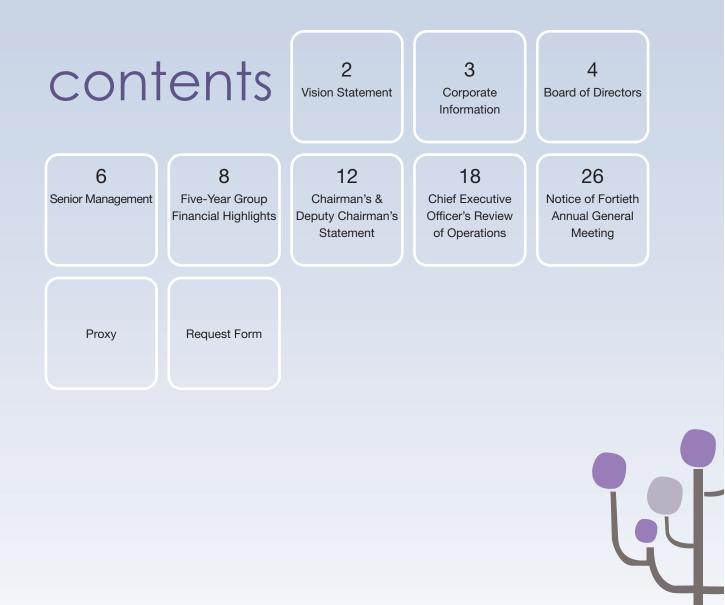


Overcoming Challenges

2009 annual report

Looking back, 2009 can best be described as a very challenging year as businesses across every industry were directly or indirectly affected by the global economic meltdown. However, we stood up to the challenge because we knew what we had to do. And we came through with flying colours by taking an innovative approach centred around simple strategies that were effectively executed to achieve the desired results.

To capture Paramount's remarkable feat, this year's concept, which is based on Aesop's fable of the crow and the pitcher, illustrates the power of wisdom in the face of adversity.



vision statement

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

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

corporate information

BOARD OF DIRECTORS

Chairman Dato' Md Taib bin Abdul Hamid* DSDK

Executive Deputy Chairman Dato' Teo Chiang Quan DPTJ

Managing Director & Chief Executive Officer Ong Keng Siew

Members Dato' Haji Azlan bin Hashim* DSNS, DSSA

Datuk Rohana Tan Sri Mahmood* PGDK

Geh Cheng Hooi*

Quah Chek Tin*

Dato' Michael Yam Kong Choy* DSNS

* Independent Non-Executive Directors

SECRETARY

Tay Lee Kong (MAICSA 772833)

REGISTERED OFFICE

Level 8, Uptown 1 1, Jalan SS21/58, Damansara Uptown 47400 Petaling Jaya, Selangor Darul Ehsan Telephone: 03-7712 3333 Facsimile: 03-7712 3322 Email: info@pcb.com.my Website: www.pcb.com.my

REGISTRAR

Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower, Mid Valley City Lingkaran Syed Putra, 59200 Kuala Lumpur Telephone: 03-2264 3883 Facsimile: 03-2282 1886 Email : is.enquiry@my.tricorglobal.com Website : www.tricorglobal.com

AUDITORS

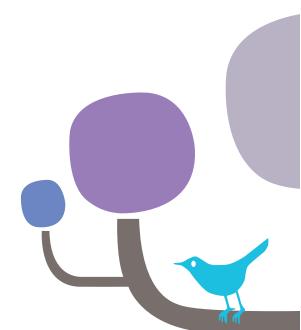
Ernst & Young, Chartered Accountants

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad



4 Paramount Corporation Berhad

board of directors'



Dato' Md Taib bin Abdul Hamid Dato' Teo Chiang Quan Dato' Michael Yam Kong Choy Quah Chek Tin



Datuk Rohana Tan Sri Mahmood Geh Cheng Hooi

Dato' Haji Azlan bin Hashim Ong Keng Siew

senior management

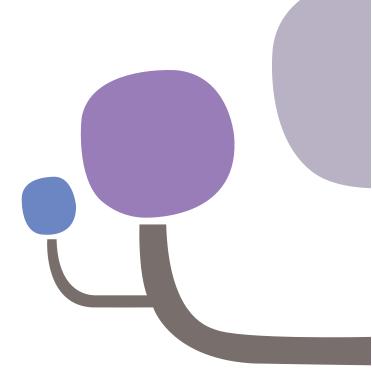




five-year group financial highlights

	Year 31 Dec 2009 RM'000	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000	Year 31 Dec 2005 RM'000
REVENUE	404,909	398,761	300,078	367,328	502,819
EARNINGS					
Operating profit Finance costs Share of profit of associates	71,969 (2,432) 9,795	59,238 (2,418) 3,157	62,155 (2,599) 8,784	82,742 (5,470) 5,103	81,338 (6,816) 4,269
Profit before tax Income tax expense	79,332 (21,804)	59,977 (15,939)	68,340 (16,556)	82,375 (18,784)	78,791 (23,127)
Profit for the year	57,528	44,038	51,784	63,591	55,664
Attributable to: Equity holders of the Company Minority interest	57,528 –	41,993 2,045	49,295 2,489	61,867 1,724	55,503 161
	57,528	44,038	51,784	63,591	55,664
Retained profits brought forward Net profit for the year attributable to	301,468	272,797	239,609	189,101	145,258
equity holders of the Company Foreign currency translation Dividends	57,528 - (21,202)	41,993 1,057	49,295 (1,892)	61,867 258 (11,617)	55,503
	(21,203)	(14,379)	(14,215)	(11,617)	(11,660)
Retained profits carried forward	337,793	301,468	272,797	239,609	189,101
ASSETS EMPLOYED					
Property, plant and equipment Land held for property development Investment properties	139,675 170,976 14,142	150,018 208,181 13,121	142,597 140,379 13,899	145,119 163,416 14,830	146,193 143,982 62,939
Prepaid land lease payments Intangible asset Investment in associates	63,450 15,674 54,264	62,667 15,674 47,259	17,144 _ 44,090	17,385 - 38,999	17,627 - 35,335
Other investments Deferred tax assets Net current assets	485 4,934 160,303	485 2,006 81,412	397 1,097 135,907	397 1,998 79,762	397 2,139 67,325
Long term borrowings Deferred tax liabilities Provision for retirement benefits Long term payables	(85,551) (13,866)	(87,147) (11,228) –	(24,479) (10,444) –	(36,764) (8,982) –	(65,847) (7,130) (2,190) (38,901)
Net assets	524,486	482,448	460,587	416,160	361,869

	Year 31 Dec 2009 RM'000	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000	Year 31 Dec 2005 RM'000
EQUITY					
Share capital	110,339	108,031	107,563	104,126	103,579
Capital reserves	3,967	4,044	4,668	2,317	1,358
Share premium	72,387	68,900	68,322	64,797	64,180
Retained profits	337,793	301,468	272,797	239,609	189,101
Equity attributable to equity holders of					
the Company	524,486	482,443	453,350	410,849	358,218
Minority interests	-	5	7,237	5,311	3,651
Total equity	524,486	482,448	460,587	416,160	361,869
FINANCIAL STATISTICS					
(Per ordinary share of RM1 each)					
Earnings before taxation (sen)	73.03	55.60	64.39	79.30	76.09
Earnings after taxation (sen)	52.96	38.93	46.45	59.56	53.60
Dividends gross (sen)	28.0	21.0	16.0	15.5	18.0
Dividend cover (times)	3	3	3	5	5
Net assets (RM)	4.75	4.47	4.21	3.95	3.46



Strategise.

Execute. Achieve.

When you formulate the right plan, nothing is impossible.



chairman's and deputy chairman's statement

"That we were able to deliver yet another year of strong growth, despite operating in a challenging environment, is indeed commendable but more importantly, it underpins our ability to draw on our strengths in building a sustainable future, "



On behalf of the Board of Directors, we take great pleasure in presenting the Fortieth Annual Report of Paramount Corporation Berhad (Paramount or the Company) group of companies (the Group).

Our outstanding performance in 2009 is a fitting finale to cap our Ruby Anniversary celebrations that were held to commemorate the Group's growth and success over a span of 40 years. That we were able to deliver yet another year of strong growth, despite operating in a challenging environment, is indeed commendable but more importantly, it underpins our ability to draw on our strengths in building a sustainable future.

We started 2009 on an extremely cautious footing, as mentioned in the previous Chairman's Statement. However, we soon began to build momentum following the swift implementation of stimulus packages by our Government to mitigate the adverse impact of the economic downturn, in particular, the historically low interest rates regime. As a result, the performances of our Property Division exceeded expectations while that of the Educational Services Division were in line with expectations.

FINANCIAL PERFORMANCE

Profit before tax for the year ended 31 December 2009 grew by 32.3% to RM79.3 million (2008:RM60.0 million). Net Profit for the year was RM57.5 million, an increase of 30.6% (2008:RM44.0 million) while Earnings Per Share was an impressive 53 sen, up 36%. (2008:39 sen). Revenue was marginally higher at RM404.9 million (2008:RM398.8 million). In line with the strong performance, shareholders' fund as at 31 December 2009, rose to RM524.5 million (2008:RM482.5 million) while Net Assets per share increased to RM4.75 (2008:RM4.47). Return on equity improved to 12% (2008:9%).

PROPERTY DIVISION

The Group's main contributor, the property development sector, registered a 12.2% increase in revenue during the year to RM262.2 million (2008:RM233.7 million). This was due to higher progressive billings registered on the Group's Kemuning Utama and Bandar Laguna Merbok projects stemming from lock-in sales that were carried forward from the previous year. In the case of Kemuning Utama, the project recorded excellent take up rates of 100% on new launches during the year. During the year, the property development sector also launched Surian Industrial Park – a high value

industrial project - that drew overwhelming sales response. Sales from the Bandar Laguna Merbok project during the year was, however, not as robust due to limited products available for sale from a project that is nearing completion. The construction sector, with 70% of its contracts focused on in-house projects, registered a 39.9% decrease in revenue (net of inter-company transactions) to RM42.7 million (2008:RM71.1 million), due to lower progressive billings from depleting external contracts. Revenue (net of inter-company transactions) for the property investment sector was higher at RM555,000 (2008:RM278,000) due to rental income collected on the Section 13 land. On the whole, revenue for the property division was maintained at last year's level of RM305.5 million (2008:RM305.1 million).

On the other hand, profit before tax for the property division increased by 38.0% to RM51.2 million (2008:RM37.1 million) following a higher contribution from the property development sector and a turnaround in the performance of the construction sector, to profitability. The property development sector registered a higher profit before tax of RM39.7 million, an increase of 19% (2008:RM33.4 million), on the back of better performances recorded by its development projects and a gain of RM4.7 million following the disposal of a piece of commercial land. Kemuning Utama recorded a higher profit of RM32.5 million (2008:RM29.7 million) while Bandar Laguna Merbok's profit was marginally higher at RM5.5 million (2008:RM5.3 million). Surian Industrial Park, which was launched during the year, recorded a RM7.4 million profit. The construction sector, which recorded a pre-tax loss of RM1.2 million in the previous year, returned to the black to record a profit before tax of RM7.3 million that was mainly attributable to

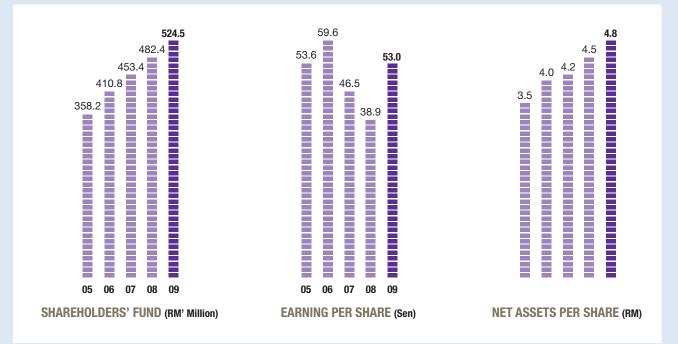
compensation received following a price escalation in raw materials from an external project, recovery of bad debts provided for in the previous year and a share of profits from an associated company. The property investment sector recorded a lower profit before tax of RM4.2 million (2008:RM4.9 million) due to amortization of leasehold land and higher interest expense.

EDUCATIONAL SERVICES DIVISION

The educational services division continued to grow, albeit at a slower rate, to register an increase in revenue by 6.1% to RM98.5 million (2008:RM92.8 million). Barring the post executive and professional development sector, which registered a lower revenue of RM1.8 million (2008:RM2.1 million), all the other sectors within the division registered positive growth. The Petaling Jaya and Penang campuses of the tertiary education sector registered revenues of RM43.4 million (2008:RM41.9 million) and RM18.7 million (2008:RM16.5 million), respectively. The primary and secondary school registered a revenue of RM33.3 million (2008:RM31.9 million) while the language center in Chongqing, China registered a revenue of RM1.2 million (2008:RM600,000).

In line with strategic plans to invest in organic developments to further strengthen our foundation for sustainable growth in the future, monies were expended on upgrading the status of the tertiary education college license to University-College as well as its facilities at existing campuses, and expansion to a new third campus in Petaling Jaya. The primary and secondary school also incurred preliminary expenses arising from our expansion plans to set up





an international school. All these initiatives impacted the profits of the educational services division, which consequently recorded a marginal decline in profit before tax by 5.8% to RM21.3 million (2008:RM22.6 million). The Petaling Jaya campus recorded a lower profit of RM11.4 million (2008:RM13.7 million) while the Penang campus recorded a profit of RM5 million, the same as that achieved the previous year. The primary and secondary school continued to outperform to achieve a new record profit of RM6.9 million (2008:RM6.4 million). The post executive and professional development sector incurred a lower loss amounting to RM200,000 (2008:RM300,000) while the RM1.7 million loss recorded by the language center was the same as that of the previous year.

INVESTMENT

The Group's share of profit from its 20% investment in Jerneh Insurance Berhad (JIB) was higher at RM7.7 million (2008:RM3.2 million) on the back of higher gross written premiums and a significant increase in investment income.

DIVIDENDS

As in the past, the Board remains committed to a progressive dividend policy that is reflective of the Group's performance. Accordingly, following the Group's solid performance for the financial year ending 31 December 2009, the Board is recommending a final dividend of 9%, less tax at 25%, and a special dividend of 6%, less tax at 25%. Together with the interim dividend of 8%, less tax at

25%, and a special dividend of 5%, less tax at 25%, the total dividend declared for the year of 28% is substantially higher than the total dividend of 21% paid in the previous year.

CORPORATE DEVELOPMENTS AND ACHIEVEMENTS

On 19 June 2009, KDU College Sdn Bhd (KDU) received an invitation from the Ministry of Higher Education (MOHE) to convert its Petaling Jaya college campus license to that of a University-College.

In line with the Group's strategy to replenish its land bank to generate long term sustainable income and to implement the college upgrading and expansion plans, the Group, on 3 November 2009, entered into a conditional sale agreement with The Titular Superior of the Brothers of Saint Gabriel for the acquisition of a piece of vacant freehold land measuring in area approximately 21.7 acres forming part of the land held under Master Title Geran 48178, Lot 1179, Mukim Damansara, Daerah Petaling, Negeri Selangor calculated at RM66 per sq ft and estimated at a total cash consideration of RM62.386.632, subject to the sub-division of the Master Title. Part of the land measuring approximately 10 acres has been designated for the building of a new KDU University-College campus. The remaining part measuring approximately 11.79 acres has been earmarked as a mixed development project comprising commercial development and condominiums. Upon completion, the condominiums will serve as student hostels while the commercial development is expected to be a boon to students and office and industrial workers within the vicinity.

A shelf company, Instant Fusion Sdn Bhd, was acquired on the same date specifically to undertake the above acquisition.

On 20 November 2009, the Company made an application to Bank Negara Malaysia (BNM) for approval to commence preliminary negotiations with parties interested in acquiring the Group's 20% equity interest in JIB. The approval was granted on 1 December 2009.

On 9 December 2009, the Company acquired two shelf companies, Macro Victory Sdn Bhd and Agolden Project Sdn Bhd, whose names were subsequently changed to KDU College (PG) Sdn Bhd (KDU (PG)) and KDU College (PJ) Sdn Bhd (KDU (PJ)), respectively.

On 21 December 2009, the Group undertook an asset rationalisation exercise involving the transfer of properties, shares and businesses among the whollyowned subsidiary companies of the Group. To comply with MOHE's terms and conditions of becoming a University-College, KDU divested its entire equity interests in KDU Smart School Sdn Bhd (KDUSS) and Janahasil Sdn Bhd to Paramount and its Penang campus business operations to a new company, KDU (PG), held directly by Paramount. The Group also took the opportunity to simultaneously rationalise the ownership of the properties utilised by the educational services division to the respective operating units for better accountability resulting in operational efficiency and to facilitate any future restructuring of the educational services division.

On 24 December 2009, the Group, through KDUSS, completed the acquisition of a 10-acre freehold agricultural land in Iskandar Development Region forming part of the land held under HS(D) 450559 No Lot PTD 153275 in Mukim Pulai, Daerah Johor Baru, Johor Darul Takzim from Nusajaya Rise Sdn Bhd and UEM Land Sdn Bhd.

On 4 January 2010, KDU's Petaling Jaya campus welcomed the first batch of students of the School of Business and Law to its new branch campus located at Section 13, 76 Jalan Universiti, Petaling Jaya. The branch was set-up to meet the immediate needs of the existing Petaling Jaya campus, where development of new programmes were hampered due to space constraints, and the need to grow student numbers that the new University-College campus can readily accommodate upon completion.

At the inaugural Putra Brand Awards, a prestigious Public's Choice Award by the Association of Accredited Advertising Agents Malaysia (4A's) and endorsed by MATRADE, held on 24 March 2010, KDU had the distinction of winning the Silver Award.

PROSPECTS

With further improvements in the Malaysian economy expected in 2010, the Group's prospects are expected to be satisfactory given the buoyant property market and the substantial lock-in unbilled sales brought forward. The expansion plans for the educational services division that began in the second half of 2009 will continue well into 2010/11. Revenue for the educational services division is expected to grow. However, budgeted costs for ongoing upgrading and expansion plans may curtail the division's growth in profitability.

In view of the above, the operational profits of the Group are expected to be comparable to that of the previous year.

The key to our success has been and will continue to be the expansion of our range of products and services while providing industry leading levels of customer service, advice and support. Given our ability to respond to market changes and opportunities and to compete effectively, the Board is confident that the Group, going forward, is well positioned to deliver continuing growth.

ACKNOWLEDGEMENTS

On 18 February 2010, the Board welcomed Dato' Michael Yam Kong Choy as an Independent Non-Executive Director. Dato' Yam's experience will be invaluable to the Board given his background as Managing Director /Chief Executive Officer of a renowned high-end property development company backed by years of proven experience in the property and education industries.

To all our staff, thank you for your total commitment, hard work and ability to respond positively to various challenges during the year. It is also heartening to note that the Group's development of human capital from within has been successful given the depth and calibre of talents who manage our businesses. We are confident that the teams we have in place will deliver on the opportunities that arise as markets continue to improve.

To our fellow Board members, our sincere thanks for your invaluable contributions, wise counsel and guidance especially throughout what can be described as a challenging year.

Last but not least, on behalf of the Board, we wish to place on record our deepest appreciation to our partners, clients and shareholders for their continued trust and support.

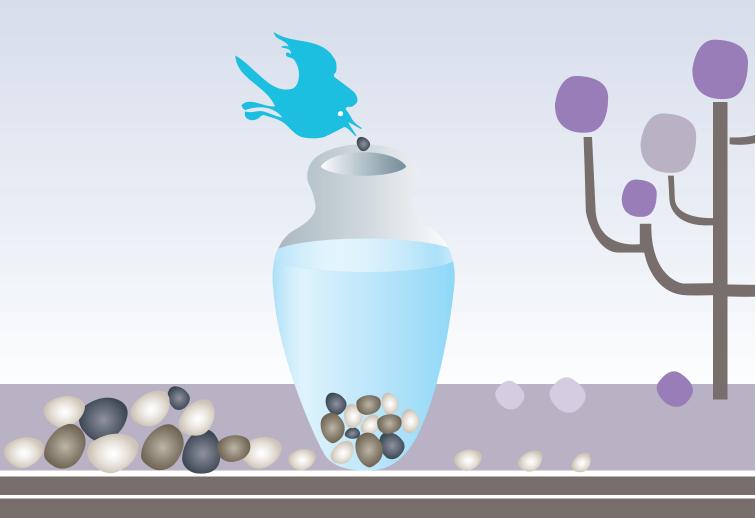
DATO' TAIB & DATO' TEO

Strategise. Execute.

When you implement the right course of action, **it raises possibilities.**

annual report 2009 17

Achieve.



chief executive officer's review of operations

"As 2009 progressed and a degree of stability returned to the economy, we took advantage of our strengthened position to maximize value for our shareholders. A series of strategic investments were put in place to strengthen our existing businesses."



At the outset, I would like to thank my fellow Directors for their trust and confidence in my appointment as Managing Director & Chief Executive Officer of Paramount Corporation Berhad (Paramount or the Company) on 1 December 2009. I am, in particular, both extremely thankful and grateful to my predecessor, Dato' Teo, for ensuring a smooth transition and leaving in my charge, a fundamentally sound and well managed company that he successfully nurtured over the years, given the challenges of the surrounding business environment at the point of my takeover. On that note, I am pleased to present my inaugural Review of Operations.

The first half of the year was particularly challenging for the Paramount group of companies (the Group) due to deteriorating economic conditions and, exacerbated by rapidly declining customer confidence and constraints on the availability of mortgage financing. In the face of such challenges, the Group took several bold, strategic and decisive measures that focused on improving operating efficiency, namely driving sales, managing costs prudently without compromising on quality and generating cash.

As 2009 progressed and a degree of stability returned to the economy, we took advantage of our strengthened position to maximize value for our shareholders. A series of strategic investments were put in place to strengthen our existing businesses – we acquired land with good development potential and expanded the capacity of our educational services business in line with the anticipated growth in student population and student's changing needs. New alliances were forged to support our expansion, enhance our academic quality and to pioneer innovative real world methods in preparing our students to compete in today's global economy.

PROPERTY DIVISION

Property Development

The housing market that had started to deteriorate in the second half of 2008, continued well into the first half of 2009 with sales reaching an all time low. However, the second half of 2009 brought a welcome respite for the property sales market with increasing visitor levels and doubling of reservations rate. Market conditions started to improve -a trend that continued till the end of 2009 - on the back of growing signs of stabilisation and recovery.

Such growing optimism helped boost the property development sector's sales of 548 units of residential homes and 35 units of industrial properties with a sales value of RM198.8 million and RM120.3 million, respectively.

To drive sales, a variety of sales incentives were used to attract buyers, notably the "5/95" scheme for residential properties, which was launched on 1 April 2009. The scheme was well received as purchasers need only pay a 5% down-payment, which could, at the purchasers' option, be financed via a 12-month interest free installment period, and the balance upon completion of the house. This zero entry cost was a boon for many first time young house-buyers without the means for the requisite house purchase deposit.

The residential property development sector under the Kemuning Utama project sold 380 units with a sales value of RM157.1 million as compared to 373 units with a sales value of RM128 million sold in the previous year. A total of 247 units were launched during the year and 788 units with Certificate of Fitness were handed over to house buyers. The Bandar Laguna Merbok project sold 168 units with a sales value of RM41.7 million in 2009 as compared to 212 units with a sales value of RM46 million sold in 2008. 122 units were launched during the year and 227 units with certificate of fitness were handed over to house buyers.

At the inaugural launching of an industrial property development project, Surian Industrial Park, in Kota Damansara, 35 units of innovatively designed 2-storey semi-detached industrial units were sold out of the 38 units launched. The total sales value generated from the launch amounted to RM120.3 million. We believe that the success of our Surian Industrial Park project has helped us to strengthen our presence as a formidable developer in the property development sector. Leveraging on our success, we intend to build small-scale, high-end industrial and commercial developments in prime areas. Following the robust sales on all our developments, no or little excess stocks were carried forward to the following year, and no cash tied up.

Construction

As at 31 December 2009, approximately 30% of the overall revenue for the construction sector comprised external projects. In the absence of new building projects in the office, retail and leisure segments since mid-2008 due to an acute shortage of work, the construction sector experienced a contraction in revenue during the year following the completion of most of its existing external construction contracts.

Notwithstanding, the construction sector was able to turn in a much better performance than the previous year due to compensation received for an external project, recognition of project management fees from a joint venture project and recovery of bad debts written off in previous years.

Given the growing signs of an improving economy, the construction sector is more optimistic as a larger number of development projects are now readily available in the market. Although the tender opportunities look encouraging, pressure on margins remains, as is the high level of competitive bidding for projects. Although the bulk of activities still stem from in-house projects, there are active and continuous efforts to shift the focus of the sector's attention to external projects to enhance our competitiveness. However, we remain selective in line with our risk management practices.

"We believe that the success of our Surian Industrial Park project has helped us to strengthen our presence as a formidable developer in the property development sector."





"2009 was once again a year of record performance for the primary and secondary school sector as revenues and profits reached new highs due to an increase in tuition fees and prudent cost management practices."

Our focus is to build strong relationships with our client base and supply chain, and to enhance our operational skills and finances in the current environment.

Property Investment

The activities of the property development sector were primarily rental income derived from the college campus and primary and secondary school that were let to related companies from the educational services division and from the offices and a warehouse at Section 13, Petaling Jaya to third parties. The tenancies at Section 13 to third parties have since been terminated and the premise converted into a temporary campus and leased to KDU College – Petaling Jaya campus.

Following the completion of the rationalisation of the Group's property portfolio at year end, which resulted in the strategic business units of the educational services division taking over the institutional buildings and lands utilised by KDU Petaling Jaya campus and the primary and secondary school, the activities and contribution from this sector will be pared down substantially in 2010.

EDUCATIONAL SERVICES DIVISION

Primary and Secondary School

2009 was once again a year of record performance for the primary and secondary school sector as revenues and profits reached new highs due to an increase in tuition fees and prudent cost management practices.

Student enrolment, however, by end of academic year 2009 dropped to 2,246 (2008: 2,325). The drop in enrolment was due mainly to the laggard effect of the economic slowdown, compounded by an increasing shift of students to international schools. International schools, which had already experienced a surge in enrolment after being allowed to enrol up to 40% Malaysian students, got a further boost when the Ministry of Education announced its decision on the reversal to Bahasa Malaysia for the teaching of Mathematics and Science. This movement to international schools was, however, ameliorated when Sekolah Sri KDU clarified it would continue to maximize the use of English in the teaching of Mathematics and Science. News of Sri KDU's intention to build an international school on its existing campus helped stem transfers to other international schools.

In the field of education, academic success is marked by performance on mandated testing. As in the past, Sekolah Sri KDU achieved great success in its 2009 examinations as evidenced by our excellent results. 61% of UPSR students scored 4A's and above (2008 : 62%); a record high of 47% of PMR students scored 7A's and above (2008 : 38%) and 47% of SPM students scored 7A's and above (2008 : 46%). For our International Baccalaureate Diploma Programme (IBDP), 67% of students scored an IBDP pointage of 35 points and above. UCAS equates an IBDP pointage of 34 points to 4 'A' grades at A levels. The 5-Star School of Excellence Certification awarded by the Ministry of Education is testimony of Sekolah Sri KDU's guest for excellence and a true measure of our capability in our journey of providing quality education.

We are however mindful of the fact that excellence does not lie in taking an exam-driven approach. On the contrary, as an educational entity that is designed to promote holistic learning, Sri KDU continues to place emphasis on character building activities, interactive learning and an infusion of international perspectives into a curriculum that is in line with our "Malaysian Hearts, Global Minds" tagline. Our students continue to attest to our approach by actively participating and making an impact in notable educational world events, such as:

- Global Youth Forum in Washington, D.C
- Peace Camp in Jordan

- International Ambassador Programmes in Harvard University, Columbia University and John Hopkins University
- Project with the indigenous Mah Meris of Pulau Carey, which was selected to be a training video in Washington D.C.
- 3rd Kuala Lumpur International Model United Nations (KLIMUN) conference

In response to the growing preference for an international school education, KDU Smart School is constructing an international school within its existing premise that is expected to be operational in September 2011. Upon completion, students have the option of pursuing an education based on the National curriculum or an International curriculum that is readily available within the same school premises. The international school will be for secondary levels only, in keeping with our 'Malaysian Hearts, Global Minds' tagline where students are encouraged to first complete their primary education in the National curriculum in order to develop a stronger understanding about their Malaysian roots.

Response to the international school has been extremely encouraging, thus far. Though the school is not open for registration as yet, several hundred potential customers have already signed up to indicate their interest in enrolment. Expansion into the international school business will allow KDU Smart School to respond in an effective and timely manner to keep abreast of a shift in customer preference. Equally, it will provide a new gateway for the business to grow its profits in future.

Tertiary Education

KDU College continued to record a growth in revenue, and this was due to making further inroads in market share with an overall improvement in student enrolment to 5,150 students (2008: 5,093) and an increase in fees. Our ability to attract students lies in our innovative education delivery approach, strong university and industry partnerships, improved pastoral care and active student engagement in community activities through Corporate Social Responsibility programmes.

In our ongoing quest to differentiate ourselves from competitors, the college is committed to equipping students with the right knowledge, skills and qualities that are needed to succeed in society and the workplace as prescribed by the Malaysian Qualification Agency. The college programmes have begun to have a stronger focus on information literacy and thinking skills that are infused into many subjects. Social media tools such as Blogs, Facebook were also used to encourage active learning among students in a virtual environment. This has enabled the use of a variety of beneficial teaching and learning methods such as problem based learning that require students to solve problems in simulated and real life issues. Many students worked with industry partners to gain practical insights to their selected disciplines of study.

As a pioneer in twinning programmes, KDU College is known for its ability to build and enhance mutually rewarding partnerships with world-renowned universities, industry, and business units. Such collaborative interactions with our partners have given the college the edge in tailoring innovative academic programs that help meet the nation's human capital needs. We have been able to employ such strong partnerships strategically to facilitate knowledge sharing, professional exposure, improved international recognition of our diploma programs, placement of students for further studies and industrial training. KDU Penang is the only private college selected by Intel-MDEC to attend the train-the-trainer program under the stimulus package steered by the Government. Through this program, our lecturers are equipped with the latest technology and industrydriven knowledge, an important tool for preparing our students to be job-ready graduates. KDU Petaling Jaya was selected over other institutes to collaborate with the Islamic Tourism Centre in organising the Pro-Poor Tourism Conference. The conference provided our staff and students the unique opportunity to gain



experience in being among professionals where real international concerns were addressed to elevate the social economic status of 16 countries through the development of the tourism and hospitality industry. Such enriching experiences have resulted in desired learning outcomes, enabling our diploma graduates to gain acceptance into top world-renowned universities such as the Australian National University that admits our diploma students into the third year of its engineering program.

As always, our students are our central concern and towards this end, KDU College remains committed to providing students with personalized and undivided pastoral care. All employees of the College help ensure that students are successfully engaged in all form of activities, from studies to participating actively in college life and college activities to help them develop good qualities, which contribute to and benefit society. Notable student activities included award-winning efforts at competitions and "Walkebrella" that gained KDU College an entry into the Malaysian Guinness Book of Records. Both campuses attained the ISO 9001:2008 certification following an upgrading of systems and processes that comply with the principles of Total Quality Management (TQM), to better serve our students.

Ultimately, what separate us from others is the quality of our teaching modules and lecturers. We have invested considerably to attract the kind of teaching professionals and administrators necessary to provide the educational experience that will create true value for our students. To enhance our human capital, the college is working closely with partner universities to upgrade our staff; three lecturers have obtained their



masters from IMI University and PhD opportunities have been offered by Murdoch and Northumbria Universities. The college is also taking a more concerted effort to sustain the continued development of human capital in an environment that recognises and rewards meritocracy.

Given the strong growth and cash generated over the years, the Board decided that the time was right for further investment in the sector's operational capacity. The outcome of that decision is reflected in the new campus at Section 13, which is an expansion of the existing Petaling Jaya campus and improvements to facilities of the existing campuses. KDU College in response to the Ministry of Higher Education's invitation to become a University-College has commenced the process of establishing and registering the University-College. We are in the process of gearing up for the next stage of growth.

Furthermore, our expansion and upgrading plans gave us the perfect opportunity and the right platform to reinvigorate our brand communication with customers by highlighting our ethical and sustainability objectives. The process also saw the adoption of a new tagline, "People inspire people" that essentially revolves around our people, our most distinctive asset.

Post Executive and Professional Development

The post executive and professional development, with its focus on meeting the needs of working adults looking to improve their skills and enhance their potential within the context of their careers, did not perform to expectations. Revenues registered were lower than the previous year due to the lower than budgeted fees registered on some of its programmes. Attractive discounts had to be given to attract participants at the start of the year when the market was sluggish, and competition rife. The shortfall was to a certain extent ameliorated by additional management development programmes that attracted a healthy number of participants to turn in decent margins.

> "As always, our students are our central concern and towards this end, KDU College remains committed to providing students with personalized and undivided pastoral care."

Together with cost savings measures implemented earlier, the sector ended the year with lower losses.

Despite its lackluster performance, the sector made headway in the corporate sector market, when it was successful in entering into a partnership with a large conglomerate to conduct the HAAS Executive Series in December 2009. Going forward, the partnership offers the potential to make further inroads in the corporate sector.

While the sector will focus on offering more market driven management development programmes, its long-term plan is to secure a viable franchised product.

Overseas English Language Center

Our overseas English Language Center continued to perform below expectations. Plans implemented to reduce cost and reap synergistic benefits by working with our tertiary education unit did not bear fruit. Management, as such, is seriously considering the disposal or closure of the operating unit before yearend to stem losses.

THE PILLAR OF OUR STRENGTH – OUR PEOPLE

I am proud of the progress we have made in 2009 thanks to the more than a thousand dedicated employees who stepped up to the plate in overcoming challenges and setting the stage for sustainable growth. I am confident that with such a dedicated workforce, the road ahead for us will lead to an even brighter future.

Our people remain central to our success. Over the years, they have been instrumental in delivering a consistently high quality of service to our customers. As an organisation that recognises and rewards talent, we not only encourage but also provide the opportunity to help our people reach their potential. In this respect, the Group remains committed to providing the best training for all members of staff and draws on the expertise of its people from all its companies across the country.

The Group continues to make progress on its implementation of its Human Capital Strategy. We have identified actions plans that would attract the right calibre of people for the future growth of the Group, manage and maximise employees' potential as well as nurture, plan and develop career paths. The Group has also set key performance indicators to measure the efficiency and effectiveness of the Group's people strategies and enable it to take appropriate action on staff turnover, retention, sickness, absence and capability.

OVERCOMING CHALLENGES, DRIVING GROWTH

With clear signs of an economic recovery, our main business priority is to build a stronger foundation that we can leverage on to take advantage of opportunities during a complete market upturn. The growth in our businesses over the past twelve months has provided us with the market position and resources to push us on to the next phase of the Group's development. The investment we are making in staff and operating systems will reinforce our capabilities and provide the capacity for us to operate on a much broader front.

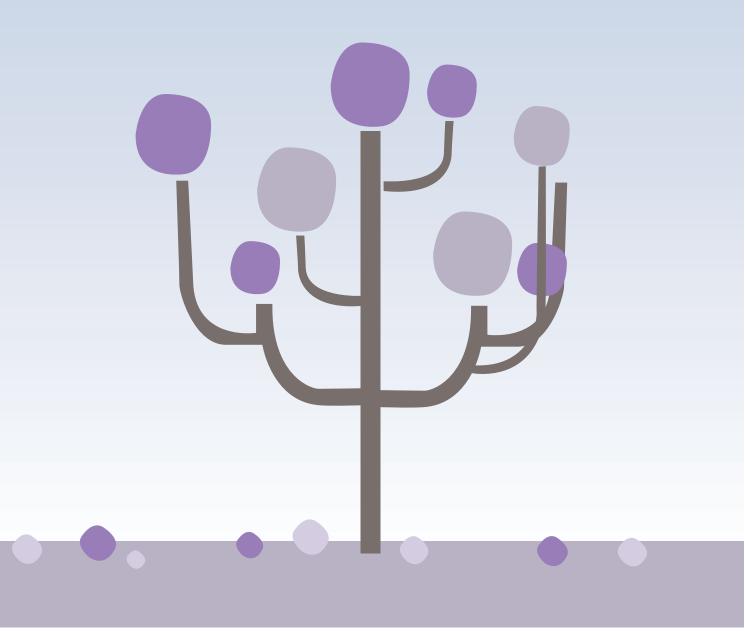
On the property front, we will continue to focus on building and delivering quality residential, industrial and commercial properties with outstanding value in line with our commitment as a responsible developer. In order to do this, we will continue to selectively increase our landbank predominantly in the Klang Valley.

The diverse nature of our educational services offerings from primary and secondary school to tertiary education and through to post executive and development programmes demonstrate our ability to be responsive to each community and create the most effective programmes aligned with their needs.

Overall, I am extremely proud of our excellent performance in 2009. That we were able to register growth especially during a period of economic uncertainty speaks volumes of our fortitude and ability to overcome challenges. We can only grow stronger from hereon.

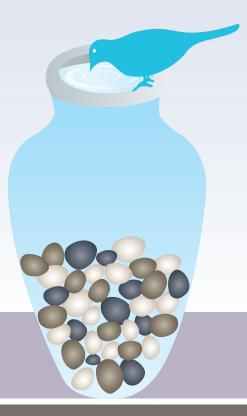
In conclusion, I would like to thank the management and staff for their invaluable contributions and hard work. To my fellow board members, your continued support and guidance, as always, have been invaluable. Last but not least, I wish to place on record my deepest appreciation to all our customers, business associates and all stakeholders for continuing to believe in us. Just as you have driven our growth, we hope that we too have driven yours.

Strategise.



Execute. Achieve.

When you accomplish the desired result the impossible becomes possible.



notice of fortieth annual general meeting

NOTICE IS HEREBY GIVEN THAT the Fortieth 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 Thursday, 3 June 2010 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 2009 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**
- 2. To approve the declaration of a final dividend of 9%, less income tax at 25%, and a special dividend of 6%, less income tax at 25%, in respect of the year ended 31 December 2009. **Resolution 2**
- 3. To approve the increase in the aggregate Directors' fees payable to the Directors of the Company from an amount not exceeding RM400,000/- per annum to an amount not exceeding RM600,000/- per annum.

Resolution 3

- 4. 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
 - (b) YBhg Dato' Haji Azlan bin Hashim
- To re-elect YBhg Dato' Michael Yam Kong Choy, a Director who retires pursuant to Article 119(e) of the Company's Articles of Association.
 Resolution 6
- 6. To consider and, if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:
 - (a) "That YBhg Dato' Md Taib bin Abdul Hamid, 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."
 - (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 8
- To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.
 Resolution 9

AS SPECIAL BUSINESS

8. 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 4 Resolution 5

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders, a final dividend of 9%, less income tax at 25%, and a special dividend of 6%, less income tax at 25%, in respect of the year ended 31 December 2009, will be paid on 16 June 2010 to shareholders whose names appear in the Record of Depositors on 9 June 2010.

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 9 June 2010 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.

By Order of the Board

TAY LEE KONG Secretary

Petaling Jaya Selangor Darul Ehsan 12 May 2010

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.
- 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 8, if passed, will renew the powers given to the Directors at the last Annual General Meeting (AGM), 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 AGM.

As at the date of this notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the 39th AGM held on 20 May 2009, which will lapse at the conclusion of the 40th AGM.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions without having to convene a general meeting.

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proxy form



I/We ______NRIC No./Passport No./Company No._____

of_____

being a Member/Members of Paramount Corporation Berhad hereby appoint ____

of_____

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Fortieth Annual General Meeting of the Company to be held at Topas Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 3 June 2010 at 10.00 a.m. and at any adjournment thereof.

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

		For	Against
Resolution 1	Reports and Financial Statements		
Resolution 2	Final & Special Dividend		
Resolution 3	Directors' Fees		
Re-election and re-ap	ppointment of Directors:		
Resolution 4	YBhg Dato' Teo Chiang Quan		
Resolution 5	YBhg Dato' Haji Azlan bin Hashim		
Resolution 6	YBhg Dato' Michael Yam Kong Choy		
Resolution 7	YBhg Dato' Md Taib bin Abdul Hamid		
Resolution 8	Mr Geh Cheng Hooi		
Resolution 9	Re-appointment of Auditors and to fix their remuneration		
Resolution 10	Authority to Directors to issue shares		

Dated this _____ day _____ 2010.

CDS ACCOUNT NO.

NO. OF SHARES HELD

Signature/Common Seal

NOTES

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

Fold along this line (1)

Please Affix 30 sen Stamp

The Company Secretary PARAMOUNT CORPORATION BERHAD (8578-A)

Level 8, Uptown 1 1, Jalan SS 21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan

Fold along this line (2)



Annual Report 2009

To: Tricor Investor Services Sdn Bhd Share Registrar

Email : Samantha.Goh@my.tricorglobal.com

Form to request for printed copy of 2009 Annual Report	*
Please send to me/us a printed copy of the 2009 Annual Report.	
Name of Shareholder :	
NRIC :	
Company No. :	
CDS Account No. :	
Address :	
Contact No. :	
-	Signature of Shareholder
For any enquiries, please contact Ms Samantha Goh Tel : 603 2264 3883 and Fax : 603 2282 1886	

* The Company shall forward you the printed copy within four (4) market days from the date of receipt of your request.

Fold along this line (1)

Please Affix 30 sen Stamp

The Company Secretary PARAMOUNT CORPORATION BERHAD (8578-A)

Level 8, Uptown 1 1, Jalan SS 21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan

Fold along this line (2)

PARAMOUNT CORPORATION BERHAD (8578-A)

Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown 47400 Petaling Jaya, Selangor Darul Ehsan Telephone : 03-7712 3333 Facsimile : 03-7712 3322 e-mail : info@pcb.com.my

www.pcb.com.my