

PARAMOUNT CORPORATION BERHAD (8578-A)

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PARAMOUNT[®]
CORPORATION BERHAD
(8578-A)

moving forward **with confidence**

annual report **2007**

as we celebrate a proven track record ...

KDU College (KDU) is an embodiment of the pioneering spirit and vision of Paramount Corporation Berhad's founders who believed in the value of education and the positive spin-offs that benefit society. KDU, Malaysia's first purpose built campus in Petaling Jaya, was established on 10 March 1983 with the objective of providing quality and affordable tertiary education.

1983

KDU introduces the American Credit Transfer Programme, the first of its kind in the country. Many young Malaysians have since then realised their dreams of pursuing an affordable overseas education through this innovative programme that enables students, upon successful completion of part of the courses conducted locally, to be transferred to American universities to complete their tertiary education.



1989

Following a twinning partnership with the University of Manchester, United Kingdom, a highly renowned university, KDU earns the distinction of being the first private college in the region to offer a "1+2" Degree in Economics and Social Studies which includes a major in Accounting and Finance. In addition, KDU students with outstanding results are awarded the James Craig Memorial Scholarship by the University of Manchester.



1986

- KDU is the first college in the country to conduct full time advance professional courses for the external University of London (LLB) and Association of Chartered Accountants (ACCA).
- KDU, in collaboration with Middlesex Polytechnic (now Middlesex University), United Kingdom, introduces the first overseas twinning programme in Malaysia - a "1+2" BA (Hons) in Accounting and Finance.



1991

- Spurred by the success of the Petaling Jaya campus, KDU Penang commences operations with a full range of academic, professional and commercial course offerings in the historic Old Town Hall.
- The first postgraduate collaboration with Humberside University, Hull, United Kingdom symbolises the recognition and acceptance of KDU's graduate diploma in information technology in business for onward study leading to the postgraduate diploma and MSc Degree from Humberside.

1987

- To accommodate its growing student population and to provide better facilities to students, a 5-storey block was added to the Petaling Jaya campus under Phase 2 of KDU's expansion plan.
- Establishment of The School of Hotel and Catering making KDU the first private college to offer this programme.



1992

- To accommodate the growing student population and in keeping with KDU's commitment to be a provider of quality education, Phase 3 of the Petaling Jaya campus expansion plan saw the setting up of new facilities as well as upgrading of existing facilities on an additional 30,000 sq ft of built-up area.
- KDU's first Australian collaboration is a twinning partnership with Murdoch University, Western Australia, that offers the Bachelor of Commerce Degree in Accounting, Finance, Marketing or Management.



...of growth and success spanning 25 years



1997

- KDU Penang moves to a new RM20 million purpose built campus in Jalan Anson to accommodate its growing student population.
- The School of Hotel and Catering becomes the first and only college in Malaysia to offer Swiss qualification and Degrees conducted locally in collaboration with the International Hotel Management Institute of Switzerland (IMI).



2000

- KDU becomes a ISO 9002 certified college and, is awarded the Multimedia Super Corridor (MSC) status. Accordingly, a RM10 million upgrading project "SMART Initiative" is launched, a 2-megabit per second leased line installed – the first of its kind by a private college and, iMac language laboratories set up.
- The School of Hotel and Catering changes its name to The School of Hotel, Tourism and Culinary Arts to reflect its more comprehensive range of programmes. With this widened scope, KDU goes "international", hosting events for international students and placing KDU students for industry training in hotels and resorts internationally.

1998

In support of lifelong learning, KDU expands its expertise into the field of continuing professional education and development.



2001

- KDU officially changes its name to KDU College Sdn Bhd.
- Leveraging on the "SMART Initiative" KDU launches the KDU Community Network (KCN) to provide an e-learning and e-administration platform and, the leased line is upgraded to four megabits.
- KDU becomes the only twinning partner of the University of Manchester throughout the world to offer a "1 + 2" law Degree.



1999

Petronas entrusts KDU with its first batch of scholars. This trust is well placed as Petronas scholars in KDU achieved 100% passes the following year in the Foundation Year examination conducted by the University of New South Wales, a member of the Group of eight universities in Australia.



2002

- KDU Penang expands its campus by an additional 17,000 sq ft space to house its burgeoning staff and student body.
- KDU's quality of education is affirmed by the University of Strathclyde, Scotland with the recognition of credits transfer for KDU's School of Hotel, Tourism and Culinary Arts.



2003

- The School of Hotel, Tourism and Culinary Arts commences Foundation and Consultant level courses following its accreditation to the International Air Transport Association (IATA) and Universal Federation of Travel Agent's Association (UFTAA).
- KDU moves downstream, to primary and secondary education. Sekolah Sri KDU's distinct difference lies in delivering a student-centred, holistic education in a state-of-the-art purpose built school.



2006

- KDU's reputation for the quality of twinning programmes offered is further enhanced following the launch of the "4 + 0" Honours Degree in Electronics Engineering in collaboration with its Australian partner, Deakin University.
- KDU students, Tan Choon Ben and Abdul Rahim Abdullah, stun a field of professional chefs from around the world to win the bronze medal in the Food Hotel Asia (FHA) Culinary Challenge 2006.

2004

- The Science Department is established, offering the Bachelor of Biomedical Science "1+2½" twinning Degree programme with the University of Tasmania, Australia.
- The School of Hotel, Tourism and Culinary Arts is the first educational institution chosen to present the Yang di Pertuan Agong, Tuanku Syed Sirajuddin with a Hari Raya cake.



2007

- KDU introduces Career Voyage, a software programme that matches students' academic skills with the right course of study.
- KDU represents Malaysia in the Global Forum on Youth and ICT held at Geneva, Switzerland in the finals of the Astro Technogenius 2007 competition.



2005

- KDU becomes the first SMART College in Malaysia.
- KDU moves into postgraduate studies. The courses offered are MSc in Business Information Technology from Northumbria University, United Kingdom and Master's in Communication Management from the University of New South Wales, Australia.



2008

KDU launches its silver jubilee celebrations with a gala dinner to raise funds for the needy. A total of RM250,000 was raised for BAKTI, MBSS KL, Pride Foundation, Tung Shin Hospital and Yayasan Sultanah Bahiyah. The Bread Ambassadors' Project was simultaneously launched with regular dispatch of bread to ten children's homes in the vicinity of KDU.

38th AGM

Topas Room, Ground Floor, The Saujana
Kuala Lumpur, Saujana Resort, Jalan Lapangan
Terbang SAAS, 40150 Shah Alam, Selangor Darul
Ehsan on Wednesday, 21 May 2008 at 10.00 a.m.

Just as an athlete works relentlessly in improving his performance, the same holds true for Paramount Corporation Berhad. It stems from our desire to win, matched equally by a keen willingness to continuously raise the bar in our performance. To stay focused. To set clear goals and then achieve them by going the distance. To overcome obstacles. To trim excesses. To maintain a competitive streak. To have staying power.

The results, thus far, have greatly benefitted society through the markets that we serve. However, we will not rest on our laurels because clearly we believe that more needs to be done in a race where there is no finishing line.

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notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting of the Company will be held at Topas Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 21 May 2008 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2007 together with the Reports of the Directors and the Auditors thereon.

Resolution 1

2. To approve the declaration of a final dividend of 10%, less income tax at 26%, in respect of the year ended 31 December 2007.

Resolution 2

3. To re-elect the following Directors who retire pursuant to Article 119(a) of the Company's Articles of Association:

- (a) YBhg Dato' Teo Chiang Quan

Resolution 3

- (b) Mr Ong Keng Siew

Resolution 4

4. To consider and, if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:

- (a) "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 5

- (b) "That Mr Geh Cheng Hooi, 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

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorize the Directors to fix their remuneration.

Resolution 7

AS SPECIAL BUSINESS

6. 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 percentum (10%) of the issued share capital of the Company for the time being.”

Resolution 8

By Order of the Board

TAY LEE KONG
Secretary

Petaling Jaya
Selangor Darul Ehsan
28 April 2008

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.

Explanatory Notes on Special Business

1. The Ordinary Resolution proposed under item 6, 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, expire at the conclusion of the next Annual General Meeting.

NOTICE OF DIVIDEND ENTITLEMENT

Subject to the approval of the shareholders, a final dividend of 10%, less income tax at 26%, in respect of the year ended 31 December 2007, will be paid on 9 June 2008 to shareholders whose names appear in the Record of Depositors on 26 May 2008.

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 26 May 2008 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

statement accompanying **notice of thirty-eighth annual general meeting**

pursuant to paragraph 8.28(2) of bursa malaysia securities berhad listing requirements

1. Details of the Directors who are standing for re-election:

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

- YBhg Dato' Teo Chiang Quan
- Mr Ong Keng Siew

The Directors who are over the age of seventy and seeking re-appointment are as follows:

- YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin
- Mr Geh Cheng Hooi

The details of the four Directors seeking re-election or re-appointment are the same as that stated in the Directors' profile from pages 14 to 15 and the shareholdings of the Directors in the Company and/or its subsidiaries are the same as that stated on page 59.



property

- 100% Paramount Property Holdings Sdn Bhd
- 100% Paramount Property (Utara) Sdn Bhd
 - 100% Kelab Bandar Laguna Merbok Sdn Bhd
- 100% Paramount Property Development Sdn Bhd
- 100% Broad Projects Sdn Bhd
 - 51% Supreme Essence Sdn Bhd
- 100% Jasarim Bina Sdn Bhd
- 100% Seleksi Megah Sdn Bhd

construction & civil engineering

- 100% Paramount Engineering & Construction Sdn Bhd
 - 100% Paramount Construction Sdn Bhd
 - 100% Paramount Projects Sdn Bhd
 - 100% Paramount Building Materials Sdn Bhd

education

- 85% KDU College Sdn Bhd
 - 100% KDU Smart School Sdn Bhd
 - 100% Janahasil Sdn Bhd
- 100% KDU Management Development Centre Sdn Bhd
- 100% KDU International Sdn Bhd
 - 100% KDU International Language Training School Limited

investment

- 100% Paramount Corporation Limited
- 100% Paramount Global Assets Sdn Bhd
 - 20% Jerneh Insurance Bhd
 - 4.27% iCarnegie, Inc

others

- 100% Berkeley Sdn Bhd
- 30% Berkeley Maju Sdn Bhd 70%
- 100% Current Connection Sdn Bhd
- 100% Paramount Electronics Industries Sdn Bhd
- 100% Wangsa Merdu Sdn Bhd
(under members' voluntary winding up)

vision

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

mission

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

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 a real estate company, Perumahan Berjaya Sdn Bhd (now known as Paramount Property Holdings Sdn Bhd). As part of the Company's diversification plans, Paramount also acquired an oil palm estate in Perak in 1980.

The Company assumed its present name in 1980, to better reflect its business activities.

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 four more property development companies, Patani Jaya Sdn Bhd (now known as Paramount Property (Utara) Sdn Bhd), Berkeley Sdn Bhd, Berkeley Maju Sdn Bhd and Maju Gading Development Sdn Bhd (now known as KDU International Sdn Bhd).

1983 marked Paramount's entry into the education business with the setting up of the first purpose-built campus in Malaysia in Petaling Jaya under Kolej Damansara Utama Sdn Bhd [now known as KDU College Sdn Bhd (KDU)].

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 through Wangsa Merdu Sdn Bhd completed the acquisition of a 23-storey luxury condominium known as Regency Tower in Bukit Ceylon.

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 in 1993, and changed its name to Paramount Assurance Berhad (PAB) to reflect a common group identity.

In October 1996, Paramount acquired Berlian Sakti Sdn Bhd (now known as Paramount Engineering & Construction 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 Sibu, East Malaysia.

In 1997, Paramount divested 15% of its investment in KDU to comply with the Ministry of Education's requirements on bumiputra equity.

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 expanded its education business by moving downstream to set up a private primary and secondary school, Sekolah Sri KDU, under KDU Smart School Sdn Bhd.

Paramount through PGA, took up a 20.31% equity in iCarnegie, Inc (iCarnegie) in June 2002, an associated company of Carnegie Technology Education (CTE). CTE is, in turn, a wholly-owned subsidiary of Carnegie Mellon University. The Group's investment in iCarnegie has since been diluted to 4.27% following iCarnegie's restructuring exercise.

On 28 June 2002, the Group ventured into the provision of executive education and professional development programmes, under KDU Management Development Centre Sdn Bhd (KMDC).

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

In line with Paramount's strategy to expand its land bank in high growth areas, Paramount through Paramount Property Development Sdn Bhd, completed the acquisition of 524.70336 acres of freehold development land located in the central corridor of Klang Valley in June 2003.

In September 2003, KDU reviewed its existing operations, and exited the Sibul, East Malaysia market, which has never been a successful contributor.

In December 2003, Paramount ventured into China, through KDU International Sdn Bhd, to establish its first language training school to offer a range of English courses.

In line with Paramount's objective to divest non-core assets with a view to improving cash resources and strengthen its financial position in order to take advantage of alternative opportunities to enhance earnings in its assets, Paramount disposed of the oil palm estate in December 2003 and Regency Tower in July 2006.

On 20 December 2006, Paramount, through Paramount Property (Utara) Sdn Bhd, added 515 acres of freehold land located in the Mukim of Sungai Petani, Bandar Amanjaya, Daerah Kuala Muda, Kedah to its land bank.

On 20 February 2008, Paramount through Jasarim Bina Sdn Bhd, acquired 5.201 acres of leasehold industrial land located in Section 13, Petaling Jaya for commercial development.

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 capitalise on the Group's resources and expertise.

Paramount's property development arm, Paramount Property (Utara) Sdn Bhd, has earned an excellent reputation as a reliable and quality focused developer in Sungai Petani, which attribute has been reaffirmed through winning the prestigious 12th FIABCI Property Award of Distinction 2004, RESIDENTIAL DEVELOPMENT CATEGORY. Kemuning Utama, the Group's maiden property development in the Klang Valley, has experienced overwhelming success since the project took off. Paramount achieved another major milestone when for the consecutive year at the FIABCI-MALAYSIA, MALAYSIA PROPERTY AWARDS 2005, Paramount Property Holdings Sdn Bhd was named the winner of the Specialised Project category for the first purpose-built private smart primary and secondary school, Sekolah Sri KDU. Sekolah Sri KDU was also named the first runner-up in the Specialised Category of FIABCI International Prix d'Excellence 2006. 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 properties. 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 educational 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.





Our **competitive spirit**
remains our most compelling strength

BOARD OF DIRECTORS

Chairman

Dato' Md Taib bin Abdul Hamid* DSDK

Group Managing Director & Group Chief Executive Officer

Dato' Teo Chiang Quan DPTJ

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*

Quah Chek Tin*

* Independent Non-Executive Directors

SECRETARY

Tay Lee Kong
(MAICSA 772833)

REGISTERED OFFICE

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1, Jalan SS21/58, Damansara Uptown
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Selangor Darul Ehsan
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1, Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Telephone : 03-7718 6000
Facsimile : 03-7722 2311
Email : regn@pfa.com.my
Website : www.pfa.com.my

AUDITORS

Ernst & Young
Chartered Accountants

SOLICITORS

S.K. Yeoh & Partners

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

other **information**

required by the listing requirements of bursa malaysia securities berhad

1. EMPLOYEES' SHARE OPTION SCHEME

During the financial year, a total of 3,437,000 options were exercised.

2. NON-AUDIT FEES

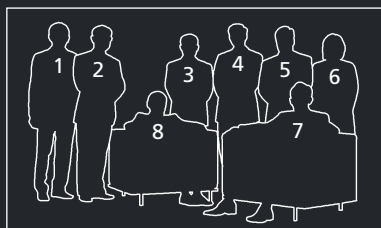
The amount of non-audit fee paid to the external auditors by the Group and Company for the financial year is reflected in Note 5, page 96 of the financial statements.

3. MATERIAL CONTRACTS

None of the directors and/or major shareholders has any material contract with the Company and/or its subsidiaries during the financial year.

4. REVALUATION POLICY

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



1. Quah Chek Tin
2. Geh Cheng Hooi
3. Dato' Haji Azlan bin Hashim
4. Ong Keng Siew
5. Dato' Teo Chiang Quan
6. Rohana Tan Sri Mahmood
7. Dato' Md Taib bin Abdul Hamid
8. Tan Sri Dato' Ahmad Sabki bin Jahidin

board of directors





board of **directors' profile**

Dato' Md Taib Bin Abdul Hamid

**Chairman, Independent
Non-Executive Director
B.A. (Hons.) Econs.
69 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 from 1960 to 1975. Following this, he was the Executive Director of a commercial bank. He continued to be actively involved with several financial institutions including as Chairman of a commercial bank 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.

Dato' Teo Chiang Quan

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

Dato' 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, Dato' Teo assumed the position of Group Managing Director & Group Chief Executive Officer of Paramount and has since transformed Paramount into a reputable and financially sound diversified group.

Current directorship in a public company includes JIB.

Dato' Teo is a substantial shareholder of Paramount. The details of his interest in Paramount is reflected in the Analysis of Shareholdings on pages 57 to 59.

Dato' Teo attended all the 5 board meetings.

Ong Keng Siew

**Deputy Group
Managing Director & Deputy Group
Chief Executive Officer
C.A. (M) FCCA
51 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 Employees' Share Option Scheme Committee and was a member of the Audit Committee before resigning on 1 October 2007.

Ong attended all the 5 board meetings.

Geh Cheng Hooi

**Independent
Non-Executive Director
Fellow of the Institute of Chartered
Accountants, England and Wales
73 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 the senior partner of KPMG Peat Marwick in 1989. Geh was a Director of Paramount from 3 March 1998 to 7 March 2006. He was re-appointed as a Director of Paramount on 23 May 2006.

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

Current directorships in public companies include Lingui Developments Berhad, NCB Holdings Berhad, Star Publications (Malaysia) Berhad, The Bank of Nova Scotia Berhad, Plus Expressway Berhad, Malayan Flour Mills Berhad and Wawasan TKH Holdings Berhad.

Geh attended 4 out of 5 board meetings.

Tan Sri Dato' Ahmad Sabki Bin Jahidin

**Independent
Non-Executive Director
B.A. Hons. University of Malaya
76 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 included 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 is the Chairman of the Audit Committee and a member of both the Nomination and Remuneration Committees.

Current directorships in public companies include Cygal Berhad, Gula Perak Berhad, Hwang-DBS (Malaysia) Berhad, Hwang-DBS Investment Bank Berhad, Hwang-DBS Investment Management Berhad and Nanyang Press Holdings Berhad.

Tan Sri attended all the 5 board meetings.

Rohana Tan Sri Mahmood

**Non-Independent
Non-Executive Director
B.A. (Hons) in Politics,
University of Essex, UK
Masters in International Relations,
University of Sussex, UK
53 years of age - Malaysian**

Rohana Tan Sri Mahmood is the Chairman of Ethos Capital Sdn Bhd, a RM200 million private equity fund that invests in ASEAN companies. She is also the Deputy President and Founding Member of the Kuala Lumpur Business Club (KLBC) and Vice Chairman, Treasurer and Board Member of the Pacific Basin Economic Council (PBEC). Prior to this, she was with the Institute of Strategic and International Studies Malaysia (ISIS), and the Ministry of Foreign Affairs in Malaysia. Rohana is actively involved in business, principally in the field of

Education; she is the Chairman of Masterskill Sdn Bhd and a Director of KDU College Sdn Bhd and KDU Smart School Sdn Bhd. Rohana joined the Board on 28 July 1997.

Current directorships in public listed companies include TH Group Berhad and Dijaya Corporation Berhad.

Rohana attended 2 out of 5 board meetings.

Dato' Haji Azlan Bin Hashim

**Independent
Non-Executive Director
Fellow of the Institute of Chartered
Accountants, Ireland
Fellow of the Economic
Development Institute
(World Bank, Washington)
Fellow of the Institute of
Bankers Malaysia
66 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 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 twelve 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 Chairman of Global Carriers Berhad and the Deputy Chairman of AMMB Holdings Berhad.

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

Other directorships in public companies

include AMMB Holdings Berhad, Kesas Holdings Berhad, Kumpulan Perangsang Selangor Berhad, Metrod (M) Berhad, Sapura Industrial Berhad, Global Carriers Berhad and Syarikat Permodalan & Perusahaan Selangor Berhad.

Dato' Azlan attended all the 5 board meetings.

Quah Chek Tin

**Independent
Non-Executive Director
Bachelor of Science (Honours)
Degree in Economics,
the London School of Economics
Fellow of the Institute of Chartered
Accountants,
England and Wales
56 years of age - Malaysian**

Quah joined Paramount as a Director on 6 February 2007. He began his career with Coopers & Lybrand, London, before returning to Malaysia. He joined the Genting Group in 1979, and was the Executive Director of Genting Berhad as well as the Executive Director and Chief Operating Officer of Resorts World Bhd before retiring in 2006.

Quah also serves on the Audit Committee.

Current directorships in public companies include Genting Berhad, Resorts World Berhad and Asiatic Development Berhad.

Quah attended all the 5 board meetings.

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

None of the Directors have been charged for any offence.



senior management

front row from left: **Tay Lee Kong** Corporate Affairs Director **Ong Keng Siew** Deputy Group Managing Director & Deputy Group Chief Executive Officer **Dato' Teo Chiang Quan** Group Managing Director & Group Chief Executive Officer **Dr Chia Chee Fen** Chief Executive Officer, KDU College Sdn Bhd & Principal Officer KDU College Sdn Bhd – Petaling Jaya Campus **Dr Chong Beng Keok** Principal Officer, KDU College Sdn Bhd – Penang Campus **Oh Keng Kooi** Audit Director



back row from left: **Teh Geok Lian** Chief Executive Officer, KDU Smart School Sdn Bhd **Lim Hong Kheng** Group Human Resource Director & Executive Director, KDU Management Development Centre Sdn Bhd **Foong Poh Seng** Group Financial Controller **John Chew Teong Seng** Managing Director, KDU International Language Training School Limited **Chuan Yeong Ming** Deputy Managing Director, Paramount Engineering & Construction Sdn Bhd **Liew Yin Chew** Deputy Managing Director, Paramount Property (Utara) Sdn Bhd & Executive Director, Paramount Property Development Sdn Bhd **Eugene Yeoh Oon Hock** Group IT Manager





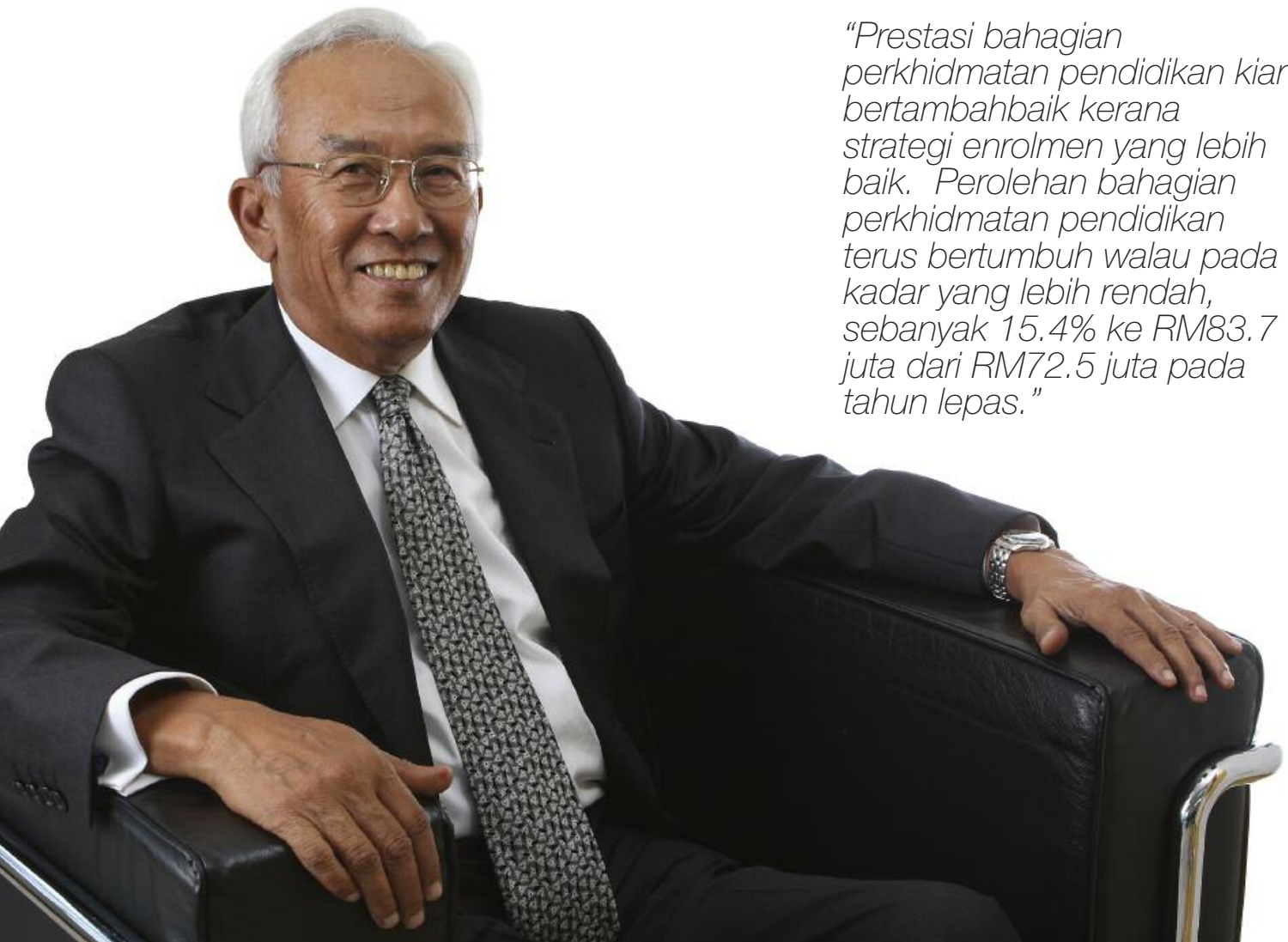
In **moving forward**
we see no obstacles

chairman's **statement**

pesanan pengerusi

"The performance of the educational services division continued to improve on the back of an improved enrolment strategy. Revenue for the educational services division continued to grow, albeit at a slower pace, by 15.4% to RM83.7 million from RM72.5 million in the previous year."

"Prestasi bahagian perkhidmatan pendidikan kian bertambahbaik kerana strategi enrolmen yang lebih baik. Perolehan bahagian perkhidmatan pendidikan terus bertumbuh walau pada kadar yang lebih rendah, sebanyak 15.4% ke RM83.7 juta dari RM72.5 juta pada tahun lepas."



Dear Shareholders,

I am pleased to present on behalf of the Board of Directors, the Thirty-Eighth Annual Report of Paramount Corporation Berhad (Paramount or the Company) group of companies (the Group).

2007 was indeed a challenging year for the Group. Nevertheless, we emerged stronger and better placed for the future given our competitive spirit. Our main earnings driver, the property development sector, turned in lower contributions due to lower progressive billings from our Kemuning Utama development in the Klang Valley and the nearing completion of our Bandar Laguna Merbok development in Sungai Petani. However, improved sales for residential properties in 2007 enabled us to strengthen our forward order position entering 2008 and into 2009. On the positive side, the lower performance by the property development sector was ameliorated due to an improved performance by our educational services division.

FINANCIAL PERFORMANCE

Although profit before tax fell by 17.1% to RM68.3 million from a record level of RM82.4 million achieved in financial year 2006, our operating profits continued to remain healthy and similar to that of the previous year. The 2006 profit was boosted by an extraordinary gain of RM12.5 million recorded on the sale of Regency Tower, a 72-unit luxury condominium. Net profit was correspondingly lower by 18.6% at RM51.8 million as compared with RM63.6 million achieved in the previous year.

Revenue for the year declined by 18.3% to RM300.1 million compared with RM367.3 million recorded in 2006. Shareholders' fund increased to RM453.4 million from RM410.8 million as at 31 December 2006 and, correspondingly, Net Assets per share rose to RM4.21 from RM3.95. Return on equity declined to 12 sen compared with 17.3 sen as at 31 December 2006.

Pemegang Saham yang dikasihi,

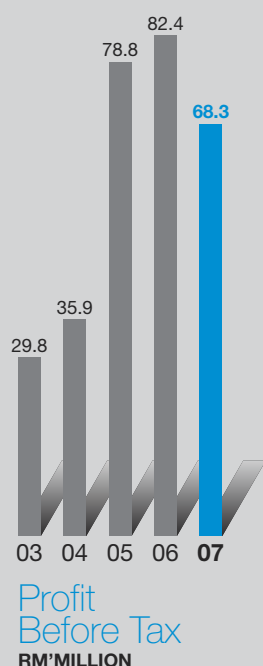
Saya dengan gembiranya bagi pihak Lembaga Pengarah, mengemukakan Laporan Tahunan Ketiga Puluh Lapan syarikat-syarikat Kumpulan Paramount (Kumpulan).

Tahun 2007 merupakan tahun yang mencabar bagi Kumpulan. Namun demikian, kami muncul lebih kukuh untuk masa depan akibat semangat persaingan kami. Sektor perolehan utama kami, iaitu Perkembangan Harta menyumbang kurang kerana bil-bil progresif yang telah turun dari perkembangan Kemuning Utama di Lembah Kelang dan hampir penamatan perkembangan Bandar Laguna Merbok di Sungai Petani. Walaubagaimana pun, penjualan yang lebih baik bagi harta kediaman pada tahun 2007 telah mengukuhkan kedudukan kami untuk tahun 2008 dan 2009. Yang positif ialah prestasi rendah yang dicapai oleh sektor perkembangan harta diseimbangkan oleh pencapaian prestasi yang lebih baik dari bahagian perkhidmatan pendidikan kami.

PRESTASI KEWANGAN

Walaupun keuntungan sebelum cukai menurun sebanyak 17.1% ke RM63.8 juta dari rekod RM82.4 juta yang dicapai pada tahun kewangan 2006, keuntungan operasi kami masih sihat seperti pada tahun lepas. Keuntungan 2006 adalah disebabkan oleh RM12.5 juta dari penjualan Regency Tower, kondominium mewah 72-unit kami. Keuntungan selepas cukai menurun sebanyak 18.6% ke RM51.8 juta berbanding dengan RM63.6 juta pada tahun lepas.

Perolehan bagi tahun 2007 menurun sebanyak 18.3% ke RM300.1 juta berbanding dengan RM367.3 juta pada tahun 2006. Dana pemegang saham meningkat ke RM453.4 juta dari RM410.8 juta pada 31 Disember 2006 manakala aset ketara bersih sesaham meningkat ke RM 4.21 dari RM 3.95. Kepulangan dari ekuiti turun ke 12 sen berbanding dengan 17.3 sen pada 31 Disember 2006.



PROPERTY DIVISION

The lower progressive billings registered by the property development sector stemming from the lower number of units sold carried forward from previous years coupled with lower sales value recorded as a result of depleting prime land bank properties saw revenue for the sector declining by 31.5% to RM171.9 million from RM250.8 million in the previous year. The performance of the construction sector, whose activities are very much pegged to that of the property development sector, however, registered higher revenue of RM43.1 million compared with RM38.9 million recorded in the previous year. This was due to a strategy to focus on procuring more external projects to make up for the decline in Group projects. The property investment sector saw a drastic drop in revenue by 92.6% to RM296,000 from RM4.0 million registered in the previous year due to the loss of rental income following the sale of Regency Tower in 2006. Overall revenue for the property division was lower at RM215.2 million compared with RM293.7 million registered in the previous year.

Profit before tax for the property division was correspondingly lower at RM39.0 million compared with RM65.3 million recorded in the previous year, which included RM12.5 million on the sale of Regency Tower. Profit for the property development sector fell by 25.1% to RM31.4 million from RM41.9 million. Despite the higher revenue registered by the construction sector, its profits declined by 33.3% to RM4.4 million from RM6.6 million due to shrinking margins in a highly competitive market exacerbated by escalating costs of construction raw materials. The property investment sector saw a lowering of profit to RM3.3 million from RM16.8 million registered in the previous year following the sale of Regency Tower.

BAHAHGIAN HARTA

Bil-bil progresif yang rendah dari sektor perkembangan harta akibat penjualan unit yang lebih rendah bertambah dengan nilai jualan yang lebih rendah oleh kerana kekurangan bank tanah kediaman utama telah menghasilkan perolehan sektor tersebut merosot sebanyak 31.5% ke RM171.9 juta dari RM250.8 juta pada tahun sebelumnya. Prestasi sektor pembinaan yang berkait rapat dengan sektor perkembangan harta mencatat perolehan yang lebih tinggi, iaitu RM43.1 juta berbanding dengan RM38.9 juta pada tahun lepas. Ini merupakan hasil strategi memfokus kepada pemerolehan projek luaran kerana kekurangan projek Kumpulan. Sektor pelaburan harta mencatat kemerosotan perolehan besar iaitu 92.6% ke RM296,000 dari RM4.0 juta pada tahun lepas kerana kehilangan pendapatan sewa selepas penjualan Regency Tower pada tahun 2006. Secara keseluruhannya perolehan bahagian harta lebih rendah iaitu RM215.2 juta berbanding dengan RM293.7 juta pada tahun lepas.

Keuntungan sebelum cukai bagi sektor harta kurang seajarnya pada RM39.0 juta berbanding dengan RM65.3 juta pada tahun lepas; termasuknya RM12.5 juta dari penjualan Regency Tower. Keuntungan bagi sektor perkembangan harta merosot sebanyak 25.1% ke RM31.4 juta dari RM41.9 juta. Walaupun sektor pembinaan merekod perolehan yang lebih tinggi keuntungan menurun 33.3% ke RM4.4 juta dari RM6.6 juta, akibat margin keuntungan yang merosot dalam pasaran persaingan yang sengit bertambah dengan harga tinggi bahan pembinaan. Keuntungan sektor pelaburan harta mencatat keuntungan yang lebih rendah ke RM3.3 juta dari RM16.8 juta akibat penjualan Regency Tower pada tahun sebelumnya.

EDUCATIONAL SERVICES DIVISION

The performance of the educational services division continued to improve on the back of an improved enrolment strategy. Revenue for the educational services division continued to grow, albeit at a slower pace, by 15.4% to RM83.7 million from RM72.5 million in the previous year. Revenue for the primary and secondary education sector increased by 23.1% to RM29.3 million from RM23.8 million in the previous year while revenue for the tertiary education sector increased by 11.0% to RM52.4 million from RM47.2 million. The revenue for the post executive and professional development education sector grew marginally to RM1.41 million from RM1.1 million registered in the previous year while that of the language school in Chongqing grew to RM660,000 from RM367,000.

The improved performance, strengthened by an improvement in operational efficiency that resulted in lower overhead costs, saw the division doubling its profits to RM20.5 million from RM9.5 million recorded in the previous year. Profits for the primary and secondary education sector almost tripled to RM5.9 million from RM2.0 million registered in the previous year. The tertiary education sector grew its profits by 30.3% to RM16.29 million from RM12.5 million in the previous year. The loss before tax for the post executive and professional education was RM630,000, which was a substantial reduction compared with a loss of RM3.4 million incurred in the previous year while the loss for the language school in China was lower at RM1.1 million compared with RM1.6 million.

INVESTMENT AND OTHERS

Profit before tax for Investment and Others, which mainly comprised the Group's 20% investment in Jerneh Insurance Berhad (JIB), improved to RM8.85 million compared with RM7.6 million recorded in the previous year due to better results recorded by JIB. The Group's share of profit from JIB was higher at RM8.8 million compared with RM5.1 million recorded in the previous year due to an improvement in underwriting and investment income.

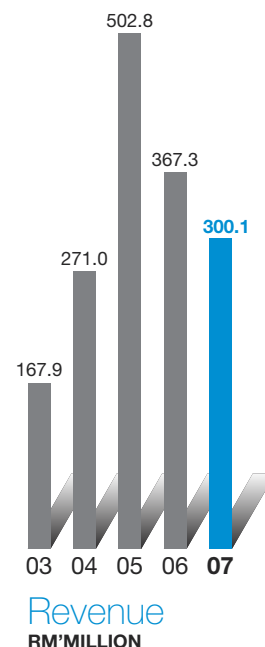
BAHAGIAN PERKHIDMATAN PENDIDIKAN

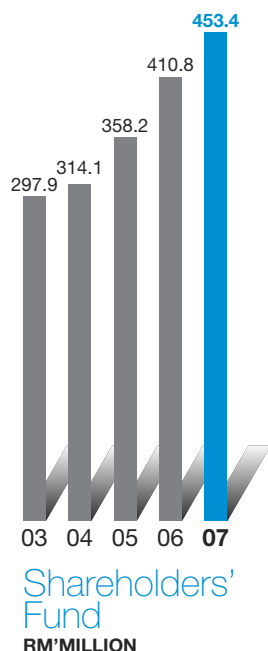
Prestasi bahagian perkhidmatan pendidikan kian bertambahbaik kerana strategi enrolmen yang lebih baik. Perolehan bahagian perkhidmatan pendidikan terus bertumbuh walau pada kadar yang lebih rendah, sebanyak 15.4% ke RM83.7 juta dari RM72.5 juta pada tahun lepas. Perolehan dari sektor sekolah rendah dan menengah menambah sebanyak 23.1% ke RM29.3 juta dari RM23.8 juta pada tahun lepas manakala perolehan dari sektor pendidikan tertiar meningkat sebanyak 11.0% ke RM52.4 juta dari RM47.2 juta. Perolehan sektor pendidikan pasca eksekutif dan perkembangan profesional menambah sedikit ke RM1.41 juta dari RM1.1 juta pada tahun lepas manakala sekolah bahasa di Chongqing menambah ke RM660,000 dari RM367,000.

Prestasi yang lebih baik atas kecekapan operasi melalui kos overhead yang lebih rendah membolehkan bahagian mencapai keuntungan dua kali ganda ke RM20.5 juta dari RM9.5 juta pada tahun lepas. Sektor pendidikan rendah dan menengah mencapai keuntungan hampir tiga kali ganda ke RM5.9 juta dari RM2.0 juta pada tahun sebelum itu. Sektor pendidikan tertiar menambah keuntungan sebanyak 30.3% ke RM16.29 juta dari RM12.5 juta pada tahun sebelum ini. Kerugian sebelum cukai pendidikan pasca eksekutif dan pendidikan profesional ialah RM630,000 berbanding dengan RM3.4 juta pada tahun lepas manakala kerugian bagi sekolah bahasa di Negara Cina juga lebih rendah, RM1.1 juta berbanding dengan RM1.6 juta.

PELABURAN DAN LAIN-LAIN

Keuntungan sebelum cukai bagi Pelaburan dan Lain-lain, khususnya pelaburan 20% dalam Jerneh Insurance Berhad (JIB), meningkat ke RM8.85 juta berbanding dengan RM7.6 juta yang dicatat pada tahun lepas akibat prestasi lebih baik oleh JIB. Keuntungan Kumpulan dari JIB lebih tinggi sebanyak RM8.8 juta berbanding dengan RM5.1 juta pada tahun sebelum ini kerana kemajuan dalam penanggungan insurans dan pendapatan pelaburan.





DIVIDENDS

The Board remains wholly committed to rewarding shareholders who continue to provide the financial resources and support needed to grow the Group and, despite the flat growth, we are proposing a final dividend of 10%, less tax at 26%. Together with the interim dividend of 6%, tax exempt, the total dividend for the year of 16 sen per share is higher than the dividend of 15.5 sen per share (10%, less tax at 27%, 5.5%, less tax at 28%), paid in the previous year.

In accordance with the Finance Act 2007, which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends shall be exempted from tax in the hands of the shareholders (single tier system). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to shareholders under limited circumstances. After considering the availability of Section 108 balance and, in the best interest of shareholders, the Company will continue to pay franked dividends to shareholders to fully utilize the credit in the 108 balance before the expiry of the transitional period of six years.

CORPORATE DEVELOPMENTS AND ACHIEVEMENTS

In line with the Group's strategy to expand its land bank to generate sustainable income for property development and to diversify into commercial properties, Jasarim Bina Sdn Bhd (JBSB), a wholly owned subsidiary, had on 19 October 2007 entered into a conditional sale and purchase agreement with Rangkaian Cipta Sdn Bhd (RCSB). Under the said agreement, JBSB acquired from RCSB a parcel of leasehold industrial land known as No 76, Jalan University, 46200 Petaling Jaya, Selangor Darul Ehsan measuring 21,050 square meters with a leasehold term of 56 years expiring on 4 June 2063 together with the buildings, currently 100% tenanted to third parties, constructed thereon for a total cash consideration of RM43,034,620. The approval of the

DIVIDEN

Lembaga akan terus memberi ganjaran kepada pemegang saham yang telah menyokong kami melalui resos kewangan untuk Kumpulan berkembang, walaupun pertumbuhan agak mendatar, kami mencadangkan dividen akhir 10%, tolak cukai 26%. Bersama dividen sementara 6%, bebas cukai, jumlah dividen bagi tahun ini iaitu 16 sen sesaham adalah lebih tinggi daripada 15.5 sen sesaham (10%, tolak cukai 27%, 5.5%, tolak cukai 28%) yang dibayar pada tahun lepas.

Selaras dengan Akta Kewangan 2007, yang telah di wartakan pada 28 Disember 2007, syarikat tidak dibenarkan menolak cukai pada dividen yang dibayar, dikredit atau diedarkan kepada pemegang saham dan dividen akan dibebaskan dari cukai dalam tangan pemegang saham (single tier system). Akan tetapi, syarikat di beri enam tahun tempoh transisi, tamat pada 31 Disember 2013, untuk syarikat membayar dividen franked kepada pemegang saham dalam situasi tertentu. Setelah mengambilkira baki Seksyen 108 serta untuk memanfaatkan pemegang saham, Syarikat akan terus membayar dividen franked kepada pemegang saham supaya kredit dalam baki 108 akan digunakan sebelum tarikh tamat tempoh transisi enam tahun tersebut.

PERKEMBANGAN KORPORAT DAN PENCAPAIAN

Selaras dengan strategi Kumpulan untuk memperkembangkan bank tanah agar menjana pendapatan pengekal bagi perkembangan harta dan mempelbagaikan ke harta komersial, Jasarim Bina Sdn Bhd (JBSB), subsidiari milik penuh, telah pada 19 Oktober 2007 menangani persetujuan bersyarat jualan dan belian dengan Rangkaian Cipta Sdn Bhd (RCSB). Dibawah persetujuan tersebut, JBSB telah membeli dari RCSB, sebidang tanah industri hak milik pegangan pajak iaitu No. 76, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan ukuran 21,050 meter persegi pegangan pajak 56 tahun tamat pada 4 Jun 2063 bersama dengan bangunan, kini 100% disewa kepada pihak ketiga, dengan harga tunai RM43,034,620. Kelulusan Foreign Investment Committee

Foreign Investment Committee (FIC) was obtained on 5 December 2007 and the acquisition was completed on 20 February 2008. The land is intended for the development of blocks of good grade office, related industries and showroom buildings.

Following the sale of its sole asset, Regency Tower, and the cessation of its operations of condominium rentals, Wangsa Merdu Sdn Bhd, a wholly owned subsidiary, was on 25 October 2007 placed under voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965.

On 22 January 2008, the Company purchased a shelf company, Broad Projects Sdn Bhd (BPSB), and on the same date, BPSB acquired 51% of the issued and paid up share capital of Supreme Essence Sdn Bhd (SESB) for a total cash consideration of RM51,000.

On the same date, SESB entered into a conditional sale and purchase agreement with Perfect Resources (M) Sdn Bhd (PRSB) for the acquisition of two parcels of 99-year leasehold vacant industrial land known as Lot 2 and Lot 4, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring approximately 13.21 acres or 575,471 square feet for a total cash consideration of RM30,773,550. Paramount plans to develop semi-detached industrial buildings for which there is existing proven demand in the established township development of Kota Damansara. The proposed acquisition is pending the approvals of the FIC and the State Authority.

On 5 February 2008, Seleksi Megah Sdn Bhd (SMSB), a wholly owned subsidiary, entered into a conditional agreement with Sunhom Sdn Bhd (SSB) for the sale by SSB and the acquisition by SMSB of a piece of leasehold vacant industrial land known as Lot 9, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 4.33 acres or 188,615 square feet for a total cash consideration of RM19,410,790. Together with an earlier conditional acquisition of a contiguous

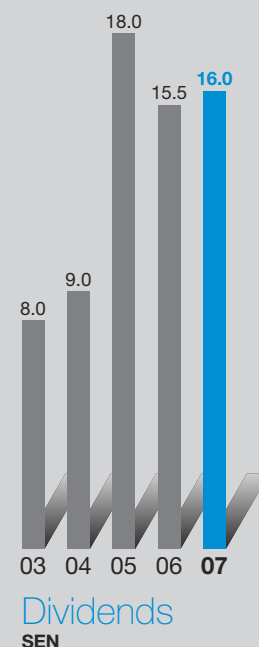
(FIC) diperolehi pada 5 Disember 2007 dan penjualan telah dimuktamatkan pada 20 Februari 2008. Tanah ini akan diguna untuk membina blok pejabat gred tinggi, industri berkaitan dan bangunan bilik pameran.

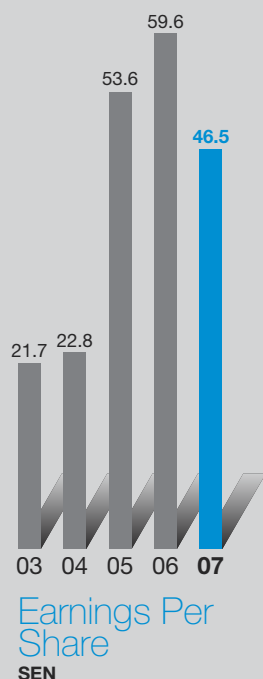
Berikutan dengan penjualan aset tunggalnya, Regency Tower, dan tamatnya operasi sewaan kondominium, Wangsa Merdu Sdn Bhd, sebuah subsidiari penuhmilik, telah di mansuhkan secara sukarela pada 25 Oktober 2007 berdasarkan Seksyen 254(1)(b) Akta Syarikat, 1965.

Pada 22 Januari 2008, Syarikat telah membeli syarikat sedia ada, Broad Projects Sdn Bhd (BPSB), dan pada tarikh yang sama, memperolehi 51% syer terbitan dan syer modal terbayar Supreme Essence Sdn Bhd (SESB) dengan harga tunai sebanyak RM51,000.

Pada tarikh yang sama, SESB telah menangani persetujuan bersyarat penjualan dan pembelian dengan Perfect Resources (M) Sdn Bhd (PRSB) untuk membeli dua bidang tanah industri kosong 99-tahun pegangan pajak yang dikenal sebagai Lot 2 dan Lot 4, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan berukuran 13.21 ekar atau 575,471 kaki persegi untuk wang tunai sebanyak RM30,773,550. Paramount merancang untuk memperkembangkan bangunan industri berkembar atas jangkaan permintaan yang terbukti di Kota Damansara, sebuah bandar yang terkenal. Pembelian ini adalah tertakluk kepada kelulusan FIC dan pihak berkuasa negeri.

Pada 5 Februari 2008, Seleksi Megah Sdn Bhd (SMSB), sebuah syarikat penuhmilik, telah menangani persetujuan bersyarat dengan Sunhom Sdn Bhd (SSB) untuk SSB menjual dan SMSB membeli sebidang tanah industri kosong pegangan pajak dikenali sebagai Lot 9, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan berukuran 4.33 ekar atau 188,615 kaki persegi untuk harga tunai sebanyak RM19,410,790. Bersama dengan pembelian bersyarat sebelum ini iaitu sebidang tanah kosong industri pegangan pajak bersebelahan yang dikenali sebagai Lot 7, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya,





parcel of leasehold vacant industrial land known as Lot 7, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 5.12 acres or 223,027 square feet for a total cash consideration of RM20,518,484 on 21 September 2007 by SMSB from Oji Screens Sdn Bhd (OSSB), these two pieces of lands would also be developed into semi-detached industrial buildings.

The proposed acquisitions are pending the approvals of the FIC, Perbadanan Kemajuan Negeri Selangor and, if required, the State Authority.

On 10 March 2008, KDU College Sdn Bhd (KDU), a 85% subsidiary, launched its Silver Jubilee celebrations with a gala dinner to raise funds for the needy. A total of RM250,000 was raised for BAKTI, Methodist Boys Secondary School Kuala Lumpur, Pride Foundation, Tung Shin Hospital and Yayasan Sultanah Bahiyah. Simultaneously, the Bread Ambassadors' Project was launched with regular dispatch of bread to ten children's homes in the vicinity of KDU.

In line with the Group's strategy to expand its educational services business geographically, and to leverage on the potential of the Iskandar Development Region as well as to take advantage of the largely untapped Johor market on private primary and secondary school education, Janahasil Sdn Bhd (JSB), a wholly owned subsidiary of KDU, which is, in turn, a 85% owned subsidiary, had on 25 March 2008 entered into a conditional sale and purchase agreement with Nusajaya Rise Sdn Bhd (NRSB) and UEM Land Sdn Bhd (UEM), for the sale by NRSB and UEM and the acquisition by JSB of a 10-acre freehold agricultural land forming part of the land held under H.S. (D) 450559 No Lot PTD 153275 in Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim and located in Nusajaya, Iskandar Development Region for a total cash consideration of RM13,068,000. The Company had on 12 December 2007, accepted UEM's offer for a 5-acre and a 10-acre freehold agricultural lands forming also part of the land held under H.S.(D) 450559 PTD 153275 in Mukim Pulai, Daerah Johor

Selangor Darul Ehsan berukuran 5.12 ekar atau 223,027 kaki persegi untuk harga tunai sebanyak RM20,518,484 pada 21 September 2007 oleh SMSB dari Oji Screens Sdn Bhd (OSSB), kedua-dua bidang tanah ini akan digunakan untuk membina bangunan industri berkembang.

Pembelian ini adalah tertakluk kepada kelulusan FIC, Perbadanan Kemajuan Negeri Selangor dan jika perlu pihak berkuasa negeri.

Pada 10 Mac 2008, KDU College Sdn Bhd (KDU), sebuah subsidiari 85%, telah melancarkan perayaan Jubilee Perak dengan jamuan makan malam gala dengan tujuan mengutip dana untuk warga yang kurang upaya. Sejumlah RM250,000 dikutip untuk BAKTI, Methodist Boys Secondary School Kuala Lumpur, Pride Foundation, Tung Shin Hospital dan Yayasan Sultanah Bahiyah. Pada masa yang sama, Bread Ambassadors' Project telah dilancarkan dengan pengedaran roti kepada sepuluh buah rumah kanak-kanak di kawasan sekitar KDU.

Sejajar dengan strategi Kumpulan telah memperluaskan bisnes perkhidmatan pendidikan serta memandangkan potensi Iskandar Development Region dan juga mengambil kesempatan pasaran pendidikan sekolah rendah dan menengah di Johor, Janahasil Sdn Bhd (JSB), subsidiari penuhmilik KDU, yang dimiliki 85% oleh Kumpulan, telah pada 25 Mac 2008 menandatangani persetujuan bersyarat jualan dan belian dengan Nusajaya Rise Sdn Bhd (NRSB) dan UEM Land Sdn Bhd (UEM), untuk jualan oleh NRSB dan UEM dan belian oleh JSB sebidang tanah pertanian milik bebas berukuran 10-ekar yang merupakan sebahagian daripada tanah bawah H.S. (D) 450559 No Lot PTD 153275 di Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim bertapak di Nusajaya, Iskandar Development Region untuk harga tunai sebanyak RM13,068,000. Syarikat pada 12 Disember 2007, telah menerima tawaran UEM untuk membeli 5-ekar dan 10-ekar tanah pertanian milik bebas iaitu, sebahagian dari HS(D) 450559 PTD 153275 di Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim dengan harga dasar RM30 sekaki persegi, tertakluk kepada kadar bertambah 5% setahun bermula dari tarikh permulaan penerimaan

Bahru, Johor Darul Takzim at a base price of RM30 per square foot, subject to escalation at the rate of 5% per annum commencing from the date of acceptance of the offer at the option considerations of RM10,000 each.

PROSPECTS

As we look ahead, we are confident that given our financial strength and strategic focus, we will continue to turn challenges into opportunities in our quest to grow our business and enhance shareholder's value. With our strong balance sheet, we are well positioned to capitalize on new opportunities as they arise.

Moving forward, the Group's strategy is to focus on acquiring more land banks in high growth locations to sustain its property business and expand its educational services business through the establishment of new schools and campuses geographically as well as increasing its range of products and services offered.

For the financial year ending 31 December 2008, the Group expects its performance to be comparable to that of 2007. This is because its main earnings driver, the property development sector, continues to face pressures on margins due to increase in fuel prices and volatility in the price of construction raw materials.

ACKNOWLEDGEMENTS

As always, the Group is fortunate to have a dedicated and loyal workforce to whom, on behalf of the Board, I wish to express my sincere appreciation for their hard work and dedication.

In conclusion, I would like to thank our customers, business associates and, last but not least, our loyal shareholders for their continued support. I look forward to seeing many familiar faces at our forthcoming Annual General Meeting.

DATO' MD TAIB BIN ABDUL HAMID

Chairman • Pengerusi

tawaran dengan bayaran opsyen sebanyak RM10,000 setiap lot.

HARAPAN

Memandang ke hadapan, kami yakin dengan kekuatan kewangan dan fokus strategik, kami akan terus menukar cabaran ke peluang dalam usaha memperkembangkan bisnes dan meningkatkan nilai pemegang saham. Dengan kunci kira-kira yang sihat, kami menduduki tempat yang kukuh untuk merebut segala peluang baru.

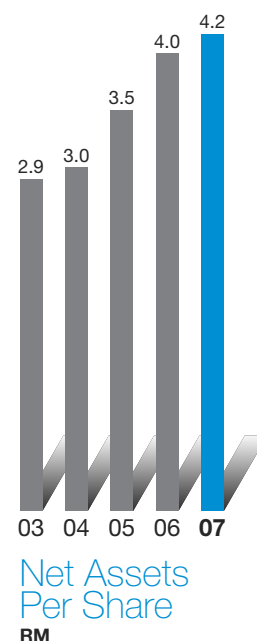
Bergerak ke depan, strategi Kumpulan ialah berfokus kepada perolehan lebih banyak bank tanah di lokasi perkembangan pesat agar mengekalkan bisnes harta dan memperluaskan bisnes perkhidmatan pendidikan melalui penubuhan kampus dan sekolah baru serta menambah bilangan tawaran produk dan perkhidmatan.

Untuk tahun kewangan berakhir 31 December 2008, Kumpulan menjangka prestasinya berbanding sama dengan tahun 2007. Ini adalah kerana penggerak perolehan utama Kumpulan, iaitu sektor perkembangan harta terus menghadapi tekanan margin keuntungan akibat peningkatan harga minyak dan ketidakstabilan harga bahan mentah pembinaan.

PENGHARGAAN

Seperti biasa, Kumpulan amat bertuah mempunyai staf yang berdedikasi dan setia. Bagi pihak Lembaga Pengarah, saya mengambil kesempatan mengucapkan penghargaan yang ikhlas atas kerajinan dan dedikasi mereka.

Akhir kata, saya ingin mengucapkan terima kasih kepada pelanggan-pelanggan, rakan-rakan bisnes dan akhir sekali pemegang-pemegang saham kami, atas sokongan anda. Seperti tahun-tahun lepas, saya rasa gembira berjumpa anda di Mesyuarat Agung Tahunan yang akan datang.



five-year group financial highlights

	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000	Year 31 Dec 2005 RM'000	Year 31 Dec 2004 RM'000	Year 31 Dec 2003 RM'000
REVENUE	300,078	367,328	502,819	270,984	167,905
EARNINGS					
Profit from operations	59,556	77,272	74,522	31,227	30,841
Share of profit of associates	8,784	5,103	4,269	4,710	(1,022)
Profit before tax	68,340	82,375	78,791	35,937	29,819
Income tax expense	(16,556)	(18,784)	(23,127)	(12,589)	(7,531)
Profit for the year	51,784	63,591	55,664	23,348	22,288
Attributable to:					
Equity holders of the Company	49,295	61,867	55,503	23,571	22,254
Minority interest	2,489	1,724	161	(223)	34
	51,784	63,591	55,664	23,348	22,288
Retained profits brought forward	239,609	189,101	145,258	129,039	113,580
Net profit for the year attributable to equity holders of the Company	49,295	61,867	55,503	23,571	22,254
Foreign currency translation	(1,892)	258	–	–	–
Dividends	(14,215)	(11,617)	(11,660)	(7,352)	(6,795)
Retained profits carried forward	272,797	239,609	189,101	145,258	129,039
ASSETS EMPLOYED					
Property, plant and equipment	142,597	145,119	146,193	146,025	123,904
Land held for property development	140,379	163,416	143,982	164,166	221,529
Investment properties	13,899	14,830	62,939	58,194	59,332
Prepaid land lease payments	17,144	17,385	17,627	17,820	18,061
Investment in associates	44,090	38,999	35,335	33,723	31,462
Other investments	397	397	397	370	252
Deferred tax assets	1,097	1,998	2,139	1,581	1,819
Net current assets	135,907	79,762	67,325	67,229	19,689
Long term borrowings	(24,479)	(36,764)	(65,847)	(85,775)	(43,953)
Deferred tax liabilities	(10,444)	(8,982)	(7,130)	(5,977)	(4,401)
Provision for retirement benefits	–	–	(2,190)	(1,920)	(1,243)
Long term payables	–	–	(38,901)	(77,802)	(124,818)
Net assets	460,587	416,160	361,869	317,634	301,633

	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000	Year 31 Dec 2005 RM'000	Year 31 Dec 2004 RM'000	Year 31 Dec 2003 RM'000
EQUITY					
Share capital	107,563	104,126	103,579	103,552	103,552
Capital reserves	4,668	2,317	1,358	1,181	1,176
Share premium	68,322	64,797	64,180	64,153	64,153
Retained profits	272,797	239,609	189,101	145,258	129,039
Equity attributable to holders of the Company (Shareholders' fund)	453,350	410,849	358,218	314,144	297,920
Minority interests	7,237	5,311	3,651	3,490	3,713
Total equity	460,587	416,160	361,869	317,634	301,633

FINANCIAL STATISTICS

(Per ordinary share of RM1 each)

Earnings before taxation (sen)	64.39	79.30	76.09	34.70	29.11
Earnings after taxation (sen)	46.45	59.56	53.60	22.76	21.73
Dividends gross (sen)	16.00	15.50	18.00	9.00	8.00
Dividend cover (times)	3	5	5	3	3
Net assets (RM)	4.21	3.95	3.46	3.03	2.88





Our **endurance**

mirrors our determination to excel in all that we do

chief executive officer's
review of operations
tinjauan operasi
ketua pegawai eksekutif



"The educational services division once again rose to the occasion by posting another year of excellent results, as we focused on providing quality and innovative programmes relevant to industry while simultaneously lowering overhead costs. All sectors within the division recorded better results than those achieved in 2006."

"Bahagian perkhidmatan pendidikan sekali lagi mencapai prestasi yang cemerlang atas fokus membekalkan program yang bermutu dan inovatif serentak dengan pengurangan kos overhead. Semua sektor dalam bahagian ini merekod prestasi yang lebih baik daripada tahun 2006."

In 2007, our focus was on building a solid platform to take the Paramount Corporation Berhad (Paramount or the Company) group of companies (the Group)'s business forward. Significant emphasis was placed on improving operating efficiencies to reduce costs and deploying resources in areas where we believe we can maintain or build leading market positions. Our efforts were vindicated as reflected by higher take-up rates in our property development projects and higher enrolments in our educational services. We have also made good progress in the acquisition of land banks to enable us to expand our property development activities and educational services to create future profitability opportunities.

As a result of subdued housing market conditions that impacted sales through the third quarter of 2005 and 2006, our forward sales position was unusually low at the end of 2006. The cumulative effect negatively impacted the Group's performance in 2007. However, we took action to raise the bar in our core competencies and performance while constantly improving our products and services to rebuild our order book.

The educational services division once again rose to the occasion by posting another year of excellent results, as we focused on providing quality and innovative programmes relevant to industry while simultaneously lowering overhead costs. All sectors within the division recorded better results than those achieved in 2006.

PROPERTY DIVISION

Property Development

Our Kemuning Utama development project in the Klang Valley recorded better take-up rates totalling 375 units with a sales value of RM130.44 million as compared with 238 units with a sales value of RM117.2 million in 2006.

Pada tahun 2007 fokus kami ialah membina asas yang kukuh untuk membawa bisnes Kumpulan ke hadapan. Tumpuan diberi kepada meningkat kecekapan operasi supaya mengurangkan kos dan mengembling resos ke bidang yang kami fikir dapat mengekalkan atau memperbaiki kedudukan pasaran. Usaha kami adalah wajar dibuktikan oleh permintaan yang lebih tinggi bagi projek perkembangan harta dan enrolmen perkhidmatan pendidikan. Kami juga mencapai kemajuan dalam pemerolehan bank tanah untuk memperkembangkan aktiviti perkembangan harta dan perkhidmatan pendidikan agar meningkatkan peluang keuntungan masa depan.

Akibat keadaan pasaran perumahan yang agak lemah pada suku ketiga tahun 2005 dan 2006, penjualan adalah amat rendah pada akhir tahun 2006. Kesan kumulatif dirasa dalam prestasi Kumpulan pada tahun 2007. Namun demikian, kami mengambil tindakan untuk meningkatkan kompetensi teras dan prestasi kami serta sentiasa menambahbaik produk dan perkhidmatan kami supaya memperbaiki permintaan.

Bahagian perkhidmatan pendidikan sekali lagi mencapai prestasi yang cemerlang atas fokus membekalkan program yang bermutu dan inovatif serentak dengan pengurangan kos overhead. Semua sektor dalam bahagian ini merekod prestasi yang lebih baik daripada tahun 2006.

BAHAGIAN HARTA

Pembangunan Harta

Projek perkembangan Kemuning Utama kami di Lembah Kelang mencatat kadar yang lebih baik berjumlah 375 unit dengan nilai jualan sebanyak RM130.44 juta berbanding dengan 238 unit dan nilai jualan sebanyak RM117.2 juta pada tahun 2006.



Given the need to pace our activities in a competitive market, and to manage the risks of over development, a total of 613 units of mainly affordable homes were launched during the year. To-date, we have launched a total of 2,433 units in Kemuning Utama with a sales value of RM997.12 million.

Atas perlunya kadar yang sesuai, aktiviti kami dalam pasaran yang bersaing tinggi serta mengurus risiko keterlaluan perkembangan, sejumlah 613 unit rumah sederhana telah dilancarkan pada tahun ini. Kini, kami telah melancar sebanyak 2,433 unit di Kemuning Utama dengan nilai jualan RM997.12 juta.



We continue to keep abreast of market trends in meeting the discerning needs of customers through the delivery of innovative products. “Indah Residences”, our latest double storey terrace houses that were launched in November 2007 featuring a completely new and modern, clean-cut architectural façade, received rave reviews from homebuyers. The take-up rate for Indah Residences has been most encouraging with the majority of purchasers comprising those in the younger age group.

Kami sentiasa mengikuti tren pasaran terkini agar memenuhi kehendak pelanggan melalui pembekalan produk yang inovatif. “Indah Residences”, rumah kediaman teres dua tingkat telah dilancarkan pada November 2007 dengan façade yang baru dan moden, amat disukai oleh pembeli-pembeli. Kadar pembelian Indah Residences amat menggalakkan dengan majoriti pembeli dari kumpulan yang muda.

During the year, a total of 333 property units with Certificates of Fitness were handed over to satisfied homeowners.

Pada tahun ini sejumlah 333 unit harta dengan Sijil kelayakan telah diserahkan kepada pembeli yang amat puas.

Our commitment to providing exemplary customer service – our key strength – is what differentiates us from many of our competitors. An integral part of township management requires attending to the needs of house buyers, post hand-over.

Komitmen kami adalah memberi perkhidmatan pelanggan yang cemerlang – kekuatan ternyata kami – merupakan ciri yang membezakan kami dengan saingan kami. Bahagian penting pengurusan bandar memerlukan perkhidmatan kepada pembeli selepas penyerahan rumah. Maka, kami telah menubuh Residents’ and Homeowners’ Associations di semua

Thus, we have set up Residents' and Homeowners' Associations in all our guard-gated developments for the benefit of communities therein. It is indeed gratifying to see residents fully enjoying the benefits of communal living with a host of programmes and activities organized to cater for various age groups.

During the year, one of the key priorities was the attainment of the ISO 9001:2000 certification to further enhance service and product quality for customers. However, instead of the normal approach, we chose to apply Value Management Quality System (VMQS) processes that incorporate elements of time, quality and cost besides the consideration of environmental and social impacts on the Quality Management System. We are currently in the review and documentation stage of the various work processes and we expect to implement the VMQS in our business operations fully in August 2008.

Our Bandar Laguna Merbok (BLM) development in Sungai Petani also enjoyed improved sales of 252 units with a sales value of RM48.2 million as compared with 221 units with a sales value of RM41.6 million in 2006.

As the BLM development is nearing completion, only 253 units, a lesser number of units, were launched during the year, bringing the total number of units launched to-date at BLM to 3,448, of which 3,312 units with a sales value of RM583 million have been sold as at 31 December 2007. Certificates of fitness were obtained for 275 units of properties at BLM and 253 units of low cost housing development at Taman Sri Semiling, Kedah.

Despite the intense competition in the property development industry in Sungai Petani, BLM continues to maintain its market share given its attractive residential township attributes and conducive environment.

perkembangan perumahan berpagar untuk manfaat penduduk. Kami rasa amat gembira melihat penghuni mendapat manfaat hidup berkomuniti dengan banyak program dan aktiviti dianjurkan untuk semua golongan umur.

Pada tahun 2007, satu daripada prioriti Kumpulan ialah pencapaian sijil ISO 9001:2000 untuk meningkat lagi mutu perkhidmatan dan produk untuk pelanggan. Akan tetapi berbeza dengan praktik lazim, Kumpulan memilih mengaplikasi proses Value Management Quality System (VMQS) yang merangkumi elemen masa, kualiti dan kos selain dari pertimbangan kesan alam sekitar dan sosial dalam Quality Management System syarikat. Kami kini dalam peringkat tinjauan dan dokumentasi pelbagai proses kerja and dijangka akan melaksanakan VMQS sepenuhnya dalam operasi bisnes pada bulan Ogos 2008.

Projek Bandar Laguna Merbok (BLM), di Sungai Petani, juga mencatat penjualan yang baik iaitu 252 unit dengan nilai jualan RM48.2 juta berbanding dengan 221 unit dengan nilai jualan RM41.6 juta pada tahun 2006.

Oleh kerana perkembangan BLM hampir tamat, hanya 253 unit, bilangan yang agak kecil, telah dilancar pada tahun ini, dan jumlah besar sehingga kini di BLM ialah 3,448, di mana 3,312 unit dengan nilai jualan RM583 juta telah dijual pada 31 Disember 2007. Sijil kelayakan telah didapati untuk 275 unit harta di BLM dan 253 unit rumah kos rendah di Taman Sri Semiling, Kedah.

Walaupun persaingan industri perkembangan harta di Sungai Petani amat hebat, BLM masih mengekal bahagian pasaran kerana ciri bandar kediamannya yang menarik serta alam sekelilingnya yang nyaman.



All relevant documents on the 515-acre land in Amanjaya, Sungai Petani, have been submitted to the local authorities, and barring any unforeseen circumstances, the first phase of this development is expected to be undertaken in the last quarter of 2008. Like our award winning BLM development, we will apply the best and the latest development concepts and designs as those in the Klang Valley. However, we will ensure that the price of properties will be very affordable for the benefit of the residents of Sungai Petani.



In keeping with our strategy to increase our land bank in strategic locations and to diversify into commercial development, we completed the acquisition of a parcel of leasehold industrial land located in Section 13 for development of blocks of good grade office, related industries and showroom buildings both to generate good rental yields and for sale. Although Section 13 has traditionally been home to many industrial factories, several in recent years, have been relocated to the outskirts of Selangor. However, following Petaling Jaya being given a city status, the local authority has allowed for the redevelopment of Section 13 industrial zone into commercial, showroom and industrial related development without having to convert the land use from industrial to commercial. Barring any unforeseen circumstances, we expect to commence development in 2009 and complete the development over a period of three to four years.

We are targeting to complete the acquisition of another two two-contiguous parcels of 99-year leasehold vacant industrial lands in Kota Damansara for the development of semi-detached industrial buildings for which there is an existing proven demand in the established Kota Damansara township development.

Semua dokumen untuk pembelian tanah 515-ekar di Amanjaya, Sungai Petani, telah diserahkan kepada pihak berkuasa tempatan, dan sekiranya tiada kekangan, fasa satu perkembangan ini dijangka akan bermula pada suku akhir tahun 2008. Seperti perkembangan BLM yang telah memenangi beberapa anugerah, kami akan melaksanakan konsep dan rekabentuk yang terbaik seperti yang telah digunakan di Lembah Kelang. Namun demikian, kami akan pastikan harganya berpatutan untuk manfaat penghuni-penghuni Sungai Petani.

Selaras dengan strategi menambah bank tanah di lokasi strategik dan mempelbagai ke perkembangan komersial, kami telah memperolehi separcel tanah industri pegangan pajak di Seksyen 13 untuk membina blok pejabat gred tinggi, industri berkaitan dan bangunan bilik pameran agar menjana pendapatan sewa dan jualan. Walaupun Seksyen 13 mempunyai banyak kilang perindustrian, beberapa antaranya pada tahun-tahun kebelakangan ini telah berpindah ke kawasan luar Selangor. Namun, dengan Petaling Jaya diberi status bandaraya, pihak berkuasa tempatan membenarkan perkembangan semula zon industri Seksyen 13 ke komersial, bilik pameran dan perkembangan yang berkait dengan industri tanpa memindah guna tanah dari industri ke komersial. Sekiranya tiada kekangan, kami jangka akan mula perkembangan pada tahun 2009 dan tamat dalam jangka masa tiga atau empat tahun.

Kami sedang dalam proses menamat pemerolehan dua lagi parcel tanah bersebelahan kosong industri 99-tahun pegangan pajak di Kota Damansara untuk memperkembangkan bangunan industri yang terbuktinya mendapat sambutan yang hebat di Bandar Kota Damansara yang terkenal.

Construction

The performance of the construction sector fell in tandem with that of the property development sector, as the bulk of activities still stem from Group projects. Such projects have reduced to 50% of total revenue in 2007 from 70% in 2006 following active efforts to shift the focus to bidding for external projects. However, we remain highly selective in tendering for projects.

Pembinaan

Prestasi sektor pembinaan jatuh selari dengan sektor pembangunan harta kerana kebanyakan aktiviti bergantung ke projek Kumpulan. Projek kini dikurangkan ke 50% daripada jumlah perolehan tahun 2007 berbanding dengan 70% pada tahun 2006 berikutan usaha mendapat projek luar. Walaubagaimana pun, kami masih memilih jenis projek yang dipelawa. Kami juga



Given the highly competitive market and escalating raw material prices, the construction sector is further challenged to improve on profit margins without compromising on quality. This means exploring innovative yet economical methods of construction, improving quality control to minimize remedial work and controlling wastages at site.

Going forward, we will mitigate our exposure by entering into joint ventures with property developers and landowners and, actively pursue project management/construction management consultancy services projects. It is envisaged that the sector's revenue will increase substantially in 2008 with more than half contributed by external projects.

terlibat dalam projek usahasama dengan pemaju harta dan pemilik tanah.

Dalam pasaran yang bersaing tinggi dan harga bahan mentah yang kian meningkat, sektor pembinaan dicabar menambah margin keuntungan tanpa berkompromi kualiti. Ini bermakna mencuba kaedah binaan yang inovatif dan ekonomik, membaiki kawalan kualiti agar mengurangkan kerja pemulihan dan pembaziran di tapak binaan.

Memandang ke hadapan, kami akan terus mencari projek usahasama dengan pemaju harta dan pemilik tanah dan juga pengurusan projek/pengurusan pembinaan projek perkhidmatan perundingan. Adalah dijangka perolehan sektor ini akan menambah baik pada tahun 2008 dengan separuhnya dari projek luar.

Property Investment

The property investment sector, whose earnings are limited to rental income from the college campus and primary and secondary school buildings let out to related companies from the educational services division, registered a lower performance compared with the previous year due to the cessation of rental income from Regency Tower condominium.

EDUCATIONAL SERVICES DIVISION

Primary and Secondary School

The primary and secondary school sector's financial performance in 2007 as compared with the previous year was in a word, outstanding, as profits tripled on the back of student enrolment growth, from 2050 to 2311 during the said year. Student enrolment continued to grow in 2008, surpassing a close to full capacity intake of 2,400.

In January 2007, Sekolah Sri KDU became the first private non-international school to offer the International Baccalaureate Diploma Programme (IBDP) in Malaysia. The first intake of 40 students including 25 Petronas scholars has already surpassed the IBDP enrolment in some other international schools in Malaysia. In response to the unexpected yet overwhelming support for IBDP, the school offered an additional intake in June, 2007. However, for future years, the school will only have an annual intake in June.

Sekolah Sri KDU students continue to be the school's best ambassadors through their sterling performances, both academically and in co-curricular activities. The school takes pride in the achievements of its students and strongly believes that this will further underpin its economic success in future.



Pelaburan Harta

Perolehan sektor pelaburan harta kini terhad ke pendapatan sewa dari kampus kolej dan bangunan sekolah rendah dan menengah milik syarikat berkaitan dari bahagian perkhidmatan pendidikan, mencatat prestasi yang rendah dibanding dengan tahun lepas kerana tiada pendapatan sewa dari kondominium Regency Tower.

BAHAGIAN PERKHIDMATAN PENDIDIKAN

Sekolah Rendah dan Menengah

Prestasi kewangan sekolah rendah dan menengah pada tahun 2007 jika dibanding dengan tahun lepas boleh dikatakan amat cemerlang kerana keuntungan berganda tiga kali atas peningkatan enrolmen dari 2050 ke 2311 pada tahun tersebut. Enrolmen pelajar terus meningkat pada tahun 2008, hingga kapasiti penuh sebanyak 2,400.

Pada Januari 2007, Sekolah Sri KDU menjadi sekolah swasta bukan-antarabangsa yang pertama menawar International Baccalaureate Diploma Programme (IBDP) di Malaysia. Pengambilan pertama 40 pelajar termasuk 25 pelajar Petronas telah melebihi enrolmen IBDP beberapa buah sekolah antarabangsa di Malaysia. Berikutan dengan respon yang baik ini dari IBDP, sekolah menawar pengambilan tambahan pada Jun 2007. Akan tetapi, untuk masa depan, sekolah akan menawar pengambilan tahunan pada bulan Jun sahaja.

Pelajar-pelajar Sekolah Sri KDU terus menjadi ambassador terbaik atas prestasi yang cemerlang dari segi akademik mahupun kegiatan kokurikulum. Sekolah

During the year, Sekolah Sri KDU management team participated in a workshop, initiated by the Group titled “Blue Ocean Strategy (BOS)”. The objective of the workshop is to help enhanced one’s competitiveness. From the many ideas generated based on the principles of BOS, the school’s management team chose the “Malaysian Hearts Global Minds” strategy focusing on character development with the view of enhancing the school’s student-centred, holistic education. This initiative will be implemented from 2008 onwards, and will provide further product differentiation for our discerning customers.

Spurred by the success of our Kota Damansara school, we believe the time is now right for us to leverage on our strengths and experience by expanding our presence geographically. Our first school to be built outside the Klang Valley will be in Nusajaya, Iskandar Development Region (IDR), Johor following the signing of a conditional sale and purchase agreement with Nusajaya Rise Sdn Bhd and UEM Land Sdn Bhd to acquire a 10-acre freehold land to build a private smart school to take advantage of the largely untapped market in Johor Baru for private education and the potentials of IDR, earmarked as a center of growth for the

amat bangga dengan pencapaian pelajar-pelajarnya dan percaya bahawa ini akan menjamin kejayaan mereka pada masa depan.

Pada tahun ini, pasukan pengurusan Sekolah Sri KDU menyertai bengkel yang dianjurkan oleh Kumpulan, bertajuk “Blue Ocean Strategy (BOS)”. Objektif bengkel ialah membantu meningkat semangat persaingan. Berdasarkan idea yang dijana dari prinsip-prinsip BOS, pasukan pengurusan sekolah memilih strategi “Malaysian Hearts Global Minds” yang berfokus kepada perkembangan watak untuk meningkatkan tahap pendidikan pelajar dan holistik. Inisiatif ini akan bermula pada tahun 2008, dan ini akan membezakan produk kami untuk pelanggan kami yang arif.

Atas kejayaan sekolah kami di Kota Damansara, kami percaya masanya adalah sesuai untuk menggunakan kekuatan dan pengalaman kami untuk memperluaskan ke tempat lain. Sekolah pertama kami di luar Lembah Kelang akan dibina di Nusajaya, Iskandar Development Region (IDR), Johor Baru setelah menandatangani perjanjian bersyarat jualan dan belian dengan Nusajaya Rise Sdn Bhd dan UEM Land Sdn Bhd. Ini adalah selaras dengan strategi Kumpulan memperolehi tanah milik bebas





national economy. We had also accepted UEM's offer for options to purchase another contiguous 5-acre and 10-acre lands for future expansion into an international school when IDR takes off fully and the expatriate community increases. This contract option rather than direct ownership limits our risks and exposure to changing market conditions by giving us the flexibility to renegotiate.

Tertiary Education

The tertiary education sector continued to register growth, although at a slower pace, with encouraging news of Penang campus' (KDU Pg) profitability after years of lacklustre performance. Student population increased to 5,035 from 4,714 in the previous year, as the Petaling Jaya campus (KDU PJ) student enrolment numbers reached record high levels during the year. Our focus on remaining true to our values – quality, value, service, innovation and trust – and constantly improving our programmes, service and campus facilities in the conduct of our business underpin our sustainable growth. Students of diverse backgrounds are attracted to KDU's quality academic programmes, qualified and experienced teaching staff and state-of-the-art facilities.

KDU's collaboration with renowned universities, institutions and industries to complement its existing brand offer, gives the college the competitive edge to attract students who value international recognition and mobility. During the year, the range of "3+0" programmes increased and double majors programmes were also made available. Additionally, the strong relationships built by the Nursing and Allied Health department with both public and private hospitals will facilitate the placement of students at these hospitals for professional training and exposure required for their practical training. The

10-ekar untuk membina sebuah sekolah swasta bestari, bagi memenuhi permintaan untuk pendidikan swasta di Johor Baru dan juga potensi IDR, sebuah pusat pertumbuhan untuk ekonomi negara. Kami telah menerima tawaran UEM untuk membeli sebuah tanah bersebelahan 5-ekar dan 10-ekar bagi perkembangan masa depan, iaitu membina sebuah sekolah antarabangsa apabila IDR dilancarkan untuk komuniti expatriate. Opsyen kontrak ini dan bukan milik secara langsung akan mengurangkan risiko terhadap keadaan pasaran yang kian berubah. Ia juga memberi kami flexibiliti untuk berunding semula.

Pendidikan Tertier

Sektor pendidikan tertier terus mencatat pertumbuhan, walau pada kadar yang perlahan, dengan berita yang menggalakkan, iaitu kampus Pulau Pinang (KDU Pg) mencapai keuntungan selepas beberapa tahun prestasi sederhana. Enrolmen pelajar meningkat ke 5,035 dari 4,714 pada tahun lepas, manakala kampus Petaling Jaya (KDU PJ) enrolmen pelajar mencapai rekod pada tahun ini. Fokus kami masih adalah nilai benar – kualiti, bernilai, perkhidmatan, inovasi dan kepercayaan – sentiasa memperbaiki program, perkhidmatan dan kemudahan kampus dalam menjalankan bisnes kami agar terus berkembang. Pelajar-pelajar dari pelbagai latarbelakang berminat menikmati program akademik berkualiti, tenaga pengajar yang berkeelayakan dan berpengalaman serta kemudahan canggih KDU.

Kolaborasi KDU dengan universiti terkenal, institusi dan industri untuk melengkap program kini memberi kolej kelebihan menarik minat pelajar yang menghargai pengiktirafan dan mobiliti antarabangsa. Pada tahun yang ditinjau ini bilangan program "3+0" telah menambah dan program double major juga mula ditawarkan. Tambah lagi hubungan erat

outstanding achievements of our Design students at state and national level competitions have led to the formation of partnerships with the design industry, and serves as a catalyst for the college to introduce positive changes to the programme. Internships for culinary students at five star hotels, resorts and restaurants, both locally and internationally, are arranged by KDU to introduce students to a real working environment before they complete their courses.

The college places great emphasis on improving academic staff training to improve students' learning. Regular class observations are carried out to ensure quality delivery of lectures and engagement of students in learning. Continuous improvement in the quality of teaching and learning and pastoral care of our students has resulted in higher passing rate of students in all programmes.

The college is maintaining a long-term commitment to enhancing operational efficiency and both campuses continue to standardize products and services to drive down costs and improve quality. KDU Pg is making the necessary preparations to adopt ISO 9001-2000 to synchronise daily processes with that of KDU PJ's, following clear-cut systematic procedures by management, academic and administrative staff.

The continuous upgrading of facilities at KDU College remains the norm and for 2007 this included an investment of RM1.5 million in upgrading the specialist -training kitchen for the hospitality and chef training students. All the upgraded facilities provide students with better learning experience and bridge students' learning with real life working experience.

In 2008, KDU College will celebrate its 25th birthday and, as a Group, we have much to look forward to throughout the year as

jabatan Nursing and Allied Health dengan hospital awam dan swasta memudahkan penempatan pelajar untuk latihan profesional dan pendedahan yang diperlukan untuk latihan praktikal. Pencapaian cemerlang pelajar di pertandingan peringkat negeri dan kebangsaan telah menghasilkan hubungan rapat dengan industri rekabentuk. Ini merupakan suatu mangkin untuk kolej memperkenalkan pertukaran positif kepada programnya. Latihan prantisan untuk pelajar culinari di hotel lima bintang, tempat peranginan dan restoran, tempatan dan antarabangsa, diaturkan oleh KDU untuk memperkenalkan pelajar kepada alam kerja sebenarnya sebelum mereka menamat pengajian.

Kolej utamakan latihan staf akademik agar meningkat pembelajaran pelajar. Pemerhatian kelas secara lazim dijalankan untuk menjamin kualiti penyampaian syarahan dan penglibatan pelajar dalam pembelajaran. Peningkatan berterusan dalam kualiti pengajaran dan pembelajaran serta cirri penyayang telah menghasilkan kadar kelulusan yang lebih tinggi dalam semua program.

Kolej mengekal komitmen jangka panjang untuk meningkat kecekapan operasi dan kedua dua kampus terus mempiawaikan produk dan perkhidmatan agar mengurang kos dan membaiki kualiti. KDU Pg sedang melakukan persediaan untuk menerima ISO 9001-2000 supaya selaras proses harian dengan KDU PJ, mengikut prosedur yang jelas oleh pihak pengurusan, staf akademik dan pentadbiran. Peningkatan kemudahan di Kolej KDU masih kekal untuk tahun 2007 termasuk pelaburan sebanyak RM1.5 juta untuk menaikkan taraf dapur latihan specialist bagi pelajar hospitaliti dan latihan chef. Semua kemudahan ini memberi pelajar-pelajar persekitaran pembelajaran yang lebih kondusif dan pengalaman alam kerja sebenarnya.



events are celebrated or unfolded to mark or signify achievements, reflect our corporate social responsibility and to thank our stakeholders namely our valued customers, business partners employees and the communities in which we operate.

Pada tahun 2008, Kolej KDU meraikan ulangtahun ke-25, dan sebagai Kumpulan, kami mengalu-alukan acara yang akan dilaksanakan untuk menanda pencapaian kami, mencerminkan tanggungjawab sosial korporat dan kami ingin mengucapkan terima kasih kepada pelanggan kami, rakan bisnes, pekerja dan komuniti.



Post Executive and Professional Development

KDU Management Development Centre (KMDC)'s successful restructuring to drive revenue and increase profit margins saw the sector turning in a better performance to record higher revenue and lower losses from the previous year.

As part of its restructuring exercise, several measures were taken during the year. These include the closure of the Plaza Sentral premise and relocation of the business operations to the holding company's premise, and closure of the Penang branch office, all of which have substantially reduced overhead operating costs; discontinuation of several unprofitable product mix and the handing over of products that require high manpower to the tertiary education sector; staff reduction in departments where

Pendidikan Pasca Eksekutif dan Perkembangan Profesional

Penstrukturan baru KDU Management Development Centre (KMDC) untuk menambah perolehan dan margin keuntungan telah menghasilkan prestasi yang lebih baik dengan perolehan yang tinggi dan kerugian yang rendah.

Beberapa tindakan telah diambil dalam tahun yang ditinjau. Ini termasuk menutup premis operasi di Plaza Sentral dan menempatkan operasi di premis syarikat holding serta penutupan pejabat cawangan di Pulau Pinang. Semua ini telah mengurangkan kos operasi overhead apabila menamatkan beberapa produk yang tidak lumayan dan menempatkan beberapa produk yang memerlukan sumber manusia yang lebih tinggi ke sektor pendidikan tertiar. Bilangan staf dan kos juga dapat dikurangkan hasil penstrukturan ini.

maintaining high staffing levels were no longer justified as well as the natural attrition of staff saw a substantial reduction in headcount and lowered costs.

KMDC is confident that the initiatives taken in 2007 will pave the way to better operating results in the future. KMDC will continue to collaborate with renowned business schools and universities in the provision of quality executive education.

Overseas English Language centre

Following a review of the performance of the centre and a change in management mid 2007, the centre has doubled its student enrolment and revenue and correspondingly, lowered losses.

The improved performance is a result of management's efforts to draw on its existing resources to expand its range of product offerings, increase corporate training accounts, enter into partnerships with local schools to offer KDU China's products, increase its presence in the local community through advertisements and events, recruitment of marketing and frontline staff and launching of a Chinese web-site.

We will continue to evaluate these initiatives for improvements and look for opportunities to duplicate the school in other parts of China.

INVESTMENT AND OTHERS

Investment and Others, which comprise mainly the performance of the holding company and an associated company, Jerneh Insurance Berhad (JIB), recorded better results due to higher dividend

KMDC yakin inisiatif yang dilakukan pada tahun 2007 akan menghasil prestasi operasi yang lebih baik pada masa depan. KMDC akan terus berkolaborasi dengan sekolah bisnes dan universiti dalam pembekalan pendidikan eksekutif yang bermutu.

Pusat Bahasa Inggeris Luar Negeri

Berikutan dengan tinjauan prestasi pusat dan pertukaran pengurusan pada tengah tahun 2007, pusat telah menambah enrolmen pelajar dan perolehan dua kali ganda dan seterusnya kerugian dikurangkan.

Prestasi yang baik ini merupakan hasil usaha pengurusan mengembling resos yang sedia ada dalam menambah tawaran produk, menambah akaun latihan korporat, menjalin hubungan dengan sekolah tempatan menawarkan produk KDU, meningkat kesedaran kepada komuniti melalui pangiklanan dan acara serta rekrut staf pemasaran dan meja depan dan juga melancar laman web Cina.

Kami akan terus menilai inisiatif membaiki ini dan mencari peluang untuk membuka sekolah di lokasi lain di negara Cina.



PELABURAN DAN LAIN-LAIN

Pelaburan dan Lain-Lain, yang merangkumi prestasi syarikat holding dan sebuah syarikat bersekutu, merekod prestasi yang lebih baik kerana dividen pendapatan yang lebih tinggi dan penjimatan dalam kos operasi di syarikat holding, dan juga keuntungan dari pelaburan 20% di Jerneh Insurance Berhad atas kemajuan dalam penanggungan insurans dan aktiviti pelaburan.



income and savings in operating expenses at the holding company, and higher share of profit from its 20% investment in JIB attributed to an improvement in its underwriting results and investment income.

OUR PEOPLE, OUR STRENGTH

Our success is dependent on having the best team of people who are not only properly trained and motivated but also equally rewarded and recognized for their effort. It is thus fitting that I place on record my sincere appreciation for the dedication and professionalism displayed by our employees. Thanks to the Group's 984 employees, we have delivered on our performance to our shareholders.

The Group also acknowledges that the attraction and retention of the highest caliber people with the appropriate experience is crucial to our long-term growth in a highly competitive labour market. To strengthen our people management skills and the need to tap talents, the Company engaged the services of Towers Perrin, a Human Resource consultancy, to assist the Group in drawing up a Human Capital Strategy. Towers Perrin, after much in-depth discussions with the Chief Executives of the various operating units and senior management, conducted a staff engagement survey to draw on employees' insights and feedback. While the results confirmed many of the Group's strengths, the survey also identified a number of challenges. Accordingly, several action plans to address these have been drawn up by the various operating units for implementation over the next three years.

SUMBER MANUSIA KEKUATAN KAMI

Kejayaan kami bergantung kepada pasukan yang terbaik bukan sahaja yang dilatih secara betul dan bermotivasi akan tetapi di beri ganjaran dan pengiktirafan untuk usaha mereka. Maka saya ingin merekod penghargaan yang ikhlas atas dedikasi dan profesionalisma staf kami. Staf Kumpulan seramai 984 orang, telah mempamirkan prestasi mereka kepada pemegang-pemegang saham kami.

Kumpulan juga sedar bahawa staf yang berkaliber dengan pengalaman yang sesuai perlu direkrut dan dikekalkan untuk pertumbuhan jangka masa panjang dalam pasaran staf yang amat tinggi saingan. Untuk memperkukuhkan kemahiran personnel pengurusan dan menarik yang bermutu, Syarikat telah mendapat perkhidmatan Towers Perrin, sebuah syarikat konsultansi sumber manusia, untuk merangka sebuah Strategi Sumber Manusia. Towers Perrin, setelah berbincang dengan Ketua Eksekutif dan pengurusan atasan unit-unit operasi telah menjalankan kajian 'staff engagement' untuk mendapat maklumbalik dan pandangan kakitangan. Manakala keputusan menunjukkan kekuatan Kumpulan, kajian ini juga mengenalpasti beberapa cabaran. Oleh itu beberapa pelan tindakan telah di rangka untuk menangani cabaran tersebut dan akan dilaksanakan dalam tiga tahun yang akan datang.

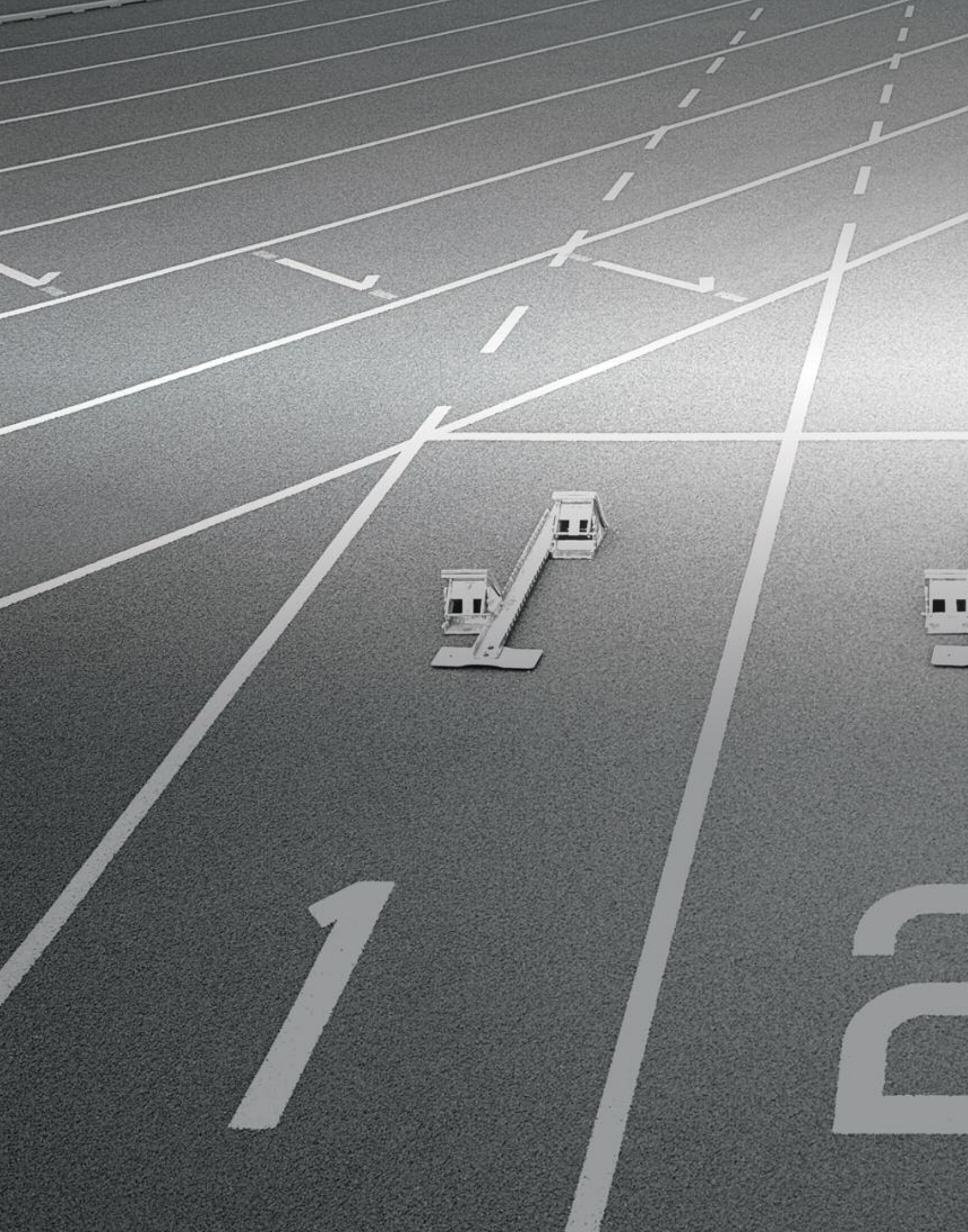


As we enter 2008, I am confident that the strategic actions taken and the operational improvements implemented by the various operating units during 2007 will provide the foundation for sustainable growth. Paramount is in a much stronger position to meet the demands of an increasingly competitive marketplace supported by a Board that has the right blend of skills to provide wise counsel and guidance to the management team. Going forward, we remain on course to deliver a stable performance in 2008.

Memasuki tahun 2008, saya yakin bahawa tindakan strategik yang diambil dan pembaikan operasi yang dilaksanakan oleh unit-unit operasi pada tahun 2007 akan menjadi asas untuk pertumbuhan kekal. Paramount kini dalam kedudukan yang amat kukuh untuk menangani cabaran pasaran yang kian persaingan dengan sokongan Lembaga yang mempunyai kemahiran memberi nasihat dan panduan kepada pasukan pengurusan. Kami percaya kumpulan akan mencapai prestasi yang stabil pada tahun 2008.

DATO' TEO CHIANG QUAN

Group Managing Director & Group Chief Executive Officer
Pengarah Urusan Kumpulan & Ketua Pegawai Eksekutif Kumpulan





Our **proven track record** has
helped enhance our **standing** in markets that we serve

statement on **corporate social responsibility**

At Paramount Corporation Berhad (Paramount or the Company), Corporate Social Responsibility (CSR) remains close to our heart as a business practice. Begun as a family concern, the Company entrenched the values of the founders in the boardroom for decades and, over the years, it evolved into a corporate philosophy that was easily embraced by management and staff.

This background to CSR has served Paramount well. The Company always maintains the best values and practices in its relationship with all stakeholders, which, we believe, is why Paramount is regarded as a good employer and trusted business partner, and one that cares for and involves itself in the local and wider communities and the environment in which the Paramount group of companies (the Group) operates. Paramount also holds the long-term view that a rapidly changing world brings new responsibilities and concerns that have to be constantly addressed and are not in conflict with the attainment of the Group's objectives.

CSR IN THE ENVIRONMENT

The nature of our business, quite naturally, impacts on the environment, and therefore our interaction with the environment has got to be positive at all times in order to sustain our business in the long term. Our key commitments are to:

- Protect and enhance the environment at large. Our commitment is best exemplified in our development and building approach where a conscious effort is made to preserve the beauty of the natural surroundings.
- Mitigate any possible adverse impact on the environment. Our buildings and homes are designed to incorporate features that promote energy conservation. Given that the construction process typically generates large volumes of waste, there were concerted efforts, over the past year, to mitigate the problem through positive measures to reduce waste generated. In our

office environment, we ensure that wastes are re-used or re-cycled as far as possible. The Group is also seeking ways to improve its water and energy consumption.

- Comply with the requirements of all relevant legislation and best practices as a minimum standard. We place utmost importance in conforming to and satisfying the regulations set by the Department of Environment.
- Provide employees with appropriate literature on environmental issues. We ensure that all our employees have the necessary information they need in order to undertake their work without any adverse impact on the environment and help our customers meet their own environmental targets.
- Promote our environment values to clients, consultants, advisers, suppliers and all business contacts. We also encourage good environmental practices within our supply chain and require all contractors working on our behalf to adopt these standards of care. A winner of numerous national and international FIABCI awards, we walk the talk when it comes to environmental issues.

CSR IN THE WORKPLACE

Employees at every level are encouraged to make the fullest contribution to the Group's performance and the achievement of goals. This we seek to achieve by:

- Ensuring the people with the right skills and qualities are recruited, trained, supported and retained to create high levels of motivation, achievement and job satisfaction. We aim to be the employer of choice in the industries that we operate.
- Providing employees with the opportunity to have a direct ownership of the Company through its Employees' Share Option Scheme participation.
- Creating a working environment that is conducive to good working relations by demonstrating good leadership and adopting the best in Human Resource practice with well-developed policies and procedures. These are continually subject to review, and we recently engaged the services of a professional Human Resource consultant, Towers Perrin, to help us draw up a Human Resource policy that would enhance our people management and to tap talents in a highly competitive market.

- Employing a workforce that reflects the diversity of our society by promoting our commitment to equal opportunities for all regardless of age, gender, race, religion, disability, nationality, etc.
- Providing training and career development so that employees can grow and achieve their potential. We strive to maintain a knowledgeable, stable and motivated workforce that increases the satisfaction levels of our customer base whilst reducing recruitment and retention costs. In our employees' annual appraisal, training and personal development requirements are mutually agreed, and plans for the training and development are drawn up and budgeted for each year. We also take a pro-active approach in providing opportunities for our employees to obtain professional and nationally recognized qualifications and in encouraging continuous professional development programmes that are conducted internally and externally. All our senior managers are encouraged to attend The Wharton Executive Series, a world class executive series conducted twice yearly by the post executive education sector in collaboration with The Wharton Business School.
- Ensuring worksites and surrounding areas maintain high health and safety standards, as we do not compromise on the safety of our employees, sub-contractors and visitors. In this regard, our construction sector has adopted and adheres strictly to the guidelines on public safety and health at construction sites issued by the Department of Occupational Safety and Health. Regular health and safety training are provided.
- Recognising that effective employee communication and consultation are particularly important in achieving our business objectives, information on the progress and activities of the Group

and the external financial and economic factors affecting it, both from sources in the public domain and those published internally, are readily made available to employees through the intranet.

- Promoting family friendly policies and work-life balance initiatives to encourage the general well-being of our employees.

CSR IN THE COMMUNITY

Paramount is committed to operating in ways that meets the needs of the present without compromising the world we leave to the future. We aim to add value to the communities in which we operate and through this engagement enhance the long-term sustainability of our business. We support this through:

- Contributing to local charities and voluntary organizations. We have made significant inroads in promoting community interaction through social programmes and activity. We also support numerous charitable causes both in cash and kind, and through the provision of scholarships to deserving students.
- Supporting local communities through opportunities for employment, interaction with schools, liaison and support for local wellbeing. In communities that are directly impacted by our project work, we keep them appropriately informed of the progress made on any issues that affect them.
- Encouraging wider employee participation in community projects organized. We encourage our people to volunteer in order to help others in the community and we recognize the benefits that volunteering can bring through the development of skills and competencies.
- Using our influence to steer change for the better.

CSR IN THE MARKETPLACE

We constantly and actively engage and respond to our other stakeholders including shareholders, analyst, fund managers, customers, suppliers and government and non-government bodies with a view to fostering better relations and understanding. We engage with our stakeholders in a number of ways. These include:

- Committing to high ethical standards in the areas of marketing, advertising and procurement. Our customers remain at the heart of everything that we do. Their feedback is reviewed on an ongoing basis and used to improve our customer service. We seek to protect our customers' rights through responsive customer complaint procedures and by meeting the strictest data protection requirements.
- Building long term partnerships with our suppliers based on the compatibility of their values and behavior as well as product quality and price. We believe that this is key to servicing our customers' needs and developing the highest product and quality standards. By working closely with suppliers, we continue to find new ways to improve efficiency, lower costs for our customers and address growing health and safety and environmental requirements.
- Maintaining clear, timely and open communications with shareholders, analyst and fund managers. Paramount is committed to helping its shareholders, analyst and fund managers develop a clear understanding of the Company's strategy, performance and growth potential through timely and open communications. Information on the Group's website are to ensure that they are accessible to all interested parties.
- Maintain high standards of corporate governance. We monitor and evaluate risk on an ongoing basis as part of our commitment to sustainable business. A full report on Corporate Governance and Internal Controls are found on pages 50 to 53 and 56.

statement on corporate governance

Paramount Corporation Berhad (Paramount or the Company) is committed to business 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, five 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 14 to 15.

Dato' Md Taib bin Abdul Hamid, an independent non-executive director, chairs the Board and the Group Managing Director & Group Chief Executive Officer is Dato' Teo Chiang Quan. There is a clear division of responsibility between these two roles to ensure a balance of power and authority. All the five 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 all the 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 new directors and setting the remuneration of 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, and the attendance record of directors was as follows:

Director	Attendance
Dato' Md Taib bin Abdul Hamid	5 out of 5
Dato' 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	2 out of 5
Geh Cheng Hooi	4 out of 5
Quah Chek Tin	5 out of 5

The Board also meets on an ad-hoc basis to deliberate urgent issues and matters that require expeditious board direction or approval.

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, and the senior management. The Board also has the full and unrestricted access to information relating to the business and affairs of the Company in the discharge of their duties. Directors may take independent professional advice at the Company's expense in the furtherance of their duties.

The Board acknowledges the importance of continuous education and training to equip themselves for the effective discharge 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.

During the financial year ended 31 December 2007, the following two in-house seminars were organized for the directors and senior management:

- i. The New Deal at Work: Managing the Market-Driven Workforce; and
- ii. Malaysian Property Market Scenario.

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 has four 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 54 to 55 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 recommending candidates for Directorship to be filled by the shareholders or the Board, and for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director, as well as the Chief Executive Officer 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 through annual reviews, as well as ensure that all Directors receive appropriate continuous training.

Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee comprises exclusively of the Deputy Group Managing Director & Deputy Group Chief Executive Officer, who is the Chairman of the Committee, the Group Financial Controller, the Human Resource Director, and the Corporate Affairs Director.

The ESOS Committee is entrusted with the task of administering the ESOS of the Group in accordance with the By-Laws thereof and to exercise any discretion under the By-Laws with regard to the eligibility of employees to participate in the ESOS, option offers and option allocations (after taking into consideration the performance, seniority and number of years of service as well as the employees' actual or potential contribution to the Group) and also to take all necessary actions to give effect to the ESOS By-Laws and to ensure effective administration of the Scheme.

The ESOS Committee meets as and when necessary.

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 and senior management 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, bonuses 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. On 29 August 2005, the Company has implemented a five-year Employees' Share Option Scheme, which will expire on 28 August 2010. Under the scheme, all employees, who are in permanent full-time employment of the Group for a period of at least one (1) year of continuous service are entitled to participate in the scheme.

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)	Directors fees (RM'000)	Benefits in-kind (RM'000)
Dato' Md Taib bin Abdul Hamid	—	—	—	64	—
Dato' Teo Chiang Quan	1,028	514	—	65	60
Ong Keng Siew	402	193	—	54	36
Tan Sri Dato' Ahmad Sabki bin Jahidin	—	—	—	50	—
Dato' Haji Azlan bin Hashim	—	—	—	55	—
Rohana Tan Sri Mahmood	—	—	198	45	25
Geh Cheng Hooi	—	—	—	50	—
Quah Chek Tin	—	—	—	41	—

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 Bursa Malaysia Securities Berhad's Listing Requirements. The Company obliges the requests of analyst and fund managers for company visits and briefings, and, where possible, at least once every year a scheduled company briefing is held, coinciding with the release of the Group's final quarter results. 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 presents to shareholders an overview of the Group's performance during the year at Annual General 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 be at 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 Review of Operations. An explanation of the respective responsibility of the Directors and the auditors in the preparation of the accounts is set out in the Statement of Directors' Responsibility 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 financial and business risks that are significant to the fulfillment of Paramount's business objectives with a view of enhancing over time the value of the shareholders' investment and safeguarding the Group's assets. The Group operates a comprehensive budgeting and financial reporting system, which compares actual performance to budget on monthly and quarterly basis. This allows management to monitor financial and operational performance on a continuing basis and to identify and respond to financial and business risks before, and as, they arise.

Although no system of internal controls can provide absolute assurance that business risks will be mitigated, the Group has in place an internal control system, which the Group is committed to continually strengthen, to meet 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 management framework encompassing the required risk procedures.

Risk Management

A process for identifying, evaluating and managing principal risks faced by the Group has been established. The process is embedded in the business, with risk assessment and evaluation incorporated into the key business processes from strategic to tactical and operational execution. The process is reviewed periodically by the Audit Committee on behalf of the Board.

Relationship with External Auditor

The Company has always maintained a close and transparent relationship with its external auditor 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 auditor may be found in the Report on the Audit Committee set out on pages 54 to 55.

report of the **audit committee**

The Board of Directors of Paramount Corporation Berhad (Paramount or the Company) is pleased to issue the following Audit Committee Report and its activities for the year ended 31 December 2007.

MEMBERS AND MEETINGS

The Audit Committee comprises four (4) independent non-executive directors. Four meetings were held during the year.

The attendance of the committee members is as follows:

Directors	Status	Attendance
Tan Sri Dato' Ahmad Sabki Bin Jahidin (Chairman)	Independent Non Executive Director	4 out of 4 meetings
Geh Cheng Hooi	Independent Non-Executive Director/Accountant	4 out of 4 meetings
Ong Keng Siew*	Deputy Group Managing Director & Deputy Group Chief Executive Officer/Accountant	3 out of 3 meetings
Dato' Haji Azlan Bin Hashim	Independent Non-Executive Director/Accountant	4 out of 4 meetings
Quah Chek Tin**	Independent Non-Executive Director/Accountant	4 out of 4 meetings

* Mr Ong Keng Siew resigned as a member of the Audit Committee on 01 October 2007 in compliance with the revised Malaysian Code on Corporate Governance.

** Mr Quah Chek Tin was appointed as a member of the Audit Committee on 06 February 2007.

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, composed exclusively of non-executive directors, a majority of whom are independent. 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 an accounting association or body.

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 auditor without the presence of executive board members at least twice 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 the Company and the Paramount group of companies (Group);

d) have direct communication channels with the external auditors and internal auditor; and

e) 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 Bursa Malaysia Securities Berhad's Listing Requirements, the committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

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; and
 - d) Compliance with accounting standards and other legal requirements.
- iv) To discuss problems and reservations arising from interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management where necessary);
- 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;
- x) To take cognisance of resignation of senior internal audit staff members and to provide the staff an opportunity to submit his/ her reasons for resigning; and
- xi) To consider other topics deemed fit by the committee within its Terms of Reference and/or as defined by the board.

Review of the Committee

The board shall review the term of office and performance of the committee annually. This would be done as part and parcel of the board's self-assessment of directors.

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:

Financial Statements

- i) Reviewed the quarterly and year-end financial statements prior to board's approval for release to Bursa Malaysia Securities Berhad and the press;
- ii) Discussed audit plans with the external auditor before commencement of the annual statutory audit;
- iii) Reviewed the external auditor's management letter and management's response;
- iv) Reviewed the external auditor's audit fee and proposed the same to the board for its approval; and
- v) Considered the intention of the external auditor, Messrs Ernst & Young, to be re-appointed and to propose the re-appointment to the board accordingly.

Internal Controls

- i) Reviewed internal audit plans with the 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 actions to be taken;
- iv) Advised the board on the state of internal control of the Group and the issuance of the Statement on Internal Control;
- v) Discussed the Report of the Audit Committee; and
- vi) Reviewed the organisational structure of finance departments within the Group and advised the board on its strengths and appropriateness.

Employees' Share Option Scheme

- i) Reviewed the implementation and allocation of options of Paramount's Employees' Share Option Scheme during the year 2007 pursuant to Bursa Malaysia Securities Berhad's Listing Requirements. The allocations were in accordance with the By-Laws of the scheme.

INTERNAL AUDIT FUNCTION

The internal audit department reports functionally and independently to the Audit Committee and is independent of management and of the activities it reviews. Its role encompasses the examination and evaluation of the adequacy and effectiveness of the Group's system of internal controls and to provide reasonable assurances to the members of the committee.

The purpose, authority and responsibility of the internal audit function as identified by the Audit Committee in the form of audit charter includes furnishing the committee with audit reports which include independent analyses, appraisals, counsel and information on the activities reviewed. Special assignments and investigations are conducted on ad hoc basis as and when requested by the Board of Directors, Audit Committee and Management.

statement on **internal control**

PREAMBLE

This Statement on Internal Control is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad and in compliance with the Malaysian Code of Corporate Governance.

It outlines the scope of internal control within the Paramount Corporation Berhad (Paramount) group of companies (the Group) for this financial year.

BOARD'S RESPONSIBILITY

The board acknowledges overall responsibility of maintaining an adequate, sound and reliable internal control system to safeguard shareholders' investments and the Group's businesses and assets.

The board has amended the Terms of Reference for the Audit Committee to reflect the additional scope and duties of the committee as required by the revised Code of Corporate Governance.

The board through the Audit Committee reviews and monitors as an on-going process, the adequacy and integrity of the internal control and management information systems. The systems are designed to manage rather than to eliminate the risk of failure to achieve set business objectives. The board recognises that the internal control system can only provide reasonable but not absolute assurance.

The board's review does not cover the internal control system of Paramount's associated company as it does not have any direct control over its operations. However, board representation in Paramount's associated company does provide vital information necessary for decisions on the investments and the safeguarding of the Group's interest.

RISK MANAGEMENT/ STRATEGIC PLAN

The board regards risk management as an integral part of the Group's business objectives. The established risk

framework allows management to identify, assess and manage principal risks of the Group. Principal risks are highlighted to the board for deliberation on a quarterly basis and further assessment is made during the board's annual review of the Group's strategic plan.

The established risk framework includes the board's evaluation of identified risks relating to new businesses and major investments during the year.

INTERNAL AUDIT FUNCTION

The board through the Audit Committee endorsed and approved the scope of the internal audit function through review of its five years detailed audit plan. The board places full emphasis on the independence and integrity of the internal audit function and ensures that the internal audit function has adequate resources to effectively report to the board on the internal control system of the Group.

The internal audit function submits regular audit reports to the Audit Committee for its review and deliberation and conducts follow-up action with management accordingly. The head of internal audit reports independently to the Audit Committee which ensures the audit function's impartiality, proficiency and professionalism.

INFORMATION SYSTEMS

Management holds Finance Committee meetings on a monthly basis where comprehensive financial results are reviewed by comparing actual performance against approved budget and forecast. The monthly financial results and management reviews are then summarised for presentation to the board for their quarterly meetings.

The established information system supports the financial and operational requirements of the Group. The integrity, adequacy, timeliness and security of the information system are consistently being monitored by management.

OTHER KEY AREAS OF INTERNAL CONTROL/ CONTROL PROCESSES

Other key areas of internal control/control processes include:

- Continuous upgrading and development of internal control system upon reported recommendations by both external and internal auditors highlighted at the Audit Committee and board levels.
- Clearly defined areas of responsibilities for all committees of the board and clear lines of authority and accountability for various levels of management.
- 5-year Group strategic planning process including detailed budgeting and monitoring, reviewed by the board on an annual basis.
- Professionalism and competence of staff are maintained through a rigorous recruitment process, a performance appraisal and review system and a wide variety of training and development programmes.
- Good management culture practiced throughout the Group and expected code of conduct from management staff.
- A tender committee ensuring proper procurement process for material purchases of goods and services.

For the financial year under review, the board is satisfied that the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate.

Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

analysis of shareholdings

as at 31 March 2008

SHARE CAPITAL

Authorised capital	:	RM200,000,000
Issued and fully paid-up	:	RM107,698,949
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 99	56	1.41	1,391	0.00
100 – 1,000	1,234	31.18	1,135,696	1.05
1,001 – 10,000	2,135	53.94	8,844,905	8.21
10,001 – 100,000	471	11.90	13,785,038	12.80
100,001 – 5,384,946 (*)	59	1.49	36,448,919	33.84
5,384,947 AND ABOVE (**)	3	0.08	47,483,000	44.09
TOTAL	3,958	100.00	107,698,949	100.00

* Less than 5% of issued shares

** 5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shareholdings	%
1. Paramount Equities Sdn Bhd	31,325,000	29.09
2. Southern Palm Industries Sdn Bhd	10,639,000	9.88
3. Southern Acids (M) Berhad	5,519,000	5.12
4. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG Singapore (PWM Asing)	4,821,750	4.48
5. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Azlan Bin Hashim (KLC)	4,000,000	3.71
6. Bunga Indah (M) Sdn Bhd	3,309,391	3.07
7. Southern Realty (M) Sdn Bhd	2,999,000	2.78
8. Thye Heng (How Kee) Company Sdn Bhd	2,325,900	2.16
9. Angsana Sutera Sdn Bhd	1,924,000	1.79
10. Thye Heng (How Kee) Company Sdn Bhd	1,239,800	1.15
11. Kenanga Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Teo Pek Swan (6Q-31037)	1,190,000	1.10
12. Citigroup Nominees (Asing) Sdn Bhd GSCO for Truffle Hound Global Value LLC	1,000,000	0.93
13. Yayasan Kelantan Darulnaim	958,000	0.89
14. Glamour Partnership Sdn Bhd	868,700	0.81
15. Teo Chiang Quan	796,000	0.74
16. Thye Heng (How Kee) Company Sdn Bhd	723,200	0.67
17. Cheong Hon Keong	684,300	0.64
18. Goh Beng Choo	649,800	0.60

Name of Shareholders	No. of Shareholdings	%
19. Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ong Keng Siew (MY0361)	446,000	0.41
20. Yeo Khee Nam	375,000	0.35
21. Yeo Khee Huat	350,000	0.32
22. Tay Lee Kong	337,500	0.31
23. Southern Edible Oil Industries (M) Sdn Bhd	333,000	0.31
24. Ghee Thong Sdn Bhd	321,000	0.30
25. Lim Yan Pok Holdings Sdn. Bhd.	310,000	0.29
26. Citigroup Nominees (Asing) Sdn Bhd PLL for Robotti Global Fund LLC	300,000	0.28
27. HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Kim Huat	300,000	0.28
28. Sin Heap Lee Equities Sdn Bhd	275,140	0.26
29. Tan Jin Tuan	251,550	0.23
30. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Leong Kok Tai (JRC)	240,000	0.22

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2008

Name	No. of Ordinary Shares of RM1.00 each		Percentage of Issued Share Capital %
	Direct	Indirect	
Paramount Equities Sdn Bhd	31,325,000	–	29.09
Dato' Teo Chiang Quan	796,000	31,654,888 (1)	30.13
Southern Acids (M) Berhad	5,519,000	–	5.12
Southern Palm Industries Sdn Bhd	10,639,000	5,519,000 (2)	15.00
Southern Edible Oil Industries (M) Sdn Bhd	333,000	16,158,000 (3)	15.31
Southern Realty (M) Sdn Bhd	2,999,000	16,491,000 (4)	18.10
Banting Hock Hin Estate Co Sdn Bhd	184,000	19,490,000 (5)	18.27
Dato' Low Mong Hua	67,000	19,674,000 (6)	18.33

Notes:

1. By virtue of his deemed 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 Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.
4. By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries 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, Southern Palm Industries 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, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2008

In Paramount Corporation Berhad:

	Direct		Indirect	
	No. of Shareholdings	%	No. of Shareholdings	%
Dato' Teo Chiang Quan	796,000	0.74	31,654,888	29.39
Dato' Haji Azlan bin Hashim	4,000,000	3.71	–	–
Ong Keng Siew	446,000	0.41	–	–
Dato' Md Taib bin Abdul Hamid	–	–	50,000	0.05

In Related Corporations:

	Direct		Indirect	
	No. of Shareholdings	%	No. of Shareholdings	%
KDU College Sdn Bhd				
Rohana Tan Sri Mahmood	–	–	353,000	15
Paramount Corporation Limited				
Dato' Teo Chiang Quan*	1	0.001	–	–

* Held in trust for Paramount Corporation Berhad

By virtue of his interest in the Company, Dato' 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.

DIRECTORS' OPTIONS TO SUBSCRIBE FOR SHARES AS AT 31 MARCH 2008

In Paramount Corporation Berhad:

	No. of Options over Ordinary Shares of RM1.00 each	
	Offered	Exercised
Dato' Teo Chiang Quan	642,000	271,000
Ong Keng Siew	500,000	83,000
Total	1,142,000	354,000

schedule of **properties**

held by Paramount Corporation Berhad and its subsidiaries

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2007 (RM'000)
26.06.2003	Lots 138, 1327-1329, 2190, 2849, 2850, 3397, 3398, 11468, 15850, 15851, 72113, 72114, 72117, 72118 & 88127-88129, Seksyen 32 & 33, Shah Alam Mukim of Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Held for future development)	–	Freehold	10,597,574	87,270
26.06.2003	Lots 138, 1327-1329, 2190, 2849, 2850, 3397, 3398, 11468, 15850, 15851, 72113, 72114, 72117, 72118 & 88127-88129, Seksyen 32 & 33 Shah Alam Mukim of Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Under development)	–	Freehold	4,393,304	45,453
23.06.2006	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Agricultural land – 21,124,844 sq. ft. Development land – 1,316,811 sq. ft. (Held for future development)	–	Freehold	22,441,655	40,721
28.04.2000 (27.11.2006)	No 7, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with private institutional building comprising a 3-storey block (Sekolah Sri KDU – Secondary Block)	3 years	99 years lease commencing 02-11-2000	190,297	32,205
21.04.1993 (27.11.2006)	No 32, Jalan Anson 10400 Penang	Land with private institutional buildings comprising a block of 5-storey and a block of 8-storey (College Campus – KDU Penang Campus)	11 years	Freehold	86,046	30,751

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2007 (RM'000)
28.04.2000 (27.11.2006)	No 5, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with private institutional buildings comprising a 3-storey block and a 4-storey block (Sekolah Sri KDU – Primary Block)	6 years	99 years lease commencing 02-11-2000	169,339	23,412
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	5,400,668	21,609
30.09.1994 (29.11.2006)	Persiaran BLM 3 Bandar Laguna Merbok 08000 Sungai Petani Kedah Darul Aman	Commercial development land (P.T. 68352 & 68354 – Vacant) (P.T. 68353 – Bandar Laguna Merbok clubhouse)	6 years	Freehold	1,414,336	13,761
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	1,683,648	10,773
28.04.2000 (27.11.2006)	No 3, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with Sports Complex (Sekolah Sri KDU)	5 years	99 years lease commencing 02-11-2000	160,943	9,692

statement of **directors' responsibility**

in relation to the financial statements

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

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.