit bunches.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	16,239	6,349
Minority interests	(233)	—
Net profit for the year	<u>16,006</u>	<u>6,349</u>

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2001 were as follows:

	RM'000
In respect of the financial year ended 31 December 2001:	
Final tax exempt dividend of 1.8%, paid on 14 June 2002	1,804
Final dividend of 3.2% less 28% taxation, paid on 14 June 2002	2,308
In respect of the financial year ended 31 December 2002:	
Interim dividend of 3.0% less 28% taxation, paid on 18 October 2002	<u>2,186</u>
	<u>6,298</u>

At the forthcoming Annual General Meeting, a final tax exempt dividend of 4.5% on 101,300,949 shares amounting to RM4,559,000 in respect of the current financial year ended 31 December 2002 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2003.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Md. Taib bin Abdul Hamid
 Teo Chiang Quan
 Ong Keng Siew
 Tan Sri Dato' Ahmad Sabki bin Jahidin
 Dato' Haji Azlan bin Hashim
 Rohana Tan Sri Mahmood
 Geh Cheng Hooi
 Dr. Brian Shoy Teng To

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than the Employee Share Option Scheme as disclosed in this report.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 4 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options of the Company and its related corporations during the financial year were as follows:

<----- Number of Ordinary Shares of RM1.00 Each ----->				
The Company	At 1 January, 2002	Exercise of ESOS	Sold	At 31 December, 2002
Direct				
Teo Chiang Quan	208,000	—	—	208,000
Ong Keng Siew	13,000	—	—	13,000
Indirect				
Teo Chiang Quan	31,654,888	—	—	31,654,888
Dato' Md. Taib bin Abdul Hamid	50,000	—	—	50,000
KDU College Sdn.Bhd.				
Indirect				
Rohana Tan Sri Mahmood	353,000	—	—	353,000

<----- Number of Ordinary Shares of HK1.00 Each ----->

	At 1 January, 2002	Bought	Sold	At 31 December, 2002
Paramount Corporation Limited				
Teo Chiang Quan*	1	–	–	1

* The share is held in trust for Paramount Corporation Berhad.

Teo Chiang Quan by virtue of his interest in shares of the Company, is also deemed interested in the shares of all the Company's subsidiaries to the extent that the Company has an interest.

The options to subscribe for shares in the Company pursuant to Paramount Corporation Berhad's Employee Share Option Scheme granted to the directors which remain unexercised are as follows:

Options over Number of Ordinary Shares of RM1.00 Each

	At 1 January, 2002	Granted	Exercise	At 31 December, 2002
Granted in 1998 at an option price of RM1.00 per share				
Teo Chiang Quan	160,000	–	–	160,000
Ong Keng Siew	252,000	–	–	252,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at an Extraordinary General Meeting held on 9 June 1998.

The main features of the ESOS are as follows:

- (i) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (ii) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the duration of the ESOS, which shall be in force for a period of five years from 3 August 1998.
- (iii) The option price for each share shall be the average of the mean market quotation (calculated as the average of the highest and lowest price transacted) of the shares as shown in the daily official list in the Kuala Lumpur Stock Exchange for the five trading days preceding the date of offer or at the par value of the shares, whichever is higher.
- (iv) No offer shall be made for less than 1,000 shares nor more than 500,000 shares to any eligible employee.
- (v) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing of the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.
- (vi) The number of shares under option or the option price or both so far as the options remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a capitalisation of profit or reserves or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.

- (vii) The shares under option shall remain unissued until the options are exercised and shall on allotment and issue, rank parri passu in all respects with the existing ordinary shares of the Company provided that the new shares shall not be entitled to any dividends declared in respect of the particular financial year if the options related thereto are not exercised prior to or on the entitlement date and on a date during that financial year for which the dividends are declared in respect of and to any other distributions unless the options were exercised prior to or on the entitlement date.

The option period is for five calendar years commencing from 3 August 1998 and expiring on 2 August 2003.

The movements in the ESOS to take up unissued new ordinary shares of RM1.00 each and the options price are as disclosed in Note 26 to the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up capital from RM100,198,949 to RM101,300,949 via an issuance of 1,102,000 new ordinary shares of RM1.00 each pursuant to the exercise of the ESOS as disclosed in Note 26 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:
- (i) the amount written off for bad debts or the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Notes 30 and 31 to the financial statements respectively.

AUDITORS

Our auditors, Arthur Andersen & Co. retire and do not seek re-appointment. A resolution to appoint Ernst & Young will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board
in accordance with a resolution
of the directors

DATO' MD. TAIB BIN ABDUL HAMID

TEO CHIANG QUAN

Petaling Jaya, Malaysia
17 April 2003

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, DATO' MD. TAIB BIN ABDUL HAMID and TEO CHIANG QUAN, being two of the directors of PARAMOUNT CORPORATION BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 61 to 95 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2002 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board
in accordance with a resolution
of the directors

DATO' MD. TAIB BIN ABDUL HAMID

TEO CHIANG QUAN

Petaling Jaya, Malaysia
17 April 2003

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, ONG KENG SIEW, being the director primarily responsible for the financial management of PARAMOUNT CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 61 to 95 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by)	
the abovenamed ONG KENG SIEW)	
at Petaling Jaya in Selangor Darul)	
Ehsan on 17 April 2003)	ONG KENG SIEW

Before me,

Commissioner for Oaths

CHIN THEN SHOONG
No. B070
Petaling Jaya
Selangor Darul Ehsan

REPORT OF THE AUDITORS

TO THE MEMBERS OF PARAMOUNT CORPORATION BERHAD (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 61 to 95. 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 applicable Approved Standards on Auditing 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 the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up 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 financial position of the Group and of the Company as at 31 December 2002 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors as indicated in Note 11 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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 in respect of subsidiaries incorporated in Malaysia, did not include any comment made under Section 174(3) of the Act.

ARTHUR ANDERSEN & CO.

AF: 0103

Chartered Accountants

Wong Kang Hwee

1116/01/04(J)

Partner

Kuala Lumpur, Malaysia

17 April 2003

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 RM'000	2001 RM'000
Revenue	3	213,517	163,695
Other operating income		6,096	5,369
Changes in inventories, work in progress and development properties		(8,255)	2,787
Contract costs		(116,743)	(81,485)
Harvesting costs		(473)	(877)
Staff costs		(31,693)	(27,442)
Depreciation		(8,240)	(6,937)
Other operating expenses		(29,086)	(25,872)
Profit from operations	4	25,123	29,238
Finance (costs)/income, net	5	(558)	134
Share of results of associates		2,862	5,408
Profit before taxation		27,427	34,780
Taxation	6	(11,188)	(11,485)
Profit after taxation		16,239	23,295
Minority in terests		(233)	(1,017)
Net profit for the year		16,006	22,278
Earnings per share (sen)			
Basic	7	15.88	22.28
Diluted	7	15.59	21.56

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2002

	Note	2002 RM'000	2001 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	189,915	162,621
Land held for development	10	40,283	42,335
Associated companies	12	36,544	27,266
Other investments	14	271	9,843
		<u>267,013</u>	<u>242,065</u>
CURRENT ASSETS			
Development properties	15	9,963	18,218
Inventories	16	933	1,321
Trade receivables	17	55,208	37,523
Other receivables	18	10,933	15,388
Cash and bank balances	21	29,712	30,757
		<u>106,749</u>	<u>103,207</u>
CURRENT LIABILITIES			
Short term borrowings	22	10,219	5,274
Trade payables	23	29,109	26,434
Other payables	24	27,638	29,156
Tax payable		1,251	5,662
		<u>68,217</u>	<u>66,526</u>
NET CURRENT ASSETS			
		<u>38,532</u>	<u>36,681</u>
		<u>305,545</u>	<u>278,746</u>
REPRESENTED BY:			
Share capital	26	101,301	100,199
Reserves		178,507	168,731
		<u>279,808</u>	<u>268,930</u>
Shareholders' equity		4,102	4,326
Minority interests		<u>283,910</u>	<u>273,256</u>
Deferred taxation	27	2,413	2,413
Term loans	28	18,440	2,500
Provision for retirement benefits	29	782	577
		<u>21,635</u>	<u>5,490</u>
		<u>305,545</u>	<u>278,746</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

Group	< ----- Non Distributable ----- > Distributable					Total RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained profits RM'000	
At 1 January 2001	99,958	63,663	3,532	1,158	79,861	248,172
Currency translation differences	—	—	—	36	—	36
Net profit for the year	—	—	—	—	22,278	22,278
Dividends (Note 8)	—	—	—	—	(1,799)	(1,799)
Exercise of option under the ESOS	241	2	—	—	—	243
At 31 December 2001	100,199	63,665	3,532	1,194	100,340	268,930
Currency translation differences	—	—	—	(23)	—	(23)
Net profit for the year	—	—	—	—	16,006	16,006
Dividends (Note 8)	—	—	—	—	(6,298)	(6,298)
Exercise of option under the ESOS	1,102	91	—	—	—	1,193
At 31 December 2002	101,301	63,756	3,532	1,171	110,048	279,808

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 RM'000	2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,427	34,780
Adjustments for:		
Depreciation	8,240	6,937
Property, plant and equipment written off	18	58
Provision for doubtful debts	1,779	117
Bad debt written off	122	–
Gain on disposal of property, plant and equipment	(139)	(223)
Gain on disposal of quoted investments	(772)	(89)
Provision for retirement benefits	248	50
Share of results in associated companies	(2,862)	(5,408)
Write back of provision for impairment loss of other investment	(535)	(1,228)
Amortisation of goodwill on associated companies	662	450
Impairment loss on property, plant and equipment	–	1,176
Dilution in share of net assets on issue of additional shares by a subsidiary	–	99
Interest expenses	1,211	859
Interest income	(1,788)	(1,277)
Operating profit before working capital changes	33,611	36,301
Increase in receivables	(14,378)	(23,018)
Decrease in development properties	12,171	2,538
Decrease/(increase) in inventories	388	(1,032)
Increase in payables	918	24,062
Cash generated from operations	32,710	38,851
Taxes paid	(14,912)	(8,727)
Retirement benefits paid	(43)	(44)
Interest paid	(968)	(807)
Interest received	1,771	1,273
Net cash generated from operating activities	18,558	30,546
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds received from a minority shareholder on the issuance of shares in a subsidiary	–	290
Increase in land held for development	(1,864)	(457)
Dividends received from an associated company	3,000	1,620
Purchase of property, plant and equipment	(35,731)	(26,325)
Purchase of other investments	(1,590)	(13,290)
Proceeds from disposal of property, plant and equipment	316	275
Proceeds from disposal of other investments	12,469	8,345
Investment in associated companies	(11,501)	–
Net cash outflow arising from disposal of a subsidiary	(38)	–
Net cash used in investing activities	(34,939)	(29,542)

	2002 RM'000	2001 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	1,193	243
Dividends paid	(6,298)	(5,218)
Dividends paid to minority interests	(423)	(305)
Drawdown of borrowings	25,530	—
Repayment of borrowings	(5,000)	(6,038)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	15,002	(11,318)
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,379)	(10,314)
EFFECTS OF EXCHANGE RATE CHANGES	(21)	(11)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	30,483	40,808
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 21)	29,083	30,483
	<hr/>	<hr/>
Cash and cash equivalents comprise:		
Cash and bank balances	4,524	2,870
Fixed deposits	25,188	27,887
Bank overdrafts	(629)	(274)
	<hr/>	<hr/>
	29,083	30,483
	<hr/>	<hr/>

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 RM'000	2001 RM'000
Revenue	3	15,153	16,301
Other operating income		1	637
Harvesting costs		(473)	(876)
Staff costs		(2,151)	(1,748)
Depreciation		(553)	(444)
Other operating expenses		(5,146)	(3,033)
Profit from operations	4	6,831	10,837
Finance costs	5	(359)	(813)
Profit before taxation		6,472	10,024
Taxation	6	(123)	(2,829)
Net profit for the year		6,349	7,195

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2002

	Note	2002 RM'000	2001 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,551	8,525
Subsidiaries	11	138,999	139,284
Associated companies	12	100	–
Due from a subsidiary	13	35,000	38,000
Other investments	14	252	252
		<u>182,902</u>	<u>186,061</u>
CURRENT ASSETS			
Inventories	16	31	26
Trade receivables	17	46	74
Other receivables	18	1,091	1,231
Due from subsidiaries	20	31,919	41,856
Cash and bank balances	21	8,336	1,240
		<u>41,423</u>	<u>44,427</u>
CURRENT LIABILITIES			
Short term borrowings	22	2,682	5,259
Other payables	24	1,064	945
Due to subsidiaries	25	34,159	36,686
		<u>37,905</u>	<u>42,890</u>
NET CURRENT ASSETS			
		<u>3,518</u>	<u>1,537</u>
		<u>186,420</u>	<u>187,598</u>
REPRESENTED BY:			
Share capital	26	101,301	100,199
Reserves		84,791	84,649
		<u>186,092</u>	<u>184,848</u>
Shareholders' equity			
Term loans	28	–	2,500
Provision for retirement benefits	29	328	250
		<u>328</u>	<u>2,750</u>
		<u>186,420</u>	<u>187,598</u>

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

Company	< ----- Non Distributable ----- > Distributable					Total RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained profits RM'000	
At 1 January 2001	99,958	63,663	3,532	2,855	9,201	179,209
Net profit for the year	—	—	—	—	7,195	7,195
Dividends (Note 8)	—	—	—	—	(1,799)	(1,799)
Exercise of option under the ESOS	241	2	—	—	—	243
At 31 December 2001	100,199	63,665	3,532	2,855	14,597	184,848
Net profit for the year	—	—	—	—	6,349	6,349
Dividends (Note 8)	—	—	—	—	(6,298)	(6,298)
Exercise of option under the ESOS	1,102	91	—	—	—	1,193
At 31 December 2002	101,301	63,756	3,532	2,855	14,648	186,092

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 RM'000	2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,472	10,024
Adjustment for:		
Depreciation	553	444
Gain on disposal of quoted investments	–	(556)
Interest expense	359	813
Interest income	(3,350)	(2,361)
Loss/(gain) on disposal of property, plant and equipment	3	(85)
Provision for retirement benefits	98	32
Provision for impairment loss of investment in a subsidiary	285	–
Advances to subsidiary companies written off	668	20
Operating profit before working capital changes	5,088	8,331
Decrease in receivables	(62)	551
Increase in inventories	(5)	(9)
Increase in payables	119	126
Increase in subsidiaries balances	9,742	2,062
Cash generated from operations	14,882	11,061
Interest paid	(359)	(761)
Tax refunded/(paid)	107	(3,664)
Retirement benefits paid	(20)	–
Net cash generated from operating activities	14,610	6,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,350	2,361
Investment in associated companies	(100)	–
Proceeds from disposal of property, plant and equipment	2	85
Proceeds from sale of quoted investment	–	856
Purchase of property, plant and equipment	(584)	(2,100)
Net cash generated from investing activities	2,668	1,202
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	1,193	243
Decrease in a subsidiary balances	–	1,490
Dividends paid	(6,298)	(5,218)
Repayment of borrowings	(5,000)	(5,000)
Net cash used in financing activities	(10,105)	(8,485)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,173	(647)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	981	1,628
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 21)	8,154	981
Cash and cash equivalents comprise:		
Cash and bank balances	16	50
Fixed deposits	8,320	1,190
Bank overdrafts	(182)	(259)
	8,154	981

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2002

1. CORPORATION INFORMATION

The principal activity of the Company is investment holding. The company is also involved in the cultivation and sale of oil palm fresh fruit bunches.

The principal activities of the subsidiaries are disclosed in Note 11.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 694 (2001 : 595) and 29 (2001 : 25) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 April 2003.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

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 in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation and is amortised or credited to the income statement over 5 years.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

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

Minority interest is made up of the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) Associates

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of post-acquisition profits less losses of associated companies during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investment in associates.

Goodwill is amortised on a straight-line basis over its estimated useful life of 5 years.

(d) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are stated at cost except for investment in a subsidiary, Perumahan Berjaya Sdn. Bhd., which is stated at directors' valuation less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

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

(e) Revenue Recognition

- (i) Revenue from sale of development properties is accounted for under the percentage of completion method. The percentage of completion is determined by reference to the architect certificate of completion where the outcome of the projects can be determined to a reasonable degree of certainty. All anticipated losses are fully provided for.
- (ii) Revenue from construction contract is accounted for under the percentage of completion method as described in Note 2(k).
- (iii) Revenue from educational fees is recognised on accrual basis.
- (iv) Revenue from sale of oil palm fresh fruit bunches is recognised when transfer of risks and rewards have been completed.
- (v) Rental income is recognised on an accrual basis
- (vi) Interest income is recognised on an accrual basis.
- (vii) Dividend income is recognised when the shareholder's right to receive payment is established.

(f) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

(g) Estate Development Expenditure

All expenditure incurred in preparing the land, planting and maintaining the trees until maturity have been capitalised into estate development expenditure.

(h) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Freehold land and buildings-in-progress are not depreciated. Leasehold land, buildings, improvements and renovations are depreciated over the period of the respective leases which range from 30 to 99 years.

Depreciation of other property, plant and equipment is provided on a straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Freehold buildings	1% – 2%
Estate development expenditure	5%
Plant, equipment, furniture, fixtures and fittings	10% – 33.33%
Motor vehicles	25%

With effect from the current financial year, certain subsidiaries charged the annual depreciation rate for furniture and fittings from 12.5% to 20% so as to better reflect their estimated useful lives. The effect on the financial statements of this change in accounting estimate is not material.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally on the following basis:

Properties held for sale	– on a specific identification basis and includes cost of land, construction and appropriate development overheads
Estate stores, stationery and consumables	– on first-in,first-out basis and includes costs of purchase and other direct overheads

(k) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

(l) Development Properties and Land Held for Development

Land and development expenditure are classified as development properties when significant development work has been undertaken and is expected to be completed within the normal operating cycle. Development properties are stated at cost plus attributable profits less foreseeable losses and applicable progress billings. Cost includes cost of land, all direct building cost, and other related development expenditure, including interest expenses incurred during the period of active development.

Land held for development consists of land held for future development and where no significant development has been undertaken and is stated at cost. Cost includes cost of land and attributable development expenditure. Such assets are transferred to development properties when significant development work has been undertaken and are expected to be completed within the normal operating cycle.

(m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, assets arising from construction contracts and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(n) Deferred Tax

The tax expense for the year is based on the profit for the year, as adjusted for tax purposes, together with a charge or credit for deferred taxation.

Deferred taxation is provided for by the liability method for all timing differences except when there is reasonable evidence that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

(o) Foreign Currencies**(i) Foreign currency transactions**

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2002 RM	2001 RM
US Dollar	3.800	3.800
Singapore Dollar	2.170	2.033
Hong Kong Dollar	0.482	0.483

(p) Retirement Benefits

The Group operates a defined benefit scheme for eligible employees of the Group under the Group Retirement Benefits Plan. The benefits payable upon retirement are calculated by reference to the length of service and basic salary over the employees' period of employment. The plan is valued every three years by a professional qualified independent actuary using the projected unit credit method. The latest valuation was performed as at December 2000. Any excess or deficit between the actuarial valuation and the book provision is amortised on a straight-line basis over the average remaining service life of employees expected to receive the plan benefits.

(q) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group 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.

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

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

(ii) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in the statement of changes in equity in the period in which they are declared.

3. REVENUE

Revenue of the Group and the Company consist of the following:

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Progress billings received and receivable	61,100	56,497	–	–
Revenue from construction contracts	97,760	51,231	–	–
Educational fees	45,992	48,287	–	–
Sales of goods	858	1,106	858	1,106
Interest income				
– third party	1,135	284	1,070	29
– subsidiary	–	–	2,280	2,332
Dividends (gross) from:				
Subsidiaries				
– tax exempt	–	–	10,933	–
– others	–	–	12	12,834
Quoted investment in Malaysia	90	134	–	–
Rental income	6,582	6,156	–	–
	<u>213,517</u>	<u>163,695</u>	<u>15,153</u>	<u>16,301</u>

4. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Rental of premises	993	840	328	328
Directors' remuneration*	2,779	2,367	496	430
Auditors' remuneration				
– Statutory audit	138	139	39	39
– Other services	105	68	61	40
Provision for doubtful debts	1,779	117	–	–
Bad debt written off	122	–	–	–
Provision for retirement benefits	248	50	98	32
Lease rental	1,024	1,302	–	–
Property, plant and equipment written off	18	58	–	–
Warranty claim (Note 24 (iii))	2,209	–	–	–
Impairment loss on property	–	1,176	–	–
(Write back of)/provision for impairment loss:				
Investment in a subsidiary	–	–	285	–
Other investments	(535)	(1,228)	–	–
Advances to subsidiary companies written off	–	–	668	20
Amortisation of goodwill on associated companies	662	450	–	–
Dilution in share of net assets on issue of additional shares by a subsidiary	–	99	–	–
Loss on foreign exchange				
– realised	–	45	–	–
Bad debts recovered	(209)	(634)	–	–
(Gain)/loss on disposal of property, plant and equipment	(139)	(223)	3	(85)
Rental income	(1,215)	(871)	–	–
Gain on disposal of quoted investments	(772)	(89)	–	(556)

* DIRECTORS' REMUNERATION

Directors of the Company

Executive:

Salaries and other emoluments	1,110	901	226	171
Fees	84	75	50	50
Bonus	240	218	57	46
Benefits-in-kind	77	86	11	19
	<u>1,511</u>	<u>1,280</u>	<u>344</u>	<u>286</u>

Non-Executive:

Fees	172	184	163	163
Consultancy fees	198	188	–	–
Benefits-in-kind	21	14	–	–
	<u>391</u>	<u>386</u>	<u>163</u>	<u>163</u>

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Other Directors				
Executive:				
Salaries and other emoluments	804	699	–	–
Fees	9	12	–	–
Bonus	160	87	–	–
Benefits-in-kind	25	32	–	–
	<u>998</u>	<u>830</u>	<u>–</u>	<u>–</u>
Non-Executive:				
Fees	2	3	–	–
	<u>2,902</u>	<u>2,499</u>	<u>507</u>	<u>449</u>
Total				
	<u>2,779</u>	<u>2,367</u>	<u>496</u>	<u>430</u>
Total excluding benefits-in-kind				
	<u>2,779</u>	<u>2,367</u>	<u>496</u>	<u>430</u>

The remuneration of directors of the Company analysed by bands is as follows:

	Number of Directors	
	2002	2001
Executive directors:		
RM400,001 – RM450,000	1	1
RM800,001 – RM850,000	–	1
RM1,050,001 – RM1,100,000	1	–
Non-Executive directors:		
Below RM50,000	5	6
RM200,001 – RM250,000	1	1

5. FINANCE (COSTS)/INCOME, NET

Included in finance (costs)/income, net of the Group and the Company are interest expense of RM1,211,000 (2001 : RM859,000) and RM359,000 (2001 : RM813,000) respectively and interest income of the Group of RM653,000 (2001 : RM993,000).

6. TAXATION

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current year's provision	9,270	8,243	–	2,683
Transfer to deferred taxation (Note 27)	–	129	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Underprovision in previous years	9,270 494	8,372 1,211	– 123	2,683 146
	<hr/>	<hr/>	<hr/>	<hr/>
Share of taxation of an associated company	9,764 1,424	9,583 1,902	123 –	2,829 –
	<hr/>	<hr/>	<hr/>	<hr/>
	11,188	11,485	123	2,829
	<hr/>	<hr/>	<hr/>	<hr/>

The effective tax rate of the Group is higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries as no group relief is available.

There is no tax charge for the year as the Company is in a tax loss position. As at 31 December 2002, the Company has unutilised capital allowances of approximately RM3,803,000 (2001 : RM3,034,000), which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

As at 31 December 2002, the Company has tax exempt profits available for distribution of approximately RM8,710,000 (2001 : RM1,887,000), subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of its entire retained profit as at 31 December 2002.

7. EARNINGS PER SHARE - GROUP

The basic earnings per share for the current year and prior year are calculated based on the profit after taxation and minority interest of RM16,006,000 (2001 : RM22,278,000) on the weighted average number of 100,764,000 (2001 : 99,985,000) ordinary shares of RM1.00 each in issue during the financial year.

The fully diluted earnings per share is calculated by dividing the adjusted profit after taxation and minority interest of RM16,075,000 (2001 : RM22,278,000) by 103,115,000 (2001 : 103,335,000) ordinary shares of RM1.00 each that would be in issue as at 31 December 2002 had all the share options been exercised as at that date.

8. DIVIDENDS

Group and Company	Amount		Net Dividends per share	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
In respect of financial year:				
<u>31 December 2001</u>				
Interim dividend of 2.5% less 28% taxation	–	1,799	–	1.80
Final tax exempt dividend of 1.8%	1,804	–	1.80	–
Final dividend of 3.2% less 28% taxation	2,308	–	2.30	–
<u>31 December 2002</u>				
Interim dividend of 3.0% less 28% taxation	2,186	–	2.16	–
	<hr/>	<hr/>	<hr/>	<hr/>
	6,298	1,799	6.26	1.80
	<hr/>	<hr/>	<hr/>	<hr/>

At the forthcoming Annual General Meeting, a final tax exempt dividend of 4.5% on 101,300,949 shares amounting to RM4,559,000 in respect of the current financial year ended 31 December 2002 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2003.

9. PROPERTY, PLANT AND EQUIPMENT

Group

Cost/Valuation	Land and buildings* RM'000	Estate development expenditure RM'000	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000	Total RM'000
At 1 January 2002	155,324	855	34,751	190,930
Additions	24,014	163	11,554	35,731
Disposals	—	—	(686)	(686)
Write-off	—	—	(22)	(22)
At 31 December 2002	179,338	1,018	45,597	225,953
Accumulated Depreciation and Impairment Losses				
At 1 January 2002	13,603	—	14,706	28,309
Charge for the year	1,786	—	6,454	8,240
Disposals	—	—	(509)	(509)
Write-off	—	—	(4)	(4)
Translation differences	—	—	2	2
At 31 December 2002	15,389	—	20,649	36,038
Net Book Value				
At 31 December 2002	163,949	1,018	24,948	189,915
At 31 December 2001	141,721	855	20,045	162,621
Depreciation charge for 2001	1,783	—	5,154	6,937

*** Land and Buildings**

Cost/Valuation	Freehold land RM'000	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Freehold land and buildings RM'000	Total RM'000
At 1 January 2002	1,982	5,943	26,232	121,167	155,324
Additions	–	1,401	12,824	9,789	24,014
At 31 December 2002	1,982	7,344	39,056	130,956	179,338
Accumulated Depreciation and Impairment Losses					
At 1 January 2002	–	2,221	1,731	9,651	13,603
Charge for the year	–	2	659	1,125	1,786
At 31 December 2002	–	2,223	2,390	10,776	15,389
Net Book Value					
At 31 December 2002	1,982	5,121	36,666	120,180	163,949
At 31 December 2001	1,982	3,722	24,501	111,516	141,721
Depreciation charge for 2001	–	10	659	1,114	1,783

Company

Cost	Freehold estate land and building RM'000	Estate development expenditure RM'000	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000	Total RM'000
At 1 January 2002	5,870	855	3,231	9,956
Additions	–	163	421	584
Disposals	–	–	(25)	(25)
At 31 December 2002	5,870	1,018	3,627	10,515
Accumulated Depreciation				
At 1 January 2002	34	–	1,397	1,431
Additions	3	–	550	553
Disposals	–	–	(20)	(20)
At 31 December 2002	37	–	1,927	1,964
Net Book Value				
At 31 December 2002	5,833	1,018	1,700	8,551
At 31 December 2001	5,836	855	1,834	8,525
Depreciation charge for 2001	2	–	442	444

- (a) The freehold land of a subsidiary company was revalued by the directors based on independent professional valuations made in 1980 and has not been revalued since then. The directors have not adopted a policy of regular revaluations of such assets. As permitted by International Accounting Standards 16 : Property, Plant and Equipment, these assets are stated at their 1980 valuation.

Details of independent professional valuation of the freehold land owned by the subsidiary company as at 31 December 2002 are as follows:

Year of Valuation	Description of property	Amount	Basis of Valuation
1980	Freehold land in Petaling Jaya	RM1,982,000	Direct comparison method and the contractor's method of valuation

Had the revalued freehold land been carried at historical cost, the net book value of the freehold land that would have been included in the financial statements of the Group as at 31 December 2002 would be RM35,000 (2001 : RM35,000).

- (b) Included in the cost of the property, plant and equipment of the Group and the Company are fully depreciated assets amounting to RM8,551,000 (2001 :RM3,126,000) and RM473,000 (2001 : RM465,000) respectively which are still in use.
- (c) Included in the short term and long term leasehold land and buildings of the Group are leasehold buildings under construction costing RM19,783,000 (2001 :RM6,960,000) and RMNil (2002 : RM2,602,000) respectively.
- (d) Included in the freehold land and buildings is a building under construction costing RM4,049,000 (2001 : RM1,217,000).
- (e) The net book value of freehold land and building of the Group, which is pledged to a financial institution for the term loan of a subsidiary as referred to in Note 28 is RM34,673,000 (2001 : Nil).

10. LAND HELD FOR DEVELOPMENT

	Group	
	2002 RM'000	2001 RM'000
Freehold land, at cost	25,699	28,319
Development expenditure	14,584	14,016
	<u>40,283</u>	<u>42,335</u>

11. SUBSIDIARIES

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	127,275	127,275
Less: Accumulated impairment losses	(10,775)	(10,490)
	<u>116,500</u>	<u>116,785</u>
Unquoted shares, at valuation	22,499	22,499
	<u>138,999</u>	<u>139,284</u>

Details of the subsidiaries are as follows:

Incorporated in Malaysia	Effective Interest		Paid-up Capital '000	Principal Activities
	2002 %	2001 %		
Berkeley Sdn. Bhd.	100	100	RM2,138	Property investment and development
Berkeley Maju Sdn. Bhd.	100	100	RM1,000	Inactive
Berlian Sakti Sdn. Bhd.	100	100	RM1,000	Building and engineering contractor
Arah Teknik Sdn. Bhd.	100	100	RM401	Inactive
Zenbilt Sdn. Bhd.	100	100	RM150	Inactive
Bilsys Sdn. Bhd.	100	100	RM250	Inactive
Current Connection Sdn. Bhd.	100	100	RM500	Inactive
KDU College Sdn. Bhd.	85	85	RM2,353	Educational services
Janahasil Sdn. Bhd.	85	85	RM100	Inactive
KDU College (Sibu) Sdn. Bhd. (formerly known as Rajinas Intelek Sdn. Bhd.)	52	52	RM2,000	Educational services
KDU Smart School Sdn. Bhd.	85	85	RM1,000	Educational services
Maju Gading Development Sdn. Bhd.	100	100	RM1,579	Inactive
Perumahan Berjaya Sdn. Bhd.	100	100	RM10,000	Property investment and development
Patani Jaya Sdn. Bhd.	100	100	RM3,000	Property development
Adegan Dinamik Sdn. Bhd.	—	70	RM100	Inactive
Kelab Bandar Laguna Merbok Sdn. Bhd.	100	100	*	Operator of club house
Wangsa Merdu Sdn. Bhd.	100	100	RM10,000	Property investment
Paramount Global Assets Sdn. Bhd.	100	100	RM35,360	Investment holding
Paramount Electronics Industries Sdn. Bhd.	100	100	RM5,000	Inactive
KDU Management Development Centre Sdn. Bhd. **	100	—	*	Management and educational services
Paramount Property Development Sdn. Bhd. **	100	—	*	Property development

	Effective Interest		Paid-up Capital	Principal Activities
	2002	2001	'000	
	%	%		
Incorporated in Singapore				
** SMT Circuit Assembly Pte Ltd	76.94	76.94	#S\$4,000	Inactive
Incorporated in Hong Kong				
** Paramount Corporation Limited	100	100	#HK\$1,000	Investment holding
** PCM (HK) Limited	80.56	80.56	#HK\$10,000	Inactive
* Paid-up capital of RM2				
** Not audited by Arthur Andersen & Co.				
#S\$ Represents currency denoted in Singapore dollars				
#HK\$ Represents currency denoted in Hong Kong dollars				

12. ASSOCIATED COMPANIES

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	37,474	25,973	3,821	3,721
Less: Accumulated impairment losses	(3,721)	(3,721)	(3,721)	(3,721)
Goodwill amortised	(1,112)	(450)	–	–
Share of post-acquisition profit	3,903	5,464	–	–
	<u>36,544</u>	<u>27,266</u>	<u>100</u>	<u>–</u>

Represented by:

	Group	
	2002	2001
	RM'000	RM'000
Share of net tangible assets	25,991	25,468
Share of intangible assets	7,596	–
Goodwill on acquisition, net of amortisation	2,957	1,798
	<u>36,544</u>	<u>27,266</u>

Details of the associated companies are as follows:

Incorporated in Malaysia	Effective Interest		Paid-up Capital '000	Principal Activities
	2002 %	2001 %		
Jerneh Insurance Berhad*	20	20	RM100,000	General insurance business
Suci Teguh Holding Sdn. Bhd.*	27	27	RM14,122	Inactive
ASMC Sdn. Bhd.*	21.60	21.60	RM11,250	Inactive
Seleksi Megah Sdn. Bhd.*	50	–	RM100	Property development
Jasarim Bina Sdn. Bhd.*	50	–	RM100	Property development
iCarnegie Inc.**	20.31	–	USD1.477	Educational services

* Equity accounted based on audited financial statements made up to 31 December

** Equity accounted based on management financial statements made up to 31 December

13. DUE FROM A SUBSIDIARY

The amount due from a subsidiary is unsecured, has no fixed terms of repayment and bears interest at 6% (2001 : 6%) per annum.

14. OTHER INVESTMENTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Quoted shares, at cost:				
– in Malaysia	21	10,128	–	–
Less: Accumulated impairment losses	(2)	(537)	–	–
	<u>19</u>	<u>9,591</u>	<u>–</u>	<u>–</u>
Unquoted, at cost	252	252	252	252
	<u>271</u>	<u>9,843</u>	<u>252</u>	<u>252</u>
Market value:				
Quoted shares	<u>19</u>	<u>9,809</u>	<u>–</u>	<u>–</u>

15. DEVELOPMENT PROPERTIES

	Group	
	2002 RM'000	2001 RM'000
Properties in the course of development:		
Freehold land, at cost	18,969	16,494
Development expenditure	192,769	159,847
	<u>211,738</u>	<u>176,341</u>
Attributable profits	83,227	62,129
	<u>294,965</u>	<u>238,470</u>
Progress billings received and receivable	(285,002)	(220,252)
	<u>9,963</u>	<u>18,218</u>

16. INVENTORIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:				
Estate stores	31	26	31	26
Properties held for sale	640	1,018	–	–
Stationery and consumables	262	277	–	–
	<u>933</u>	<u>1,321</u>	<u>31</u>	<u>26</u>

17. TRADE RECEIVABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade receivables	46,224	31,353	46	74
Due from customers on contracts (Note 19)	1,712	1,805	–	–
Retention sums on contracts	9,360	4,864	–	–
	<u>57,296</u>	<u>38,022</u>	<u>46</u>	<u>74</u>
Provision for doubtful debts	(2,088)	(499)	–	–
	<u>55,208</u>	<u>37,523</u>	<u>46</u>	<u>74</u>

The Group's normal trade credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

18. OTHER RECEIVABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deposits and prepayments	2,820	1,767	295	205
Amount due from a State Government	3,457	3,457	–	–
Advances to sub-contractors	1,113	5,830	–	–
Sundry receivables	3,733	4,334	796	1,026
	<u>11,123</u>	<u>15,388</u>	<u>1,091</u>	<u>1,231</u>
Provision for doubtful debts	(190)	–	–	–
	<u>10,933</u>	<u>15,388</u>	<u>1,091</u>	<u>1,231</u>

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

19. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2002 RM'000	2001 RM'000
Construction contract costs incurred to date	344,115	217,948
Attributable profits	42,205	29,649
	<u>386,320</u>	<u>247,597</u>
Less: Progress billings	(388,422)	(248,746)
	<u>(2,102)</u>	<u>(1,149)</u>
Due from customers on contracts (Note 17)	1,712	1,805
Due to customers on contracts (Note 23)	(3,814)	(2,954)
	<u>(2,102)</u>	<u>(1,149)</u>
Contract costs recognised as an expense	<u>116,743</u>	<u>81,485</u>

The cost incurred to date on construction contracts includes the hire of plant and machinery amounting to RM1,618,000 (2001 :RM1,469,000).

20. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash on hand and at banks	4,524	2,870	16	50
Deposits with:				
Licensed banks	23,504	27,774	8,320	1,190
Licensed finance companies	1,684	113	–	–
	<u>29,712</u>	<u>30,757</u>	<u>8,336</u>	<u>1,240</u>
Less: Bank overdrafts (Note 22)	(629)	(274)	(182)	(259)
	<u>29,083</u>	<u>30,483</u>	<u>8,154</u>	<u>981</u>

Included in deposits of the Group are monies maintained in the Housing Development Financial Statements (opened and maintained under Section 7A of the Housing Developers Regulations 1991) amounting to RM4,996,000 (2001 : RM13,112,000).

Included in deposits of the Group is an amount of RM290,000 (2001 : RM290,000) which has been pledged as security for bank guarantee facilities granted by the banks.

22. SHORT TERM BORROWINGS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured:				
Revolving credit	5,000	–	–	–
Bankers' acceptances	2,090	–	–	–
	<u>7,090</u>	<u>–</u>	<u>–</u>	<u>–</u>
Unsecured:				
Bank overdrafts	629	274	182	259
Current portion of long term loans (Note 28)	2,500	5,000	2,500	5,000
	<u>3,129</u>	<u>5,274</u>	<u>2,682</u>	<u>5,259</u>
	<u>10,219</u>	<u>5,274</u>	<u>2,682</u>	<u>5,259</u>

The weighted average effective interest rates during the financial year for borrowings were as follows:

	Group		Company	
	2002 %	2001 %	2002 %	2001 %
Revolving credit	6.5	–	–	–
Bankers' acceptances	3.4	–	–	–
Term loans	7.2	7.8	7.9	7.8

The secured revolving credit and bankers' acceptances of the Group are secured by corporate guarantees of the Company.

Certain subsidiaries' bank overdrafts are secured by corporate guarantees from the Company.

23. TRADE PAYABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade payables	19,233	20,306	–	–
Due to customers on contract (Note 19)	3,814	2,954	–	–
Retention sums on contracts	6,062	3,174	–	–
	<u>29,109</u>	<u>26,434</u>	<u>–</u>	<u>–</u>

The normal trade credit term granted to the Group ranges from 30 to 90 days.

24. OTHER PAYABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Other payables	18,098	20,111	1,064	945
Tuition fees paid in advance	4,702	5,289	–	–
Tenants deposits	1,756	1,760	–	–
Refundable deposits	3,082	1,996	–	–
	<u>27,638</u>	<u>29,156</u>	<u>1,064</u>	<u>945</u>

Included in other payables of the Group are:

- (i) deposits received from house purchasers amounting to RM458,000 (2001 :RM720,000);
- (ii) advances received on construction contracts amounting to RM2,599,000 (2001:RM7,698,000); and
- (iii) a warranty payable of RM2,209,000 by a subsidiary arising from the merger of its insurance business in December 1999.

25. DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

26. SHARE CAPITAL

	Number of Ordinary Shares of RM1.00 Each		Amount	
	2002 '000	2001 '000	2002 RM'000	2001 RM'000
Authorised	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
At 1 January	100,199	99,958	100,199	99,958
Issued under ESOS	1,102	241	1,102	241
At 31 December	<u>101,301</u>	<u>100,199</u>	<u>101,301</u>	<u>100,199</u>

The movements in the ESOS to take up unissued new ordinary shares of RM1.00 each and the option prices are as follows:

	Number of Ordinary Shares of RM1.00 Each Under Option '000	Option Price RM
As at 1 January 2002	2,261	1.00
Exercised	(784)	1.00
Cancelled	(3)	1.00
At 31 December 2002	<u>1,474</u>	
As at 1 January 2002	519	1.31
Exercised	(217)	1.31
Cancelled	(52)	1.31
At 31 December 2002	<u>250</u>	
As at 1 January 2002	228	1.52
Exercised	(17)	1.52
Cancelled	(33)	1.52
At 31 December 2002	<u>178</u>	
As at 1 January 2002	342	1.18
Exercised	(84)	1.18
Cancelled	(28)	1.18
At 31 December 2002	<u>230</u>	
Upon offer	224	1.73
Exercised	–	1.73
Cancelled	(5)	1.73
At 31 December 2002	<u>219</u>	

27. DEFERRED TAXATION

	2002 RM'000	Group 2001 RM'000
At 1 January	2,413	2,284
Transfer from income statement (Note 6)	–	129
At 31 December	<u>2,413</u>	<u>2,413</u>

Deferred taxation is not provided on the surplus arising from the revaluation of certain land and buildings as it is not the intention of the directors to dispose these properties.

28. TERM LOANS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured				
Term loans	18,440	–	–	–
Unsecured				
Term loans	2,500	7,500	2,500	7,500
Amount repayable within 12 months (Note 22)	(2,500)	(5,000)	(2,500)	(5,000)
	–	2,500	–	2,500
Total	18,440	2,500	–	2,500
Maturity of borrowings				
Within one year	2,500	5,000	2,500	5,000
More than 1 year and less than 2 years	4,250	2,500	–	2,500
More than 2 years and less than 5 years	14,190	–	–	–
	20,940	7,500	2,500	7,500

The weighted average effective interest rate for the term loans of the Group and the Company during the financial year are as disclosed in Note 22.

The term loan of the Group is secured by first legal charge over the freehold land and building of a subsidiary as disclosed in Note 9.

29. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At 1 January 2002	577	571	250	218
Additional provision during the year	248	50	98	32
Utilisation of provision during the year	(43)	(44)	(20)	–
At 31 December 2002	782	577	328	250
Later than 1 year but not later than 2 years	215	–	180	–
Later than 2 years but not later than 5 years	24	215	–	160
Later than 5 years	543	362	148	90
	782	577	328	250

30. SIGNIFICANT EVENTS

During the year,

- (a) The Company acquired 3,000,000 ordinary shares of US\$0.0001 each in iCarnegie, Inc. for a total consideration of US\$3,000,000 (equivalent to RM11.4 million) representing 20.31% of iCarnegie, Inc.'s outstanding share capital of 14,770,000.
- (b) The Company increased its issued and paid-up capital from RM100,198,949 to RM101,300,949 via an issuance of 1,102,000 new ordinary shares of RM1.00 each pursuant to the exercise of the ESOS as disclosed as Note 26.

31. SUBSEQUENT EVENTS

- (i) On 24 January 2003, the Company's subsidiary, Paramount Property Development Sdn. Bhd., entered into a conditional Sale and Purchase Agreement with Syarikat Pembangunan Hartanah Guthrie Sdn. Bhd., a wholly-owned subsidiary of Guthrie Property Development Holdings Sdn. Bhd., which in turn is a subsidiary of Kumpulan Guthrie Berhad, to acquire approximately 524.70336 acres of land located in the Mukim of Klang, Shah Alam, Selangor Darul Ehsan for a total cash consideration of RM169,134,980.

Foreign Investment Committee approved the proposed acquisition on 27 March 2003. The proposed acquisition is pending the approval of the shareholders.

- (ii) Subsequent to the financial year end, the Company increased its issued and paid-up capital from RM101,300,949 to RM101,517,949 via an issuance of 217,000 new ordinary shares of RM1.00 each pursuant to the exercise of the ESOS.

32. COMMITMENTS

	Group	
	2002 RM'000	2001 RM'000
Capital expenditure:		
– approved and contracted for	11,713	47,034
– approved but not contracted for	11,319	–
Leasing commitments:		
– due within 12 months	614	1,241
– due after 12 months	26	576
	<u>23,672</u>	<u>48,851</u>

33. CONTINGENT LIABILITIES

	Company	
	2002 RM'000	2001 RM'000
Unsecured:		
Guarantees extended in support of banking and other credit facilities granted to subsidiaries	<u>48,772</u>	<u>20,152</u>

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Purchases of computers and peripherals from ECS KU Sdn. Bhd. (formerly known as <i>KU Sistem Holdings Sdn. Bhd.</i>) and its subsidiaries, a group of companies in which Mr. Teo Chiang Quan, a director of the Company, has substantial interests	3,558	896	87	553
Consultancy fees charged by Tarrenz, Inc, a wholly owned corporation of Dr. Brian Shoy Teng To, a director of the Company	2,677	785	1,639	785
Insurance premium charged by Jerneh Insurance Berhad, an associated company	856	710	174	165
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Mr. Teo Chiang Quan has financial interest	666	523	316	316
Security services rendered by Strong Legacy Sdn. Bhd., a company in which a brother of Mr. Teo Chiang Quan and Dato' Md. Taib bin Abdul Hamid, also a director of the Company, has financial interest	65	—	—	—

The directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

35. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exposure, liquidity and credit risks. The Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt as the Group has no long-term interest-bearing assets as at 31 December 2002. The investment in financial assets are short-term in nature and they are not held for speculative purposes but have mostly been placed in fixed deposits.

(c) Foreign Exchange Risk

The Group's exposures to foreign exchange risk primarily arises from its investment in foreign subsidiaries and an associated company. Functional currencies in foreign subsidiaries and an associated company are mainly United States Dollar, Singapore Dollar and Hong Kong Dollar, giving rise to conversion exposure.

The Group is not exposed to significant foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia.

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash resources 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.

(e) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. 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.

(f) Fair Values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable Securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Borrowings

The fair value of borrowings is estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

(iv) Due from/(to) Subsidiaries

It is not practical to determine the fair values of the balances due from/(to) subsidiaries principally due to a lack of fixed repayment terms. However, the Company does not anticipate the amounts that would eventually be received or settled to be materially different from their carrying amounts as disclosed in Notes 13, 20 and 25.

36. SEGMENTAL REPORTING**(a) Business segments:**

The Group is organised into four major business segments:

- (i) Property investment - the rental of residential and commercial properties;
- (ii) Property development - the development of residential and commercial properties;
- (iii) Construction - the construction of buildings and provision for engineering services;
- (iv) Education - the operation of private educational institutions.

Other business segments include investment and management services, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Geographical Segments:

No segmental information is provided on a geographical basis as the Group's activities are carried out predominantly in Malaysia.

(a) Business Segments:

2002	Property Investment RM'000	Property Development RM'000	Construction RM'000	Education RM'000	Investment & Others RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE AND EXPENSES								
Revenue								
External sales	6,555	61,100	97,760	45,992	2,110	213,517		213,517
Inter-segment sales	2,826	–	40,963	–	16,224	60,013	(60,013)	–
Total revenue	9,381	61,100	138,723	45,992	18,334	273,530		213,517
Result								
Profit from operations	5,816	15,158	6,584	5,330	5,226	38,114	(12,991)	25,123
Finance (costs)/ income, net	(2,786)	436	(99)	(160)	2,051	(558)		(558)
Share of results of associated companies	–	–	–	–	2,862	2,862		2,862
Taxation								(11,188)
Profit after taxation								16,239
ASSETS AND LIABILITIES								
Segment assets	97,743	102,478	51,274	57,248	28,475	337,218		337,218
Investment in equity method of associates	–	–	–	–	36,544	36,544		36,544
								373,762
Segment liabilities	16,195	3,336	34,525	29,352	10,546	93,954		93,954
OTHER INFORMATION								
Capital expenditure	15,038	3,607	638	15,864	584	35,731		35,731
Depreciation	1,400	496	453	4,807	1,084	8,240		8,240
Amortisation of goodwill	–	–	–	–	662	662		662
Non- cash expenses other than depreciation, amortisation and impairment losses	27	12	1,604	303	99	2,045		2,045

2001	Property Investment RM'000	Property Development RM'000	Construction RM'000	Education RM'000	Investment & Others RM'000	Total RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE AND EXPENSES								
Revenue								
External sales	6,102	56,497	51,231	48,287	1,578	163,695		163,695
Inter-segment sales	2,834	–	43,539	–	17,412	63,785	(63,785)	–
Total revenue	8,936	56,497	94,770	48,287	18,990	227,480		163,695
Result								
Profit from operations	5,744	13,760	5,365	10,441	8,987	44,297	(15,059)	29,238
Finance (costs)/ income, net	(2,332)	473	208	257	1,528	134		134
Share of results of associated companies	–	–	–	–	5,408	5,408		5,408
Taxation								(11,485)
Profit after taxation								23,295
ASSETS AND LIABILITIES								
Segment assets	84,459	111,788	42,785	46,458	32,516	318,006		318,006
Investment in equity method of associates	–	–	–	–	27,266	27,266		27,266
								345,272
Segment liabilities	2,678	6,062	36,098	18,060	13,444	76,342		76,342
OTHER INFORMATION								
Capital expenditure	10,058	2,629	1,055	10,470	2,113	26,325		26,325
Depreciation	1,591	489	299	3,550	1,008	6,937		6,937
Amortisation of goodwill	–	–	–	–	450	450		450
Impairment losses	–	–	–	–	1,176	1,176		1,176
Non-cash expenses other than depreciation, amortisation and impairment losses	7	20	124	42	1,219	1,412		1,412

PARAMOUNT EQUITIES SDN BHD (Company No. 176348-A)

Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7726 3000 Fax: 03-7726 9559

5 May 2003

**The Board of Directors
Paramount Corporation Berhad
Level 8, Uptown 1
1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan**

Dear Sirs

NOMINATION OF AUDITORS

We, Paramount Equities Sdn Bhd, being a shareholder of Paramount Corporation Berhad, hereby give notice in accordance with Section 172(11) of the Companies Act, 1965, that we wish to nominate Messrs Ernst & Young of Level 23A Menara Melenium, Jalan Damansara, Pusat Bandar Damansara, 50490 Kuala Lumpur as the Auditors at the forthcoming Thirty-Third Annual General Meeting.

Yours faithfully

Signed
PARAMOUNT EQUITIES SDN BHD

PROXY FORM



I/We _____
of _____
being a Member/Members of Paramount Corporation Berhad hereby appoint _____
of _____

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at Topas Room, Ground Floor, Hyatt Regency Saujana, 2km, Off Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Tuesday, 27 May 2003 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote (see Note 3) for or against the resolutions to be proposed at the meeting as hereunder indicated.

	For	Against
Resolution 1 Reports and Accounts		
Resolution 2 Final Dividend		
Resolution 3 Directors' Fees		
Re-election of Directors:		
• Resolution 4 Dato' Md Taib Bin Abdul Hamid		
• Resolution 5 Ong Keng Siew		
• Resolution 6 Tan Sri Dato' Ahmad Sabki Bin Jahidin		
Resolution 7 Appointment of Messrs Ernst & Young as Auditors and to fix their remuneration		
Resolution 8 Authority to Directors to issue shares		

Dated this _____ day of _____ 2003.

Signature/Common Seal

NO. OF SHARES HELD

NOTES

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.
2. The proxy form must be signed by the appointer or his attorney duly authorised in writing or, if the Member is a corporation, must be executed under its common seal or by its attorney or officer duly authorised in writing. The power of attorney or a duly certified copy thereof must be deposited at the Company's Registered Office within the period stated below. In the case of joint members, the signature of any one joint member is sufficient.
3. Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. The proxy form must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1 Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Fold along this line (1)

Please
Affix
30 sen Stamp

The Company Secretary
PARAMOUNT CORPORATION BERHAD (8578-A)
Level 8, Uptown 1
1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

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