

annual
report
2010

PARAMOUNT[®]
CORPORATION BERHAD
(8578-A)

A trusted brand

c o n t e n t s

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Paramount created its own distinct identity by performing away from the spotlight, quietly pursuing the path of excellence in serving our customers with quality products and services. While we continue to perform with passion on many levels, we will always be guided by one all-encompassing value in all that we do: Integrity. When you uphold such a strong quality, trust naturally follows as evidenced by our strong presence in our core businesses of educational services and property development.



Caring

We believe that everything we do must benefit a human being somewhere, somehow. By holding fast to such a noble quality, we truly fulfil our responsibility as a caring and responsible Organisation .



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*

Datuk Seri Michael Yam Kong Choy*
SMW, 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

board of directors



Dato' Md Taib bin Abdul Hamid
Independent Non-Executive Chairman



Dato' Teo Chiang Quan
Executive Deputy Chairman



1. **Ong Keng Siew**
Managing Director &
Chief Executive Officer
2. **Quah Chek Tin**
Independent Non-Executive Director
3. **Datuk Rohana Tan Sri Mahmood**
Independent Non-Executive Director
4. **Geh Cheng Hooi**
Independent Non-Executive Director

5. **Dato' Haji Azlan bin Hashim**
Independent Non-Executive Director
6. **Datuk Seri Michael Yam Kong Choy**
Independent Non-Executive Director

1	2	3
4	5	6

senior management



	1	2
3		4
5	6	

1. Dato' Teo Chiang Quan
Executive Deputy Chairman

2. Ong Keng Siew
Managing Director &
Chief Executive Officer

3. Lim Hong Kheng
Group Human Resource Director

4. Tay Lee Kong
Corporate Affairs Director

5. Oh Keng Kooi
Audit Director

6. Foong Poh Seng
Group Financial Controller



1	2	3
4		5
6	7	

1. Eugene Yeoh Oon Hock
Group IT Manager

2. Dato' Liew Yin Chew
Chief Executive Officer, Property Division

3. Professor Dr Teoh Kok Soo
Vice Chancellor, Tertiary Education
– KDU University College

4. Chuan Yeong Ming
Chief Executive Officer, Construction

5. Patricia Chua Put Moy
Special Project Director

6. Datin Teh Geok Lian
Chief Executive Officer, Primary &
Secondary School Education

7. Dr Chong Beng Keok
Chief Executive Officer, Tertiary Education
– KDU College, Penang

five-year group financial highlights

	Year 31 Dec 2010 RM'000	Year 31 Dec 2009 RM'000	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000
REVENUE	432,251	404,909	398,761	300,078	367,328
EARNINGS					
Operating profit	169,036	71,969	59,238	62,155	82,742
Finance costs	(3,123)	(2,432)	(2,418)	(2,599)	(5,470)
Share of profit of associates	11,203	9,795	3,157	8,784	5,103
Profit before tax	177,116	79,332	59,977	68,340	82,375
Income tax expense	(28,916)	(21,804)	(15,939)	(16,556)	(18,784)
Profit net of tax	148,200	57,528	44,038	51,784	63,591
Attributable to:					
Equity holders of the Company	148,200	57,528	41,993	49,295	61,867
Minority interest	—	—	2,045	2,489	1,724
	148,200	57,528	44,038	51,784	63,591
Retained profits brought forward	337,793	301,468	272,797	239,609	189,101
Effects of adopting FRS 139	3,206	—	—	—	—
	340,999	301,468	272,797	239,609	189,101
Net profit for the year attributable to equity holders of the Company	148,200	57,528	41,993	49,295	61,867
Foreign currency translation	—	—	1,057	(1,892)	258
Realisation of fair value adjustment reserve	304	—	—	—	—
Dividends	(66,301)	(21,203)	(14,379)	(14,215)	(11,617)
Retained profits carried forward	423,202	337,793	301,468	272,797	239,609
ASSETS EMPLOYED					
Property, plant and equipment	213,411	202,261	211,767	158,769	161,478
Land held for property development	157,904	170,976	208,181	140,379	163,416
Investment properties	31,953	15,006	14,039	14,871	15,856
Intangible asset	15,674	15,674	15,674	—	—
Investment in associates	221	54,264	47,259	44,090	38,999
Other investments	485	485	485	397	397
Deferred tax assets	10,889	4,934	2,006	1,097	1,998
Net current assets	267,691	160,303	81,412	135,907	79,762
Long term borrowings	(47,758)	(85,551)	(87,147)	(24,479)	(36,764)
Deferred tax liabilities	(15,330)	(13,866)	(11,228)	(10,444)	(8,982)
Net assets	635,140	524,486	482,448	460,587	416,160

	Year 31 Dec 2010 RM'000	Year 31 Dec 2009 RM'000	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000
EQUITY					
Share capital	120,647	110,339	108,031	107,563	104,126
Capital reserves	1,401	3,967	4,044	4,668	2,317
Share premium	89,890	72,387	68,900	68,322	64,797
Retained profits	423,202	337,793	301,468	272,797	239,609
Equity attributable to equity holders of the Company	635,140	524,486	482,443	453,350	410,849
Minority interests	—	—	5	7,237	5,311
Total equity	635,140	524,486	482,448	460,587	416,160
FINANCIAL STATISTICS					
(Per ordinary share of RM1 each)					
Earnings before taxation (sen)	151.60	73.03	55.60	64.39	79.30
Earnings after taxation (sen)	126.85	52.96	38.93	46.45	59.56
Return on equity (%)	28%	12%	9%	12%	17%
Dividends gross (sen)	75.0	28.0	21.0	16.0	15.5
Dividend cover (times)	2	3	3	3	5
Net assets (RM)	5.26	4.75	4.47	4.21	3.95



Passionate

A heart burning with passion linked to a mind searching for perfection
will always find the way to a better solution.
It's a neat way to describe what we do each day.



letter to shareholders

On behalf of the Board of Directors, it gives us great pleasure to present the Forty-First Annual Report of Paramount Corporation Berhad (**Paramount or the Company**) group of companies (**the Group**).

Paramount recorded a stellar performance in 2010, from financial and operational standpoints, with annual revenue rising to an all time high level and the achievement of record-breaking profits. During the year, we disposed of the Group's 20% equity investment in Jerneh Insurance Berhad (**JIB**) for RM130.8 million at a record 2.2 times price to book ratio in the general insurance industry. The beneficiaries of our success were none other than our loyal shareholders who were rewarded with the highest dividend ever declared in Paramount's history within a year. Shareholders also benefited when Paramount's stock market valuation increased by 52% to RM4.50 per share as at 31 December 2010 from RM2.96 as at 31 December 2009. Over the years, investors are increasingly recognizing us for our consistently strong financial performance.

FINANCIAL PERFORMANCE

The Group's profit before tax for the year ended 31 December 2010 grew by 123% to RM177.1 million (2009: RM79.3 million) of which RM60.8 million was contributed by the gains from the disposal of JIB. Discounting the gains from the disposal of JIB, the Group's core businesses i.e. property development, construction and educational services contributed to 47% of the growth in profits. Net Profit for the year was RM148.2 million, an increase of 158% (2009: RM57.5 million) while Earnings Per Share was an impressive 126.9 sen, up 140% (2009: 53 sen). Revenue was RM432.3 million, an increase of 7% (2009: RM404.9 million). In line with the strong performance, shareholders' fund as at 31 December 2010 rose to RM635.1 million (2009: RM524.5 million) while Net Assets per share increased to RM5.26 (2009: RM4.75). Return on equity improved to 28% as at 31 December 2010 (2009: 12%). As a result of the healthy cash flow generated from operations and the sale of JIB, gearing was reduced to 0.09 times (2009: 0.17 times)

Property Division

Boosted by strong demand for residential homes due to continued growth in household income, improved consumer sentiments and the accommodative financing environment, the property development

sector achieved robust sales to register a 92% increase in profit before tax to RM76.2 million (2009: RM39.7 million). Kemuning Utama registered a profit of RM49.8 million (2009: RM32.5 million) on the back of higher selling prices and improved margins. Surian Industrial Park registered a profit of RM18.0 million (2009: RM2.7 million) following higher progressive billings while Bandar Laguna Merbok recorded a profit of RM6.7 million (2009: RM5.5 million). The construction sector also registered a profit of RM9.1 million, an increase of 24% (2009: RM7.3 million) as a result of higher construction revenue and compensation on material price escalation from external projects. We are pleased to inform you that profit before tax for the property division increased by 81.5% to RM85.3 million (2009: RM47 million).

This was achieved on the back of higher revenue of RM333.3 million (2009: RM305 million). The property development sector registered a marginal increase in revenue to RM268.1 million (2009: RM262.2 million). Kemuning Utama's and Bandar Laguna Merbok's revenues were maintained at previous year's level of RM158 million and RM42 million, respectively, while Surian Industrial Park registered higher revenue of RM62.1 million (2009: RM36.9 million) due to advance stages of construction. The construction sector, with 65% of its contracts focused on in-house projects, registered a 50% increase in revenue (net of inter-company transactions) to RM65.2 million (2009: RM42.8 million) due to higher progressive billings from external contracts.

Educational Services Division

Competition in the field of tertiary education has intensified following an increase in capacity brought about by the establishment of new and large state-of-the-art campuses. Notwithstanding, the tertiary education sector, comprising our university college in Damansara Jaya and college in Penang, managed to record a modest growth in revenue to RM63.1 million during the year under review (2009: RM62.2 million). While the university college registered a marginally lower revenue of RM42.2 million (2009: RM43.5 million) this was ameliorated by the higher revenue of RM20.9 million recorded by the college in Penang (2009: RM18.7 million). Our primary and secondary school managed to maintain almost the same revenue of RM32.8 million as that of last year's (2009: RM33.3 million) despite the industry experiencing a migration of students to international schools following a reversion of the teaching of Mathematics and Science from English to Bahasa Malaysia. The post executive and

professional development education sector recorded lower revenue of RM1.1 million (2009: RM1.7 million). The language centre in Chongqing, China, which was disposed of during the year, recorded a revenue of RM566,000 for the period from 1 January 2010 up to the date of its disposal on 11 November 2010. Overall, the educational services division recorded marginally lower revenue of RM97.6 million (2009: RM98.5 million).

Despite the marginally lower revenue, the educational services division registered a 9% increase in profit before tax to RM23.2 million (2009: RM21.3 million). The tertiary education sector recorded a marginally lower profit of RM15.6 million (2009: RM16.5 million) as a result of the university college registering a marginally lower profit of RM10.6 million (2009: RM11.4 million) arising from lower revenue and higher overheads. The college in Penang maintained its profits at previous year's level of RM5 million. The primary and secondary school continued to outperform to achieve a new record profit of RM8.7 million (2009: RM6.9 million). The post executive and professional development sector incurred higher losses of RM363,000 (2009: RM203,000) while the losses of the language centre up to the date of its disposal amounted to RM790,000.

Investment

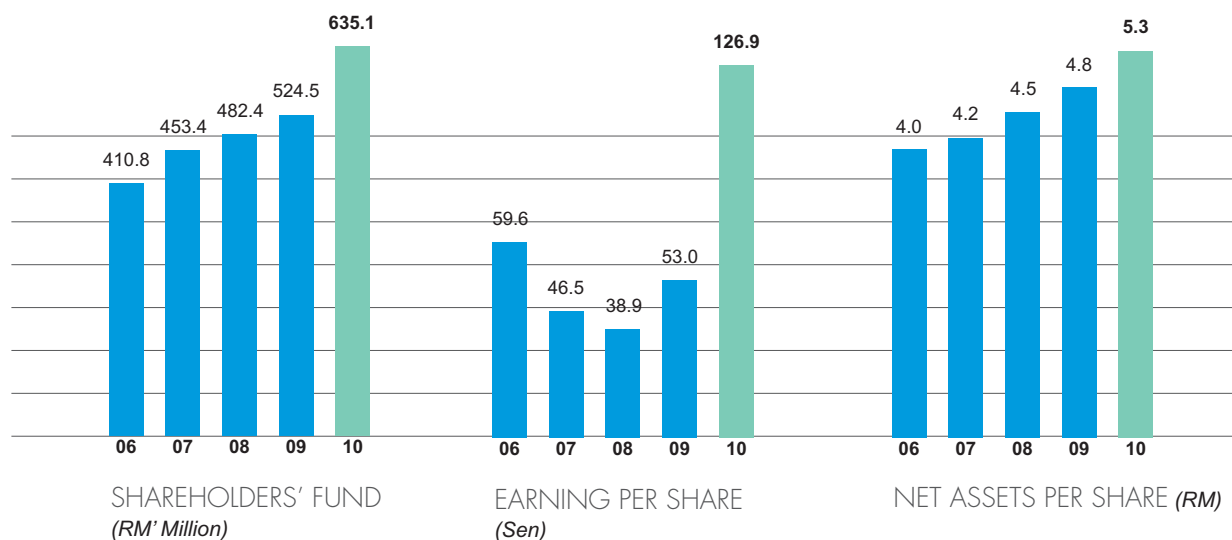
The Group's share of profit from its 20% investment in JIB for the period from 1 January 2010 to 1 December 2010, being the date of the completion of the disposal, was RM9.66 million.

DIVIDENDS

An interim dividend of 15%, comprising 11%, tax exempt, and 4%, less 25% income tax, was paid to shareholders on 17 September 2010. This was followed by a special dividend of 40%, less 25% income tax, which was paid on 5 January 2011 to shareholders in line with a commitment made by the Company to shareholders to distribute approximately half the gains realized on the disposal of JIB.

After reviewing our operating cash flow and our strategy of investing in the business for long term growth, the Board is now declaring a final dividend of 20%, less 25% income tax, to be approved by shareholders at the forthcoming Annual General Meeting, and payable on 22 June 2011. This brings the total dividend payable for the year to a record 75%, the highest ever paid in the history of the Company. Discounting the special dividend of 40% paid on the non-operational gains, the total dividend declared for the year of 35% is 25% higher than that paid in the previous year, a reflection of the growth of the business and our commitment to reward shareholders (2009: 28%, less 25% income tax).





CORPORATE DEVELOPMENTS AND ACHIEVEMENTS

On 4 January 2010, KDU College welcomed its first batch of students from 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 Damansara Jaya campus, where development of new programmes were hampered by space constraints, and the need to grow student numbers to populate the new university campus when ready.

On 24 March 2010, 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, KDU College was honoured with the Silver Award.

On 1 June 2010, Paramount, through its wholly-owned subsidiary company, Omni Assets Sdn Bhd, a shelf company acquired on 31 May 2010, entered into a conditional Sale Agreement with Cyberview Sdn Bhd, as the proprietor, and Setia Haruman Sdn Bhd, as the vendor, for the proposed acquisition of a piece of freehold residential land measuring in area approximately 50.1 acres identified as Block 17 within the Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan for a total cash consideration of RM78,423,681.60 only or RM36 per sq ft. The proposed acquisition is in line with the Group's strategy to replenish its land bank to generate long-term sustainable income.

KDU College Sdn Bhd's college license was upgraded to university college on 30 August 2010.

On 6 October 2010 Paramount, through its wholly owned subsidiary company, Paramount Global Assets Sdn Bhd, and Jerneh Asia Berhad entered into a conditional share purchase agreement with CIGNA International Holdings, Ltd (**ACE INA**) to dispose of its respective 20% and 80% equity interest in JIB to ACE INA for a total cash consideration of RM130.8 million and RM523.2 million, respectively. The disposal is in line with Paramount's objective of divesting non-core assets to enable the Group to streamline its operations and focus its resources on its existing core businesses of property development and educational services to enhance shareholders' return in the long term. The disposal also provided the opportunity for the Group to unlock the value of its investment in JIB. The disposal of JIB was completed on 1 December 2010.

On 11 November 2010, Paramount entered into an agreement with UPO Consultancy Services Sdn Bhd (**UPO**) to dispose of its entire investment of 1,579,000 ordinary shares of RM1.00 each in KDU International Sdn Bhd (**KISB**), a wholly owned subsidiary, to UPO for a cash consideration of RM1.00. KISB is the holding company of KDU International Language Training School (**KILTS**), a company established in Chongqing, China to operate a language centre offering English classes to children, working adults and the corporate sector and to recruit students for the tertiary education sector. KILTS has never contributed positively to the Group's revenue due to the difficult operating environment and stringent regulatory requirements that exist in China.

On 22 November 2010, KDU College Sdn Bhd's name was changed to KDU University College Sdn Bhd to better reflect its status and nature of operations.

On 16 December 2010, Omni Assets Sdn Bhd changed its name to Paramount Property (Cjaya) Sdn Bhd to reflect a common group identity.

To increase the share capital base of Paramount to a level that will better reflect the Group's current scale of operations whilst simultaneously rewarding our shareholders by enabling them to have a greater participation in the equity of the Company in terms of number of shares held, the Company on 24 February 2011 announced a proposed bonus issue of 48,258,779 new ordinary shares of RM1.00 each in Paramount to be credited as fully up on the basis of two new shares for every five existing shares held and a proposed subdivision of every one ordinary share of RM1.00 each after the proposed bonus issue into two ordinary shares of RM0.50 each. The Company also announced the proposed amendment to its Memorandum of Association to accommodate the proposed sub-division. The larger share capital base will also serve to improve the liquidity and marketability of our shares.

On 11 March 2011, KDU University College Sdn Bhd, for the second consecutive year, was honoured with the Silver Award at the Putra Brand Awards.

PROSPECTS

Paramount ended the year on a very firm footing that has not only placed us in a strong financial position but also, going forward, enable us to tap opportunities that may arise in the market.

Malaysia's healthy economic condition and the various initiatives to be implemented will continue to provide the positive sentiments beneficial for the Group's core businesses of property development and provision of educational services. In the property development sector, the Group will continue to launch properties that

are suitably designed and priced taking into account market conditions. The lock-in sales achieved from the strong momentum seen throughout 2010 will enable the Group to continue with steady progressive billings.

Looking ahead, we are confident that the conversion of the college to university college status facilitating the offer for proprietary programmes and the establishment of an international school in the educational services division are the right platforms for ensuring sustainable growth.

Barring unforeseen circumstances, the Board is optimistic of our performance in 2011.

ACKNOWLEDGEMENTS

To all of our stakeholders – shareholders, customers, suppliers and partners – thank you for your continued support. Just as you have all played an integral role in our achievements and success, we hope that we too have played a small part in your success as well.

To each and every one of our more than 1,000 employees who helped make 2010 a very successful year for Paramount, we salute you for your magnificent performance. You came through with flying colours – a commendable feat that the Board truly appreciates. Thanks to your invaluable contributions, you have all been instrumental in helping Paramount grow in stature and recognition as a trusted brand.

However, ours is an ongoing journey where there is no finish line. Much more needs to be done. But together, we can face the future with confidence and optimism. Buoyed by a strategy that continues to deliver, supported by strong management teams in our operating businesses who demonstrate leadership as well as management skills, we are confident of growing from strength to strength.

Last but not least, to our fellow board directors, thank you for your continued guidance and wise counsel throughout the year.



Strategic

When you have invested strategically in people, partners,
systems and resources, there can only be one result:
A level of Excellence that will take us ever higher.



chief executive officer's review of operations

We have always been held in high esteem in the education and property development sectors as a trusted brand. By sticking to what we know best, we have earned our stripes by creating the “customer experience”. While others focus on customer retention, our emphasis is on customer commitment and delight. By creating treasured havens. By nurturing numerous success stories. By being inclusive, moving from a product-centric to a people-centric approach. It's this emotional connection that has helped us win the hearts and minds of markets we serve. And when there is a connection, trust follows as evidenced by our continued growth and success in our fields of expertise resulting in, I am pleased to report, yet another record-breaking performance by the Group for the year under review.

PROPERTY DIVISION

Property Development

Buoyed by expansionary fiscal policies and relatively low interests to drive the economy that saw a strong demand for residential, commercial and industrial properties throughout 2010, the property development sector increased its property launches that came with a moderate price increase. Needless to say, the response was overwhelming – a total of 712 units of residential and commercial properties valued at RM301.3 million and the remaining two units of industrial properties from Surian Industrial Park valued at RM6.8 million were sold during the year. The robust sales was also aided by the Company's decision to extend its “5/95” incentive scheme offer or zero cost entry, introduced the previous year, to enable first time homeowners who do not have the means to place a down payment to purchase their first home.

Kemuning Utama, our flagship development in the Klang Valley, enjoyed brisk sales during the year. 99% of the properties launched were snapped up within a week paving the way for highly sought-after future launches. A total of 531 units were launched during the year, of which 523 units with a sales value of RM239.4 million were sold (2009: 380 units with a sales value of RM157.1 million). Up north, our property development in Sungai Petani, Bandar Laguna Merbok, saw an improvement in sales with a total of 173 units with a sales value of RM50.5 million sold (2009: 168 units with a sales value of RM41.7 million). Only 135 units were launched during the year as we are nearing the tail end of this development. Surian Industrial Park's remaining two units, brought forward from its launch in the previous year, were sold in the first quarter.

Spurred by the success of Surian Industrial Park, a high-end industrial property project, and given the fact that large tracts of land are becoming scarce, and land

prices escalating, the property development sector will embark on the development of high-end residential properties following the acquisition of a 50-acre land in Cyberjaya during the year. The property development sector will also venture into the development of high-rise properties as a responsible property developer that is committed to delivering quality yet affordable homes.

In The Edge Top Property Developers Award, an exercise to rank Malaysia's top property players for their quantitative and qualitative attributes – from a consumers' perspective - Paramount moved up the ranks to 11th place, from 14th place in the previous year. The ranking is testimony of the Company's increasing recognition for its consistently strong financial performance and reliability as a quality developer.

Construction

Our construction sector commenced 2010 with a reduced order book, comprising 60% in-house and 40% external projects, due to subdued operating conditions in the prior year. However, as the market recovered, the construction sector made concerted efforts and won new contract awards for construction works and provision of project management services from new as well as existing customers.

As a result of the good progress made on the contracts awarded, the construction sector recorded a good year on the back of growth in revenue and profit compared with the previous year.

By the end of the financial year, the construction sector had a healthy order book, comprising 50% in-house and 50% external projects. The latter is a result of a continuous and active effort to focus on undertaking external projects with a view to enhancing competitiveness. Leveraging on the sector's strengths - technical expertise, good performance delivery track record, strong balance sheet, sound safety record, that are of increasing importance to clients, and ability to build long term relationships with customers - the sector is well positioned to attract new business.

EDUCATIONAL SERVICES DIVISION

Primary and Secondary School

The primary and secondary school sector continued to grow from strength to strength on the back of record profits for the fifth consecutive year.

By the end of the 2010 academic year, student enrolment had increased to 2,270 from 2,246 the previous year. This was despite the increasing

industry-wide migration of students to international schools following the Ministry of Education's announcement to revert the teaching of Mathematics and Science, from English to Bahasa Malaysia.

Our decision to build an international school, Sri KDU International School, on the existing school premise for secondary school level, in order to offer students the choice of either a national or international school education has paid off. The scheme was very well received, thus stemming the outflow of students wishing to pursue their education in an international school. Many parents saw the benefits of having their children enrolling for national curriculum education at primary level and upon completion, only then deciding the choice of curriculum for them to pursue at secondary level. Our ability to enable students to receive both national and international school education certainly supports our tagline, "Malaysian Hearts, Global Minds".

The following are some of the academic successes of the school this past year:

- Students continued to excel in national examinations with 62% scoring four A's and above in the UPSR examination, 45% scoring seven A's and above in the PMR examination and 47% scoring seven A's and above in the SPM examination.
- Sri KDU Alumni were gained acceptance to pursue their tertiary studies at the world's top universities, including reading Human Sciences at Oxford University, UK and Mathematics at Cambridge University, UK.
- For the 2nd year, a Sri KDU student won a scholarship to the prestigious PTPI ("People to People International") Youth Camp in Turkey. Only 10 scholarships worldwide are awarded to students who are not from any of the Middle East countries and the United States.

The construction of the international school is progressing well and Sri KDU International School will be completed in September 2011, as scheduled. The school is purpose-built to have the personalised learning spaces to support the ethos of personalised and independent learning. The design and architecture of the school mirrors award-winning consultant, Fielding Nair's, Personal Learning Community school design concept that is truly inspiring. The school building also incorporates a solar photovoltaic system as well as a rainwater harvesting system in support of a Go Green environment.

The international school's tagline "Tomorrow's Leaders – HERE and NOW" expounds on the importance we place on student leadership. Students will be encouraged to develop personal leadership skills, a precursor to assuming public leadership. Given the growing dynamics that exist in an ever changing global world, we offer an environment where students can take charge of their own lives, and be responsible and accountable for their decisions and actions as only then can they be well groomed to achieve their potential, both academic and personal.





The international school will conduct studies for Years 7 – 9 based on the British National Curriculum; Years 10 – 11 based on International General Certificate of Secondary Education and Years 12 – 13, based on International Baccalaureate Diploma Programme.

As such, approximately 40% of the teaching staff will comprise expatriates, predominantly British teachers from schools in the United Kingdom.

So far, preview days for the international school have met with resounding success, and we expect to meet our targeted enrolment for the first year of intake well before its opening date. With such encouraging response to the international school, we anticipate that this investment will contribute positively to profits within a short time frame.

Tertiary Education

Despite stiff competition in the tertiary education industry exacerbated by an increase in capacity brought about by the establishment of new and large state-of-the-art campuses by our competitors, the tertiary education sector managed to improve enrolment marginally. Average student population for the year was 5,163 students (2009: 5,150). This translated to a marginal growth in revenue but due to higher operating expenses, particularly staff costs, profits declined from the previous year.

In our ongoing commitment to provide quality education, the college, during the course of the year, introduced outcome-based education across the whole campus with a view to ensuring that active learning took place both inside and outside the classroom. All the academic programmes have a series of assessment that measure students' attitude, skills, knowledge and experience against industry benchmarks to assess their capability to be specialists in their chosen fields. Such active learning methods, coupled with the provision of excellent professional exposure and the development of both technical and soft skills have resulted in our students showing marked improvements. Our students also excelled in international competitions, winning many awards.

The college continually reviews its programmes with the objective of making them more industry driven and relevant. Academic departments work closely with industry to develop curriculum, sharing knowledge and transferring of skills. In response to industry's demand for relevant employability skills, a number of academic staff from the Faculty of Engineering were sent to Intel Penang for advanced VLSI Design training conducted by experts at Intel under the Intel-MDEC Advanced VLSI training programme. The knowledge and skills acquired by the staff were then incorporated into the curriculum to help prepare students to be job ready graduates. With industry-trained engineering staff and laboratories equipped with professional IC design software (Synopsis), students are assured of learning the latest skills in VLSI design.

In 2010, the Damansara Jaya campus saw the upgrading of its college status to university college by the Ministry of Higher Education on 30 August. On becoming a university college, much effort has been directed to improving the capacity and capability of the college to enable it to effectively function in its new role. The organization was restructured and that necessitated several key strategic hires in the areas of leadership, teaching and research, the elevation of some personnel and a systematic implementation of our development plan to raise the profile and capabilities of our academic staff. We also embarked on a campus wide initiative to align our employees to our focus of operating on the highest ethical standards and making decisions based, first and foremost, on the best interest of our students. Leveraging on our status as a university college, we developed a total of eight new proprietary programmes with the flexibility to offer 23 specializations. We are excited with the opportunities that will arise following this development and we look forward to serving more students as we continue to grow in the coming years.

Post Executive and Professional Development

The performance of the post executive and professional development sector, which focuses on meeting the needs of working adults looking to improve their skills and enhance their potential within the context of their careers, remained flat. Revenue declined year on year as competition intensified exacerbated by an increase in the number of providers. The HAAS Executive Series, which took off on a promising start following the tie up with a large conglomerate fell through. Due to viability and high costs, management did not pursue the programme due to the high risk of partners going directly to the providers. As a consequence of the lower revenue, the sector continued to incur a small loss for the year.

Overseas English Language Centre

The overseas English language centre in Chongqing, China was disposed of during the year to stem losses. Due to the difficult operating environment and the stringent regulatory requirements imposed by the Chinese authorities, this centre has not been able to

contribute positively to the Group. The disposal will also enable management to focus on the businesses of the educational services division in Malaysia.

OUR PEOPLE – OUR TRUSTED ASSET

Today, we can look on with a deep sense of pride on being recognized as a trusted brand that is continuing in the hearts and minds of the markets we serve. While we are gratified by the all-important accolade, it goes without saying that we have got to where we are because of our people – past and present – who have played an important part in our success. Looking beyond the various operating units, the products and the services, I believe that it is the quality of our people that sets us apart. Collectively, they are our most compelling strength.

Over the last year, we continued to expand on the development of human capital – the lifeblood of any organisation. The various action plans implemented under the Group's Human Capital Strategy initiative was successfully completed at the end of the year. Our increased focus on recruitment, retention and development throughout the Group is based on identified management competencies that will help us to improve our performance appraisal processes, assess our current pool of talent and develop programmes that meet our future human resource needs. We have participated in remuneration surveys and used such findings as a guide to review staff salaries and grades of our people throughout the Group.

Recognizing that the quality of a company's management is a crucial factor in delivering performance to shareholders, we have also made a number of management appointments in the property and educational services division during the year.

I am particularly proud of how our Company has achieved this level of growth in 2010 – by adhering to our core values of being employee focused; by striving for excellence in our work; and by encouraging each individual to demonstrate integrity, respect for others, respect for diversity and social responsibility.



PROSPECTS AND OUTLOOK

It has been a great 12 months for Paramount and I believe the coming year will prove no less rewarding. We have the right strategy in place and it is being executed with skill and passion by a great management team.

In property, we will continue to focus on our core competency of property development to ensure that the design, delivery and marketing maximize returns on our ongoing development of existing projects. Over the past years, the Company identified and acquired land banks in strategic locations that can contribute to earnings growth. To offset the cost of escalating land prices as well as to provide better margins, we will expand our property product portfolio to build high-end residential homes and high rises. We will leverage on our skill base to participate in joint ventures, syndicates and co-development arrangements.

Bringing our years of history and achievements to bear on the challenges of a highly competitive educational services industry, we will continue to drive toward our strategic objectives and further improve the performance of our educational services division. We have upgraded our Damansara Jaya campus to university college status and established a range of proprietary programmes for offering. In a related diversification, we have established the international school for secondary level and invested significantly in human and technological resources that will enable us to seize opportunities in the market.

Our improved profitability from our property developments and the robust demand that we experienced during our product launches during 2010 will bolster our earnings in 2011 while the construction contracts procured will allow the Company to continue to register progressive billings in 2011.

As we strive to meet society's educational needs, we will continue to be guided by one constant: the success of our students. It is through the fulfillment of that commitment that we will grow and build on our educational services of the future.

Strong employment conditions and improving customer confidence combined with the Company's niche in each of its core businesses provides reason for us to remain optimistic. All of us at Paramount are proud of what we have accomplished this year – particularly our outstanding financial performance, dividend declaration and improvements in market capitalization. We will continue to display the same strong commitment in the year ahead that, we trust, will help create greater value for you, our shareholder.

Ong Keng Siew
Managing Director & Chief Executive Officer





Flexible

Never stand still. Never be satisfied with past achievements. This Paramount mantra helps keep the entire team agile in responding to the needs of markets we serve.



notice of forty-first annual general meeting

NOTICE IS HEREBY GIVEN THAT the Forty-First Annual General Meeting of the Company will be held at Zamrud Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 1 June 2011 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 2010 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the declaration of a final dividend of 20%, less income tax at 25%, in respect of the year ended 31 December 2010. **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 Datuk Rohana Tan Sri Mahmood **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 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." **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 authorise 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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders, a final dividend of 20%, less income tax at 25%, in respect of the year ended 31 December 2010, will be paid on 22 June 2011 to shareholders whose names appear in the Record of Depositors on 8 June 2011.

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 8 June 2011 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
10 May 2011

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 (**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 40th AGM held on 3 June 2010, which will lapse at the conclusion of the 41st 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 _____
(name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. _____ (New) _____ (Old)

of _____
(full address)

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

_____ (name of proxy as per NRIC, in capital letters)

NRIC No. _____ (New) _____ (Old)

of _____
(full address)

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Forty-First Annual General Meeting of the Company to be held at Zamrud Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 1 June 2011 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 Dividend		
Re-election and re-appointment of Directors:		
Resolution 3 YBhg Datuk Rohana Tan Sri Mahmood		
Resolution 4 Mr Ong Keng Siew		
Resolution 5 YBhg Dato' Md Taib bin Abdul Hamid		
Resolution 6 Mr Geh Cheng Hooi		
Resolution 7 Re-appointment of Auditors and to fix their remuneration		
Resolution 8 Authority to Directors to issue shares		

Dated this _____ day _____ 2011.

CDS ACCOUNT NO.

NO. OF SHARES HELD

Signature/Common Seal

NOTES

- 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.
- 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.
- 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.
- 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
60 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 2010

To : Tricor Investor Services Sdn Bhd
Share Registrar

Form to request for printed copy of 2010 Annual Report *

Please send to me/us a printed copy of the 2010 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
Email : Samantha.Goh@my.tricorglobal.com

* 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
60 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
Tel : 03-7712 3333 Fax : 03-7712 3322
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