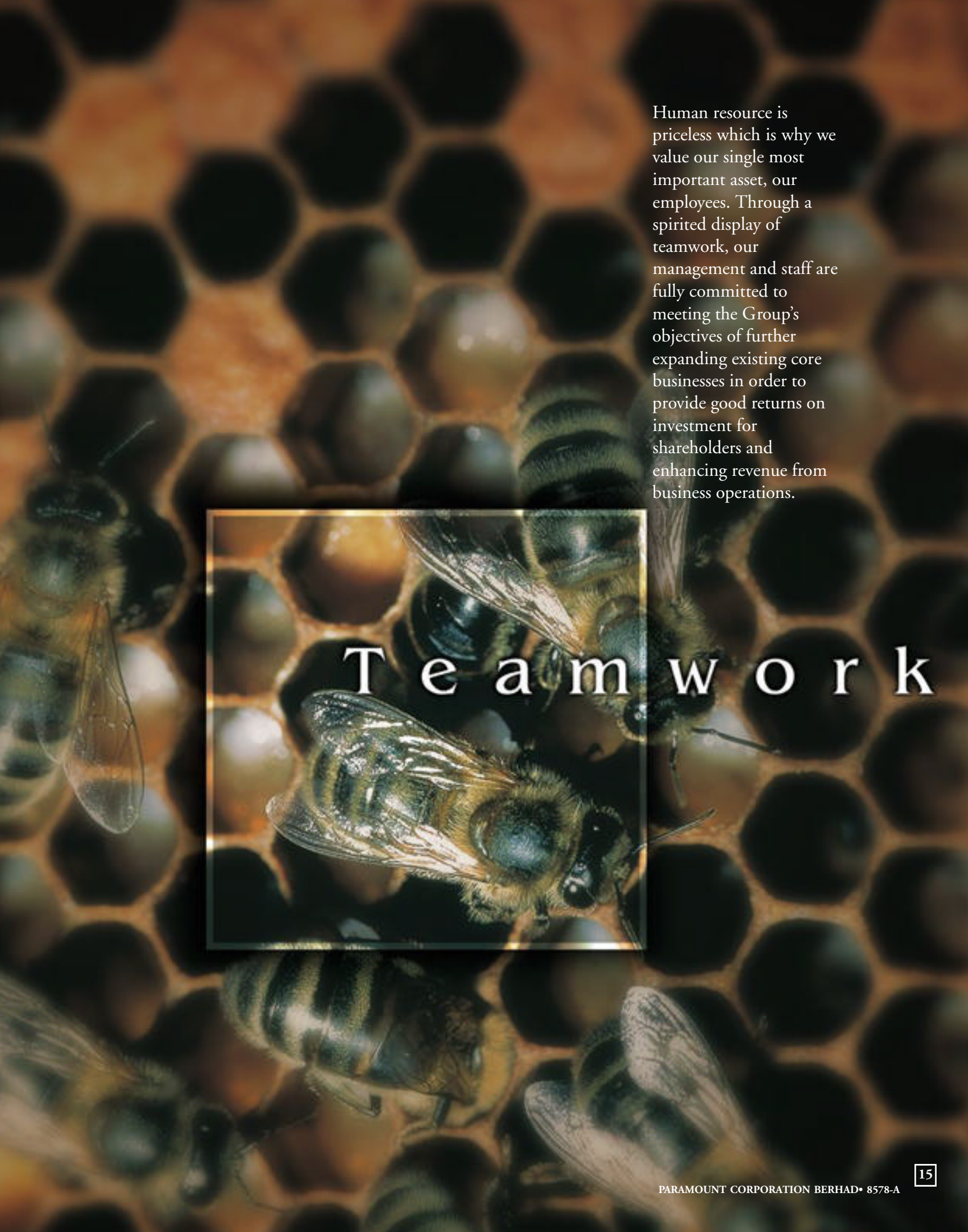


Human resource is priceless which is why we value our single most important asset, our employees. Through a spirited display of teamwork, our management and staff are fully committed to meeting the Group's objectives of further expanding existing core businesses in order to provide good returns on investment for shareholders and enhancing revenue from business operations.



Teamwork

Senior Management



Teo Chiang Quan
Group Managing Director &
Group Chief Executive Officer



Ong Keng Siew
Deputy Group
Managing Director &
Deputy Group Chief
Executive Officer/
Acting Finance Director



Chuan Yeong Ming
General Manager,
Berlian Sakti Sdn Bhd



Dr Leo Ann Mean
Executive Director,
KDU Smart School Sdn Bhd



Liew Yin Chew
Deputy Managing Director,
Patani Jaya Sdn Bhd

Felician Teo Wei
Director/Chief Executive,
Rajinas Intelek Sdn Bhd
– Sibu Campus



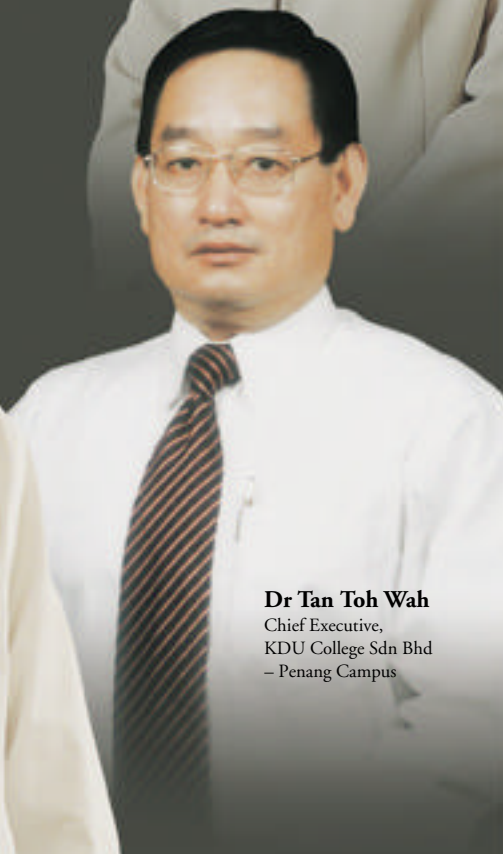
Tay Lee Kong
Corporate Affairs
Director



Dr Yap Chee Sing
Director/Chief Executive,
KDU College Sdn Bhd
– Petaling Jaya Campus



Dr Tan Toh Wah
Chief Executive,
KDU College Sdn Bhd
– Penang Campus



Lau Say Min, Claudia
Group Human Resource Director



Oh Keng Kooi
Audit Director



Goodwill

Going the extra mile
for our customers,
associates, shareholders
and the community in
which we operate is
part of our culture. To
us, the building of
human values is as
important as creating
business value.

Chairman's Statement Pesanan Pengerusi



"In an increasingly borderless and level-playing marketplace, companies will have to be more innovative and technology driven in order to emerge as a world class player."



"Dalam pasaran tanpa sempadan yang menawarkan peluang yang sama, sebuah syarikat perlu lebih inovatif dan gunakan teknologi agar menjadi syarikat bertaraf dunia."

Chairman's Statement

The overall improvement in the group's performance was a result of higher progress billings from the property development and construction divisions, which was in tandem with higher sales revenue and the number and value of projects, respectively, and higher student enrolment and fee revenue for the education division.

On behalf of the Board of Directors, I am pleased to present the Thirty-Second Annual Report and Audited Accounts of Paramount Corporation Berhad ("Paramount" or "the Company") Group ("the Group") for the financial year ended 31 December 2001.

OPERATING BACKGROUND

2001 was a very challenging year for the Malaysian economy and Paramount in particular. The impact of a cyclical slowdown experienced by the US economy has increased uncertainty in the domestic economy. To counter negative effects of external developments, the government has therefore directed policy measures to strengthen domestic sources of growth. This included a fiscal stimulus package of RM3 billion, announced in March 2001.

Following the heightened uncertainty after the events of 11 September, an additional fiscal stimulus package amounting to RM4.3 billion was announced prior to the 2002 Budget. These measures have had a positive effect on the construction and property sectors, which are major contributors to the Group's performance. The domestic construction sector grew by 2.3% in 2001 against the 1.0% recorded in 2000.

The overall improvement in the Group's performance was a result of higher progress billings from the property development and construction divisions, which was in tandem with higher sales revenue and the number and value of projects, respectively, and higher student enrolment and fee revenue for the education division.

FINANCIAL REVIEW

For the year ended 31 December 2001, the Group recorded a second consecutive year of very favourable results, on the back of continued improvements in the education, property and construction divisions.

- Revenues for the Group rose 21.8% to RM163.7 million, compared with RM134.4 million in 2000.
- The Group posted a pre-tax profit of RM34.8 million, a 16% increase from RM30.0 million in the previous year.
- Profit attributable to shareholders improved by 15.5% to RM22.3 million from RM19.3 million in 2000.
- Earnings per share increased 15.5%, from 19.3 sen in 2000 to 22.3 sen in the year under review.
- Net Tangible Assets per share rose 8.1% to RM2.68 compared to RM2.48 in 2000.
- Shareholders' fund as at 31 December 2001 stood at RM268.9 million, an 8.3% increase from RM248.2 million as at 31 December 2000.

At Company level, revenue was RM16.3 million compared to RM17.2 million in 2000 and pre-tax profit was RM10.0 million compared to RM10.7 million in 2000.

DIVIDENDS

An interim dividend of 2.5 sen per share, less income tax at 28%, was paid on 18 October 2001.

We are recommending a final dividend of 5.0 sen per share (1.8 sen per share tax exempt and 3.2 sen per share less income tax at 28%) to be paid to shareholders. (2000: 4.75 sen per share, less 28% income tax)

CORPORATE DEVELOPMENT

On 20 June 2001, Patani Jaya Sdn. Bhd. set up a wholly owned subsidiary, Kelab Bandar Laguna Merbok Sdn Bhd ("KBLM") to manage a club providing recreational and leisure activities at Bandar Laguna Merbok in Sungai Petani, Kedah.

Pesanan Pengerusi

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya mengemukakan Laporan Tahunan Ketiga Puluh Dua dan Akaun Teraudit Kumpulan ("Kumpulan") Paramount Corporation Berhad ("Paramount" atau "Syarikat") bagi tahun kewangan berakhir 31 Disember 2001.

LATAR BELAKANG OPERASI

Tahun 2001 merupakan tahun yang amat mencabar bagi ekonomi Malaysia dan Paramount khususnya. Kesan kemelesetan ekonomi Amerika Syarikat telah meningkatkan ketidakpastian ekonomi tempatan. Untuk mengurangkan kesan negatif perkembangan luar, kerajaan telah mengambil tindakan memperkukuhkan ekonomi tempatan. Tindakan termasuk pakej stimulus kewangan sebanyak RM3 bilion pada Mac 2001.

Berikutan ketidakpastian akibat peristiwa 11 September, pakej stimulus kewangan tambahan sebanyak RM4.3 bilion telah diumumkan sebelum Belanjawan 2002. Tindakan kerajaan telah menimbulkan kesan positif terhadap sector pembinaan dan hartanah yang merupakan sumbangan utama bagi prestasi Kumpulan. Sektor pembinaan tempatan berkembang 2.3% pada tahun 2001 berbanding dengan 1.05 pada tahun 2000.

Kemajuan keseluruhan prestasi Kumpulan adalah kerana pesanan yang lebih tinggi dari bahagian pembangunan hartanah dan pembinaan akibat penjualan, bilangan dan nilai projek yang lebih tinggi, serta enrolmen pelajar dan yuran yang lebih tinggi untuk bahagian pendidikan.

TINJAUAN KEWANGAN

Bagi tahun berakhir 31 Disember 2001, Kumpulan mencapai bagi tahun kedua berturut, prestasi yang amat baik dengan perkembangan bahagian pendidikan, hartanah dan pembinaan.

- Σ Perolehan Kumpulan meningkat 21.8% ke RM163.7 juta berbanding dengan RM134.4 juta pada tahun 2000.
- Σ Keuntungan Kumpulan sebelum cukai adalah RM34.8 juta, meningkat 16% daripada RM30.0 juta pada tahun 2000.

- Σ Keuntungan kepada pemegang saham meningkat 15.5% ke RM22.3 juta dari RM19.3 juta pada tahun 2000.
- Σ Pendapatan sesaham meningkat 15.5% - dari 19.3 sen pada tahun 2000 ke 22.3 sen pada tahun yang ditinjau.
- Σ Aset ketara bersih sesaham meningkat 8.1% ke RM2.68, meningkat 8.4% berbanding dengan RM 2.48 pada tahun 2000.
- Σ Tabung pemegang saham pada 31 Disember 2001 adalah RM268.9 juta, meningkat 8.3% dari RM248.2 juta pada 31 Disember 2000.

Di peringkat Syarikat, jumlah perolehan adalah RM16.3 juta berbanding dengan RM17.2 juta pada tahun 2000 dan keuntungan sebelum cukai adalah RM10.0 juta berbanding dengan RM10.7 juta pada tahun 2000.

DIVIDEN

Dividen sementara 2.5 sen sesaham, tolak cukai pendapatan, dibayar pada 18 Oktober 2001.

Kami mencadangkan supaya dividen akhir sebanyak 5.0 sen sesaham (1.8 sen sesaham berkecuali cukai dan 3.2 sen sesaham tolak cukai pendapatan 28%) dibayar kepada para pemegang saham. (2000: 4.75 sen sesaham tolak cukai pendapatan 28%)

PERKEMBANGAN KORPORAT

Pada 20 Jun 2001, Patani Jaya Sdn. Bhd telah menubuhkan anak syarikat Kelab Bandar Laguna Merbok Sdn. Bhd. ("KBLM") untuk menguruskan kelab rekreasi dan aktiviti lapang di Bandar Laguna Merbok di Sungai Patani, Kedah.

Kemajuan keseluruhan prestasi Kumpulan adalah kerana pesanan yang lebih tinggi dari bahagian pembangunan hartanah dan pembinaan akibat penjualan, bilangan dan nilai projek yang lebih tinggi, serta enrolmen pelajar dan yuran yang lebih tinggi untuk bahagian pendidikan.





The outlook for the Group's property division should continue to remain positive given the current low interest rate environment and various other measures implemented by the government to encourage a demand in the property market.

On 15 August 2001, the Company announced its plans to expand its education business by setting up a private primary and secondary smart school in the Klang Valley. KDU Smart School Sdn. Bhd. ("KSSSB") was set up to manage and operate the smart school.

Kolej Damansara Utama Sdn. Bhd. changed its name to KDU College Sdn. Bhd. ("KDU College") on 29 October 2001 to reflect the popular acronym that has been in use for well over a decade.

On 31 December 2001, KDU College, increased its shareholding in Rajinas Intelek Sdn. Bhd. ("RISB") via a Rights Issue. As a result, the Company's effective shareholding in RISB increased from 43% to 52%. RISB is involved in the operation of KDU College's campus in Sibul, Sarawak.

MARKET OUTLOOK

In Bank Negara Malaysia ("BNM")'s 2001 Annual Report, the Malaysian economy is expected to grow by a modest 3.5% this year. (2001:+0.4%), with the world economy expected to recover gradually in line with the slow and modest recovery in the United States. BNM's monetary policy is expected to remain accommodative, providing a positive environment for private consumption and investment and overall domestic economic activity. The pegged exchange rate regime, which was well supported by economic fundamentals, will continue to benefit the economy.

The outlook for the Group's property division should continue to remain positive given the current low interest rate environment and various other measures implemented by the government to encourage a demand in the property market.

Although BNM forecasted a growth of only 2.4% for the construction sector of the economy, the prospects for the Group's construction division remains more positive due to its book orders for ongoing projects of mainly residential projects and the drive to secure more civil engineering works.

The education services industry will remain highly competitive with new entrants in the market and aggressive expansion plans by competitors. Various initiatives are being implemented to enhance KDU College's image and products to ensure sustainable growth for the business.

PROSPECTS

Barring any unforeseen circumstances, the Board of Directors expects the Group's performance for 2002 to be comparable with the financial year ended 31 December 2001.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express our sincere thanks and appreciation to my predecessor, YABhg Tun Dato' Seri Haji Omar Yoke Lin Ong, who retired on 20 July 2001. Paramount is grateful to our former Chairman for his contribution and guidance. The Group has benefited tremendously from his wise counsel and guidance during his close to 20 years as a member of the Board. On behalf of my fellow Board Members, I would also like to extend a warm welcome to Dr. Brian To, who joined us on 9 July 2001. Dr. To brings with him considerable experience gained from his involvement in the international corporate and educational fields.

I would be most remiss in my duties if I were not to mention the demise of our Finance Director, the late Mr. Cheam Dow Sai, at such a young age. His untimely death has certainly robbed the management of a key member. And it is on a sad note that I would like to place on record the Company's deepest appreciation of his invaluable contributions.

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

To our shareholders and business associates, I thank you for your continued support and confidence.

Dato' Md. Taib bin Abdul Hamid
Chairman

Pada 15 Ogos 2001, Syarikat mengumumkan rancangan memperkembangkan bisnes pendidikan melalui penubuhan sekolah bestari rendah dan menengah di Lembah Kelang. KDU Smart School Sdn. Bhd. ("KSSSB") telah ditubuhkan untuk mengurus dan mengoperasikan sekolah tersebut.

Kolej Damansara Utama Sdn. Bhd. telah menukar namanya ke KDU College Sdn. Bhd. ("KDU College") pada 29 Oktober 2001 bagi mencerminkan akronim popularnya yang telah wujud lebih sepuluh tahun.

Pada 31 Disember 2001, KDU College, menambah sahamnya di Rajinas Intelek Sdn. Bhd. ("RISB") melalui Rights Issue. Akibat daripada itu saham Syarikat dalam RISB meningkat dari 43% ke 52%. RISB terlibat dalam operasi kampus KDU College di Sibu, Sarawak.

TINJAUAN PASARAN

Menurut Laporan Tahunan 2001 Bank Negara Malaysia ("BNM") ekonomi Malaysia dijangka berkembang sebanyak 3.5% pada tahun ini (2001:+0.4%), manakala ekonomi dunia dijangka akan pulih pada kadar yang perlahan berikutan dengan pemulihan sederhana ekonomi Amerika Syarikat. Dasar kewangan BNM dijangka mewujudkan suasana yang positif bagi permintaan dan pelaburan swasta serta aktiviti ekonomi tempatan. Kadar pertukaran tetap yang disokong oleh asas ekonomi kukuh akan memanfaatkan ekonomi negara.

Tinjauan untuk bahagian hartanah akan kekal positif dengan kadar faedah yang rendah serta berbagai tindakan kerajaan menggalakkan permintaan dalam pasaran hartanah.

Walaupun BNM meramalkan tambahan hanya 2.4% bagi sektor ekonomi pembinaan, prospek bagi bahagian pembinaan kumpulan kekal positif kerana pesanan untuk projek yang sedang dijalankan khususnya projek perumahan, dan juga usaha mendapatkan lebih banyak projek kejuruteraan sivil.

Industri perkhidmatan pendidikan walaupun bersaing hebat dengan kolej baru dan perkembangan agresif kolej lama, dijangka akan berkembang. Berbagai inisiatif telah diambil untuk meningkatkan imej dan produk KDU untuk menjamin perkembangan bisnes kami.

PROSPEK

Berdasarkan tiada sebarang kejadian yang luar jangkaan berlaku, Lembaga Pengarah menjangkakan prestasi Kumpulan bagi tahun 2002 akan setaraf dengan tahun kewangan yang berakhir 31 Disember 2001.

PENGHARGAAN

Saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih dan penghargaan yang ikhlas kepada pengerusi sebelum saya, iaitu YABhg Tun Dato' Seri Haji Omar Yoke Lin Ong, yang telah bersara pada 20 Julai 2001. Paramount rasa terhutang budi kepada bekas Pengerusinya atas sumbangan dan bimbingan beliau. Kumpulan telah banyak mendapat manfaat dari bimbingan bijak beliau selama hampir 20 tahun sebagai ahli Lembaga. Bagi pihak Lembaga saya mengucapkan selamat datang kepada Dr. Brian To yang telah menjadi ahli pada 9 Julai 2001. Dr. To mempunyai pengalaman yang luas dalam bidang korporat antarabangsa dan pendidikan.

Saya juga ingin merakamkan kematian Pengarah Kewangan kami, iaitu mendiang En Cheam Dow Sai pada usia yang begitu muda. Kematian beliau merupakan kehilangan seorang ahli yang penting dalam barisan pengurusan kami. Dengan rasa kesedihan saya ingin merekodkan penghargaan Syarikat ke atas sumbangan beliau.

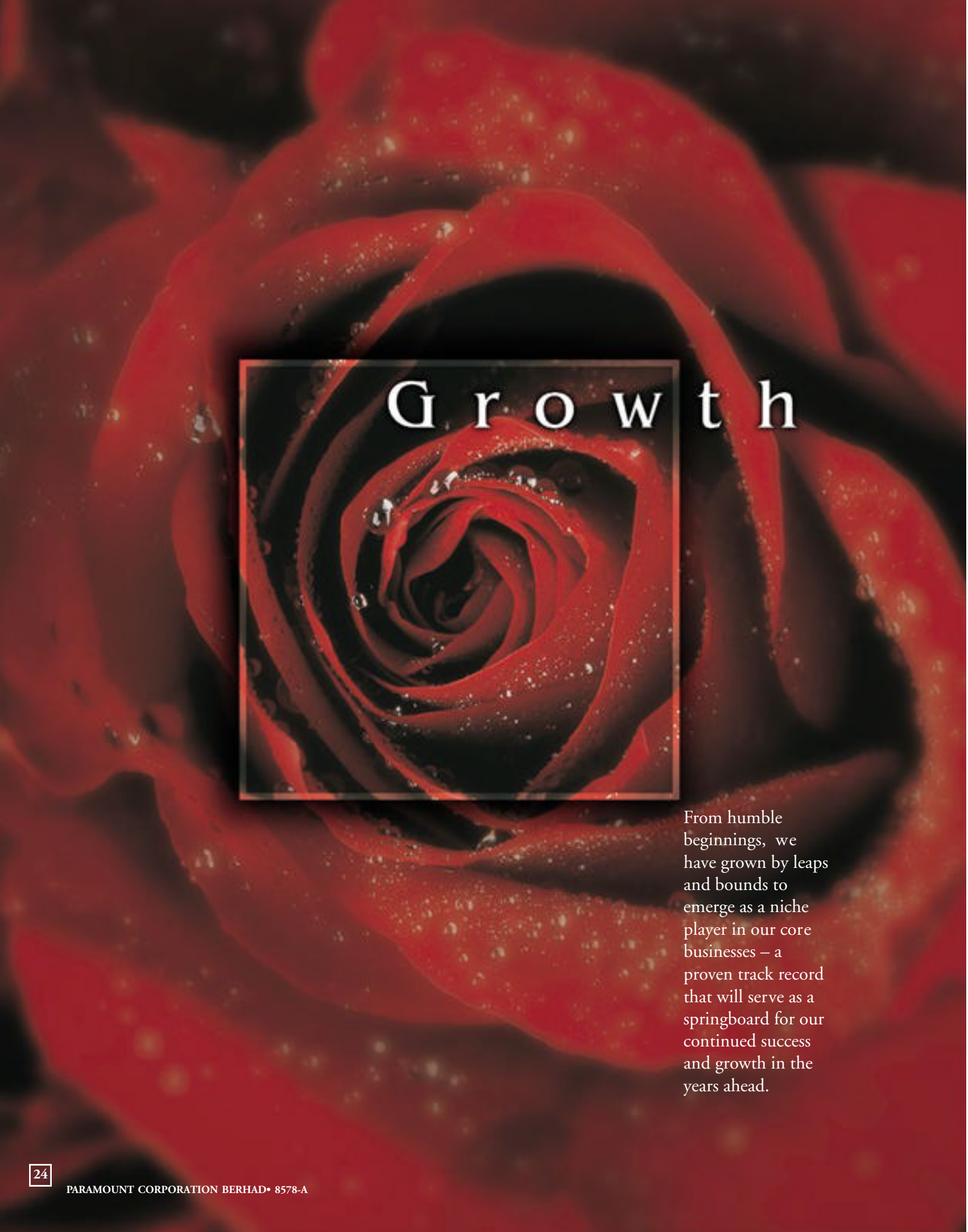
Akhir kata, bagi pihak Lembaga, saya dengan penuh keikhlasan ingin mengucapkan rasa terhutang budi kepada kakitangan atas ketekunan usaha dan komitmen mereka ke arah pencapaian prestasi tahun ini.

Kepada para pemegang saham dan rakan-rakan niaga, saya ucapkan ribuan terima kasih atas sokongan dan keyakinan setia anda.

Dato' Md. Taib bin Abdul Hamid
Pengerusi

Tinjauan untuk bahagian hartanah akan kekal positif dengan kadar faedah yang rendah serta berbagai tindakan kerajaan menggalakkan permintaan dalam pasaran hartanah.





G r o w t h

From humble beginnings, we have grown by leaps and bounds to emerge as a niche player in our core businesses – a proven track record that will serve as a springboard for our continued success and growth in the years ahead.