

PARAMOUNT CORPORATION BERHAD
(8578-A)

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1 Jalan SS21/58, Damansara Uptown
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PARAMOUNT CORPORATION BERHAD (8578-A)

2004 ★ annual report

FROM
VISION TO
BUILDING
BRANDS



2004 ★ annual report



★2	Notice of Annual General Meeting
★4	Statement Accompanying Notice of Annual General Meeting
★5	Group Corporate Structure
★6	Corporate Profile
★10	Corporate Information
★11	Other Information
★12	Board of Directors
★14	Board of Directors' Profile
★18	Senior Management
★22	Chairman's Statement / Pesanan Pengerusi
★30	Chief Executive Officer's Review of Operations / Tinjauan Operasi Ketua Pegawai Eksekutif
★42	Five Year Group Financial Profile
★44	Statement on Corporate Governance
★48	Report of the Audit Committee
★50	Statement on Internal Control
★52	Analysis of Shareholdings
★55	Schedule of Properties
★58	Statement of Directors' Responsibility
★59	Financial Statements
★	Proxy Form

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

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

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

from vision to



KDU INTERNATIONAL LANGUAGE TRAINING SCHOOL (KILTS)

KILTS, the Group's first overseas venture in educational services, was established in March 2004 in Chongqing, China and commenced business in the fourth quarter of 2004. KILTS provides a wide range of English courses ranging from pre-school to Professional English as well as customized courses for corporations and training on a one-to-one basis. It also offers on-line programmes in collaboration with ACL English Solutions, an Australian company.

SEKOLAH SRI KDU

Sekolah Sri KDU is a purpose built school complete with state-of-the-art academic and sports facilities. Opened for enrolment in January 2003, Sekolah Sri KDU's distinct difference lies in delivering a student-centred, holistic education in a completely IT-enabled environment. Sekolah Sri KDU's unique model providing a conducive learning environment through a broad base curriculum delivered by quality teachers, and strategic partnerships with parents and the community will provide the platform for students to develop their individual potential. Sekolah Sri KDU has more than 1,700 students housed in two school blocks of 96 classrooms.

KDU COLLEGE (KDU)

Established in 1983, KDU is one of the pioneers in private higher education and the first local private college to operate a purpose-built campus in Petaling Jaya. Spurred by the success of its Petaling Jaya campus, KDU set up its Penang campus in 1991. Widely recognized as a premier center for tertiary education, KDU is renowned for its high quality twinning programmes with prestigious universities and reputable institutions in the United Kingdom, United States, Australia and Switzerland, and quality teaching faculty. Thus far, more than 30,000 full-time and part-time students have graduated from KDU.

From vision to building brands epitomises our promise of providing superior products and services. From day one, the centerpiece of our strategy has been to be as customer-centric as possible - our customers should always be at the center of all our strategic thinking. To this end, we have developed strategies that, over time, have given us a distinctive edge in the industry. Through these strategies, we've created competitive advantages that we believe will allow us to deliver consistent results, year after year. Strategies that help us stay the course in living up to our brand promise - our customers come first.

building brands



KDU MANAGEMENT DEVELOPMENT CENTRE (KMDC)

Established in 2003, KMDC's product and service offering to clients range from highly customized management development programmes to professional certification and development courses. To ensure the delivery of quality programmes, KMDC has forged strategic partnerships with Tier 1 business schools and world-class institutions including The Wharton School, University of Pennsylvania, USA, Deakin University, Australia, Middlesex University, United Kingdom and iCarnegie, Inc, an affiliate of Carnegie Mellon University.

BANDAR LAGUNA MERBOK (BLM)

BLM, a 493-acre mixed development resort living township and six kilometres from Sungai Petani town, lines the borders of pristine Sungai Merbok with the majestic Gunung Jerai towering as a backdrop. Winner of the prestigious 12th FIABCI Property Award of Distinction 2004 in the RESIDENTIAL DEVELOPMENT CATEGORY, BLM's high quality and uniquely designed homes winning features are well supported by amenities such as 24 hour security, children's playground, jogging and cycling paths, park benches and gazebos, a riverside jetty and a RM6 million clubhouse with swimming pools, tennis courts and a gymnasium.

KEMUNING UTAMA (KU)

KU, a 524-acre development in the Klang Valley, is separated by the KESAS Highway with 186 acres and 338 acres to the east and west of the highway, respectively. All houses which come with generous build-ups and are column free, are set in rows along cul-de-sacs that lead to planned abundant and lush greenery of landscaped recreation parks adorned with fountains and badminton and basketball courts. Roads are wide and underground utilities add to the aesthetic appeal. For security, houses are grouped in separate gated and guarded enclaves.

NOTICE IS HEREBY GIVEN THAT THE THIRTY-FIFTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT TOPAS ROOM, GROUND FLOOR, THE SAUJANA, 2KM, OFF SULTAN ABDUL AZIZ SHAH AIRPORT HIGHWAY, SAUJANA, 47200 SUBANG, SELANGOR DARUL EHSAN ON THURSDAY, 26 MAY 2005 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

notice of ANNUAL GENERAL

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2004 together with the Reports of the Directors and the Auditors thereon.

Resolution 1

2. To approve the declaration of a final dividend of 5.5%, tax exempt, in respect of the year ended 31 December 2004.

Resolution 2

3. To approve the payment of Directors' fees.

Resolution 3

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

- (a) Mr Teo Chiang Quan

Resolution 4

- (b) Dato' Haji Azlan bin Hashim

Resolution 5

- (c) Dr Brian Shoy Teng To

Resolution 6

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

- (a) "That YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

Resolution 7

- (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

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

Resolution 9

MEETING

AS SPECIAL BUSINESS

7. 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 10

By Order of the Board

TAY LEE KONG
Secretary

Petaling Jaya
Selangor Darul Ehsan
4 May 2005

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.

Special Business

1. The Ordinary Resolution proposed under item 7, if passed, will renew the powers given to the Directors at the last Annual General Meeting authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

NOTICE OF DIVIDEND ENTITLEMENT

Subject to the approval of the shareholders, a final dividend of 5.5%, tax exempt, in respect of the year ended 31 December 2004, will be paid on 27 July 2005 to shareholders whose names appear in the Record of Depositors on 12 July 2005.

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 12 July 2005 in respect of ordinary transfers;
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

statement accompanying notice of THIRTY-FIFTH ANNUAL GENERAL MEETING

pursuant to paragraph 8.28(2) of Bursa Malaysia Securities Berhad Listing Requirements

1. Names of Directors seeking re-election or re-appointment:

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

- Mr Teo Chiang Quan
- Dato' Haji Azlan bin Hashim
- Dr Brian Shoy Teng To

Two directors who are over the age of seventy and seeking re-appointment are as follows:

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

The details of the five Directors seeking re-election or re-appointment are the same as that stated in the Directors' profile from pages 14 to 17 and the shareholdings of the Directors in the Company are the same as that stated on page 54.

2. Details of Attendance of Directors at Board Meetings:

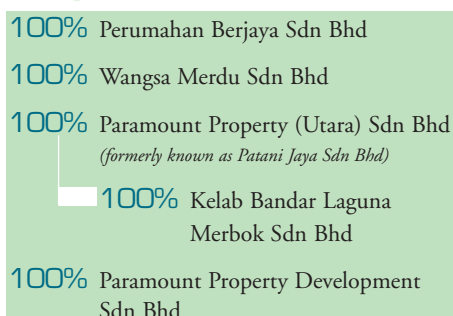
The details of the attendance of Directors at board meetings are the same as that stated in the Directors' profile from pages 14 to 17.

3. The Thirty-Fifth Annual General Meeting will be held at Topas Room, Ground Floor, The Saujana, 2km, Off Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Thursday, 26 May 2005 at 10.00 a.m.

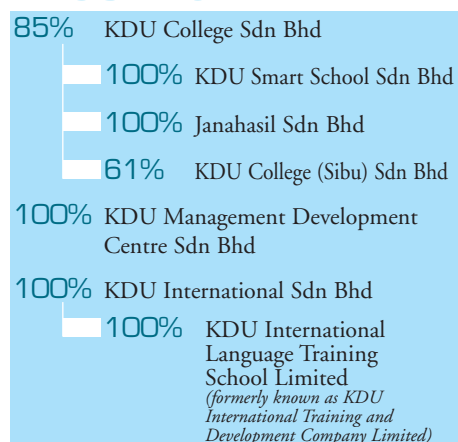
group corporate STRUCTURE



PROPERTY



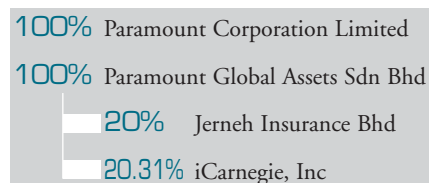
EDUCATION



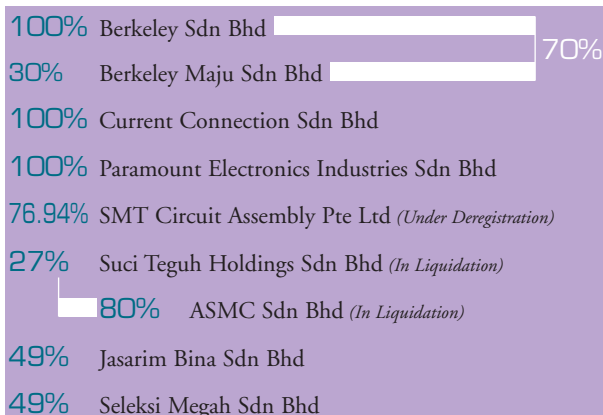
CONSTRUCTION & CIVIL ENGINEERING



INVESTMENT



OTHERS





corporate PROFILE

Paramount Corporation Berhad (Paramount) was incorporated on 15th April 1969 as a public limited company under the name of Malaysia Rice Industries Berhad. It was then principally involved in the business of rice milling.

In 1971, Paramount successfully obtained listing on the Official Lists of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) and Stock Exchange of Singapore Ltd (SES).

In 1978, Paramount was restructured into a property development company with the acquisition of the entire issued share capital of Perumahan Berjaya Sdn Bhd, a real estate company. As part of the Company's plans to diversify further, Paramount also acquired an oil palm estate in Perak in 1980. The Company assumed its present name in 1980.

In 1981, Paramount acquired a 49% equity interest in Nanyang Insurance Company Berhad (NIC), whose principal activity was the underwriting of general insurance business.

The following year, Paramount acquired the entire issued and paid-up share capital of 4 more property development companies, Patani Jaya Sdn Bhd (now known as Paramount Property (Utara) Sdn Bhd), Berkeley Sdn Bhd, Berkeley Maju Sdn Bhd and Maju Garding Development Sdn Bhd (now known as KDU International Sdn Bhd).

1983 marked Paramount's entry into the education sector with its wholly owned subsidiary, Kolej Damansara Utama Sdn Bhd (now known as KDU College Sdn Bhd (KDU)), setting up a campus in Petaling Jaya. Today, KDU is acknowledged as a premier centre for tertiary education.

In 1984, Paramount ceased its rice milling operations.

In compliance with national policy, Paramount was de-listed from the Official List of SES on 1st January 1990.

In March 1991, Paramount completed the acquisition of a 23-storey condominium known as Regency Tower.

Spurred by the success of the Petaling Jaya campus, KDU opened a branch campus in Penang in July 1991.

NIC became a subsidiary of Paramount following the acquisition of additional shares in 1993 and in the same year changed its name to Paramount Assurance Berhad (PAB) to reflect the Group's common identity.

In October 1996, Paramount acquired Berlian Sakti Sdn Bhd (now known as Paramount Engineering & Construction Sdn Bhd), one of the major contractors for the Group's past and present development projects. This alliance was created to reap synergistic benefits for both companies. The same year, KDU further expanded its business by entering into a joint venture to set up a campus in Sibul, East Malaysia, which was closed in September 2003 due to non-viability.

In line with Bank Negara Malaysia's directive on the merger of insurance companies, PAB's general insurance operation merged with that of Jerneh Insurance Berhad (JIB) in December 1999, resulting in PAB holding a 20% equity in JIB. PAB then changed its name to Paramount Global Assets Sdn Bhd (PGA) to reflect the current nature of its business.

In October 2001, KDU through its wholly owned subsidiary, KDU Smart School Sdn Bhd expanded its education business by moving downstream to set up a private primary and secondary smart school, Sekolah Sri KDU.



Paramount through its wholly owned subsidiary, PGA took up a 20.31% equity in iCarnegie, Inc (iCarnegie) in June 2002. iCarnegie, which is an associate company of Carnegie Technology Education, is, in turn, a wholly owned subsidiary of Carnegie Mellon University, a world leader in computing, education and research.

On 28 June 2002, KDU Management Development Centre Sdn Bhd (KMDC), a wholly owned subsidiary, was set up to venture into the provision of executive education and professional development programmes.

In line with Paramount's strategy to expand its land bank in high growth areas, Paramount through its wholly owned subsidiary company, Paramount Property Development Sdn Bhd acquired 524.70336 acres of freehold prime broadacre parcel of development land located in the central corridor of Klang Valley, which was completed in June 2003.

On 19 December 2003, Paramount completed the disposal of the oil palm estate in line with the Group's strategy to strengthen itself to take advantage of alternative investment opportunities that can maximize returns. The same month, Paramount, through its wholly owned subsidiary, KDU International Sdn Bhd, ventured into China to establish its first language training school to offer a range of English courses.

Over the years, Paramount has been pursuing a vision of value creation for its customers, shareholders, business partners and employees. Today, this vision has shaped Paramount into a progressive and successful group of companies. Paramount now focuses on 3 core businesses, i.e. property, construction and education, in order to capitalize on the Group's resources and expertise.

Paramount's property development arm, Paramount Property (Utara) Sdn Bhd has earned an excellent reputation as a reliable and quality focused developer in Sungai Petani, which attribute has been reaffirmed through winning the prestigious 12th FIABCI Property Award of Distinction 2004, RESIDENTIAL DEVELOPMENT CATEGORY. Kemuning Utama, the Group's maiden property development in the Klang Valley, will upon completion enhance Paramount's reputation for innovative and quality products. Leveraging on its proven track record, Paramount will continue to grow its land bank in high growth areas in the Klang Valley, Penang and Johor.

Paramount's construction division has successfully diversified into infrastructure development such as public roads and highways as well as high-rise commercial property. The division has also expanded its business operations to the Klang Valley, Pahang and Melaka.

Having established the vertical integration of the educational services division into Sekolah Sri KDU and KMDC, Paramount will continue to strengthen its position in the education sector into a hallmark of education excellence in Malaysia.

Paramount embraces the future with a firm commitment to further growth by building on the Group's strengths and success to further expand existing core businesses in order to provide good returns on investment for shareholders and enhance revenue from business operations. Quality management, strong corporate values, business dynamism and focused core businesses will continue to steer Paramount into the future. Management will continue to evaluate the Group's performance to capitalise on its strengths and resources, and to take advantage of business opportunities in a rapidly changing market. Backed by these strategies, Paramount's competitive position will see the Group embarking on an exciting journey of unfolding challenges in the new millennium.

from concept

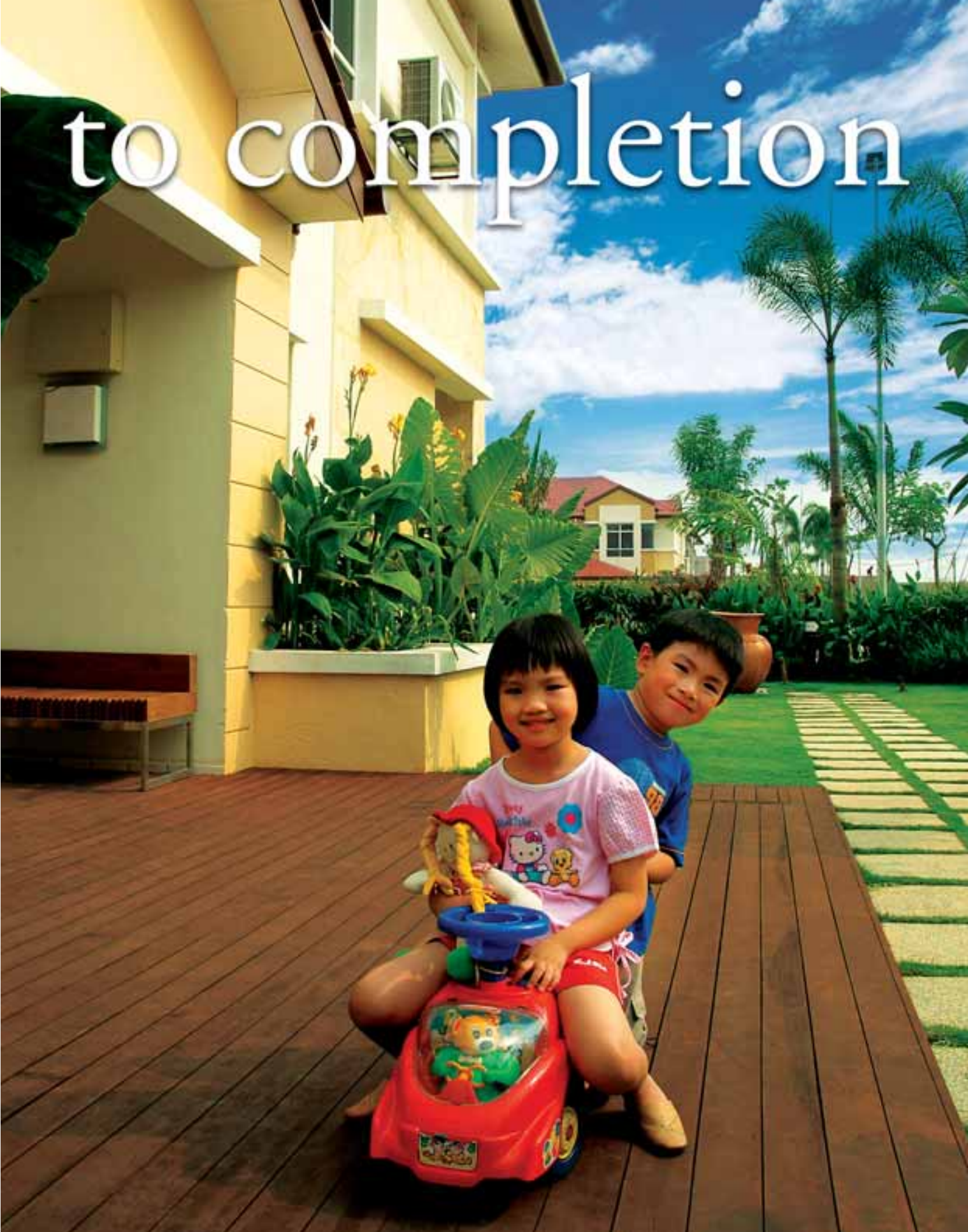


Our concept is simple – exceed customers’ expectations for quality, maintain consistent results and excel in the creation of value where it matters most.

We seek to be an important partner to our customers, impacting every aspect of their lifestyle. Our focus is so intense that customers often feel like they are our only customer. The passion to serve, think creatively, innovate and exceed expectations does not happen by accident. It’s the result of our customer-focused culture and passion for success.

From concept to completion, we create value.

to completion



corporate INFORMATION

BOARD OF DIRECTORS

Chairman

Dato' Md. Taib bin Abdul Hamid*
DSDK

Group Managing Director & Group Chief Executive Officer

Teo Chiang Quan

Deputy Group Managing Director & Deputy Group Chief Executive Officer

Ong Keng Siew

Members

Tan Sri Dato' Ahmad Sabki bin Jahidin*
PSM, DPMP, DIMP, JMN, KMN, SAP, PMP, PJK

Dato' Haji Azlan bin Hashim*
DSNS, DSSA

Rohana Tan Sri Mahmood

Geh Cheng Hooi*

Dr Brian Shoy Teng To

SECRETARY

Tay Lee Kong
(MAICSA 772833)

* INDEPENDENT NON-EXECUTIVE DIRECTORS

REGISTERED OFFICE

Level 8, Uptown 1
1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Telephone : 03-7726 3000
Facsimile : 03-7726 9559
email : info@pcb.com.my
Website : www.pcb.com.my

REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Telephone : 03-2084 9000
Facsimile : 03-2094 9940

AUDITORS

Ernst & Young, Chartered Accountants

SOLICITORS

S.K. Yeoh & Partners

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

OTHER INFORMATION

required by the listing
requirements of bursa malaysia
securities berhad

1. UTILISATION OF PROCEEDS

The Company's proposed private placement of up to 10% of its issued and paid up share capital which entails the issuance of up to 10,355,194 new ordinary shares of RM1.00 each has not been completed.

2. NON-AUDIT FEES

The amount of non-audit fee paid to the external auditors by the Group and Company for the financial year is reflected in Note 5, page 86 of the audited accounts.

3. MATERIAL CONTRACTS

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

4. REVALUATION POLICY

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



board of

From left to right:

Dato' Md. Taib bin Abdul Hamid
Teo Chiang Quan
Ong Keng Siew
Geh Cheng Hooi
Tan Sri Dato' Ahmad Sabki bin Jahidin
Rohana Tan Sri Mahmood
Dr Brian Shoy Teng To
Dato' Haji Azlan bin Hashim



DIRECTORS

★13

ANNUAL
REPORT 2004
PARAMOUNT
CORPORATION
BERHAD

board of directors' PROFILE

DATO' MD. TAIB BIN ABDUL HAMID

Chairman, Independent Non-Executive Director

B.A. (Hons.) Econs.

66 years of age – Malaysian

Dato' Taib, who is the Chairman of Paramount Corporation Berhad (Paramount), brings to the Group a wealth of experience spanning both the private and public sectors. He first served with Bank Negara Malaysia (BNM) from 1960 to 1975. Following this, he was the Executive Director of a commercial bank. He continued to be actively involved with several financial institutions including as Chairman of a commercial bank until recently. Dato' Taib joined Paramount on 14 November 1994 and was appointed the Chairman of the Board of Directors on 20 July 2001.

Dato' Taib also serves as the Chairman of the Nomination and Remuneration Committees.

Dato' Taib attended all the 5 board meetings.

TEO CHIANG QUAN

Group Managing Director & Group Chief Executive Officer

Hon Doc Middlesex University, United Kingdom

56 years of age – Malaysian

Teo joined Paramount as a Director on 19 January 1977. He started to play an active role in the management of Paramount when he first served as Chief Executive of the Group's insurance division, from 1981 to 1991. Under his stewardship, the insurance division grew from a company with a single branch to a respectable and well-capitalised insurance company with 11 branches. He was also instrumental in ensuring the successful merger of the Group's insurance operations with Jerneh Insurance Berhad (JIB). In 1989, Teo assumed the position of Group Managing Director & Group Chief Executive Officer of Paramount and has since then transformed Paramount into a reputable and financially sound diversified group. Teo has participated in the Harvard Business School Owner/President Program, OPM 33, a three week per year Executive Education Program from 2002 to 2004.

Current directorship in a public company includes JIB.

Teo is a substantial shareholder of Paramount.

Teo attended all the 5 board meetings.



Dato' Md. Taib bin Abdul Hamid



Teo Chiang Quan



Ong Keng Siew



Geh Cheng Hooi

ONG KENG SIEW

Deputy Group Managing Director & Deputy Group Chief Executive Officer

C.A. (M) FCCA

48 years of age – Malaysian

Ong's relationship with Paramount spans more than 20 years. He joined the Group as an Accountant in 1981 and after three years of dedication and hard work, he was promoted to the position of Finance and Administration Manager. In 1989, he was again promoted to General Manager overseeing the operations of the property division. He was invited to join the Board on 14 November 1994 and in 1997, assumed the position of Deputy Group Managing Director & Deputy Group Chief Executive Officer.

Ong also serves on the Audit Committee.

Ong attended all the 5 board meetings.

GEH CHENG HOOI

Independent Non-Executive Director

Fellow of the Institute of Chartered Accountants, England and Wales

70 years of age – Malaysian

Geh has carved a name for himself in the field of accounting and consulting. After qualifying as a Chartered Accountant, he worked for Price Waterhouse, London, before returning to Malaysia to join KPMG Peat Marwick in 1961. He was admitted as a partner in 1964 and retired as the senior partner of KPMG Peat Marwick in 1989. Geh was invited to join the Board of Paramount on 3 March 1998.

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

Current directorships in public companies include Lingui Developments Berhad (Group), LPI Capital Berhad, Lonpac Insurance Berhad, NCB Holdings Berhad, PB Trustee Services Berhad, Star Publications (Malaysia) Bhd, The Bank of Nova Scotia Bhd, Tien Wah Press Holdings Bhd, Plus Expressway Berhad and Malayan Flour Mills Berhad.

Geh attended all the 5 board meetings.



Tan Sri Dato' Ahmad Sabki
bin Jahidin



Rohana Tan Sri Mahmood



Dr Brian Shoy Teng To



Dato' Haji Azlan bin Hashim

TAN SRI DATO' AHMAD SABKI BIN JAHIDIN

Independent Non-Executive Director

B.A. Hons. University of Malaya

73 years of age – Malaysian

Tan Sri Dato' Ahmad Sabki has served both the government and private sectors with distinction. Tan Sri's nineteen years of government service included serving the Ministry of Culture, Youth & Sports, Malaysian Rubber Exchange & Licensing Board, International Rubber Association, International Natural Rubber Organisation, Malaysia Invisible Trade and Malaysian Rubber Development Corporation. Tan Sri joined the Board on 19 February 1997.

Tan Sri is the Chairman of the Audit Committee and a member of both the Nomination and Remuneration Committees.

Current directorships in public companies include Apollo Food Holdings Bhd, Cygal Berhad, Gula Perak Bhd, Hwang-DBS (Malaysia) Bhd, Hwang-DBS Securities Berhad and Nanyang Press Holdings Berhad.

Tan Sri attended 4 out of 5 board meetings.

ROHANA TAN SRI MAHMOOD

Non-Independent Non-Executive Director

B.A. (Hons) in Politics; Masters in International Relations; University of Sussex

50 years of age – Malaysian

Rohana's working experience encompasses both the private and government sectors. She is the Advisor and a Board Member of the Pacific Basin Economic Council (PBEC) Malaysia member committee. PBEC, which was formed by the Malaysian Government in 1991, is a regional association of senior business executives representing more than 1,000 corporations in 20 countries around the Pacific. She is also a Director of the Malaysian Strategic Research Centre (MSRC), an independent, non-profit organization formed primarily to advance the understanding of both domestic and international activities in Malaysia. The Chairman of MSRC is Hon. Dato' Sri Najib Tun Razak, the Deputy Prime Minister and Minister of Defence, Malaysia. Prior to this, she was with the Institute of Strategic and International Studies (ISIS) Malaysia and the Ministry of Foreign Affairs, Malaysia. She is active in the world of arts and is currently serving as Deputy Chairman of the National Art Gallery Malaysia and a Vice President for the Kuala Lumpur Business Club. Rohana is also actively involved in business principally in education, having invested in the education arm of Paramount. Rohana joined the Board on 28 July 1997.

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

Rohana attended 4 out of 5 board meetings.

DR BRIAN SHOY TENG TO

Non-Independent Non-Executive Director

MM Degree (Master in Management), MPM Degree (Master in Public Management),

DBA (Hon), (Doctor of Business Administration)

49 years of age – British

Brian, who joined Paramount on 9 July 2001, brings to the Group more than 20 years of experience in the field of providing management consultancy services to Fortune 500 companies in Europe, Asia and North America including gaining access to and structuring international joint ventures, licensing agreements, distribution arrangements and corporate partnerships. His wealth of experience also includes energy/oil and gas, professional services, education, chemical manufacturing, telecommunications, banking and finance. Brian has also completed Business programs at the Harvard Business School, Stanford Graduate School of Business Administration, Dartmouth College, Berkeley Business School, NUS in Singapore and INSEAD in France. He is also a Graduate of The Heinz School of Public Policy and Management at Carnegie Mellon University. Brian was appointed a Fellow of The Wharton School, University of Pennsylvania in 2002, and a Senior Fellow in 2004.

Brian attended all the 5 board meetings.

DATO' HAJI AZLAN BIN HASHIM

Independent Non-Executive Director

Fellow of the Institute of Chartered Accountants, Ireland

Fellow of the Economic Development Institute (World Bank, Washington)

Fellow of the Institute of Bankers Malaysia

63 years of age – Malaysian

Dato' Azlan joined the Board of Paramount on 7 May 1982. Dato' Azlan began his career with the Malayan Railways in 1966. His last designation was that of Chief Accountant for a period of two years. In 1972, he became a partner of a public accounting firm, Azman, Wong, Salleh & Co. He stayed as an active partner in the firm for twelve years before joining Arab-Malaysian Development Bhd. From 1985 to September 1991, he held the post of Managing Director. Dato' Azlan had also served as the President of the Federation of Public Listed Companies from 1994 to 1998. Dato' Azlan is currently the Executive Vice-Chairman of Arab-Malaysian Corporation Berhad and the Deputy Chairman of AMMB Holdings Berhad, AMFB Holdings Berhad, AMDB Berhad, AmAssurance Berhad and AmProperty Trust Management Berhad.

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

Other directorships include AMFB Holdings Berhad, AMDB Berhad, AmAssurance Berhad, AmProperty Trust Management Berhad, Arab-Malaysian Corporation Berhad, AMMB Holdings Berhad, Kemas Holdings Bhd, Kumpulan Perangsang Selangor Berhad, Metrod (M) Berhad, Sapura Industrial Berhad, Global Carriers Berhad and Syarikat Permodalan & Perusahaan Selangor Berhad.

Dato' Azlan attended 4 out of 5 board meetings.

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

None of the Directors have been charged for any offence.

senior MANAGEMENT





From left to right:

Teo Chiang Quan
Group Managing Director &
Group Chief Executive Officer

Ong Keng Siew
Deputy Group Managing Director &
Deputy Group Chief Executive Officer

Liew Yin Chew
Deputy Managing Director
Paramount Property (Utara) Sdn Bhd
Executive Director
Paramount Property Development Sdn Bhd

Chuan Yeong Ming
Deputy Managing Director
Paramount Engineering &
Construction Sdn Bhd

Lau Say Min, Claudia
Managing Director
KDU International Sdn Bhd

Siew Chee Choong
Finance Director

Lim Hong Kheng
Human Resource Director

Cheng Mien Wee
Executive Director
KDU Management Development
Centre Sdn Bhd

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

Tay Lee Kong
Corporate Affairs Director

Oh Keng Kooi
Audit Director

Dr Chia Chee Fen
Chief Executive, KDU College Sdn Bhd
– Petaling Jaya Campus

Teh Geok Lian
Chief Executive Officer
KDU Smart School Sdn Bhd

from mind to



Education is more than a business. It requires a commitment above the norm in almost every aspect of our operation because we are entrusted with responsibility of helping our students realise their dreams. Ours is more than a job — it's a calling. So throughout our organisation, we take that commitment seriously.

It is borne out in the quality of education we provide, the spirit and enthusiasm of our faculty members and the involvement of internationally renowned universities, who work in partnership with us to develop academic programs that translate into meaningful careers for our students.

From mind to market, we drive dreams

market





“THE PROPERTY DIVISION’S REVENUE SHOT UP BY AS MUCH AS 85%, FROM RM121.1 MILLION TO RM223.6 MILLION. THIS WAS PRIMARILY DUE TO INCREASED CONTRIBUTION BY THE PROPERTY DEVELOPMENT DIVISION ON THE BACK OF EXCELLENT SALES OF RESIDENCES AT THE GROUP’S NEW DEVELOPMENT PROJECT, KEMUNING UTAMA”.

“PEROLEHAN BAHAGIAN HARTA MENINGKAT SEBANYAK 85%, DARI RM121.1 JUTA KE RM223.6 JUTA. INI ADALAH KHUSUSNYA AKIBAT DARI SUMBANGAN MENAMBAHBAIK BAHAGIAN PEMBANGUNAN HARTA DARI PENJUALAN RUMAH KEDIAMAN DI PROJEK PEMBANGUNAN BARU DI KEMUNING UTAMA”.

Dato' Md. Taib bin Abdul Hamid
Chairman / Pengerusi

CHAIRMAN’S statement pesanan **PENGERUSI**

On behalf of the Board of Directors, I am pleased to inform you that Paramount Corporation Berhad (Paramount) group of companies (Group) has performed extremely well for the financial year ended 31 December 2004 through the attainment of operational efficiencies backed by the timely execution of well planned strategies and effective utilization of resources. On that note, it gives me great pleasure to present the Thirty-Fifth Annual Report of Paramount Group.

FINANCIAL PERFORMANCE

Group turnover for financial year ended 31 December 2004 increased by 61%, from RM167.9 million to RM270.9 million. Over the same period, profit before tax increased by 21%, from RM31.4 million to RM37.9 million, although like to like operating profit grew by as much as 161%. This is a notable achievement when compared with the previous year's operating profit which included a gain of RM16.9 million realized from the disposal of an estate land, Dindings Oil Palm Estate. Earnings per share rose from 21.7 sen to 22.8 sen.

Shareholders' funds increased to RM314.1 million from RM297.9 million whilst Net Tangible Asset (NTA) per share rose from RM2.88 to RM3.03.

The year in review saw the property division registering a strong performance unlike the education services division which continued to operate under yet another year of difficult conditions. As a result, an increased profit before tax of RM37.0 million contributed by the property division has been partially reduced by a loss of RM5.9 million incurred by the educational services division.

Property Division

The property division's revenue shot up by as much as 85%, from RM121.1 million to RM223.6 million. This was primarily due to increased contribution by the property development division on the back of excellent sales of residences at the Group's new development project, Kemuning Utama. This was underpinned by sustained demand for quality residential property, which was supported by higher incomes and the ready availability of attractive mortgage financing packages.

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya memaklumkan bahawa Paramount Corporation Berhad (Paramount) dan kumpulan anak-anak syarikat (Kumpulan) telah mencapai prestasi yang amat cemerlang bagi tahun kewangan berakhir 31 Disember 2004 melalui pencapaian keefisienan operasi sambil pelaksanaan strategi terancang dan kekesanan penggunaan resos. Justera itu, saya dengan gembiranya mengemukakan Laporan Tahunan Ketiga Puluh Lima Kumpulan Paramount.

PRESTASI KEWANGAN

Perolehan Kumpulan pada tahun berakhir 31 Disember 2004 meningkat sebanyak 61%, dari RM167.9 juta ke RM270.9 juta. Pada jangka masa yang sama, keuntungan sebelum cukai meningkat sebanyak 21% dari RM31.4 juta ke RM37.9 juta walaupun keuntungan operasi meningkat sebanyak 161%. Ini merupakan pencapaian yang baik sekiranya dibandingkan dengan keuntungan operasi tahun sebelumnya yang termasuk RM16.9 juta dari penjualan tanah estet Dindings Oil Palm Estate. Pendapatan sesaham meningkat dari 21.7 sen ke 22.8 sen.

Dana pemegang saham bertambah ke RM314.1 juta dari RM297.9 juta sementara aset ketara bersih (NTA) sesaham meningkat dari RM2.88 ke RM3.03.

Pada tahun yang ditinjau, bahagian harta telah menunjukkan prestasi yang baik berbanding dengan bahagian pendidikan yang beroperasi dalam keadaan yang rumit. Akibatnya, keuntungan sebelum cukai sebanyak RM37.0 juta sumbangan bahagian harta telah dikurangkan oleh kerugian sebanyak RM5.9 juta dari bahagian perkhidmatan pendidikan.

Bahagian Harta

Perolehan bahagian harta meningkat sebanyak 85%, dari RM121.1 juta ke RM223.6 juta. Ini adalah khususnya akibat dari sumbangan menambahbaik bahagian pembangunan harta dari penjualan rumah kediaman di projek pembangunan baru di Kemuning Utama. Puncanya ialah permintaan yang kekal untuk rumah kediaman yang berkualiti di sokong oleh peningkatan pendapatan dan ketersediaan pakej gadai janji kewangan yang menarik.

The property development division's revenue grew by 173%, from RM62.8 million to RM171.7 million. In comparison, the property investment division maintained a similar revenue of approximately RM6.7 million while the construction division's revenue contracted by 13.9% to RM45.2 million from RM51.5 million. This was due to a concerted effort to focus on in-house contracts and reduce dependency on external projects, in an already extremely competitive and shrinking market.

Correspondingly, the property development division's profit before tax grew by 133% to RM28.2 million, from RM12.1 million while the property investment division's profit before tax continued to remain at RM4.3 million. However, the construction division recorded a lower profit before tax of RM4.5 million as compared with RM6.2 million in the previous year due to a provision for Ascertained Liquidated Damages of RM1.9 million and a write-off of bad debts amounting to RM276,000.

Educational Services Division

The educational services division recorded marginally higher revenue of RM47.3 million, from RM46.2 million. The increase was contributed by the primary and secondary education division, which saw a doubling in its enrolment intake in 2004 and a corresponding growth in revenue by 141%, from RM4.6 million to RM11.08 million. Amidst stiff competition, the tertiary education division's revenue contracted by 15% from RM41.1 million to RM35.06 million. The revenue from the executive education and professional development education division grew marginally from RM800,000 to RM1.08 million whilst the language center in Chongqing, China contributed a small revenue of RM300,000 as it only commenced business in the fourth quarter of the year.

With lower than expected enrolments, higher than expected operating as well as new start-up costs, the educational services division's loss grew to RM5.9 million from RM1 million. The primary and secondary schools recorded a reduced loss of RM1.67 million from RM4.39 million attributed to improved enrolment but this was offset by higher than expected operating costs incurred in preparation for the start-up of the new secondary school. The tertiary education

Perolehan bahagian pembangunan harta meningkat sebanyak 173%, dari RM62.8 juta ke RM171.7 juta. Bahagian pelaburan harta pula telah mengekal perolehan lebih kurang RM6.7 juta sementara perolehan bahagian pembinaan berkurangan sebanyak 13.9% ke RM45.2 juta dari RM51.5 juta. Ini adalah akibat usaha pemfokusan kepada kontrak dalaman dan pengurangan pergantungan kepada projek luar, dalam keadaan pasaran yang susut dan sengit.

Keuntungan sebelum cukai bahagian pembangunan harta meningkat sebanyak 133% ke RM28.2 juta dari RM12.1 juta sementara keuntungan sebelum cukai bahagian pelaburan harta kekal pada RM4.3 juta. Manakala, bahagian pembinaan mencatat keuntungan sebelum cukai yang rendah sedikit, RM4.5 juta berbanding dengan RM6.2 juta pada tahun sebelumnya akibat provisi untuk Ascertained Liquidated Damages sebanyak RM1.9 juta dan hapus kira hutang lapuk sebanyak RM276,000.

Bahagian Perkhidmatan Pendidikan

Bahagian perkhidmatan pendidikan mencatat perolehan yang lebih tinggi sedikit, dari RM46.2 juta ke RM47.3 juta. Penambahan ini adalah sumbangan dari bahagian sekolah rendah dan menengah yang mencapai enrolmen dua kali ganda pada tahun 2004 dan juga peningkatan perolehan sebanyak 141%, dari RM4.6 juta ke RM11.08 juta. Dalam keadaan saingan yang sengit, perolehan bahagian pendidikan tertiar berkurangan sebanyak 15% dari RM41.1 juta ke RM35.06 juta. Perolehan dari bahagian pendidikan eksekutif dan perkembangan profesional menambah sedikit dari RM800,000 ke RM1.08 juta, sementara pusat bahasa di Chongqing, China telah menyumbangkan perolehan kecil sebanyak RM300,000 kerana permulaan bisnes hanya pada suku keempat tahun tersebut.

Dengan enrolmen lebih rendah yang telah dijangkakan dan kos lebih tinggi dalam operasi dan permulaan, kerugian bahagian perkhidmatan pendidikan meningkat ke RM5.9 juta dari RM1 juta. Sekolah rendah dan menengah mencatat kerugian yang menurun dari RM4.39 juta ke RM1.67 juta hasil daripada enrolmen yang meningkat tetapi dikurangkan oleh kos operasi yang lebih tinggi akibat persediaan untuk permulaan sekolah menengah baru. Bahagian pendidikan tertiar mencatat keuntungan sebelum cukai yang lebih rendah ke RM1.14 juta dari RM5.33 juta. Bahagian pendidikan

division managed a lower profit before tax of RM1.14 million from RM5.33 million. The executive education and professional development center recorded a higher loss of RM3.83 million from RM1.95 million due to lower than expected enrolment whilst the language center incurred a loss of RM1.55 million due to the later than expected commencement date of enrolment.

Investment and Others

Investment and Others recorded a lower profit before tax of RM6.85 million as compared with RM9.67 million, the previous year, which included a gain of RM16.9 million from the disposal of an estate land, as mentioned earlier. However, contribution from this sector, mainly the Group's 20% investment in Jerneh Insurance Berhad (JIB), is expected to stabilize henceforth given the consistent results produced by JIB.

DIVIDENDS

Given our improved financial performance and confidence in our future business prospects, the Board is recommending a final dividend of 5.5%, tax exempt, for the year ended 31 December 2004. Together with the interim dividend of 3.5%, tax exempt, which was paid on 28 October 2004, the total dividend for the year amounted to 9%, tax exempt. This represents an increase of 1 sen per share compared with the previous year's total dividend of 8 sen per share.

Although Paramount does not have a dividend policy, the Company has been consistently paying dividends since 1979. Nevertheless, it is our aim to maintain and grow this dividend in future. However, the level of growth will be determined after taking into consideration the opportunities to invest in those areas of our business that offer attractive growth prospects, our financial flexibility and the financial performance of the Group over the medium to long-term.

CORPORATE DEVELOPMENTS AND AWARDS

On 22 June 2004, the Securities Commission approved the Company's proposed private placement subject to allocation of 30% of the placement shares to bumiputera investors.

eksekutif dan perkembangan profesional mencatat kerugian yang lebih tinggi dari RM1.95 juta ke RM3.83 juta oleh kerana enrolmen yang rendah sementara pusat bahasa rugi sebanyak RM1.55 juta akibat permulaan enrolmen yang lewat.

Pelaburan dan Lain-lain

Pelaburan dan Lain-Lain mencatat keuntungan sebelum cukai yang lebih rendah sebanyak RM6.85 juta berbanding dengan RM9.67 juta pada tahun sebelumnya yang termasuk keuntungan sebanyak RM16.9 juta dari penjualan tanah estet seperti diterangkan. Walau bagaimanapun, sumbangan dari sektor ini, terutamanya pelaburan Kumpulan sebanyak 20% dalam Jerneh Insurance Berhad (JIB) dijangka akan menjadi lebih stabil memandangkan prestasi yang konsisten oleh JIB.

DIVIDEN

Memandangkan kemajuan prestasi kewangan dan keyakinan prospek bisnes masa depan, Lembaga mencadangkan dividen akhir sebanyak 5.5% bebas cukai untuk tahun berakhir 31 Disember 2004. Bersama dividen sementara sebanyak 3.5% bebas cukai, yang telah dibayar pada 28 Oktober 2004, jumlah dividen untuk tahun tersebut adalah 9% bebas cukai. Ini merupakan penambahan 1 sen sesaham berbanding dengan tahun sebelumnya, jumlah dividen adalah sebanyak 8 sen sesaham.

Walaupun Paramount tidak mempunyai dasar dividen, Syarikat amat konsisten dalam pembayaran dividen sejak tahun 1979. Walau bagaimanapun, ianya matlamat kami mengekal dan meningkatkan dividen ini pada masa depan. Tahap peningkatan akan ditentukan selepas mengambilkira peluang melabur dalam bidang bisnes yang menawarkan prospek yang menarik, kelenturan kewangan kami dan prestasi kewangan Kumpulan pada jangkamasa yang sederhana hingga panjang.

PERKEMBANGAN KORPORAT DAN ANUGERAH

Pada 22 Jun 2004, Suruhanjaya Sekuriti telah meluluskan cadangan Syarikat melaksanakan tawaran persendirian dengan syarat pengagihan 30% daripada syer kepada pelabur bumiputera.

On 21 September 2004, KDU International Training & Development Company Limited, a wholly owned subsidiary company, changed its name to KDU International Language Training School Limited to better reflect its nature of business.

On 24 September 2004, Paramount Property (Utara) Sdn Bhd was awarded the prestigious 12th FIABCI Property Award of Distinction 2004, in the RESIDENTIAL DEVELOPMENT CATEGORY, for its Bandar Laguna Merbok development.

Paramount created history when Bandar Laguna Merbok became the first residential development outside the Klang Valley to win this award. In achieving this highly coveted award, the company has also enhanced its reputation as a reliable developer with an eye for quality.

At The Edge Top Property Developers Award 2004, Qualitative Attributes, Paramount was ranked 17th. The award is in recognition of developers with qualitative attributes, such as product quality, innovation and creativity, value creation for buyers, image and market perception and expertise.

On 28 September 2004, the Companies Commission of Malaysia, approved the change in name for the following wholly owned subsidiary companies:

Patani Jaya Sdn Bhd is known as Paramount Property (Utara) Sdn Bhd, Berlian Sakti Sdn Bhd is known as Paramount Engineering & Construction Sdn Bhd and Zenbilt Sdn Bhd is known as Paramount Building Materials Sdn Bhd.

The change of name is in line with our objective to have a common group identity and to reflect each subsidiary company's core business.

On 13 November 2004, SMT Circuit Assembly Pte Ltd (SMT), a 76.94% owned subsidiary, submitted an application to the Accounting and Corporate Regulatory Authority, Singapore to de-register the company, which has ceased business activity since 1996.

Pada 21 September 2004, KDU International Training & Development Company Limited, sebuah subsidiari penuhmilik telah menukar namanya kepada KDU International Language Training School Limited agar mencerminkan bisnis sebenarnya.

Pada 24 September 2004, Paramount Property (Utara) Sdn Bhd telah dianugerahkan dengan “12th FIABCI Property Award of Distinction 2004”, dalam kategori “RESIDENTIAL DEVELOPMENT” untuk pembangunan Bandar Laguna Merbok.

Paramount mencipta rekod sejarah bila Bandar Laguna Merbok menjadi pemaju rumah kediaman pertama di luar Lembah Kelang yang memenangi anugerah tersebut. Dengan memenangi anugerah tersebut, syarikat telah memurnikan reputasinya sebagai pembangun harta yang boleh dipercayai dan berkualiti.

Di “The Edge Top Property Developers Award 2004, Qualitative Attributes”, Paramount ditempatkan ke-17. Anugerah ini diberi atas pengiktirafan pemaju harta yang mempunyai ciri kualitatif seperti kualiti produk, inovasi dan kreativiti, ciptaan nilai bagi pembeli, imej dan persepsi pasaran dan kepakaran.

Pada 28 September 2004, Suruhanjaya Syarikat Malaysia telah meluluskan penukaran nama untuk subsidiari penuhmilik syarikat berikut:

Patani Jaya Sdn Bhd dikenalkan sebagai Paramount Property (Utara) Sdn Bhd, Berlian Sakti Sdn Bhd sebagai Paramount Engineering & Construction Sdn Bhd dan Zenbilt Sdn Bhd sebagai Paramount Building Materials Sdn Bhd.

Penukaran nama adalah selaras dengan objektif syarikat memiliki nama Kumpulan yang sama identiti serta mencerminkan bisnis utama setiap subsidiari.

Pada 13 November 2004, SMT Circuit Assembly Pte Ltd (SMT), sebuah subsidiari pemilikan 76.94%, telah mengemukakan permohonan kepada “the Accounting and Corporate Regulatory Authority”, Singapura untuk dimansuh pendaftaran kerana telah menamatkan aktiviti bisnis sejak tahun 1996.

On 22 December 2004, the Securities Commission approved the Company's application for an extension of time to 31 May 2005 to complete the private placement exercise pending procurement of places.

OUTLOOK

Against a background of a year of high activity, fuelled by excellent confirmed sales of residential units and bright prospects for an increase in sales given the continued favourable economic conditions as well as a supportive credit environment, the Group's property development division is well positioned for further growth. The construction division's activities are expected to grow in tandem with that of the property development division as 80% of its portfolio will be undertaking in-house projects.

However, the education division is expected to experience another year of loss with the primary and secondary education and the executive education and professional development divisions' operations striving to achieve economies of scale and the tertiary education continuing to operate in a highly competitive environment.

The Board of Directors expects the Group's performance in 2005 to be better than that of the current financial year.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to recognize and applaud the outstanding contributions of all our employees during the year which have helped to place Paramount firmly on track to further enhance shareholder value.

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 support.

DATO' MD. TAIB BIN ABDUL HAMID

Chairman / Pengerusi

Pada 22 Disember 2004, Suruhanjaya Sekuriti telah meluluskan permohonan Syarikat melanjutkan masa ke 31 Mei 2005 untuk menyempurnakan usaha tawaran persendirian sementara memperoleh "places".

PROSPEK

Berdasarkan latarbelakang tahun yang penuh dengan aktiviti sambil penjualan cemerlang unit perumahan dan prospek yang cerah untuk peningkatan dalam jualan dalam keadaan ekonomi yang baik dan persekitaran kredit yang baik, bahagian pembangunan harta Kumpulan dijangka akan berkembang lagi. Aktiviti bahagian pembinaan dijangka akan berkembang setanding dengan bahagian pembangunan harta memandangkan 80% daripada portfolionya merupakan projek dalaman.

Bagaimanapun, bahagian pendidikan dijangka akan mengalami setahun kerugian lagi dengan operasi bahagian rendah, menengah dan pendidikan eksekutif serta perkembangan profesional berusaha mencapai ekonomi bidangan dan pendidikan tertiar meneruskan operasi dalam suasana saingan yang sengit.

Lembaga Pengarah menjangkakan prestasi Kumpulan bagi tahun 2005 akan lebih cemerlang daripada tahun kewangan kini.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan penghargaan kepada kakitangan atas sumbangan cemerlang mereka sepanjang tahun yang telah membantu Paramount menambah nilai pemegang saham.

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

from possibilities



For working adults, the decision to pursue a post-degree qualification or undergo further training is a choice to make a positive change in one's life and opportunities. As higher education & corporate training practitioners, we ensure that our programs are current and relevant. Our curriculum is regularly updated to provide the knowledge and skills that are in demand while continuing to emphasize timeless competencies and values. Our lecturers are experts drawn from the fields in which they teach, so they can teach from experience and help students apply what they learn.

Our objective is cut through the clutter and provide a real-world education of unsurpassed value to working adults. And that objective keeps our standards high and helps change lives for the better.

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KMD Management Development Centre Sdn. Bhd. (19930101)
No. 1, Jalan 1/1, Taman 1/1, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: 03-5100 1000
Fax: 03-5100 1001
Email: info@kmdc.com.my
Website: www.kmdc.com.my

Why financial planning?

- Demand for the service of financial planners is growing rapidly with Malaysians becoming more affluent
- Sophisticated demands
- Customers are no longer satisfied with simple investment planning
- Financial Planners do not only manage their wealth but also help them in achieving an individual's life goals and managing his finances



- KMDC
Why
- Demand for the service of financial planners is growing rapidly with Malaysians becoming more affluent
 - Sophisticated demands
 - Customers are no longer satisfied with simple investment planning
 - Financial Planners do not only manage their wealth but also help them in achieving an individual's life goals and managing his finances

Chief Executive Officer's REVIEW OF OPERATIONS TINJAUAN OPERASI Ketua Pegawai Eksekutif

Our increased level of activities over the past 12 months is a clear demonstration of our single-minded focus to deliver on our strategy and generate higher returns for our shareholders.

We are pleased that our maiden property development in the Klang Valley has exceeded our expectations following an overwhelming response to our sales launch of various residential properties. During the year under review, we won the prestigious 12th FIABCI Property Award of Distinction 2004, RESIDENTIAL DEVELOPMENT CATEGORY and ranked 17th at The Edge Top Property Developers Award 2004, Qualitative Attributes. Both these important milestones have further strengthened our reputation as a reliable and responsible developer of quality homes.

We have also made considerable progress in achieving the strategic objectives set for our educational services division. These include a doubling of enrolments at the primary and secondary schools, greater operational efficiency and reduced costs through organizational restructuring of our tertiary education. Furthermore, our executive education and professional development center entered into strategic alliances with Tier 1 business schools and world class institutions, and we commenced operations of our language center in Chongqing, China.



Teo Chiang Quan
Group Chief
Executive Officer /
Ketua Pegawai
Eksekutif Kumpulan

Tahap aktiviti kami yang kian meningkat sepanjang 12 bulan yang lalu mencerminkan fokus kami melaksanakan strategi yang menjana pulangan yang lebih tinggi bagi pemegang saham kami.

Kami amat gembira bahawa pembangunan harta yang pertama di Lembah Kelang telah menghasilkan respon yang melebihi jangkaan dengan pelancaran jualan berbagai rumah kediaman yang begitu menakjubkan. Pada tahun yang ditinjau, kami memenangi anugerah “12th FIABCI Property Award of Distinction 2004”, kategori “RESIDENTIAL DEVELOPMENT” dan mencapai tempat ke-17 di “The Edge Top Property Developers Award 2004, Qualitative Attributes”. Kedua-dua anugerah ini telah mengukuhkan reputasi kami sebagai pemaju perumahan berkualiti yang dipercayai dan bertanggungjawab.

Kami juga telah mencapai kemajuan yang baik dalam pencapaian objektif strategik untuk bahagian perkhidmatan pendidikan. Ini termasuk menambah enrolmen dua kali ganda bagi sekolah rendah dan menengah, keefisienan operasi dan pengurangan kos melalui penstrukturan semula pendidikan tertiar. Tambahan pula, pusat pendidikan eksekutif dan perkembangan profesional telah menjalin hubungan strategik dengan sekolah bisnes Tier 1 dan institusi kelas dunia, dan kami juga telah memulakan operasi pusat bahasa di Chongqing, China.

"WE HAVE CERTAINLY COME A LONG WAY IN REAPING THE FRUITS OF OUR SUCCESS HAVING MOVED "FROM VISION TO BUILDING BRANDS", WHICH IS THE THEME FOR THIS YEAR'S ANNUAL REPORT. IT'S A THEME THAT BOTH MIRRORS THE STRENGTH OF OUR BRANDS AND THE TOTAL DEDICATION OF OUR PEOPLE AS WE ACHIEVE YET ANOTHER EXCELLENT YEAR OF PROGRESS AND PROSPERITY".

"KAMI TELAH MENYEMAI KEJAYAAN DAN TELAH BERGERAK DARI "VISI KE PEMBENTUKAN JENAMA" YANG MERUPAKAN TEMA UNTUK LAPORAN TAHUN INI. TEMA INI MENCERMINKAN KEKUATAN JENAMA DAN DEDIKASI STAF KAMI DALAM MENCAPAI SETAHUN KEJAYAAN DAN KEKAYAAN".



PROPERTY

Property Development

It was a very good year indeed for our property development division, boosted by an impressive sales performance of 1,380 units with a total sales value of RM515 million. The improved performance was largely attributed to contributions from Paramount's maiden project in the Klang Valley, Kemuning Utama, located in the vicinity of successful and established townships such as Kota Kemuning and Bukit Rimau.

There was overwhelming response to Kemuning Utama's three property launches in 2004, all of which are located on the more prime eastern portion. Of the total 1,157 units, 1,068 units with a sales value of RM453 million were snapped up by purchasers, many of whom queued for up to three days before the date of each launch.

As a customer-centric Group, we ensure that the design and layout, landscaping, security features and pricing of our properties are geared towards the comfort and benefits of homeowners. Set amidst planned abundant and lush greenery and wide roads, rows of houses along cul-de-sacs that lead to parks and stretches of greenery, are aligned in a north-south orientation to avoid the glare of the afternoon sun. Underground utilities add to the aesthetics appeal. The houses are grouped in separate gated and guarded enclaves. All our houses, both the 22' X 75' and 24' X 75" double-storey terraces, the 35' X 70' link semi-detached and the 50' X 80' semi-detached have generous build-ups, are column free with

HARTA

Pembangunan Harta

Tahun ini merupakan tahun yang amat baik bagi bahagian pembangunan harta, dengan penjualan 1,380 unit rumah dengan nilai jualan RM515 juta. Prestasi yang baik ini berpunca daripada sumbangan projek pertama Paramount di Lembah Kelang, Kemuning Utama, yang terletak di persekitaran perbandaran yang berjaya dan mantap seperti Kota Kemuning dan Bukit Rimau.

Ketiga-tiga pelancaran Kemuning Utama yang terletak di bahagian timurnya telah menerima respon yang menakjubkan. Daripada jumlah 1,157 unit, 1,068 unit dengan nilai jualan RM453 juta telah dibeli oleh pembeli yang telah berbaris selama tiga hari sebelum hari pelancaran.

Sebagai Kumpulan yang berpusatkan pelanggan, kami menentukan bahawa reka bentuk dan susun atur, landskap, ciri keselamatan dan harga harta mengambilkira keselesaan dan manfaat pemilik rumah. Orientasi rumah kami menghala ke arah utara-selatan agar mengelak dari pancaran matahari serta dibina dalam persekitaran yang mempunyai taman kehijauan yang indah dan jalan yang lebar. Segala infrastruktur kemudahan utiliti adalah dibina di bawah tanah. Rumah dibina secara berkumpulan dengan pintu besar berasingan serta dikawal. Semua rumah kami, sama ada rumah teres dua tingkat 22' x 75' dan 24' x 75' atau rumah teres berkembar 35' x 70' dan 50' x 80' mempunyai kawasan dibina yang luas dan bebas tiang serta bilik yang lengkap



rooms that come with en-suite bathrooms and a porch space to park at least two cars. Our completed show houses that showcase all our four innovative designs have not only helped drive sales but bear testimony to our reputation as a reliable developer of quality properties.

Kemuning Utama's impressive sale of properties for the year under review will help significantly boost the Group's profit for the next two years. It is also envisaged that Group profit will remain very healthy for another five to six years on the back of continued strong sales.

Bandar Laguna Merbok (BLM), the Group's property development in the Northern Region, created history when it became the first residential development outside the Klang Valley to win the coveted 12th FIABCI Property Award of Distinction 2004 in the Residential Development Category. BLM's winning features of high quality and uniquely designed homes, which are comparable to those found in Klang Valley, at affordable prices by house buyers' standards in Sungai Petani reflect our commitment to remain, first and always, a reliable and responsible developer.

Despite facing stiff competition, BLM's sales rose to 312 units with a sales value of RM62 million compared with 283 units sold, the previous year. We believe that our improved sales was due to the preferred choice of more discerning buyers who attach importance to attributes such as developers' reliability and track record, BLM's resort living concept and added home and township features as those found in the Klang Valley.

As at to-date, BLM has sold a total of 2,476 units with a total sales value of RM430 million and delivered 2,160 units to satisfied homeowners complete with certificates of fitness.

dengan bilik mandi dan juga tempat untuk meletak dua buah kereta. Rumah contoh kami yang mempunyai keempat-empat inovasi reka bentuk telah membantu meningkatkan penjualan serta membuktikan reputasi kami sebagai pemaju perumahan yang dipercayai.

Rekod penjualan yang baik Kemuning Utama pada tahun yang ditinjau ini akan membantu mengaut keuntungan yang meningkat untuk Kumpulan selama dua tahun yang akan datang lagi. Keuntungan Kumpulan juga dijangka cerah bagi lima atau enam tahun lagi berdasarkan penjualan yang baik.

Bandar Laguna Merbok (BLM), pemaju harta Kumpulan di Wilayah Utara telah mencatat sejarah apabila ia menjadi pemaju perumahan yang pertama di luar Lembah Kelang yang memenangi the "12th FIABCI Property Award of Distinction 2004" kategori "RESIDENTIAL DEVELOPMENT". Ciri kualiti tinggi dan rekabentuk bitara BLM yang setanding dengan perumahan di Lembah Kelang pada harga yang berpatutan kepada pembeli di Sungai Petani, mencerminkan komitmen kami untuk kekal sebagai pemaju yang boleh dipercayai dan bertanggungjawab.

Walaupun persaingan amat sengit, penjualan BLM meningkat ke 312 unit dengan nilai jualan RM62 juta berbanding dengan 283 unit pada tahun yang sebelumnya. Kami percaya penjualan yang lebih baik ini berpunca daripada pilihan pembeli yang ingin membeli dari pemaju yang boleh dipercayai dan mempunyai rekod yang baik dan juga kerana konsep "resort living" BLM dan ciri-ciri perumahan dan perbandaran yang sama seperti yang terdapat di Lembah Kelang.

Setakat ini, BLM telah menjual sebanyak 2,476 unit dengan nilai jualan RM430 juta dan telah menyerahkan 2,160 unit kepada pembeli yang puas hati, lengkap dengan sijil pendudukan.



It is expected that BLM will continue to provide a steady stream of income to Group revenue over the next four to five years till date of completion.

Property Investment

Regency Tower, our 23-storey condominium comprising 76 units of luxury apartments, located in the Golden Triangle of Kuala Lumpur, achieved an average occupancy rate of approximately 93% for the year. This is considered a good occupancy rate given the competitive market conditions.

Paramount will continue to explore opportunities to divest this non-core business and re-invest in businesses that offer growth potential. However, management will continue to be pro-active in marketing the rental of condominium units to prospective tenants in advance of maturity dates wherever possible as we believe there is still a demand for well maintained up-market condominiums in prime locations.

The Group's other property investment company, which owns most of the institutional buildings rented to the KDU College Sdn Bhd group, maintained its performance for the year. Following the completion and commencement of the secondary smart school in Kota Damansara, the division is expected to benefit from the steady stream of rental income from its portfolio of investment holdings.

Construction

Despite a contraction in the construction sector, the construction division managed to achieve improved revenues, mainly due to the commencement of Kemuning Utama and the completion of a major shopping complex in Alor Setar. However the division's profitability during the year was dampened by a provision for Liquidated Ascertained Damages amounting to RM1.9 million and a provision for bad debts of RM276,000/-.



Adalah dijangka bahawa BLM akan terus membekalkan perolehan yang baik kepada Kumpulan selama empat atau lima tahun lagi sehingga tamatnya pembinaan.

Pelaburan Harta

Regency Tower, sebuah kondominium 23 tingkat yang mengandungi 76 unit pangsapuri mewah di Golden Triangle, Kuala Lumpur, telah mencatat kadar penghunian purata 93% bagi tahun ini, kadar yang dianggap sebagai baik dalam keadaan persaingan yang sengit.

Paramount akan terus mencari peluang untuk menjual bisnes sampingan ini dan melabur dalam bisnes yang memberi pulangan yang lebih lumayan. Walau bagaimanapun, pengurusan akan terus menjadi lebih proaktif memasarkan penyewaan kondominium kepada bakal penyewa sebelum tarikh matang kerana kami percaya permintaan untuk kondominium mewah di lokasi utama masih tinggi.

Syarikat pelaburan harta kedua Kumpulan yang memiliki bangunan yang disewa kepada kumpulan KDU College Sdn Bhd masih dapat mengekalkan prestasi bagi tahun ini. Berikutan dengan tamatnya pembinaan sekolah bestari menengah di Kota Damansara, bahagian ini dijangka akan bermanfaat dari perolehan penyewaan portfolio pelaburannya.

Pembinaan

Walaupun industri pembinaan telah merosot, bahagian pembinaan berjaya meningkatkan perolehan kerana permulaan pembinaan Kemuning Utama dan penamatan pembinaan kompleks beli-belah di Alor Setar. Walau bagaimanapun, keuntungan bahagian pada tahun ini telah dikurangkan oleh "Liquidated Ascertained Damages" sebanyak RM1.9 juta dan provisi untuk hapus kira lapuk berjumlah RM276,000.



As at 31 December 2004, the construction arm had total contracts in hand amounting to RM313.5 million, of which 43% came from the Kemuning Utama project. Leveraging on the Group's financial strength and expertise in property development, the construction division aims to secure more joint venture developments to obtain higher margins. Looking ahead, we are confident that our current projects which bear testimony of our competency and capabilities, will help us secure more future contracts from our clients.

EDUCATIONAL SERVICES

Primary and Secondary School

Sekolah Sri KDU, in only its second year of operations, doubled its student intake from 552 to 1,152 in 2004. Although the school recorded a vastly improved performance, compared with the previous year, it has not been able to break-even as yet due to high operating costs associated with initial start-up, particularly staff cost, and costs incurred in preparation for the opening of the secondary school. However, management is confident that this high staff cost will eventually be spread over a larger revenue base as the school's enrolment grows and when we achieve economies of scale.

Enrolment in 2005 is continuing to grow with current enrolment close to 1,700 students. To accommodate a foreseeable increase in demand for smart private primary and secondary education, the secondary school building was opened in January, 2005 with a doubling in the number of classrooms, from 48 to 96.

Pada 31 Disember 2004, bahagian pembinaan mempunyai kontrak berjumlah RM313.5 juta, di mana 43% datang dari projek Kemuning Utama. Berasaskan kekuatan kewangan Kumpulan dan kepakaran dalam pembangunan harta, bahagian pembinaan ingin mendapat lebih banyak projek usaha sama agar meningkatkan lagi keuntungan. Memandang ke masa depan, kami yakin projek kini yang membuktikan kompetensi dan keupayaan kami akan bantu mendapatkan lebih banyak kontrak dari pelanggan kami.

PERKHIDMATAN PENDIDIKAN

Sekolah Rendah dan Menengah

Sekolah Sri KDU, yang hanya dalam tahun kedua, telah menambah bilangan pelajar dua kali ganda dari 552 ke 1,152 pada tahun 2004. Walaupun sekolah mencatat prestasi yang cemerlang berbanding dengan tahun sebelumnya, kami masih belum mendapat keuntungan kerana kos operasi yang tinggi berkaitan dengan kos permulaan, khususnya kos kakitangan dan juga kos persediaan pembukaan sekolah menengah. Walaupun demikian, pengurusan yakin kos tinggi kakitangan akan ditampung oleh perolehan yang lebih banyak akibat enrolmen yang meningkat bila ekonomi bidang dicapai.

Enrolmen pada tahun 2005 terus meningkat dengan enrolmen kini lebih kurang 1,700 pelajar. Demi menampung permintaan semakin meningkat untuk pendidikan bestari peringkat rendah dan menengah, bangunan sekolah menengah kami telah dibuka pada bulan Januari 2005 dengan penambahan bilangan bilik darjah dua kali ganda, dari 48 ke 96.



The results of the school's first batch of UPSR and PMR students were commendable. 40% of UPSR students scored either four or five A's whilst more than 20% of PMR students scored either seven or eight A's.

The school model emphasizing a student-centered, holistic education in a completely IT-enabled environment continues to be Sekolah Sri KDU's strength. As a purpose-built smart school equipped with state-of-the-art facilities and a sports complex, the school is well equipped to deliver on this unique education concept. Reinforcing these strategies, the school continues to be fully committed to providing quality academic faculty to meet the high expectations of both students and parents.

Tertiary Education

Private tertiary education continues to operate in an increasingly competitive environment with more SPM school leavers opting to continue their STPM in government schools. At the same time, with increasing number of places in public universities under the meritocracy policy, more students who would have previously chosen to further their tertiary education at private colleges are turning to cheaper alternatives at public universities. Our competitive edge was further constrained by the long process involved in the approval of licenses for our core as well as new programmes. Under these circumstances, KDU College's campuses in Petaling Jaya and Penang recorded a lower average student enrolment of 3,730 compared with 4,022 in the previous year. However, we are pleased that KDU College has towards the later half of 2004 obtained approvals for most of the long awaited licenses to conduct its new degree and diploma programmes.



Keputusan UPSR dan PMR pelajar kumpulan pertama sekolah kami amat memuaskan. 40% daripada pelajar UPSR mendapat empat atau lima A manakala 20% daripada pelajar PMR mendapat tujuh atau lapan A.

Model sekolah menitikberatkan pendidikan menyeluruh, berpusatkan pelajar dalam persekitaran IT merupakan kekuatan Sekolah Sri KDU. Sebagai sekolah yang dibina khusus sekolah bestari, ia juga mempunyai kemudahan terkini dan kompleks sukan. Sekolah kami tekad menekankan pembekalan fakulti akademik berkualiti supaya memenuhi ekspektasi ibu-bapa dan pelajar.

Pendidikan Tertiar

Pendidikan tertiar swasta terus beroperasi dalam keadaan saingan yang kian rumit akibat lebih ramai pelajar kelulusan SPM menyambung pendidikan di peringkat STPM di sekolah kerajaan. Pada masa yang sama, bilangan tempat dalam universiti awam pun meningkat atas dasar meritokrasi mengakibatkan lebih ramai pelajar yang dahulunya memilih kolej swasta sekarang memasuki universiti awam yang lebih murah yurannya. Disamping itu, permohonan menawar program baru serta program teras mengambil masa yang amat lama. Dalam keadaan begini, kampus KDU College di Petaling Jaya dan Pulau Pinang mencatat enrolmen pelajar yang lebih rendah, iaitu seramai 3,730 berbanding dengan 4,022 pada tahun sebelumnya. Walaupun demikian, kami gembira pada pertengahan tahun 2004 apabila KDU College berjaya mendapat kelulusan lesen untuk menawar kebanyakan program yang dipohonnya.



During the year under review the college embarked on a major organizational restructuring whereby all the academic programmes were re-aligned under three main schools headed by Strategic Development Managers. The restructuring resulted in improved cost-effectiveness and productivity through sharing of physical and human resources. In addition, the consolidation of a number of student services has also resulted in substantial cost savings and improved efficiency.

To enhance our core competencies, several smart initiatives effected last year have contributed towards an increase in student enrolment in the fourth quarter of 2004, and a further improvement in enrolment as evidenced by our intakes in the beginning of 2005. These initiatives included the developing and delivering of academic programmes that address the specific needs of the employers; providing industry experience to enable gainful employment; ensuring appropriate facilities, classroom technology and teacher effectiveness through appropriate in-service courses, and maintaining a commitment to student and graduate success. We also branched out into new areas of specialization in Allied Health and Art and Design.

Executive Education and Professional Development Centre

Established in May 2003 as a workforce transformation and learning solutions provider, KDU Management Development Centre (KMDC), in its second year of operations, saw an increase in its enrolment of adult learning members from 174 at the end of 2003 to 625 at the end of 2004. Although the overall enrolments fell short of target, KMDC achieved a 15% market share in the provision of professional certification qualifications in financial planning, and produced results that surpassed the industry's average. KMDC's business turnover in 2004 was 43% higher than that in 2003. However, KMDC

Pada tahun yang ditinjau, kolej telah menyusun semula strukturnya di mana semua program akademik diletak bawah tiga sekolah, diketuai oleh Pengurus Perkembangan Strategik. Penyusunan semula ini menghasilkan keberkesanan kos dan produktiviti melalui pengkongsian resos fizikal dan manusia. Tambahan lagi, penggabungan beberapa perkhidmatan untuk pelajar juga menghasilkan penjimatan kos dan peningkatan efisiensi.

Untuk meningkatkan kompetensi teras, beberapa inisiatif bijak yang dilaksanakan mulai tahun lepas telah menyumbang kepada penambahan enrolmen pelajar dalam suku akhir tahun 2004 dan juga pada awal tahun 2005. Inisiatif ini termasuklah perkembangan dan penyampaian program yang dikhususkan memenuhi keperluan majikan, memberi pengalaman industri untuk meningkatkan peluang pekerjaan, kemudahan yang sesuai, teknologi bilik darjah dan keberkesanan guru melalui kursus dalaman serta komitmen terhadap kejayaan pelajar dan graduan. Kami juga memulakan beberapa bidang baru seperti pengkhususan dalam "Allied Health" dan "Art and Design".

Pusat Pendidikan Eksekutif dan Perkembangan Profesional

Ditubuhkan pada bulan Mei 2003 sebagai transformasi tenaga pekerja dan pembekal penyelesaian pembelajaran, KDU Management Development Center (KMDC), dalam tahun kedua operasi, berjaya menambah enrolmen ahli pelajar dewasa dari 174 pada akhir tahun 2003 ke 625 pada akhir tahun 2004. Walaupun keseluruhannya, enrolmen tidak mencapai sasaran, KMDC mendapat 15% daripada pasaran pembekalan sijil kelayakan profesional dalam bidang perancangan kewangan dan memperolehi keputusan yang lebih tinggi daripada purata industri. Perolehan bisnes KMDC pada tahun 2004 ialah 43% lebih tinggi dari tahun 2003. Walau bagaimanapun, KMDC belum beruntung akibat kos



has not turned profitable as yet, due to high operating costs of its executive learning facilities, and the need to increase enrolments for its various programmes through ongoing brand building and product awareness campaigns.

KMDC's product and service offering to clients range from highly customised management development programmes, that are designed to specifically meet the sophisticated business needs of particular organisations, to professional certification and development courses that enable individuals to retool their skill sets and enhance their knowledge. Programmes focus on the broad range of skills in leadership, finance, IT and management.

2004 was an exciting year for KDMC following the achievement of several milestones as a result of strategic partnership and business development activities. In March 2004, KMDC in collaboration with Middlesex University, United Kingdom, launched the Work Based Learning Studies program in Malaysia. Work Based Learning is an innovative way of creating university-level learning in the workplace. The curriculum enables people in the workforce to identify and recognise learning gained from work, and build upon such learning towards postgraduate level qualifications. This innovative approach to lifelong learning is the next wave in adult learning and executive development.

In May 2004, KMDC was named the Wharton Fellows Regional Partner, by The Wharton School, University of Pennsylvania, USA to jointly offer the Wharton Executive Series in Malaysia. Wharton is home to the world's largest business faculty, and is ranked No. 1 by the Financial Times for 3 consecutive years (in 2002, 2003 and 2004). Wharton's reputation is undisputedly preserved across every major discipline and level in business, and KMDC is very privileged to be Wharton's regional partner for Wharton Fellows - a global network of senior executives, industry captains and thought leaders.

operasi yang tinggi kemudahan pembelajaran eksekutif dan keperluan menambah enrolmen pelbagai programnya melalui pembinaan jenama dan kempen kesedaran.

Penawaran produk dan perkhidmatan KMDC untuk pelanggan terdiri dari program khusus pengurusan untuk memenuhi keperluan organisasi tertentu hingga ke pensijilan profesional dan kursus perkembangan kemahiran dan peningkatan pengetahuan individu. Program kami menitikberatkan kemahiran kepemimpinan, kewangan, IT dan pengurusan.

2004 merupakan tahun yang merangsang bagi KDMC berikutan pencapaian beberapa batu tanda akibat perkongsian strategik dan aktiviti perkembangan bisnes. Pada Mac 2004, KMDC hasil kerjasama dengan Middlesex University, United Kingdom, melancarkan program "Work Based Learning Studies" di Malaysia. "Work Based Learning" merupakan cara inovatif membekal pembelajaran tahap universiti di tempat kerja. Kurikulumnya membolehkan pekerja mengenalpasti pembelajaran yang tercapai dari kerja, membina pembelajaran ini ke arah kelayakan lepas siswazah. Kaedah inovatif ini terhadap pembelajaran seumur hidup merupakan tren akan datang dalam pembelajaran dewasa dan perkembangan eksekutif.

Pada Mei 2004, KMDC dinamakan sebagai "Wharton Fellows Regional Partner", oleh The Wharton School, University of Pennsylvania, USA untuk bersama menawar "Wharton Executive Series" di Malaysia. Wharton merupakan fakulti bisnes terbesar di dunia dan diberi tempat pertama oleh "the Financial Times" untuk tiga tahun berturut-turut (2002, 2003 dan 2004). Reputasi Wharton meliputi setiap disiplin utama serta tahap bisnes dan KMDC amat bangga menjadi rakan wilayah untuk "Wharton Fellows" – suatu jaringan global eksekutif kanan, kapten industri dan pemimpin pemikiran.



The highlight in the final quarter of 2004 was the presentation of outstanding achievement awards to KMDC by Deakin University, Australia, KMDC's partner in providing MBA and Master of Commerce qualifications via distance and e-learning. Deakin University has one of the largest MBA enrolments in Australia, and is a leader in the provision of off-campus and distance learning programmes in the world.

KMDC's state-of-the-art learning facilities at KL Sentral, an integrated transportation hub in the heart of Kuala Lumpur, is the epitome of a world class regional executive learning provider. Through its catalytic role in the executive education and professional development industry, KMDC is fast building a reputation, locally and regionally, for its innovativeness and leadership qualities in creating strategic learning partnerships with Tier 1 business schools and world-class institutions.

Overseas English Language Centre

After months of preparation including sourcing for a suitable site to locate the language centre, obtaining the necessary approvals from relevant government bodies, and ensuring that the necessary resources are in place, KDU International Language Training School (KILTS) commenced operations in the fourth quarter of 2004.

KILTS is strategically located at the famous "Three Gorges Square", Shapingba, commonly known as the educational hub of Chongqing and home to about 25 universities. The centre is easily accessible via public transportation.

Peristiwa utama pada akhir tahun 2004 ialah persembahan anugerah pencapaian cemerlang kepada KMDC oleh Deakin University, Australia, rakan KMDC membekal kelayakan MBA dan Master of Commerce melalui pembelajaran jarak jauh dan e-pembelajaran. Deakin University mempunyai salah satu enrolmen MBA terbesar di Australia, dan merupakan pemimpin dalam pembekalan program luar kampus dan program pembelajaran jarak jauh di dunia.

Kemudahan terkini KMDC di KL Sentral, pusat pengangkutan bersepadu di tengah Kuala Lumpur, merupakan pembekal pendidikan eksekutif dan perkembangan profesional yang bertaraf dunia. Melalui peranannya dalam industri pendidikan eksekutif dan perkembangan profesional, KMDC sedang mencipta reputasi di peringkat tempatan dan wilayah kerana ciri inovatif dan kepimpinan dalam mencipta perancangan strategik pendidikan dengan sekolah bisnes Tier 1 dan institusi taraf dunia.

Pusat Bahasa Inggeris Luar Negeri

Setelah berbulan persediaan termasuk mendapat lokasi yang sesuai untuk menempatkan pusat bahasa, mendapat kelulusan dari pihak yang berkuasa dan memastikan segala resos tersedia, KDU International Language Training School (KILTS) mula beroperasi pada suku keempat tahun 2004.

KILTS terletak di lokasi strategik "Three Gorges Square", Shapingba, terkenal sebagai pusat pendidikan Chongqing di mana terdapat 25 buah universiti. Pusat ini mempunyai sistem pengangkutan awam yang baik.

KILTS, yang meliputi 1,627 meter persegi, mempunyai sembilan bilik darjah pelbagai reka bentuk sesuai untuk memenuhi keperluan pembelajaran dan latihan. Kemudahan



KILTS, which spans 1,627 sq metres, has nine classrooms of various designs to suit its products offered and training requirements. Other facilities include a library, computer laboratory and counselling rooms. KILTS's emphasis is on quality teaching methodology and materials which are mainly developed in-house by its academic team comprising experienced English native speakers from New Zealand, United States and United Kingdom.

KILTS offers a wide range of programmes, from pre-school to working professionals level as well as customized courses for corporations and training on a one-to-one basis. KILTS also offers on line programmes in collaboration with ACL English Solutions, an Australian company.

Given its state-of-the-art facilities, teaching methodology and materials, experienced teachers and lecturers and conducive learning environment, KILTS is fast gaining recognition as the best language training school in Chongqing.

INVESTMENT AND OTHERS

During the year under review, the Group's 20% investment in Jerneh Insurance Berhad continued to perform well. The contribution from this investment will continue to provide a steady stream of income to the Group's profitability.

CORPORATE SOCIAL RESPONSIBILITY

We are continuing to improve our performance in all aspects of our business, be it through the creation of shareholder value, improved customer and employee satisfaction and our performance in relation to corporate social responsibility.

lain termasuk perpustakaan, makmal komputer dan bilik kaunseling. KILTS menitikberatkan teknologi pengajaran berkualiti dan bahan yang diperkembangkan secara dalaman oleh pasukan akademik yang terdiri daripada pemfasih bahasa Inggeris asli yang berpengalaman dari New Zealand, Amerika Syarikat dan United Kingdom.

KILTS menawarkan pelbagai jenis program, dari pra-sekolah hingga ke tahap pekerja profesional serta kursus yang direka khas untuk korporat dan juga latihan secara satu per satu. KILTS juga menawarkan program dalam talian dengan kerjasama "ACL English Solutions", sebuah syarikat Australia.

Dengan kemudahan yang canggih dan metodologi pengajaran dan bahan yang terkini, serta guru dan pensyarah yang berpengalaman dan persekitaran yang selesa, KILTS kian mendapat pengiktirafan sebagai sekolah latihan bahasa yang terbaik di Chongqing.

PELABURAN DAN LAIN-LAIN

Pada tahun yang ditinjau, pelaburan Kumpulan sebanyak 20% dalam Jerneh Insurance Berhad terus mencapai prestasi yang baik. Sumbangan dari pelaburan ini akan terus membekalkan perolehan positif terhadap keberuntungan Kumpulan.

TANGGUNGJAWAB SOSIAL KORPORAT

Kami sentiasa berusaha meningkatkan prestasi dalam semua aspek bisnes, sama ada melalui meninggikan nilai pemegang saham mahupun kepuasan pelanggan dan kakitangan dan juga prestasi berkaitan dengan tanggungjawab sosial korporat.



On 5 July 2004, the Group, through its wholly owned subsidiary, Paramount Property Development Sdn Bhd, made a cash donation of RM500,000 to SJK (C) Chung Hua Klang Building Fund. The Group's pledge to the school's building fund demonstrates our long standing commitment to education and utmost support to invest in the provision of quality education as a means to securing the future of the community and its young people.

On a smaller scale, both the property and educational services continue to lend its support through cash donations and commitment of time to charitable organizations and community projects. These include holding various drives to raise fund for victims of the Tsunami disaster, Yayasan Sultanah Bahiyiah, Malaysian Red Crescent Society, educational funds, orphanages and non-governmental organizations.

As a property developer, the Group remains resolute in its efforts to promote the conservation of the environment.

OUR PEOPLE, OUR STRENGTH

Ultimately, we can only be as good as our people. Thus, we believe that it is the quality of our 866 people that sets us apart. As in the past, their skill, experience and total determination have helped deliver a robust business performance for the Group.

Pada 5 Julai 2004, Kumpulan, melalui subsidiari penuhmiliknya, Paramount Property Development Sdn Bhd, telah menderma wang tunai sebanyak RM500,000 kepada Tabung Bangunan SJK (C) Chung Hua Klang. Derma Kumpulan menunjukkan komitmen kami terhadap pendidikan dan sokongan kami melabur dalam peningkatan kualiti pendidikan untuk menjamin masa depan yang cerah untuk masyarakat, khususnya untuk orang muda.

Bahagian harta dan perkhidmatan pendidikan juga terlibat dalam pendermaan wang tunai dan sumbangan masa dalam pelbagai organisasi amal dan projek komuniti. Kami terlibat dalam usaha mendapat derma untuk membantu mangsa bencana Tsunami, Yayasan Sultanah Bahiyiah, Malaysian Red Crescent Society, dana pendidikan, rumah anak yatim dan pertubuhan bukan kerajaan.

Sebagai pemaju harta, Kumpulan kekal akan berusaha menggalakkan pemeliharaan persekitaran.

SUMBER MANUSIA KEKUATAN KAMI

Akhirnya kami sebaik sumber manusia yang sedia ada. Maka, kami percaya kualiti staf seramai 866 orang yang bitara. Sama seperti pada masa yang lalu, kemahiran, pengalaman dan ketekunan mereka telah membantu menyampai prestasi bisnis yang begitu cergas untuk Kumpulan.



As a results-oriented Group, we set our benchmark, raising it every year. We set clear objectives and targets that are demanding, and we hold our people fully accountable for delivery. We can only meet and sustain these objectives if our people have a passion for winning and a culture that encourages and rewards enterprise. To this end, work is ongoing to forge a stronger link between remuneration and performance against targets. We believe that this would create an environment to retain our current employees and to attract and retain the brightest people in the industry.

The past 12 months has been rewarding for Paramount and I believe that the coming year will prove to be no less rewarding. We have the right strategies in place and it is being executed with skill and passion by a great management team. I am proud of our achievements and confident that we will continue to meet customer needs by providing the right products and services.

We have certainly come a long way in reaping the fruits of our success having moved "From Vision to Building Brands", which is the theme for this year's Annual Report. It's a theme that both mirrors the strength of our brands and the total dedication of our people as we achieve yet another excellent year of progress and prosperity.

Sebagai Kumpulan yang berteraskan hasil, kami meningkatkan taraf setiap tahun. Kami menentukan objektif dan sasaran yang jelas dan kukuh dan memastikan ianya dicapai oleh staf kami. Kami boleh mencapai dan mengekal objektif ini sekiranya staf kami mempunyai ketekunan untuk menang dan budaya yang menggalakkan keusahawanan. Kami sedang giat mengaitkan ganjaran dengan prestasi berdasarkan sasaran. Kami percaya ini akan mewujudkan persekitaran yang akan mengekal staf sedia ada serta menarik dan mengekal staf yang terbaik dari industri.

Dua belas bulan yang lepas ini amat memuaskan bagi Paramount dan saya percaya tahun yang akan datang tidak kurang prestasinya, dengan strategi yang betul dan dilaksanakan dengan kemahiran dan penuh perasaan oleh pasukan pengurusan yang cemerlang. Saya rasa bangga tentang pencapaian kami dan yakin akan terus memenuhi keperluan pelanggan dari segi produk dan perkhidmatan yang tepat.

Kami telah menyemai kejayaan dan telah bergerak dari "Visi ke Pembentukan Jenama" yang merupakan tema untuk Laporan Tahun ini. Tema ini mencerminkan kekuatan jenama dan dedikasi staf kami dalam mencapai setahun kejayaan dan kekayaan.

TEO CHIANG QUAN

Group Chief Executive Officer / Ketua Pegawai Eksekutif Kumpulan

five year group FINANCIAL PROFILE

	Year 31 Dec 2004 RM'000	Year 31 Dec 2003 RM'000	Year 31 Dec 2002 RM'000	Year 31 Dec 2001 RM'000	Year 31 Dec 2000 RM'000
REVENUE	270,984	167,905	213,517	163,695	134,410

EARNINGS

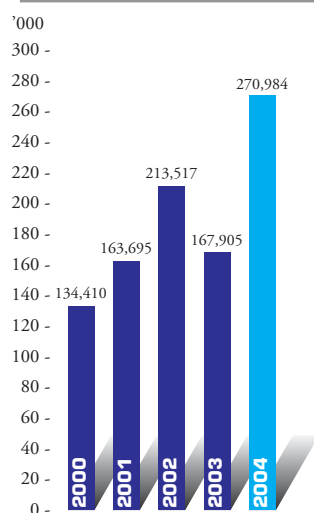
Profit from operations	31,227	30,841	24,565	29,372	25,824
Share of profit of associated companies	6,729	590	2,862	5,408	4,220
Profit before taxation	37,956	31,431	27,427	34,780	30,044
Taxation	(14,608)	(9,143)	(11,188)	(11,485)	(9,845)
Profit after taxation	23,348	22,288	16,239	23,295	20,199
Minority interests	223	(34)	(233)	(1,017)	(953)
Net Profit	23,571	22,254	16,006	22,278	19,246
Retained profits brought forward	125,507	110,048	100,340	79,861	64,034
Profits attributable to members of the Company	149,078	132,302	116,346	102,139	83,280
Net dividends	(7,352)	(6,795)	(6,298)	(1,799)	(3,419)
Retained profits carried forward	141,726	125,507	110,048	100,340	79,861

ASSETS EMPLOYED

Property, plant and equipment	222,039	201,297	189,914	162,621	144,508
Investment in associates	33,723	31,462	36,544	27,266	25,830
Other investments	165	252	271	9,843	3,581
Land held for property development	164,166	221,529	40,283	42,335	47,204
Deferred tax assets	1,581	1,819	0	0	0
Net current assets	67,434	19,689	38,533	36,681	40,629
Long term borrowings	(85,775)	(43,953)	(18,440)	(2,500)	(7,500)
Deferred tax liabilities	(5,977)	(4,401)	(2,413)	(2,413)	(2,284)
Provision for retirement benefits	(1,920)	(1,243)	(782)	(577)	(571)
Long term payables	(77,802)	(124,818)	0	0	0
Minority interests	(3,490)	(3,713)	(4,102)	(4,326)	(3,225)
Net tangible assets/Net assets	314,144	297,920	279,808	268,930	248,172

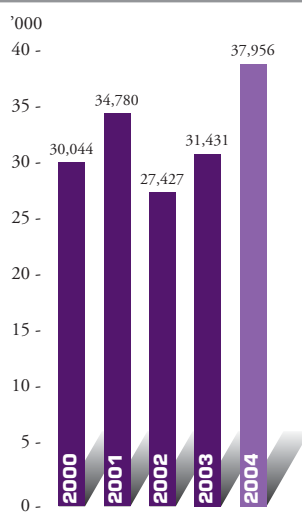
REVENUE

RM'000



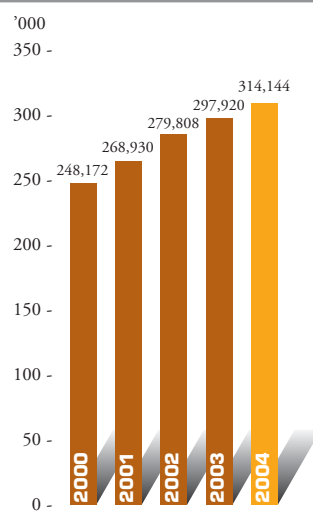
PROFIT BEFORE TAXATION

RM'000



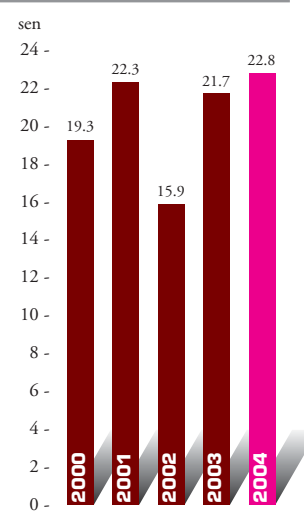
SHAREHOLDERS' FUNDS

RM'000



EARNINGS PER SHARE

sen



FINANCED BY

	Year 31 Dec 2004 RM'000	Year 31 Dec 2003 RM'000	Year 31 Dec 2002 RM'000	Year 31 Dec 2001 RM'000	Year 31 Dec 2000 RM'000
Share capital	103,552	103,552	101,301	100,199	99,958
Capital reserves	4,713	4,708	4,703	4,726	4,690
Share premium	64,153	64,153	63,756	63,665	63,663
Retained profits	141,726	125,507	110,048	100,340	79,861
Shareholders' funds	314,144	297,920	279,808	268,930	248,172

FINANCIAL STATISTICS

(Per ordinary share of RM1 each)

Earnings before taxation	36.7 sen	30.7 sen	27.2 sen	34.8 sen	30.1 sen
Earnings after taxation	22.8 sen	21.7 sen	15.9 sen	22.3 sen	19.3 sen
Dividends gross	9.00 sen	8.00 sen	7.50 sen	7.50 sen	4.75 sen
Dividend cover (times)	3.21	3.28	2.54	12.38	5.63
Net tangible assets	RM3.03	RM2.88	RM2.76	RM2.68	RM2.48

statement on CORPORATE GOVERNANCE

Paramount Corporation Berhad (Paramount or the Company) is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board of Directors (Board) supports the highest standards of corporate governance and the development of best practices.

The Company has complied throughout the year with the Provisions of the Code of Corporate Governance except for the appointment of a Senior Independent Director, for reasons which are explained below.

DIRECTORS

The Board of Paramount has eight members comprising two executive directors and six non-executive directors, four of whom are independent. This strong and independent element brings an objective and independent judgement to the decision-making process of the Board. The biographical details of the Board members are set out in the Board section on pages 14 to 17.

Dato' Md. Taib bin Abdul Hamid, an independent non-executive director, chairs the Board and the Group Managing Director/Group Chief Executive Officer is Teo Chiang Quan. There is a clear division of responsibility between these two roles to ensure a balance of power and authority. All the four independent non-executive directors are considered by the Board to be independent of management and free from any businesses or relationships which could materially interfere with the exercise of their independent judgement.

As the Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee are independent non-executive directors and the members of the latter two committees comprise exclusively of independent non-executive directors, the Board believes that it is not necessary to nominate one individual to assume the role of a Senior Independent Director.

The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. The Directors have wide ranging experience and all of them have either occupied or currently holding senior positions in industry and/or government. The individuality and vast experience of the Directors in arriving at collective decisions at board level will ensure impartiality.

The Board provides effective leadership and manages overall control of the Group's affairs through the schedule of matters reserved for its decision. This includes:

- Setting and monitoring objectives, goals and strategic directions for management
- Adopting an annual budget and continuously monitoring financial performance
- Assessing and approving major capital expenditure including significant acquisitions and disposal of investments
- Ensuring significant risks are appropriately managed and regularly reviewed and monitored
- Selecting and appointing new directors and setting the remuneration of directors and senior management
- Mentoring, monitoring and evaluating the Chief Executive Officer and his support management team
- Ensuring strict adherence to relevant compliance with laws and regulations and disclosure regimes

The Board met five times during the year, one of which comprised an extended two-day strategy review and discussion. The attendance record of directors during the year was as follows

Director	Attendance
Dato' Md Taib bin Abdul Hamid	5 out of 5
Teo Chiang Quan	5 out of 5
Ong Keng Siew	5 out of 5
Tan Sri Dato' Ahmad Sabki bin Jahidin	4 out of 5
Dato' Haji Azlan bin Hashim	4 out of 5
Rohana Tan Sri Mahmood	4 out of 5
Geh Cheng Hooi	5 out of 5
Dr Brian Shoy Teng To	5 out of 5

Formal agendas, papers and reports are supplied to Directors in a timely manner, prior to Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Directors may take independent professional advice at the Company's expense in the furtherance of their duties.

Appropriate training and briefing are available to all Directors on appointment to the Board, and subsequently as necessary, taking into account their individual qualifications and experience.

The Board conducts a critical evaluation of its effectiveness once in every three years. The Board met and, using a framework outlining the salient list of evaluation criteria, had an open discussion to deal with views of Directors and responses and agree on corrective measures.

The process in 2004 confirmed that all Directors continued to contribute effectively and with proper commitment to their role.

All Directors are subject to election by shareholders at the first opportunity after their appointment. The Company's Articles of Association ensures that all Directors stand for re-election at least once in every three years.

The Board has three standing committees with delegated authority and defined terms of reference. The composition, purpose and function of these committees are described below.

Audit Committee

A detailed report on this committee is contained on pages 48 and 49 of this Annual Report.

Nomination Committee

The Nomination Committee comprises exclusively of four independent non-executive Directors: Dato' Md Taib bin Abdul Hamid, Tan Sri Dato' Ahmad Sabki bin Jahidin, Dato' Haji Azlan bin Hashim and Geh Cheng Hooi. The Chairman of the Board chairs the Committee, which meets at least once a year and additionally if required.

The Nomination Committee is entrusted with the task of proposing new nominees for the Board and for assessing existing Directors on an on-going basis. The Nomination Committee also considers the balance of the Board membership, determining the core competencies and skills required of the Board.

DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee also comprises exclusively of four independent non-executive Directors: Dato' Md Taib bin Abdul Hamid, Tan Sri Dato' Ahmad Sabki bin Jahidin, Dato' Haji Azlan bin Hashim and Geh Cheng Hooi. The Remuneration Committee, which meets at least once a year and additionally if required, is chaired by the Chairman of the Board.

The Remuneration Committee is responsible for ensuring that the Company's Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration should be sufficient to attract and retain its Executive Directors and senior management to manage the Company and continuously build for the future, giving due regard to the interest of shareholders and to the financial and commercial health of the Company.

Remuneration Policy

Total remuneration, comprising salaries, bonus and benefits, of Executive Directors and senior management are reviewed annually. Salaries are benchmarked against equivalent market salaries for companies with similar turnover and market capitalization and are set around the median point of the comparator group. The salaries are set by the committee after consideration of the Company's performance, market conditions, the level of increase awarded to employees throughout the business and the need to reward individuals based on their performance and responsibility.

The annual bonus scheme is designed to encourage and reward employees for achievement or betterment of challenging financial and business targets, set in the annual budget adopted by the Board at the beginning of each financial year. Awards are not contractual and are paid on the basis of the individual's contribution during the preceding year as well as individual and team performance.

The Company also provides long term incentives in the form of share scheme and retirement benefits or gratuity. The Employee Share Option Scheme expired on 2 August 2003. Under that scheme all employees, who are in permanent full-time employment of the group for a period of at least one (1) continuous year were entitled to participate in the scheme. The Company is looking into establishing a new scheme. The quantum for retirement benefit or gratuity is the summation of the multiplication of the factor 15/26 by the basic salary as at 31 December of each year from the date of joining the Company (as pro-rated) till the date of retirement, resignation or death (as pro-rated).

Annual fees and Directors' traveling allowance are paid based on current market surveys.

The details of the remuneration of each Director during the financial year are as follows:

SHAREHOLDERS

The Company is committed to ongoing communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the Annual General Meeting and timely dissemination of information on significant company developments and price sensitive information in accordance with Bursa Malaysia Securities Berhad's Listing Requirements. The Company also obliges the requests of analyst and fund managers for company visits and briefings. The Group's web-site at www.pcb.com.my contains corporate and customer information updated on a regular basis.

The Company's Annual General Meeting not only deals with the formal business of the Company but represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Shareholders are invited to ask questions and express their views about the Company's business at the meeting. The Company presents to shareholders an overview of the Group's performance during the year at Annual General Meetings. A Press conference is normally held after the Annual General Meeting to brief members of the Press on the performance of the Group for the benefit of potential investors as well as those shareholders who have been unable to be at the meeting.

Director	Basic Salary (RM'000')	Bonus (RM'000')	Professional fees (RM'000')	Directors fees (RM'000')	Benefits in-kind (RM'000')
Dato' Md Taib bin Abdul Hamid	–	–	–	42	–
Teo Chiang Quan	870	248	–	50	60
Ong Keng Siew	327	148	–	41	27
Tan Sri Dato' Ahmad Sabki bin Jahidin	–	–	–	35	–
Dato' Haji Azlan bin Hashim	–	–	–	40	–
Rohana Tan Sri Mahmood	–	–	198	30	21
Geh Cheng Hooi	–	–	–	35	–
Dr Brian Shoy Teng To	–	–	–	25	–

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board is mindful of its responsibility to present a balanced and understandable assessment of Paramount's financial position and prospects, in all reports, both to investors and the regulatory bodies. This assessment is primarily provided in the Chairman's Statement and CEO's Performance Review. An explanation of the respective responsibilities of the Directors and the auditors in the preparation of the accounts is set out in the Statement of Directors' Responsibilities section of the printed report.

Internal control

The Directors are responsible for the Group's system of internal controls and for regularly reviewing its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfillment of Paramount's business objectives with a view of enhancing over time the value of the shareholders' investment and safeguarding the Group's assets. The Group operates a comprehensive budgeting and financial reporting system, which compares actual performance to budget on monthly and quarterly basis. This allows management to monitor financial and operational performance on a continuing basis and to identify and respond to financial and business risks before, and as, they arise.

Although no system of internal controls can provide absolute assurance that business risks will be mitigated, the Group has in place an internal control system, which the Group is committed to continually strengthen, to meet the Group's particular needs and the risks to which it is exposed. The key areas that have been established include a risk management policy designed to ensure its proper implementation and a risk framework encompassing the required risk procedures.

Risk Management

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

Relationship with External Auditors

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia. The report on the role of the audit committee in relation to the external auditors may be found in the Report of the Audit Committee set out on pages 48 and 49.

report of the AUDIT COMMITTEE

The Board of Directors of Paramount Corporation Berhad (Paramount or the Company) is pleased to issue the following Audit Committee Report and its activities for the year ended 31 December 2004.

MEMBERS AND MEETINGS

The Audit Committee comprises three non-executive directors and one executive director.

Five meetings were held during the year including one exclusive meeting with the external auditors without the presence of executive directors. The attendance of the committee members is as follows:

Directors	Status	Attendance
Tan Sri Dato' Ahmad Sabki Bin Jahidin	Chairman/Independent non-executive director	5 out of 5 meetings
Geh Cheng Hooi	Independent non-executive director/ Accountant	5 out of 5 meetings
Ong Keng Siew	Deputy Group Managing Director & Deputy Group Chief Executive Officer/Accountant	4 out of 4 meetings
Dato' Haji Azlan Bin Hashim	Independent non-executive director/ Accountant	3 out of 5 meetings

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

Membership

The members shall be appointed by the Board and the Committee shall consist of at least three (3) directors, a majority of whom are independent directors. The Chairman of the Committee shall be an independent non-executive director.

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants

Any vacancy in the Committee resulting in non-compliance of the said requirements must be filled within three (3) months.

No alternate director shall be appointed as a member of the Audit Committee.

Meetings

The Committee shall meet on a quarterly basis or at more frequent intervals as required to deal with matters within its terms of reference. The meetings shall have a quorum of two members who are independent directors.

The Committee shall meet with the external auditors without the presence of executive board members at least once a year.

Other directors and employees may attend any particular Audit Committee meeting only at the Committee's invitation specific to the relevant meeting.

The Committee shall record its conclusions on issues discussed during meetings and report to the Board at the quarterly Board Meetings.

Authority

The Audit Committee is hereby authorised by the Board to:

- investigate any matter within its terms of reference;
- have resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Company and the Group;
- have direct communication channels with the external auditors and internal auditor, and
- obtain independent professional or other advice as deemed necessary

Reporting of breaches to the Exchange

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Listing Requirements, the Committee shall promptly report such matter to the Bursa Malaysia Securities Berhad.

Duties of the Committee

The duties of the Committee shall be as follows:

- i) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- iii) To review the quarterly and year-end financial statements of the Company/ Group, focusing particularly on:
 - a) Any changes in accounting policies and practices;
 - b) Significant adjustments arising from the audit;
 - c) The going concern assumption;
 - d) Compliance with accounting standards and other legal requirements.
- iv) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
- v) To review the external auditor's management letter and management's response;
- vi) To review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- vii) To review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- viii) To consider major findings of internal investigations and Management's response;
- ix) To consider any related party transactions that may arise within the Company or Group, and
- x) To consider other topics deemed fit by the Committee within its Terms of Reference and/or as defined by Board.

Review of the Audit Committee

The Board shall review the terms of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Committee met to discuss and review matters for subsequent recommendations to the Board of Directors. These include:

- a) Financial Statements
 - i) Reviewed the quarterly and year-end financial statements prior to the Board's approval for its release to Bursa Malaysia Securities Berhad and Press;
 - ii) Discussed audit plans with external auditors before commencement of audit,

- iii) Reviewed external auditors' management letter and management's response,
- iv) Reviewed the external auditors audit fee and proposed to the Board for its approval, and
- v) Considered the intention of the external auditors, Messrs Ernst & Young to be re-appointed and to propose to the Board accordingly.

b) Internal Controls

- i) Reviewed internal audit plans with internal auditor covering the adequacy of scope, functions and resources of internal audit function;
- ii) Discussed results of internal audit process and deliberated on highlighted issues of concern,
- iii) Considered related party transactions that arose and advised the Board on the appropriate action to be taken.
- iv) Advised the Board on the state of internal control of the Group and the issuance of the Statement on Internal Control.
- v) Discussed the Report of the Audit Committee and proposed the report to the Board for its approval.
- vi) Reviewed the organizational structure of finance departments within the Group and advised the Board on its strengths and appropriateness.

c) Self-Assessment

- i) Conducted a self-assessment exercise for all members of the Committee and reported the results to the Board for review. The results were positive and were unanimously accepted by the Board.

INTERNAL AUDIT FUNCTION

The internal audit department reports functionally and independently to the Committee and is independent of Management and of the activities it reviews. Its role encompasses the examination and evaluation of the adequacy and effectiveness of the Paramount group of companies system of internal controls and to provide reasonable assurances to the Committee.

The purpose, authority and responsibility of the internal audit function as identified by the Audit Committee in the form of audit charter includes furnishing the Committee with independent analyses, appraisals, counsel and information on the activities reviewed. Special assignments and investigations are conducted from time to time as and when requested by the Board, Audit Committee and Management.

Audit reports are issued regularly to the Audit Committee highlighting salient findings, recommendations and management's response for the attention of the Committee members. Follow-ups on corrective actions taken by operating units are reported back to the Committee at subsequent meetings.

statement on INTERNAL CONTROL

BOARD'S RESPONSIBILITY

The Board acknowledges overall responsibility of maintaining a sound and reliable system of internal control within the Paramount Corporation Berhad (Paramount or the Company) group of companies (Paramount Group) to safeguard shareholders' investments and Paramount Group's businesses and assets.

The Board, through the Audit Committee, reviews the adequacy and integrity of the internal control system and is aware that the internal control system can only provide reasonable but not absolute assurance. The internal control framework is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The internal control system of Paramount's associate companies does not come under the purview of the Board's review as it does not have any direct control over their operations. However, Board representation in the associate companies provides vital information necessary for decisions on the investments and safeguarding of Paramount Group's interest.

RISK MANAGEMENT/ STRATEGIC PLANS

The existing risk framework allows the Board to identify and manage principal risks associated with the Paramount Group's strategic plans and business objectives.

The Board fully supports management's effort in initiating an 'enterprise wide risk management' (EWRM) model for the Paramount Group during the year. It is envisaged that its implementation would be fully completed by the first half of year 2005.

INTERNAL AUDIT FUNCTION

The Board through the Audit Committee endorsed and approved the scope of the internal audit function through detail review of its five years audit plan which had been discussed with management. It validates internal audit's independence, and ensures that it has the necessary resources to assist the Board in effectively monitoring a sound and reliable system of internal control for the Paramount Group.

The Audit Committee receives regular audit reports from the internal audit function for deliberation and action. The internal audit function reports directly to the Chairman of the Audit Committee who ensures its impartiality, proficiency and professionalism.

INFORMATION SYSTEMS

Management holds monthly finance committee meetings to review and analyse comprehensive financial results and comparing performance against detailed budget which had been reviewed and approved by the Board at the start of the financial year. The monthly financial results and management reviews are then collated together with updated forecasts and presented to the Board for their quarterly reviews.

The Paramount Group's ERP information system supports the financial and information requirements of the group. The integrity, adequacy, timeliness and security of the information system are constantly reviewed.

OTHER KEY AREAS OF INTERNAL CONTROL/ CONTROL PROCESSES

Other key areas of internal control/ control processes include:

- Clearly defined areas of responsibilities for all committees of the Board and clear lines of accountability for various levels of management.
- Good management culture practiced throughout the Group and expected code of conduct from management staff.
- 5-year Paramount Group strategic planning process including detailed budgeting and monitoring, reviewed by the Board on an annual basis.

- Documented principal risks report compiled in conjunction with Paramount Group's 5-year strategic plan and business objectives for the Board's monitoring.
- Continuous upgrading and development of internal control system upon reported changes highlighted at the Audit Committee and Board levels.
- Professionalism and competence of staff are maintained through a rigorous recruitment process, a performance appraisal and review system and a wide variety of training and development programmes.
- Conduct of risk workshops for subsidiaries within the Paramount Group by a risk team under the supervision of the Finance Director to promote risk awareness and to identify and manage risks at operational level.

The Audit Committee and the Board opined that the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. However, the established approach does not eliminate possible human errors or deliberate circumvention of control procedures by employees or other parties.

During the financial year, internal audit noted an isolated case where part of the records of a branch of a subsidiary was not properly updated. A thorough review has since been conducted with appropriate action taken to address this internal control weakness.

analysis of

SHAREHOLDINGS

as at 25 March 2005

SHARE CAPITAL

Authorised capital	:	RM200,000,000
Issued and fully paid-up	:	RM103,551,949
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 99	50	1.31	1,136	0.00
100 – 1,000	1,409	37.03	1,302,828	1.26
1,001 – 10,000	2,018	53.04	7,801,916	7.53
10,001 – 100,000	274	7.20	7,047,851	6.81
100,001 – 5,177,596*	51	1.34	39,915,218	38.55
5,177,597 and above**	3	0.08	47,483,000	45.85
Total	3,805	100.00	103,551,949	100.00

* Less than 5% of issued shares

** 5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shareholdings	%
1. Paramount Equities Sdn Bhd	31,325,000	30.25
2. Serata Kaya Sdn Bhd	10,639,000	10.27
3. Southern Acids (M) Berhad	5,519,000	5.33
4. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank AG Singapore PBD for Gemwood Limited</i>	4,821,750	4.66
5. Universal Trustee (Malaysia) Berhad <i>SBB Emerging Companies Growth Fund</i>	3,370,300	3.25
6. Bunga Indah (M) Sdn Bhd	3,309,391	3.20
7. Southern Realty (M) Sdn Bhd	2,999,000	2.90
8. Allianz Life Insurance Malaysia Berhad <i>MBA Life Assurance Berhad</i>	2,617,100	2.53
9. Thye Heng (How Kee) Company Sdn Bhd	2,325,900	2.25
10. Angsana Sutera Sdn Bhd	1,924,000	1.86
11. Allianz Life Insurance Malaysia Berhad	1,880,900	1.82
12. Allianz General Insurance Malaysia Berhad	1,834,900	1.77
13. Amanah Raya Berhad <i>SBB Value Fund</i>	1,830,000	1.77
14. Thye Heng (How Kee) Company Sdn Bhd	1,239,800	1.20
15. Kenanga Nominees (Asing) Sdn Bhd <i>DMG & Partners Securities Pte Ltd for Teo Pek Swan</i>	1,190,000	1.15

Name of Shareholders	No. of Shareholdings	%
16. Glamour Partnership Sdn Bhd	1,086,800	1.05
17. Yayasan Kelantan Darulnaim	958,000	0.93
18. Thye Heng (How Kee) Company Sdn Bhd	723,200	0.70
19. Asia Life (M) Berhad		
<i>As Beneficial Owner (PF)</i>	562,600	0.54
20. Teo Chiang Quan	508,000	0.49
21. Cheong Hon Keong	420,000	0.41
22. Goh Beng Choo	414,000	0.40
23. Ong Keng Siew	363,000	0.35
24. Tay Lee Kong	337,500	0.33
25. Southern Edible Oil Industries (M) Sdn Bhd	333,000	0.32
26. Ghee Thong Sdn Bhd	321,000	0.31
27. Sin Heap Lee Equities Sdn Bhd	275,140	0.27
28. Allianz Life Insurance Malaysia Berhad	240,000	0.23
29. Menteri Kewangan Malaysia	214,399	0.21
30. Malaysian Trustees Berhad	205,000	0.20
<i>Pacificmas Asset Management Sdn Bhd for The Pacific Insurance Berhad</i>		

SUBSTANTIAL SHAREHOLDERS AS AT 25 MARCH 2005

Name	No. of Ordinary shares of RM1.00 each			Percentage of issued share capital %
	Direct	Indirect		
Paramount Equities Sdn Bhd	31,325,000	—		30.25
Teo Chiang Quan	508,000	31,654,888	(1)	31.06
Southern Acids (M) Berhad	5,519,000	—		5.33
Serata Kaya Sdn Bhd	10,639,000	5,519,000	(2)	15.60
Southern Edible Oil Industries (M) Sdn Bhd	333,000	16,158,000	(3)	15.93
Southern Realty (M) Sdn Bhd	2,999,000	16,491,000	(4)	18.82
Banting Hock Hin Estate Co Sdn Bhd	184,000	19,490,000	(5)	19.00
Dato' Low Mong Hua	67,000	19,674,000	(6)	19.06

Notes:

1. By virtue of his deemed interest in Paramount Equities Sdn Bhd, Teo Soo Pin Sdn Berhad and Qualipro Corporation Sdn Bhd.
2. By virtue of its deemed interest in Southern Acids (M) Berhad.
3. By virtue of its deemed interest in Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
4. By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
5. By virtue of its deemed interest in Southern Realty (M) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.
6. By virtue of his deemed interest in Banting Hock Hin Estate Co Sdn Bhd, Southern Realty (M) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Serata Kaya Sdn Bhd and Southern Acids (M) Berhad.

DIRECTORS' SHAREHOLDINGS AS AT 25 MARCH 2005

In Paramount Corporation Berhad

	Direct No. of Shareholdings	%	Indirect No. of Shareholdings	%
Teo Chiang Quan	508,000	0.49	31,654,888	30.57
Ong Keng Siew	363,000	0.35	—	—
Dato' Md. Taib bin Abdul Hamid	—	—	50,000	0.05

In Related Corporations:

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

* Held in trust for Paramount Corporation Berhad

By virtue of his interest in the Company, Teo Chiang Quan is also deemed interested in the shares of all the other subsidiaries of the Company to the extent of the Company's interest in these subsidiaries.

schedule of PROPERTIES held by the group

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2004 (RM'000)
16.11.1990 (14.04.2005)	8, Jalan Ceylon 50200 Kuala Lumpur Wilayah Persekutuan	Land with 23-storey residential condominium block comprising 76 units of luxury apartments known as Regency Tower (Available for tenancy)	16 years	Freehold	40,238	47,968
19.12.1978 (31.12.2004)	43, Jalan SS22/41 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Land with private institutional buildings comprising 2 blocks of 5-storey and 1 block of 4-storey (College campus – KDU Petaling Jaya campus)	22 years	Freehold	123,900	8,381
28.04.2000 (16.06.2003)	No. 3, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with sports complex (Sekolah Sri KDU)	2 years	99 years lease commencing 02.11.2000	160,911	9,394
28.04.2000 (16.06.2003)	No. 5, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with private institutional buildings comprising a 3-storey block and a 4-storey block (Sekolah Sri KDU–Primary Block)	3 years	99 years lease commencing 02.11.2000	169,318	24,519
28.04.2000 (31.12.2004)	No. 7, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with private institutional building comprising a 3-storey block (Sekolah Sri KDU –Secondary Block)	–	99 years lease commencing 02.11.2000	190,314	27,994
13.06.2001 (16.06.2003)	Block B, Gugusan Teratai (Mawaria) Jalan Cecawi 6/30 Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with a 5-storey block of 60 units of apartments (KDU Hostel apartments)	2 years	Leasehold (Under Master Title)	Strata Title	3,924
11.03.1998	A11-1, Bandar Sri Damansara Mukim of Sungai Buloh Petaling Jaya Selangor Darul Ehsan	Land with 4-storey shopoffice (Tenanted)	8 years	Freehold	1,760	646
08.04.1982	Lots 11882 to 11886, HS(D) 13157 to 13161 T/K Jalan Batu Tiga, Klang	Vacant Land	–	Freehold	6,698	3

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2004 (RM'000)
26.06.2003	Lots 138, 1327-1329, 2190, 2849, 2850, 3397, 3398, 11468, 15850, 15851, 72113, 72114, 72117, 72118 & 88127-88129 Mukim of Daerah Klang Seksyen 32 & 33 Shah Alam Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Held for future development)	–	Freehold	15,808,053	133,015
26.06.2003	Lots 138, 1327-1329, 2190, 2849, 2850, 3397, 3398, 11468, 15850, 15851, 72113, 72114, 72117, 72118 & 88127-88129 Mukim of Daerah Klang Seksyen 32 & 33 Shah Alam Selangor Darul Ehsan	Land approved for commercial and residential development Kemuning Utama (Under development)	–	Freehold	7,043,532	59,586
08.04.1982	Mukim of Sungai Petani and Sungai Pasir District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Taman Patani Jaya (Held for future development)	–	Freehold	433,741	815
30.09.1994	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Bandar Laguna Merbok (Under development)	–	Freehold	3,625,225	15,784
30.09.1994	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Bandar Laguna Merbok (Held for future development)	–	Freehold	8,735,272	38,094
15.05.2001	1 Lorong BLM 1/1 Bandar Laguna Merbok 08000 Sungai Petani Kedah Darul Aman	Land with 2/3-storey shopoffice (Office Premise Occupied by Paramount Property (Utara) Sdn Bhd & Paramount Engineering & Construction Sdn Bhd)	4 years	Freehold	4,088	1,092
30.09.1994	Persiaran BLM 3 Bandar Laguna Merbok 08000 Sungai Petani Kedah Darul Aman	Recreational land (P.T. 68352 & 68354 – Kelab Bandar Laguna Merbok's clubhouse; P.T. 68353 – Vacant)	3 years	Freehold	1,414,333	13,423
06.03.2000	Geran 2672, Lot 460 Mukim of Pulai District of Baling Kedah Darul Aman	Land approved for low cost development – Taman Desa Anggerik (Under development)	–	Freehold	758,428	1,052

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2004 (RM'000)
04.07.2000	Geran 1711, Lot 1143 Mukim of Semiling District of Kuala Muda Kedah Darul Aman	Land approved for low cost development (Held for future development)	–	Freehold	644,453	2,067
10.01.1999	No. 7, Lorong 1 Taman Sutera 08000 Sungai Petani Kedah Darul Aman	Land with 1 unit of 2-storey shopoffice (Tenanted)	13 years	Freehold	1,680	174
10.01.1999	Nos. 9 & 11, Lorong 1 Taman Sutera 08000 Sungai Petani Kedah Darul Aman	Land with 2 units of 2-storey shopoffice (Vacant)	13 years	Freehold	3,360	348
21.04.1993 (15.08.2002)	No. 32, Jalan Anson 10400 Penang	Land with private institutional buildings comprising 1 block of 5-storey and 1 block of 8-storey (College campus – KDU Penang campus)	8 years	Freehold	90,966	32,562
28.07.1998	No. 12, Jalan Khaw Sim Bee 10450 Penang	Land with a 4-storey block of 12 units of apartments (KDU Penang Campus Hostel Apartment)	10 years	Freehold	15,565	2,883
18.08.1999	No. 16, Lorong Binajaya 3 Kawasan Perusahaan Ringan Usahajaya Permatang Tinggi 14000 Bukit Mertajam	Land with a 2-storey detached factory (Available for tenancy)	6 years	Freehold	1,916	163
16.02.2000	Nos. 2, 4, 6, 10, 12, 14 & 16 Jalan Pala 12 Kawasan Ind. Ringan Permatang Tinggi 14000 Bukit Mertajam Penang	Land with 7 units of 2-storey semi-detached factories (Tenanted)	6 years	Freehold	45,500	2,191
16.02.2000	No 8, Jalan Pala 12 Kawasan Ind. Ringan Permatang Tinggi 14000 Bukit Mertajam Penang	Land with 1 unit of 2-storey semi-detached factory (Vacant)	6 years	Freehold	6,500	311
30.12.1995 (01.04.1998)	Senai 111 Industrial Park Johor Bahru Johor Darul Takzim	Factory Land & Building (Tenanted)	8 years	30 years lease commencing 28-02-1996	164,221	6,605
30.04.1997 (20.02.2002)	10/F, Parkview Commercial Building 9-11 Shelter Street Causeway Bay Hong Kong	Office Premise (Occupied by Paramount Corporation Ltd)	22 years	999 years lease commencing 20.05.1889	1,400	922

statement of DIRECTORS' RESPONSIBILITY

in relation to the financial statements

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

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.