

In Pursuit of Excellence

2003 annual report



PARAMOUNTSM
CORPORATION BERHAD
(8578-A)

PARAMOUNT CORPORATION BERHAD

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Selangor Darul Ehsan
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Vision Statement

To be an innovative market leader in our businesses that benefit society

Mission Statement

To provide superior products and services that exceed our customers' expectations

To recognise our employees as our single most important asset and encourage them to realise their full potential in a caring and conducive environment

To enhance shareholders' value by growing our businesses

Core Values

EXCELLENCE

We will be single-minded in our quest to be the best in our core businesses

INTEGRITY AND TRANSPARENCY

We will maintain the highest standards of integrity, and continue to remain transparent in all facets of our operations

GOODWILL

We will attach equal importance to building both human values and business values

COMMUNITY

We are a responsible corporate citizen, sensitive to the needs of the community

ENVIRONMENT

We are committed to protecting the environment

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A hand-drawn musical staff with notes and a conductor's hands. The staff is drawn in a light purple color and curves across the top of the page. The notes are also drawn in a light purple color. On the right side, a pair of hands in a dark suit jacket is shown, with the right hand holding a baton and the left hand positioned as if conducting. The background is a solid light purple color.

In Pursuit of Excellence

*Paramount Corporation
Berhad's performance has, thus
far, all the hallmarks of
a company that has honed
its strengths and talents
through its single minded
pursuit of excellence.*

*Driven by a passion to be the
best in its core businesses of
education and property
development, Paramount
Corporation has today come to be
recognized as a company with clear
leadership and one capable
of hitting the right notes
in building value for stakeholders.*

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT THE THIRTY-FOURTH 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 WEDNESDAY, 16 JUNE 2004 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 2003 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the declaration of a final dividend of 5%, less income tax at 28%, in respect of the year ended 31 December 2003. **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:

Rohana Tan Sri Mahmood	Resolution 4
Geh Cheng Hooi	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 re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **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 Bursa Malaysia Securities Berhad 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 per centum (10%) of the issued share capital of the Company for the time being."

Resolution 8

NOTICE OF DIVIDEND ENTITLEMENT

Subject to the approval of shareholders, a final dividend of 5%, less income tax at 28%, in respect of the year ended 31 December 2003, will be paid on 22 July 2004 to shareholders whose names appear in the Record of Depositors on 30 June 2004.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.00 p.m. on 30 June 2004 in respect of ordinary transfers;
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

TAY LEE KONG

Secretary

Petaling Jaya
Selangor Darul Ehsan
25 May 2004

NOTES

APPOINTMENT OF PROXY

1. 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.
2. 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.

SPECIAL BUSINESS

3. 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 per centum (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-fourth annual general meeting

pursuant to paragraph 8.28 of Bursa Malaysia Securities Berhad 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:

- Rohana Tan Sri Mahmood
- Geh Cheng Hooi

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 10 to 17 and the shareholdings of the Directors in the Company are the same as that stated on page 48.

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 10 to 17.

3. The 34th 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 Wednesday, 16 June 2004 at 10.00 a.m.

*With complete mastery of the playing field,
the Paramount Group reaches the highest levels of excellence by
harmornising innovation with sound strategies to stay ahead.*



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 (now known as Bursa Malaysia Securities Berhad) 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) (KDU), setting up a campus in Petaling Jaya. Today, KDU is acknowledged as a premier centre for tertiary education.

In 1984, Paramount ceased its rice milling operations.

In compliance with 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 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 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 Jemeh 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, through its wholly owned subsidiary, KDU Smart School Sdn Bhd expanded its education business by moving downstream to set up a private primary and secondary smart school, Sekolah Sri KDU.

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 (KMDC), a wholly owned subsidiary, was set up to venture into the provision of executive education and professional development programmes.

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, acquired 524.70336 acres of freehold prime broadacre parcel of development land located in the central corridor of Klang Valley, which was completed in June 2003.

On 30 September 2003, KDU rationalized its educational business operations by closing down the operations of the non-profitable Sibul campus.

On 19 December 2003, Paramount completed the disposal of the oil palm estate in line with the Group's strategy to strengthen itself to take advantage of alternative investment opportunities that can maximize returns. The same month, Paramount through its wholly owned subsidiary,

KDU International Sdn Bhd (formerly known as Maju Gading Development Sdn Bhd) ventured into China to establish its first language training school to offer a range of English courses.

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.

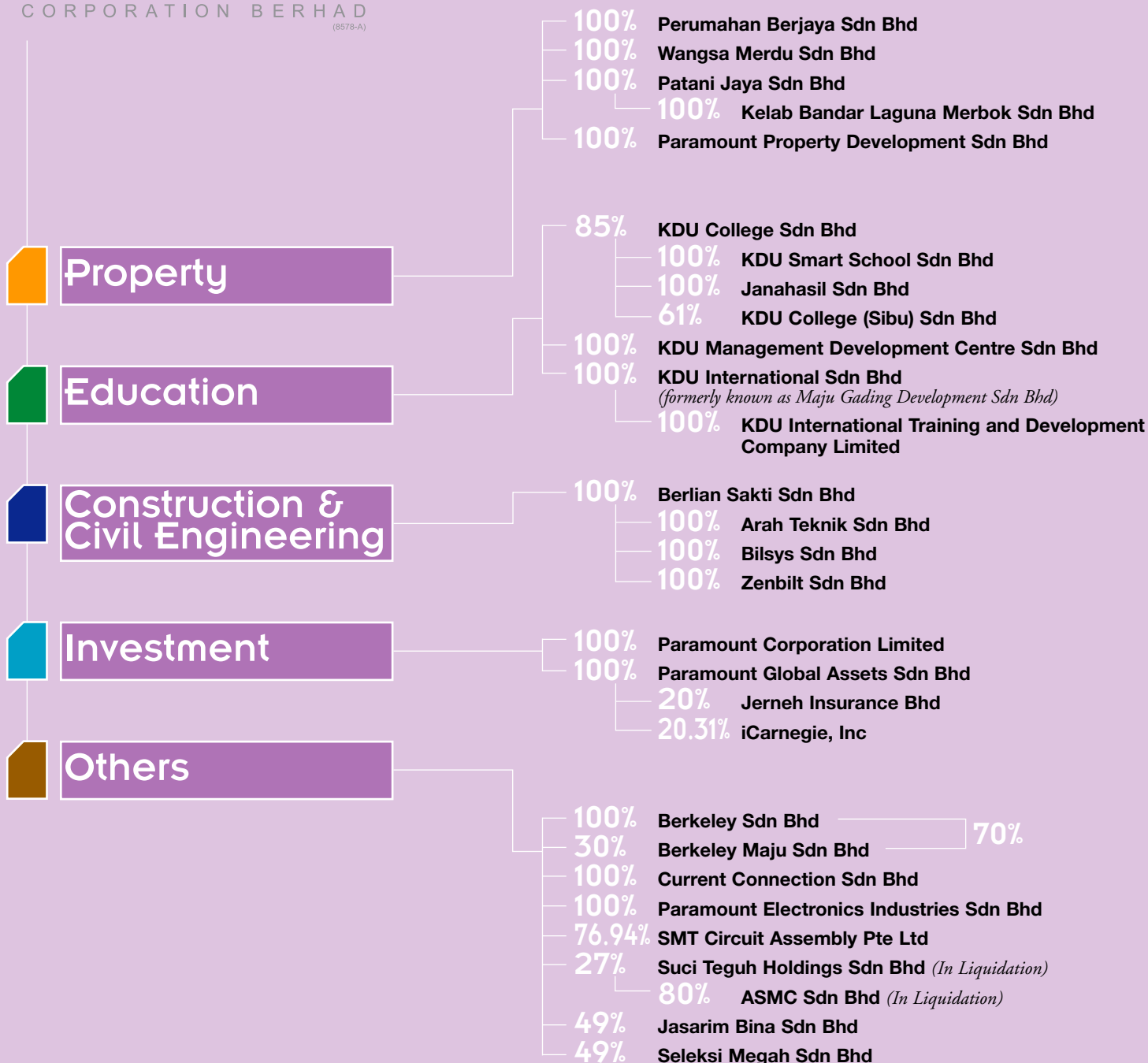
Paramount's property development arm, Patani Jaya Sdn Bhd has earned an excellent reputation as a reliable and quality focused developer in Sungai Petani. Kemuning Utama, the Group's maiden property development in the Klang Valley, will upon completion enhance Paramount's reputation for innovative and quality products. 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.

Having established the vertical integration of the educational services division into Sekolah Sri KDU and KMDC, Paramount will continue to strengthen its position in the education sector 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.

corporate structure



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, DIMR, JMN, KMN, SAR, 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: 03-2084 9000
Facsimile: 03-2094 9940

AUDITORS

Ernst & Young
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
EON Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

* INDEPENDENT NON-EXECUTIVE DIRECTORS

other information

required by the listing requirements of bursa malaysia securities berhad

EMPLOYEE SHARE OPTION SCHEME

During the financial year, a total of 2,251,000 options were exercised. The Employee Share Option Scheme expired on 2 August 2003.

NON-AUDIT FEE

The amount of non-audit fee paid to the external auditors by the Group and Company for the financial year is reflected in Note 5, page 80 of the audited accounts.

MATERIAL CONTRACTS

Perumahan Berjaya Sdn Bhd, a wholly owned subsidiary, had entered into the following Tenancy agreements with KDU College Sdn Bhd (KDU), a 85% owned subsidiary, and KDU's wholly owned subsidiary, KDU Smart School Sdn Bhd (KDUSS) :

- i) Tenancy agreement dated 15 January 2002 to let to KDU, the commercial institute comprising a 4 storey main building, a 5 storey building with a basement car park and another 5 storey building bearing postal address No. 43, Jalan SS22/41, 47400 Petaling Jaya, Selangor Darul Ehsan for a period of three years with effect from 1 January 2002 at a monthly rental of RM235,000.
- ii) Tenancy agreement dated 24 February 2003 to let to KDU, a block of 6-storey of 60 units of apartment bearing postal address Block B Gugusan Teratai (Mawaria), Jalan Cecawi 6/30, Seksyen 6, Kota Damansara, Selangor Darul Ehsan for a period of three years with effect from 1 January 2003 at a monthly rental of RM26,640.
- iii) Tenancy agreement dated 9 April 2003 to let to KDUSS, the land known as Lot 4, Jalan Teknologi PSB 2/1, Mukim Sungai Buloh, Daerah Petaling Negeri Selangor together with the private institutional building comprising a 3-storey block and a 4-storey block erected thereon bearing postal address No. 5, Jalan Teknologi 2/1, Taman Sains Selangor 1, Section 2, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan for a period of three years with effect from 1 January 2003 at a monthly rental of RM150,000.
- iv) Tenancy agreement dated 12 May 2004 to let to KDUSS, the land known as Lot 3, Jalan Teknologi PSB 2/1, Mukim Sungai Buloh, Daerah Petaling Negeri Selangor together with the sports complex comprising a single storey car park and sports facilities block, a swimming pool with a 6-tier pavilion and an 8-lane 200 metres running track and field with a 7-tier grandstand erected thereon bearing postal address No. 3, Jalan Teknologi 2/1, Taman Sains Selangor 1, Section 2, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan for a period of 2 years with effect from 1 January 2004 at a monthly rental of RM55,000.

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

REVALUATION POLICY

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