



CHAIRMAN'S STATEMENT

PESANAN PENGURUSI

On behalf of the Board of Directors, I am pleased to present the Thirty-Third Annual Report and Audited Accounts of Paramount Corporation Berhad ("Paramount" or "the Company") Group ("the Group") for the financial year ended 31 December 2002.

OPERATING BACKGROUND

Amidst a broad based growth in the Malaysian economy achieved in 2002, the Group's property and construction division grew moderately due to the successful implementation of the Government's macroeconomic policy initiatives. This in turn led to a stronger recovery in private sector expenditure in 2002 as a result of higher fiscal spending, a reduction in income taxes, low interest rates and improved employment and income prospects.

Our reputation as a reliable property developer saw an increase in demand for the Group's residential and commercial properties. Needless to say, the Home Ownership Campaign which included the stamp duty waiver particularly in the first half of 2002 and attractive packages by financial institutions at very competitive rates helped to accelerate this demand. The surge in turn was felt by the construction division which however maintained a cautious approach in its selection of clients. Despite the repatriation of illegal foreign workers by the Government in the second half of the year, the impact felt by the construction division was minimal due to proactive measures taken earlier.

The education division faced greater challenges during the year under review having to operate in a very competitive environment following an increase in intake of students by public universities and the establishment of more private colleges. As at end 2002, there were 20 private universities and 516 private colleges in Malaysia, of which the total number of private colleges that have been given approval to accept foreign students has increased from 231 in 2001 to 238 in 2002.

FINANCIAL REVIEW

I am pleased to inform you that for the year ended 31 December 2002, the Group recorded satisfactory results.

The Group's revenue rose to RM213.5 million, which is an increase of 30.4% compared with RM163.7 million in 2001. The property and construction divisions grew moderately to register favourable results whilst the education division's performance was adversely affected due to the extremely competitive nature of the private education market.

The Group's profit before tax declined by 21.3% to RM27.4 million, compared with RM34.8 million in 2001 due mainly to the lower contribution from the education division as a result of higher operating expenses and pre-operating expenses amounting to RM2.6 million incurred by the Group's newly incorporated subsidiary, KDU Smart School Sdn Bhd, which commenced operations in January 2003. In addition a provision for bad and doubtful debts amounting to RM1.6 million by the construction division, the provision for a warranty claim of RM2.2 million arising from the merger of the Group's insurance business with that of Jerneh Insurance Berhad in December 1999 and the consolidation

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya mengemukakan Laporan Tahunan Ketiga Puluh Tiga dan Akaun Teraudit Kumpulan ("Kumpulan") Paramount Corporation Berhad ("Paramount" atau "Syarikat") bagi tahun kewangan berakhir 31 Disember 2002.

LATAR BELAKANG OPERASI

Dalam keadaan perkembangan luas ekonomi Malaysia pada tahun 2002, bahagian harta dan pembinaan Kumpulan berkembang secara sederhana akibat pelaksanaan inisiatif dasar makroekonomi Kerajaan yang berkesan. Hasilnya perbelanjaan sektor swasta telah pulih secara giat kerana perbelanjaan fiskal yang tinggi, pengurangan cukai pendapatan, kadar faedah rendah dan peningkatan prospek kerja dan pendapatan.

Reputasi Kumpulan sebagai pemaju harta yang dipercayai menghasilkan penambahan permintaan untuk harta kediaman dan komersial. Kempen Pemilikan Rumah yang termasuk pengecualian cukai setem, khususnya pada setengah tahun pertama 2002 dan pakej yang menarik dari institusi kewangan telah mendorong meningkatkan permintaan ini. Perkembangan ini menyentuh juga bahagian pembinaan. Walau bagaimanapun kami berhati-hati dalam pemilihan klien. Masalah pekerja asing yang haram pada setengah tahun kedua memberi kesan minimal terhadap bahagian pembinaan kerana tindakan proaktif yang diambil sebelum itu.

Bahagian pendidikan menghadapi cabaran yang lebih besar pada tahun yang ditinjau kerana beroperasi dalam persekitaran yang amat sengit persaingan hasil daripada penambahan pengambilan pelajar oleh universiti awam dan penubuhan kolej swasta yang baru. Pada akhir tahun 2002 terdapat 20 buah universiti swasta dan 516 kolej swasta di Malaysia. Daripada jumlah kolej swasta itu bilangan yang diberi kelulusan mengambil pelajar asing menambah dari 231 pada tahun 2001 ke 238 pada tahun 2002.

TINJAUAN KEWANGAN

Dengan sukacita saya ingin memaklumkan bahawa bagi tahun berakhir 31 Disember 2002, Kumpulan telah mencapai prestasi yang memuaskan.

Perolehan Kumpulan menambah ke RM213.5 juta, meningkat 30.4% berbanding dengan RM163.7 juta pada tahun 2001. Bahagian harta dan pembinaan berkembang secara sederhana agar mencapai prestasi yang agak baik manakala prestasi bahagian pendidikan kurang baik kerana persaingan yang amat hebat dalam pasaran pendidikan swasta.

Keuntungan Kumpulan sebelum cukai menurun sebanyak 21.3% ke RM 27.4 juta berbanding dengan RM 34.8 juta pada tahun 2001 akibat sumbangan yang lebih rendah daripada bahagian pendidikan kerana kos operasi dan pra-operasi yang lebih tinggi sebanyak RM2.6 juta oleh anak syarikat baru Kumpulan, iaitu KDU Smart School Sdn Bhd, yang bermula operasi pada Januari 2003. Tambahan lagi peruntukan untuk hutang sebanyak RM1.6 juta oleh pembinaan, tuntutan jaminan sebanyak RM2.2 juta hasil

of losses amounting to RM2.8 million by the Group's newly acquired associated company, iCarnegie Inc., which commenced operations in June 2002 due to high operating expenses in the implementation of business plans, had negatively impacted the bottomline.

Correspondingly, profit attributable to shareholders declined by 28.3% to RM16.0 million, as compared to RM22.3 million in 2001 whilst earnings per share decreased by 28.7% to 15.9 sen from 22.3 sen in the previous financial year. Net tangible assets per share rose 3.0% to RM2.76 compared to RM2.68 in 2001 and shareholders' fund as at 31 December 2002 improved by 1.4% to RM279.8 million from RM268.9 million as at 31 December 2001.

Revenue and profit before tax at Company level for the current financial year under review were RM15.2 million and RM6.5 million, respectively, as compared to RM16.3 million and RM10.0 million, respectively in the previous financial year.

DIVIDENDS

The Board of Directors of the Company is recommending a final tax exempt dividend of 4.5 sen which will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

An interim dividend of 3.0 sen per share, less income tax at 28%, was paid on 18 October 2002 (Total for 2001 :1.8 sen per share, tax exempt, and 5.7 sen per share, less income tax at 28%).

CORPORATE DEVELOPMENTS

On 10 May 2002, Paramount Global Assets Sdn Bhd subscribed for 3 million shares in iCarnegie, Inc ("iCarnegie")'s common stock, at a par value of US\$0.0001 per share, in conjunction with iCarnegie's private offering of up to 8 million shares of its common stock ("the offering"), for a total cash consideration of US\$3 million, which represents 20.3% of iCarnegie's enlarged outstanding share capital of 14.8 million shares. The transaction was completed on 10 June 2002.

On 28 June 2002, the Company set up a wholly-owned subsidiary, KDU Management Development Centre Sdn Bhd ("KMDC"). The principal activities of KMDC are the provision of executive education and continuing professional development programs.

On 25 July 2002, Patani Jaya Sdn Bhd, entered into a Sale and Purchase Agreement with Sara Yasmine Binti Mohamed and Mariany Binti Mohammad Yit to dispose of its entire shareholding of 70 thousand ordinary shares of RM1.00 each in Adegan Dinamik Sdn Bhd ("ADSB") for a total cash consideration of RM79 thousand based on ADSB's Net Tangible Assets as at 30 June 2002.

On 24 January 2003, the Company through its newly established wholly-owned subsidiary, Paramount Property Development Sdn Bhd ("PPD"), entered into a conditional sale and purchase agreement with Syarikat Pembangunan Hartanah Guthrie Sdn Bhd, a wholly-owned subsidiary of Guthrie Property Development Holdings Sdn Bhd, which in turn is a subsidiary of Kumpulan

daripada gabungan bisnis insuran Kumpulan dengan Jernih Insurance Berhad pada Disember 1999 serta penggabungan kerugian sebanyak RM2.8 juta oleh pembelian syarikat bersekutu iCarnegie Inc., yang bermula operasi pada Jun 2002 disebabkan oleh kos operasi yang tinggi, telah mempengaruhi keuntungan.

Begitu juga keuntungan kepada pemegang saham menurun 28.3% ke RM16.0 juta berbanding dengan RM22.3 juta pada tahun 2001 manakala pendapatan sesaham menurun 28.7% ke 15.9 sen dari 22.3 sen pada tahun kewangan sebelumnya. Aset ketara bersih sesaham meningkat 3.0% ke RM2.76 berbanding dengan RM2.68 pada tahun 2001 dan tabung pemegang saham pada 31 Disember 2002 meningkat 1.4% ke RM279.8 juta dari RM268.9 juta pada 31 Disember 2001.

Di peringkat Syarikat, jumlah perolehan bagi tahun kewangan kini adalah RM15.2 juta berbanding RM16.3 juta pada tahun sebelumnya dan keuntungan sebelum cukai adalah RM6.5 juta berbanding RM10.0 juta pada tahun sebelumnya.

DIVIDEN

Lembaga Pengarah Kumpulan mencadangkan supaya dividen akhir sebanyak 4.5 sen sesaham berkecuali cukai dikemukakan untuk persetujuan pemegang saham pada Mesyuarat Agung Tahunan yang akan datang.

Dividen sementara sebanyak 3.0 sen sesaham tolak cukai pendapatan 28% telah dibayar pada 18 Oktober 2002 (Jumlah untuk 2001: 1.8 sen sesaham, berkecuali cukai, dan 5.7 sen sesaham, tolak cukai pendapatan 28%)

PERKEMBANGAN KORPORAT

Pada 10 Mei 2002, Paramount Global Assets Sdn Bhd telah membeli 3 juta saham stok iCarnegie Inc. dengan nilai par US\$0.0001 sesaham semasa tawaran stok iCarnegie sejumlah 8 juta saham, untuk harga US\$3 juta yang merupakan 20.3% daripada modal sejumlah 14.8 juta saham. Transaksi ini dimuktamadkan pada 10 Jun 2002.

Pada 28 Jun 2002, Syarikat menubuh sebuah anak syarikat milik penuh, KDU Management Development Centre Sdn Bhd ("KMDC"). Aktiviti utama KMDC ialah membekalkan program perkembangan pendidikan eksekutif dan pendidikan profesional berterusan.

Pada 25 Julai 2002, Patani Jaya Sdn Bhd, menandatangani Perjanjian Jual Beli dengan Sara Yasmine Binti Mohamed dan Mariany Binti Mohammad Yit untuk menjual semua 70 ribu saham biasa bernilai RM1.00 sesaham dalam Adegan Dinamik Sdn Bhd ("ADSB") untuk jumlah wang tunai RM79 ribu berdasarkan Aset Ketara Bersih ADSB pada 30 Jun 2002.

Pada 24 Januari 2003, Syarikat melalui anak syarikat milik penuh, Paramount Property Development Sdn Bhd ("PPD"), menandatangani Perjanjian Jual Beli bersyarat dengan Syarikat Pembangunan Hartanah Guthrie Sdn Bhd, anak syarikat milik penuh Guthrie Property Development Holdings Sdn Bhd, yang merupakan anak syarikat Kumpulan Guthrie Berhad untuk

Guthrie Berhad for the acquisition of approximately 524.7 acres of land in the Mukim of Klang, Shah Alam, Selangor Darul Ehsan for a total cash consideration of RM169.1 million.

The Foreign Investment Committee approved the proposed acquisition on 27 March 2003. The proposed acquisition is pending the approval of the shareholders of the Company.

MARKET OUTLOOK

As global markets are now compelled to operate within an environment where there is greater political and economic uncertainty, it is envisaged that growth in the Malaysian economy would be mainly domestic driven, supported by a modest growth in external demand.

With a reduction in spending on infrastructure projects by both the private and Government sectors, following the completion of some of the on-going projects, the construction sector is expected to experience a slow down. In the residential sub-sector, property overhang will continue to remain a reality throughout the year.

The demand for residential homes will continue to exist but buyers have become increasingly more discerning, being ever mindful of factors such as developer's track record and project location. However, with the rising affluence and standard of living of prospective home investors, we hold a distinct advantage as the Group's niche development cater for mid and high end markets.

As mentioned earlier, the tertiary education sector will continue to operate in a challenging environment which has been further compounded following the outbreak of Severe Acute Respiratory Syndrome (SARS) as this is expected to have an adverse impact on the education industry particularly the enrolment of foreign students. On the positive side, given the growing demand for quality primary and secondary education, our long term prospects in this sector looks bright.

PROSPECTS

The current year will see the Group operating under difficult conditions due to various factors as stated above. As such, the Board of Directors expects the Group's results for 2003 to be lower than that of the financial year ended 2002.

ACKNOWLEDGEMENTS

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

To our shareholders and business associates, I thank you for your continued support and confidence. And to my fellow Board members, I look forward to your continued counsel and guidance.

membeli tanah seluas 524.7 ekar di Mukim Kelang, Shah Alam, Selangor Darul Ehsan dengan harga tunai sejumlah RM169.1 juta.

Jawatankuasa Pelaburan Asing telah meluluskan cadangan pembelian tersebut pada 27 Mac 2003. Cadangan pembelian ini sedang menunggu persetujuan pemegang saham Syarikat.

TINJAUAN PASARAN

Oleh kerana pasaran dunia terpaksa beroperasi dalam keadaan politik dan ekonomi yang tidak pasti, adalah dijangka perkembangan ekonomi Malaysia akan dipandu oleh permintaan tempatan, dibantu sedikit oleh permintaan luar.

Dengan kurangnya perbelanjaan projek infrastruktur oleh sektor kerajaan dan swasta, sektor pembinaan dijangka akan mengalami perkembangan yang kecil. Untuk sub-sektor rumah kediaman, dijangka pembekalan akan melebihi permintaan sepanjang tahun.

Walaupun permintaan untuk rumah kediaman akan menyambung, pembeli akan lebih sedar khususnya berkenaan faktor seperti rekod pemaju dan lokasi projek. Dengan peningkatan pendapatan dan mutu hidup pembeli, kami mempunyai kelebihan kerana Kumpulan membina rumah untuk pasaran tengah dan tinggi.

Seperti dinyatakan di atas, sektor pendidikan tertiar akan terus beroperasi dalam persekitaran yang amat mencabar, ditambah lagi dengan masalah Severe Acute Respiratory Syndrome (SARS) yang akan membawa kesan yang negatif kepada sektor pendidikan terutamanya dalam pengambilan pelajar asing. Di sebelah positif, oleh kerana permintaan untuk pendidikan bermutu di peringkat rendah dan menengah, prospek kami di sektor ini adalah cerah di jangkamasa panjang.

PROSPEK

Pada tahun ini Kumpulan akan beroperasi dalam keadaan yang rumit oleh kerana berbagai faktor yang tersebut di atas. Oleh demikian, Lembaga Pengarah menjangka prestasi untuk tahun 2003 akan lebih rendah dari yang tercapai pada tahun kewangan yang berakhir 2002.

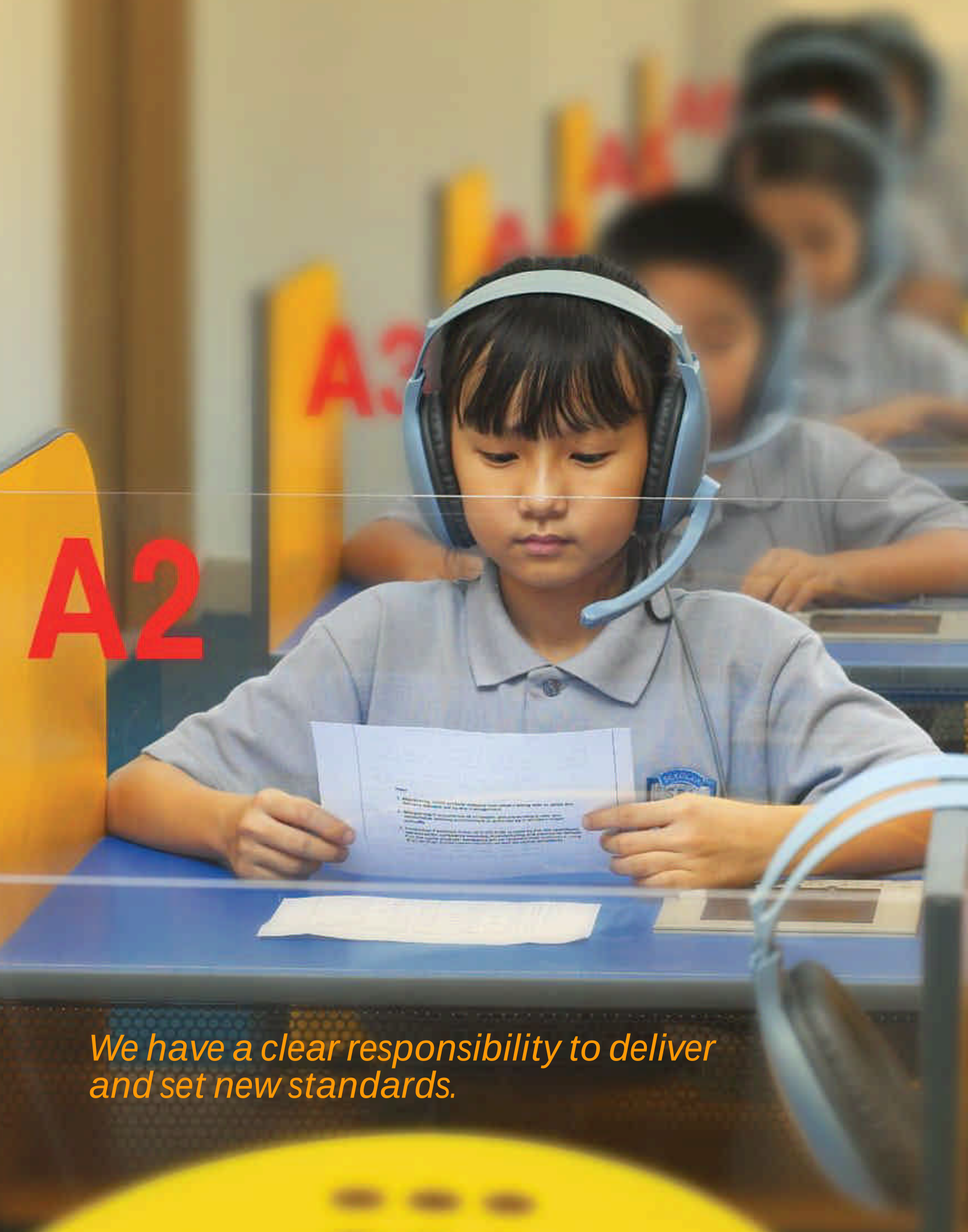
PENGHARGAAN

Bagi pihak Lembaga, saya dengan penuh keikhlasan ingin mengucapkan rasa terhutang budi kepada kakitangan atas ketekunan usaha dan komitmen mereka ke arah pencapaian objektif dan prestasi Kumpulan.

Kepada para pemegang saham dan rakan-rakan niaga, saya ucapkan ribuan terima kasih atas sokongan dan keyakinan setia anda. Dan kepada ahli-ahli Lembaga, saya mengalu-alukan segala kaunsel dan bimbingan.

Dato' Md. Taib bin Abdul Hamid

Chairman
Pengerusi

A young girl with dark hair and bangs, wearing a light blue school uniform and a large blue headset, is seated at a blue desk. She is looking down at a piece of paper she is holding with both hands. The paper has some text on it, including a heading that appears to be "Topic" followed by a list of bullet points. In the background, other students in similar uniforms and headsets are visible, though they are out of focus. A large red "A2" is overlaid on the left side of the image. The overall scene suggests a language learning or listening practice session in a classroom.

A2

*We have a clear responsibility to deliver
and set new standards.*



B2

B1