# financial statements

# DIRECTORS' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

The principal activity of the Company are investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

There have been no significant changes in the nature of the activities of the subsidiaries during the financial year other than as disclosed in Note 13 to the financial statements.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit after taxation | 23,348 | 9,403 |
| Minority interests | 223 | – |
| Net profit for the year | 23,571 | 9,403 |

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

The amount of dividends paid by the Company since 31 December 2003 were as follows:

| | RM'000 |
|---|---|
| In respect of the financial year ended 31 December 2003 as reported in the directors' report of that year: | |
| Final dividend of 5.0% less 28% taxation on 103,552,000 ordinary shares, paid on 22 July 2004 | 3,728 |
| In respect of the financial year ended 31 December 2004: | |
| Interim tax exempt dividend of 3.5% on 103,552,000 ordinary shares, paid on 28 October 2004 | 3,624 |
| | 7,352 |

## DIVIDENDS (CONTD.)

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December 2004 of 5.5% on 103,552,000 ordinary shares amounting to RM5,695,000 (5.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2005.

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

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

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a fulltime employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

| | <-------Number of Ordinary Shares of RM1 Each-------> | | | |
|---|---|---|---|---|
| | **At 1 January 2004** | **Bought** | **Sold** | **At 31 December 2004** |
| **The Company** | | | | |
| **Direct** | | | | |
| Teo Chiang Quan | 508,000 | – | – | 508,000 |
| Ong Keng Siew | 363,000 | – | – | 363,000 |
| **Indirect** | | | | |
| Teo Chiang Quan | 31,654,888 | – | – | 31,654,888 |
| Dato' Md. Taib bin Abdul Hamid | 50,000 | – | – | 50,000 |
| **KDU College Sdn. Bhd.** | | | | |
| **Indirect** | | | | |
| Rohana Tan Sri Mahmood | 353,000 | – | – | 353,000 |

| | <-------Number of Ordinary Shares of HK1 Each-------> | | | |
|---|---|---|---|---|
| | **At 1 January 2004** | **Bought** | **Sold** | **At 31 December 2004** |
| **Paramount Corporation Limited** | | | | |
| Teo Chiang Quan* | 1 | – | – | 1 |

* The share is held in trust for Paramount Corporation Berhad.

Teo Chiang Quan by virtue of his interest in shares of the Company, is also deemed interested in the shares of all the Company's subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS

The significant events are disclosed in Note 36 to the financial statements.

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

**DATO' MD. TAIB BIN ABDUL HAMID**

**TEO CHIANG QUAN**

Petaling Jaya, Malaysia
24 February 2005

# STATEMENT by Directors

## pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Md. Taib Bin Abdul Hamid and Teo Chiang Quan, being two of the directors of Paramount Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 67 to 117 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

**DATO' MD. TAIB BIN ABDUL HAMID**

**TEO CHIANG QUAN**

Petaling Jaya, Malaysia
24 February 2005

# STATUTORY declaration

## pursuant to Section 169(16) of the Companies Act, 1965

I, Ong Keng Siew, being the director primarily responsible for the financial management of Paramount Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 67 to 117 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

| | | |
|---|---|---|
| Subscribed and solemnly declared by | ) | |
| the abovenamed Ong Keng Siew at | ) | |
| Petaling Jaya in Selangor Darul Ehsan | ) | **ONG KENG SIEW** |
| on 24 February 2005 | ) | |

Before me,

Commissioner for Oaths

NG KOK SONG
No. B113
34B, Jalan SS21/35
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

# REPORT of the Auditors

## to the members of Paramount Corporation Berhad

We have audited the financial statements set out on pages 67 to 117. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

**ERNST & YOUNG**
AF: 0039
Chartered Accountants

**WONG KANG HWEE**
No. 1116/01/06(J)
Partner

Kuala Lumpur, Malaysia
24 February 2005

# CONSOLIDATED income statement

## for the year ended 31 December 2004

| | Note | 2004 RM'000 | 2003 RM'000 |
|---|---|---|---|
| Revenue | 3 | 270,984 | 167,905 |
| Other operating income | | 11,251 | 26,871 |
| Property development costs | 12(b) | (123,624) | (42,846) |
| Construction costs | | (34,566) | (40,727) |
| Harvesting costs | | – | (328) |
| Staff costs | 4 | (39,278) | (35,703) |
| Depreciation | | (11,579) | (10,820) |
| Other operating expenses | | (38,648) | (30,743) |
| Profit from operations | 5 | 34,540 | 33,609 |
| Finance costs, net | 7 | (3,313) | (2,768) |
| Share of results of associates | | 6,729 | 590 |
| Profit before taxation | | 37,956 | 31,431 |
| Taxation: | 8 | | |
| Company and subsidiaries | | (12,589) | (7,531) |
| Associates | | (2,019) | (1,612) |
| Profit after taxation | | 23,348 | 22,288 |
| Minority interests | | 223 | (34) |
| Net profit for the year | | 23,571 | 22,254 |
| Earnings per share (sen) | | | |
| Basic | 9 | 22.76 | 21.73 |
| Net dividends paid per ordinary share during the year (sen) | 10 | 7.10 | 6.66 |

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED balance sheet

## as at 31 December 2004

| | Note | 2004 RM'000 | 2003 RM'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 11 | 222,039 | 201,297 |
| Land held for property development | 12(a) | 164,166 | 221,529 |
| Investments in associates | 14 | 33,723 | 31,462 |
| Other investments | 16 | 165 | 252 |
| Deferred tax assets | 30 | 1,581 | 1,819 |
| | | 421,674 | 456,359 |
| **CURRENT ASSETS** | | | |
| Property development costs | 12(b) | 76,423 | 13,567 |
| Inventories | 17 | 438 | 592 |
| Trade receivables | 18 | 79,620 | 56,548 |
| Other receivables | 19 | 10,261 | 30,289 |
| Tax recoverable | | 2,524 | 2,132 |
| Cash and bank balances | 22 | 48,775 | 21,404 |
| | | 218,041 | 124,532 |
| **CURRENT LIABILITIES** | | | |
| Borrowings | 23 | 54,139 | 47,610 |
| Trade payables | 25 | 50,999 | 29,760 |
| Other payables | 26 | 44,739 | 26,304 |
| Tax payable | | 730 | 1,169 |
| | | 150,607 | 104,843 |
| **NET CURRENT ASSETS** | | 67,434 | 19,689 |
| | | 489,108 | 476,048 |
| **REPRESENTED BY:** | | | |
| Share capital | 28 | 103,552 | 103,552 |
| Reserves | | 210,592 | 194,368 |
| Shareholders' equity | | 314,144 | 297,920 |
| Minority interests | | 3,490 | 3,713 |
| | | 317,634 | 301,633 |
| Borrowings | 23 | 85,775 | 43,953 |
| Deferred tax liabilities | 30 | 5,977 | 4,401 |
| Provision for retirement benefits | 31 | 1,920 | 1,243 |
| Long term payables | 32 | 77,802 | 124,818 |
| Non-current liabilities | | 171,474 | 174,415 |
| | | 489,108 | 476,048 |

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED statement of changes in equity

## for the year ended 31 December 2004

| | Share capital RM'000 (Note 28) | Share premium RM'000 | Revaluation reserve RM'000 | Translation reserve RM'000 | Retained profits RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| | | <---------Non-distributable---------- | | > | Distributable | |
| **At 1 January 2003** | 101,301 | 63,756 | 3,532 | 1,171 | 110,048 | 279,808 |
| Currency translation differences | – | – | – | 5 | – | 5 |
| Net profit for the year | – | – | – | – | 22,254 | 22,254 |
| Dividends (Note 10) | – | – | – | – | (6,795) | (6,795) |
| Exercise of option under the Employees' Share Option Scheme | 2,251 | 397 | – | – | – | 2,648 |
| **At 31 December 2003** | 103,552 | 64,153 | 3,532 | 1,176 | 125,507 | 297,920 |
| Currency translation differences | – | – | – | 5 | – | 5 |
| Net profit for the year | – | – | – | – | 23,571 | 23,571 |
| Dividends (Note 10) | – | – | – | – | (7,352) | (7,352) |
| **At 31 December 2004** | 103,552 | 64,153 | 3,532 | 1,181 | 141,726 | 314,144 |

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED cash flow statement

## for the year ended 31 December 2004

| | 2004<br>RM'000 | 2003<br>RM'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 37,956 | 31,431 |
| Adjustments for: | | |
| Depreciation | 11,579 | 10,820 |
| Property, plant and equipment written off | 4 | 852 |
| Provision for doubtful debts | 651 | 48 |
| Gain on disposal of property, plant and equipment | (310) | (427) |
| Gain on disposal of oil palm estate | – | (16,912) |
| Loss/(gain) on disposal of other investments | 57 | (28) |
| Provision for retirement benefits | 679 | 517 |
| Short term accumulating compensated absences | (81) | 852 |
| Share of results in associates | (6,729) | (590) |
| Write back of provision for impairment loss of other investment | – | (2) |
| Amortisation of goodwill on associates | 449 | 814 |
| Impairment of goodwill on an associate | – | 1,244 |
| Interest expenses | 3,932 | 3,069 |
| Interest income | (619) | (344) |
| Operating profit before working capital changes | 47,568 | 31,344 |
| (Increase)/decrease in receivables | (26,091) | 658 |
| Decrease in development properties | 4,398 | 5,851 |
| Decrease in inventories | 154 | 369 |
| Decrease in payables | (7,868) | (7,816) |
| Cash generated from operations | 18,161 | 30,406 |
| Taxes paid | (11,606) | (7,812) |
| Retirement benefits paid | (5) | (44) |
| Interest paid | (3,932) | (2,702) |
| Interest received | 619 | 280 |
| Net cash generated from operating activities | 3,237 | 20,128 |

# CONSOLIDATED cash flow statement

for the year ended 31 December 2004 (contd.)

| | 2004<br>RM'000 | 2003<br>RM'000 |
|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Increase in land held for development | (9,891) | (69,117) |
| Dividends received from an associate | 2,000 | 2,000 |
| Purchase of property, plant and equipment | (32,274) | (23,026) |
| Proceeds from disposal of property, plant and equipment | 871 | 978 |
| Proceeds from disposal of oil palm estate | 22,396 | 2,489 |
| Proceeds from disposal of other investments | 30 | 49 |
| Decrease in investment in associates | – | 2 |
| Net cash used in investing activities | (16,868) | (86,625) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of shares | – | 2,648 |
| Dividends paid | (7,352) | (6,795) |
| Dividends paid to minority interests | – | (423) |
| Drawdown of borrowings, net of repayment | 48,122 | 30,424 |
| Net cash generated from financing activities | 40,770 | 25,854 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | 27,139 | (40,643) |
| **EFFECTS OF EXCHANGE RATE CHANGES** | 3 | 5 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | (11,555) | 29,083 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 22)** | 15,587 | (11,555) |

The accompanying notes form an integral part of the financial statements.

# INCOME statement

## for the year ended 31 December 2004

| | Note | 2004 RM'000 | 2003 RM'000 |
|---|---|---|---|
| Revenue | 3 | 20,706 | 5,863 |
| Other operating income | | 594 | 16,973 |
| Harvesting costs | | – | (328) |
| Staff costs | 4 | (3,300) | (2,992) |
| Depreciation | | (551) | (604) |
| Other operating expenses | | (4,230) | (3,436) |
| Profit from operations | 5 | 13,219 | 15,476 |
| Finance costs | 7 | (2,167) | (1,374) |
| Profit before taxation | | 11,052 | 14,102 |
| Taxation | 8 | (1,649) | – |
| Net profit for the year | | 9,403 | 14,102 |
| Net dividends paid per ordinary share during the year (sen) | 10 | 7.10 | 6.66 |

The accompanying notes form an integral part of the financial statements.

# BALANCE sheet

## as at 31 December 2004

| | Note | 2004 RM'000 | 2003 RM'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 11 | 1,444 | 1,407 |
| Investments in subsidiaries | 13 | 144,999 | 140,499 |
| Investments in associates | 14 | 98 | 98 |
| Due from a subsidiary | 15 | 35,000 | 35,000 |
| Other investments | 16 | 165 | 252 |
| | | 181,706 | 177,256 |
| **CURRENT ASSETS** | | | |
| Trade receivables | 18 | – | 47 |
| Other receivables | 19 | 305 | 22,686 |
| Tax recoverable | | 346 | 862 |
| Due from subsidiaries | 21 | 86,439 | 73,751 |
| Cash and bank balances | 22 | 1,285 | 818 |
| | | 88,375 | 98,164 |
| **CURRENT LIABILITIES** | | | |
| Borrowings | 23 | 35,904 | 30,110 |
| Other payables | 26 | 1,065 | 1,442 |
| Due to subsidiaries | 27 | 32,433 | 38,670 |
| | | 69,402 | 70,222 |
| **NET CURRENT ASSETS** | | 18,973 | 27,942 |
| | | 200,679 | 205,198 |
| **REPRESENTED BY:** | | | |
| Share capital | 28 | 103,552 | 103,552 |
| Reserves | | 94,546 | 92,495 |
| Shareholders' equity | | 198,098 | 196,047 |
| Borrowings | 23 | 2,115 | 8,755 |
| Provision for retirement benefits | 31 | 466 | 396 |
| Non-current liabilities | | 2,581 | 9,151 |
| | | 200,679 | 205,198 |

The accompanying notes form an integral part of the financial statements.

# STATEMENT of changes in equity

## for the year ended 31 December 2004

| | <----------Non-distributable | | | -----------> | Distributable | |
|---|---|---|---|---|---|---|
| | **Share capital RM'000 (Note 28)** | **Share premium RM'000** | **Revaluation reserve RM'000** | **Translation reserve RM'000** | **Retained profits RM'000 (Note 29)** | **Total RM'000** |
| **At 1 January 2003** | 101,301 | 63,756 | 3,532 | 2,855 | 14,648 | 186,092 |
| Net profit for the year | – | – | – | – | 14,102 | 14,102 |
| Dividends (Note 10) | – | – | – | – | (6,795) | (6,795) |
| Exercise of option under the Employees' Share Option Scheme | 2,251 | 397 | – | – | – | 2,648 |
| **At 31 December 2003** | 103,552 | 64,153 | 3,532 | 2,855 | 21,955 | 196,047 |
| Net profit for the year | – | – | – | – | 9,403 | 9,403 |
| Dividends (Note 10) | – | – | – | – | (7,352) | (7,352) |
| **At 31 December 2004** | 103,552 | 64,153 | 3,532 | 2,855 | 24,006 | 198,098 |

The accompanying notes form an integral part of the financial statements.

# CASH FLOW statement

## for the year ended 31 December 2004

| | 2004 RM'000 | 2003 RM'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before taxation | 11,052 | 14,102 |
| Adjustment for: | | |
| Depreciation | 551 | 604 |
| Gain on disposal of property, plant and equipment | (220) | (25) |
| Gain on disposal of oil palm estate | – | (16,912) |
| Loss/(gain) on disposal of other investment | 57 | (27) |
| Short-term accumulating compensated absences | 10 | 101 |
| Provision for retirement benefits | 73 | 68 |
| Advances to subsidiaries written off | 579 | 232 |
| Interest expense | 2,167 | 1,374 |
| Dividend income | (10,059) | (2,400) |
| Interest income | (3,947) | (2,874) |
| Operating profit/(loss) before working capital changes | 263 | (5,757) |
| Decrease in receivables | 32 | 5 |
| Decrease in inventories | – | 3 |
| Decrease in payables | (390) | (291) |
| Changes in subsidiaries balances | (19,504) | (37,555) |
| Cash used in operations | (19,599) | (43,595) |
| Interest paid | (2,167) | (1,374) |
| Tax paid | (13) | (66) |
| Net cash used in operating activities | (21,779) | (45,035) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest received | 3,947 | 2,874 |
| Dividend received | 8,939 | 2,400 |
| Increase in investment in subsidiaries | (4,500) | (1,500) |
| Decrease in investment in associates | – | 2 |
| Proceeds from disposal of property, plant and equipment | 257 | 24 |
| Proceeds from disposal of oil palm estate | 22,396 | 2,489 |
| Proceeds from disposal of other investment | 30 | 27 |
| Purchase of property, plant and equipment | (625) | (835) |
| Net cash generated from investing activities | 30,444 | 5,481 |

# CASH FLOW statement

for the year ended 31 December 2004 (contd.)

| | 2004 RM'000 | 2003 RM'000 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of shares | – | 2,648 |
| Dividends paid | (7,352) | (6,795) |
| (Repayment)/drawdown of borrowings, net | (2,905) | 12,500 |
| Net cash (used in)/generated from financing activities | (10,257) | 8,353 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (1,592) | (31,201) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR** | (23,047) | 8,154 |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 22)** | (24,639) | (23,047) |

The accompanying notes form an integral part of the financial statements.

# NOTES to the financial statements

## – 31 December 2004

### 1. CORPORATION INFORMATION

The principal activity of the Company are investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements. There have been no significant changes in the nature of the activities of the subsidiaries during the financial year other than as disclosed in Note 13.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 886 (2003: 726) and 27 (2003: 28) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 February 2005.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2004, the Group adopted the Malaysian Accounting Standards Board ("MASB") Standard 32: Property Development Activities for the first time.

The adoption of MASB 32 has not given rise to any material adjustment to the opening balances of retained profits of the prior and current financial years. Comparative figures have been restated, as disclosed in Note 37, to conform to changes in presentation required by MASB 32 that have been applied retrospectively.

#### (b) Basis of Consolidation

##### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (b) Basis of Consolidation (contd.)

#### (i) Subsidiaries (contd.)

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

#### (ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

### (c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amounts of these investments.

Goodwill is amortised on a straight-line basis over its estimated useful life of 5 years.

### (d) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are stated at cost except for investment in a subsidiary, Perumahan Berjaya Sdn. Bhd., which is stated at directors' valuation less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (d) Investments in Subsidiaries and Associates (contd.)

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

### (e) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

Leasehold land, building, improvements and renovation are depreciated over the period of the respective leases which range from 30 to 99 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

| | |
|---|---|
| Freehold building | 1% – 2% |
| Plant, equipment, furniture, fixtures, fittings and motor vehicles | 10% – 33.33% |

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

### (f) Land Held for Property Development and Property Development Costs

#### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by reference to the stage of completion of development activities at the balance sheet date. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (f) Land Held for Property Development and Property Development Costs (contd.)

#### (ii) Property development costs (contd.)

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development cost not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

### (g) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

### (h) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined on specific identification basis and includes cost of land, construction and appropriate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call, net of outstanding bank overdrafts.

### (j) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### (l) Employee Benefits

#### (i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (l) Employee Benefits (contd.)

#### (ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

#### (iii) Defined Benefit Plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme for its eligible employees. The benefits payable upon retirement are calculated by reference to the length of service and basic salary over the employees' period of employment. The defined benefit obligation is calculated and determined by independent actuaries using projected unit credit method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost.

In accordance with the transitional provision of MASB 29: Employee Benefits, upon initial adoption of the Standard, the increase in the defined benefit liability is recognised as an expense on a straight-line basis over 5 years and the decrease in existing liability is recognised in income statement immediately.

### (m) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2(f).

(ii) Revenue from construction contract is accounted for by the stage of completion method as described in Note 2(g).

(iii) Revenue from educational fees is recognised on an accrual basis.

(iv) Revenue from sale of oil palm fresh fruit bunches is recognised when transfer of risks and rewards have been completed.

(v) Rental and interest income is recognised on an accrual basis.

(vi) Dividend income is recognised when the right to receive payment is established.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (n) Foreign Currencies

#### (i) Foreign Currency Transactions

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement with the exception of exchange rate differences arising from monetary items that forms part of a net investment in a foreign entity. These exchange differences are taken directly to equity until disposal of the net investment, at which time they are recognised in the income statement.

#### (ii) Foreign Entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date used are as follows:

| | 2004<br>RM | 2003<br>RM |
|---|---|---|
| United States Dollar | 3.800 | 3.800 |
| Singapore Dollar | 2.312 | 2.209 |
| Hong Kong Dollar | 0.486 | 0.485 |
| Renminbi | 0.488 | – |

### (o) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### (p) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### (i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

#### (ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

#### (iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawndown from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

#### (v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

## 3. REVENUE

| | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|
| Sale of properties | 171,377 | 62,784 | – | – |
| Construction contracts | 42,420 | 51,532 | – | – |
| Educational fees | 47,254 | 46,152 | – | – |
| Sales of goods | 2,806 | 588 | – | 588 |
| Membership fee | 293 | – | – | – |
| Interest income from | | | | |
| – third party | 57 | 43 | 57 | 43 |
| – subsidiaries | – | – | 3,890 | 2,831 |
| Dividends (gross) from: | | | | |
| Subsidiaries | | | | |
| – tax exempt | – | – | 6,059 | 2,400 |
| – non-tax exempt | – | – | 4,000 | – |
| Quoted investment | – | 1 | – | 1 |
| Management fees from subsidiaries | – | – | 6,700 | – |
| Rental income | 6,777 | 6,805 | – | – |
| | 270,984 | 167,905 | 20,706 | 5,863 |

## 4. STAFF COSTS

| | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|
| Wages and salaries | 31,297 | 27,796 | 2,469 | 2,109 |
| Short term accumulating compensated absences | (81) | 852 | 10 | 101 |
| Pension costs – defined contribution plan | 3,621 | 3,365 | 323 | 237 |
| Pension costs – defined benefit plan (Note 31) | 679 | 517 | 73 | 68 |
| Other staff related expenses | 3,762 | 3,173 | 425 | 477 |
| | 39,278 | 35,703 | 3,300 | 2,992 |

Included in staff costs of the Group and the Company are executive directors' remuneration amounting to RM2,762,000 (2003: RM2,367,000) and RM818,000 (2003: RM575,000) respectively as further disclosed in Note 6.

## 5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Rental of premises | 1,850 | 1,951 | 449 | 418 |
| Non-executive directors' remuneration (Note 6) | 422 | 372 | 196 | 163 |
| Auditors' remuneration | | | | |
| – Statutory audit | 164 | 146 | 39 | 39 |
| – Other services | 132 | 104 | 25 | 33 |
| Provision for doubtful debts | 651 | 48 | – | – |
| Lease rental | 1,834 | 1,174 | – | – |
| Property, plant and equipment written off | 4 | 852 | – | – |
| Write back of impairment loss of other investments | – | (2) | – | – |
| Advances to subsidiaries written off | – | – | 579 | 232 |
| Amortisation of goodwill on associates | 449 | 814 | – | – |
| Realised exchange loss | 3 | – | – | – |
| Impairment of goodwill on an associate | – | 1,244 | – | – |
| Bad debts recovered | – | (1,589) | – | – |
| Gain on disposal of property, plant and equipment | (310) | (427) | (220) | (25) |
| Gain on disposal of oil palm estate | – | (16,912) | – | – |
| Rental income | (2,040) | (1,524) | – | – |
| Loss/(gain) on disposal of other investments | 57 | (28) | 57 | (27) |

## 6. DIRECTORS' REMUNERATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| **Directors of the Company** | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 1,199 | 923 | 498 | 348 |
| Fees | 91 | 85 | 56 | 50 |
| Bonus | 396 | 299 | 171 | 109 |
| Pension costs – defined contribution plan | 191 | 147 | 80 | 55 |
| Pension costs – defined benefit plan | 13 | 13 | 13 | 13 |
| Benefits-in-kind | 74 | 89 | 11 | 11 |
| | 1,964 | 1,556 | 829 | 586 |
| Non-Executive: | | | | |
| Fees | 207 | 172 | 196 | 163 |
| Consultancy fees | 198 | 198 | – | – |
| Benefits-in-kind | 21 | 21 | – | – |
| | 426 | 391 | 196 | 163 |
| | 2,390 | 1,947 | 1,025 | 749 |

## 6. DIRECTORS' REMUNERATION (CONTD.)

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| **Directors of Subsidiaries** | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 601 | 636 | – | – |
| Fees | 13 | 13 | – | – |
| Bonus | 157 | 147 | – | – |
| Pension costs - defined contribution plan | 91 | 94 | – | – |
| Pension costs - defined benefit plan | 10 | 10 | – | – |
| Benefits-in-kind | 32 | 32 | – | – |
| | 904 | 932 | – | – |
| Non-Executive: | | | | |
| Fees | 17 | 2 | – | – |
| | 921 | 934 | – | – |
| Total | 3,311 | 2,881 | 1,025 | 749 |
| **Analysis excluding benefits-in-kind:** | | | | |
| Total executive directors' remuneration excluding benefits-in-kind (Note 4) | 2,762 | 2,367 | 818 | 575 |
| Total non-executive directors' remuneration excluding benefits-in-kind (Note 5) | 422 | 372 | 196 | 163 |
| Total directors' remuneration excluding benefit-in-kind | 3,184 | 2,739 | 1,014 | 738 |

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

| | Number of Directors | |
|---|---|---|
| | 2004 | 2003 |
| Executive directors: | | |
| RM500,001 – RM600,000 | 1 | 1 |
| RM1,000,001 – RM1,100,000 | – | 1 |
| RM1,300,001 – RM1,400,000 | 1 | – |
| Non-Executive directors: | | |
| Below RM50,000 | 5 | 5 |
| RM200,001 – RM250,000 | 1 | 1 |

## 7. FINANCE COSTS, NET

| | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|
| Interest expense | 3,932 | 3,069 | 2,167 | 1,374 |
| Interest income | (619) | (301) | – | – |
| | 3,313 | 2,768 | 2,167 | 1,374 |

## 8. TAXATION

| | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|
| Income tax: | | | | |
| Malaysian income tax | 11,071 | 8,098 | 1,724 | – |
| Overprovided in prior year | (296) | (736) | (75) | – |
| | 10,775 | 7,362 | 1,649 | – |
| Deferred tax (Note 30): | | | | |
| Relating to origination and reversal of temporary differences | 1,648 | (750) | – | – |
| Underprovided in prior year | 166 | 919 | – | – |
| | 1,814 | 169 | – | – |
| Share of taxation of associates | 2,019 | 1,612 | – | – |
| | 14,608 | 9,143 | 1,649 | – |

## 8. TAXATION (CONTD.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

| | 2004 RM'000 | 2003 RM'000 |
|---|---|---|
| **Group** | | |
| Profit before taxation | 37,956 | 31,431 |
| Taxation at statutory tax rate of 28% | 10,628 | 8,801 |
| Effect of income subject to tax rate of 20% | (98) | (24) |
| Effect of different tax rates in other countries | 318 | (394) |
| Income not subject to tax | (111) | (5,206) |
| Expenses not deductible for tax purposes | 2,055 | 3,207 |
| Tax losses not allowable for future utilisation | 1 | 160 |
| Deferred tax assets previously unrecognised, now recognised | (13) | (349) |
| Deferred tax assets not recognised during the year | 1,958 | 2,765 |
| Deferred tax underprovided in prior year | 166 | 919 |
| Tax overprovided in prior year | (296) | (736) |
| Tax expense for the year | 14,608 | 9,143 |

| | 2004 RM'000 | 2003 RM'000 |
|---|---|---|
| **Company** | | |
| Profit before taxation | 11,052 | 14,102 |
| Taxation at statutory tax rate of 28% | 3,095 | 3,949 |
| Income not subject to tax | (1,697) | (5,367) |
| Expenses not deductible for tax purposes | 278 | 262 |
| Deferred tax assets not recognised during the year | 48 | 1,156 |
| Tax overprovided in prior year | (75) | – |
| Tax expense for the year | 1,649 | – |

## 8. TAXATION (CONTD.)

Tax losses are analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Tax savings recognised during the year arising from utilisation of current year losses | 27 | 828 | – | 600 |
| Unutilised tax losses carried forward | 36,726 | 33,087 | 6,194 | 6,194 |

## 9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|---|---|
| | 2004 | 2003 |
| Net profit for the year (RM'000) | 23,571 | 22,254 |
| Weighted average number of ordinary shares in ('000) | 103,552 | 102,425 |
| Basic earnings per share (sen) | 22.76 | 21.73 |

## 10. DIVIDENDS

| | Group and Company | | | |
|---|---|---|---|---|
| | Amount | | Net Dividends Paid per Ordinary Share | |
| | 2004 RM'000 | 2003 RM'000 | 2004 Sen | 2003 Sen |
| **Paid:** | | | | |
| **For the financial year ended 31 December 2004** | | | | |
| Interim tax exempt dividend of 3.5% | 3,624 | – | 3.50 | – |
| **For the financial year ended 31 December 2003** | | | | |
| Final dividend of 5.0% less 28% taxation | 3,728 | – | 3.60 | – |
| Interim dividend of 3.0% less 28% taxation | – | 2,237 | – | 2.16 |
| **For the financial year ended 31 December 2002** | | | | |
| Final tax exempt dividend of 4.5% | – | 4,558 | – | 4.50 |
| | 7,352 | 6,795 | 7.10 | 6.66 |

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December 2004 of 5.5% on 103,552,000 ordinary shares amounting to RM5,695,000 (5.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2005.

## 11. PROPERTY, PLANT AND EQUIPMENT

**Group**

| | Land and building* RM'000 | Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|
| **Cost/Valuation** | | | |
| At 1 January 2004 | 191,928 | 51,720 | 243,648 |
| Additions | 21,011 | 11,872 | 32,883 |
| Disposals | (535) | (981) | (1,516) |
| Write-off | – | (7) | (7) |
| Translation differences | 9 | 1 | 10 |
| At 31 December 2004 | 212,413 | 62,605 | 275,018 |
| Representing: | | | |
| At cost | 210,431 | 62,605 | 273,036 |
| At valuation | 1,982 | – | 1,982 |
| | 212,413 | 62,605 | 275,018 |
| **Accumulated Depreciation and Impairment Losses** | | | |
| At 1 January 2004 | 16,812 | 25,539 | 42,351 |
| Charge for the year | 2,321 | 9,258 | 11,579 |
| Disposals | (53) | (902) | (955) |
| Write-off | – | (3) | (3) |
| Translation differences | 6 | 1 | 7 |
| At 31 December 2004 | 19,086 | 33,893 | 52,979 |

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

**Group**

| | Land and building* RM'000 | Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|
| **Net Book Value** | | | |
| At 31 December 2004 | 193,327 | 28,712 | 222,039 |
| Representing: | | | |
| At cost | 191,345 | 28,712 | 220,057 |
| At valuation | 1,982 | – | 1,982 |
| | 193,327 | 28,712 | 222,039 |
| At 31 December 2003 | 175,116 | 26,181 | 201,297 |
| Representing: | | | |
| At cost | 173,134 | 26,181 | 199,315 |
| At valuation | 1,982 | – | 1,982 |
| | 175,116 | 26,181 | 201,297 |
| **Depreciation charge for 2003** | 2,377 | 8,443 | 10,820 |

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

*** Land and Building**

| | Freehold land RM'000 | Long term leasehold land and building RM'000 | Short term leasehold land and building RM'000 | Freehold land and building RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Cost/Valuation** | | | | | |
| At 1 January 2004 | 1,982 | 36,591 | 21,933 | 131,422 | 191,928 |
| Additions | – | 1,242 | 19,145 | 624 | 21,011 |
| Disposals | – | (141) | – | (394) | (535) |
| Reclassifications | – | 32,211 | (32,211) | – | – |
| Translation differences | – | 9 | – | – | 9 |
| At 31 December 2004 | 1,982 | 69,912 | 8,867 | 131,652 | 212,413 |
| Representing: | | | | | |
| At cost | – | 69,912 | 8,867 | 131,652 | 210,431 |
| At valuation | 1,982 | – | – | – | 1,982 |
| | 1,982 | 69,912 | 8,867 | 131,652 | 212,413 |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| At 1 January 2004 | – | 2,110 | 2,511 | 12,191 | 16,812 |
| Charge for the year | – | 489 | 312 | 1,520 | 2,321 |
| Disposals | – | (10) | – | (43) | (53) |
| Reclassifications | – | 561 | (561) | – | – |
| Translation differences | – | 6 | – | – | 6 |
| At 31 December 2004 | – | 3,156 | 2,262 | 13,668 | 19,086 |
| **Net Book Value** | | | | | |
| At 31 December 2004 | 1,982 | 66,756 | 6,605 | 117,984 | 193,327 |
| Representing: | | | | | |
| At cost | – | 66,756 | 6,605 | 117,984 | 191,345 |
| At valuation | 1,982 | – | – | – | 1,982 |
| | 1,982 | 66,756 | 6,605 | 117,984 | 193,327 |
| At 31 December 2003 | 1,982 | 34,481 | 19,422 | 119,231 | 175,116 |
| Representing: | | | | | |
| At cost | – | 34,481 | 19,422 | 119,231 | 173,134 |
| At valuation | 1,982 | – | – | – | 1,982 |
| | 1,982 | 34,481 | 19,422 | 119,231 | 175,116 |
| **Depreciation charge for 2003** | – | – | 866 | 1,511 | 2,377 |

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

**Company**

| | Building RM'000 | Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000 | Total RM'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2004 | – | 3,556 | 3,556 |
| Additions | – | 625 | 625 |
| Disposals | – | (659) | (659) |
| At 31 December 2004 | – | 3,522 | 3,522 |
| **Accumulated Depreciation** | | | |
| At 1 January 2004 | – | 2,149 | 2,149 |
| Charge for the year | – | 551 | 551 |
| Disposals | – | (622) | (622) |
| At 31 December 2004 | – | 2,078 | 2,078 |
| **Net Book Value** | | | |
| At 31 December 2004 | – | 1,444 | 1,444 |
| At 31 December 2003 | – | 1,407 | 1,407 |
| **Depreciation charge for 2003** | 3 | 601 | 604 |

(a) The freehold land of a subsidiary company was revalued by the directors based on independent professional valuations made in 1980 and has not been revalued since then. The directors have not adopted a policy of regular revaluations of such assets. As permitted by International Accounting Standards 16: Property, Plant and Equipment, these assets are stated at their 1980 valuation.

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Details of independent professional valuation of the freehold land owned by the subsidiary company as at 31 December 2004 are as follows:

| Year of Valuation | Description of Property | Amount RM | Basis of Valuation |
|---|---|---|---|
| 1980 | Freehold land in Petaling Jaya | 1,982,000 | Direct comparison method and the contractor's method of valuation |

Had the revalued freehold land been carried at historical cost, the net book value of the freehold land that would have been included in the financial statements of the Group as at 31 December 2004 would be RM35,000 (2003: RM35,000).

(b) Included in the cost of the property, plant and equipment of the Group and the Company are fully depreciated assets amounting to RM13,461,000 (2003: RM9,594,000) and RM783,000 (2003: RM924,000) respectively which are still in use.

(c) Included in the prior year long term leasehold land and buildings of the Group was leasehold buildings under construction costing RM8,021,000.

(d) The net book value of property, plant and equipment pledged for borrowings (Note 23) are as follows:

| | Group | |
|---|---|---|
| | 2004 RM'000 | 2003 RM'000 |
| Freehold land and building | 35,445 | 35,504 |
| Long term leasehold land and buildings | 16,687 | 16,875 |
| | 52,132 | 52,379 |

## 12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

### (a) Land Held for Property Development, at cost

| | Group | |
|---|---|---|
| | 2004 RM'000 | 2003 RM'000 |
| **Freehold land** | | |
| At 1 January | 190,638 | 25,130 |
| Costs incurred during the financial year | – | 169,102 |
| Disposals | (6) | (25) |
| Transfer to property development costs | (56,954) | (3,569) |
| At 31 December | 133,678 | 190,638 |

## 12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)

### (a) Land Held for Property Development, at cost (contd.)

| | Group 2004 RM'000 | Group 2003 RM'000 |
|---|---|---|
| **Development costs** | | |
| At 1 January | 30,891 | 15,153 |
| Costs incurred during the financial year | 9,928 | 18,409 |
| Disposals | (31) | – |
| Transfer to property development costs | (10,300) | (2,671) |
| At 31 December | 30,488 | 30,891 |
| | 164,166 | 221,529 |

### (b) Property Development Costs, at cost

| | 2004 RM'000 | 2003 RM'000 |
|---|---|---|
| **Freehold land** | | |
| At 1 January | 22,538 | 18,969 |
| Transfer from land held for property development | 56,954 | 3,569 |
| At 31 December | 79,492 | 22,538 |
| **Development costs** | | |
| At 1 January | 237,165 | 191,984 |
| Cost incurred during the financial year | 119,226 | 42,510 |
| Transfer from land held for property development | 10,300 | 2,671 |
| At 31 December | 366,691 | 237,165 |
| Costs recognised in income statement: | | |
| At 1 January | (246,136) | (203,290) |
| Recognised during the financial year | (123,624) | (42,846) |
| At 31 December | (369,760) | (246,136) |
| Net carrying amount of property development costs | 76,423 | 13,567 |

The freehold land of the Group amounting to RM169,102,000 (2003: RM169,102,000) has been pledged as security for the borrowing as disclosed in Note 23.

Included in property development costs is interest capitalised amounting to RM4,253,000 (2003: RM1,084,000).

## 13. INVESTMENTS IN SUBSIDIARIES

| | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|
| Unquoted shares, at cost | 133,275 | 128,775 |
| Less: Accumulated impairment losses | (10,775) | (10,775) |
| | 122,500 | 118,000 |
| Unquoted shares, at valuation | 22,499 | 22,499 |
| | 144,999 | 140,499 |

Details of the subsidiaries are as follows:

| Name of Company | Effective Interest 2004 % | Effective Interest 2003 % | Paid-up Capital '000 | Principal Activities |
|---|---|---|---|---|
| **Incorporated in Malaysia** | | | | |
| Berkeley Sdn. Bhd. | 100 | 100 | RM2,138 | Property investment and development |
| Berkeley Maju Sdn. Bhd. | 100 | 100 | RM1,000 | Inactive |
| Paramount Engineering & Construction Sdn. Bhd. *(formerly known as Berlian Sakti Sdn. Bhd.)* | 100 | 100 | RM1,000 | Building and engineering contractor |
| Arah Teknik Sdn. Bhd. | 100 | 100 | RM600 | Building and engineering contractor |
| Paramount Building Materials Sdn. Bhd. *(formerly known as Zenbilt Sdn. Bhd.)* | 100 | 100 | RM150 | Commenced operations in trading of building materials in current year |
| Bilsys Sdn. Bhd. | 100 | 100 | RM250 | Building and engineering contractor and project management |
| Current Connection Sdn. Bhd. | 100 | 100 | RM500 | Inactive |
| KDU College Sdn. Bhd. | 85 | 85 | RM2,353 | Educational services |
| Janahasil Sdn. Bhd. | 85 | 85 | RM100 | Inactive |
| KDU College (Sibu) Sdn. Bhd. | 52 | 52 | RM2,000 | Educational services, ceased operations |
| KDU Smart School Sdn. Bhd. | 85 | 85 | RM1,000 | Educational services |
| KDU International Sdn. Bhd. | 100 | 100 | RM1,579 | Educational services |
| Perumahan Berjaya Sdn. Bhd. | 100 | 100 | RM10,000 | Property investment and development |

## 13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

| Name of Company | Effective Interest 2004 % | Effective Interest 2003 % | Paid-up Capital '000 | Principal Activities |
|---|---|---|---|---|
| **Incorporated in Malaysia** | | | | |
| Paramount Property (Utara) Sdn. Bhd. *(formerly known as Patani Jaya Sdn. Bhd.)* | 100 | 100 | RM3,000 | Property development |
| Kelab Bandar Laguna Merbok Sdn. Bhd. | 100 | 100 | * | Operator of club house |
| Wangsa Merdu Sdn. Bhd. | 100 | 100 | RM10,000 | Property investment |
| Paramount Global Assets Sdn. Bhd. | 100 | 100 | RM35,360 | Investment holding |
| Paramount Electronics Industries Sdn. Bhd. | 100 | 100 | RM5,000 | Inactive |
| KDU Management Development Centre Sdn. Bhd. | 100 | 100 | RM5,000 | Management and educational services |
| Paramount Property Development Sdn. Bhd. | 100 | 100 | RM1,000 | Property development |
| **Incorporated in Singapore** | | | | |
| **SMT Circuit Assembly Pte Ltd | 76.94 | 76.94 | #S$4,000 | Inactive |
| **Incorporated in Hong Kong** | | | | |
| **Paramount Corporation Limited | 100 | 100 | #HK$1,000 | Investment holding |
| **PCM (HK) Limited | – | 80.56 | #HK$10,000 | Deregistered during the year |
| **Incorporated in People's Republic of China** | | | | |
| **KDU International Language Training School Limited *(formerly known as KDU International Training and Development Company Limited)* | 100 | – | #RMB7,600 | Educational services |

* Paid-up capital of RM2
** Audited by a firm of chartered accountants other than Ernst & Young
# S$ Represents currency denoted in Singapore Dollars
# HK$ Represents currency denoted in Hong Kong Dollars
# RMB Represents currency denoted in Renminbi

## 13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

During the current financial year,

(a) Paramount Building Materials Sdn. Bhd. (formerly known as Zenbilt Sdn. Bhd.) commenced operations in trading of building materials.

(b) KDU International Sdn. Bhd., a wholly owned subsidiary, subscribed for 7.6 million ordinary shares of RMB1 each, representing 100% equity interest in KDU International Language School Limited (formerly known as KDU International Training and Development Company Limited), a company incorporated in ChongQing, People's Republic of China for a cash consideration of RMB7.6 million (RM1,748,000 equivalent).

(c) PCM (HK) Limited, a company incorporated in Hong Kong, was deregistered on 6 February 2004. There was no material impact to the Group's financial position and results arising from the deregistration.

(d) The Company increased its shareholding in KDU Management Development Centre Sdn. Bhd. from RM500,000 to RM5,000,000 through the subscription of 4,500,000 new ordinary shares of RM1.00 each for cash.

(e) The Company applied to the Accounting and Corporate Regulatory Authority, Singapore on 13 November 2004 to strike off SMT Circuit Assembly Pte Ltd, a subsidiary which ceased its business activity since 1996. The application is pending completion as at the date of this report.

## 14. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Unquoted shares, at cost | 37,472 | 37,472 | 3,819 | 3,819 |
| Less: Accumulated impairment losses | (3,721) | (3,721) | (3,721) | (3,721) |
| Goodwill amortised | (2,375) | (1,926) | – | – |
| Goodwill impaired | (1,244) | (1,244) | – | – |
| Share of post-acquisition profits | 3,591 | 881 | – | – |
| | 33,723 | 31,462 | 98 | 98 |

The Group's interests in the associates is analysed as follows:

| | Group | |
|---|---|---|
| | 2004 RM'000 | 2003 RM'000 |
| Share of net assets | 33,273 | 30,563 |
| Goodwill on acquisition, net of amortisation and impairment | 450 | 899 |
| | 33,723 | 31,462 |

## 14. INVESTMENTS IN ASSOCIATES (CONTD.)

Details of the associates are as follows:

| Name of Company | Effective Interest 2004 % | Effective Interest 2003 % | Paid-up Capital '000 | Principal Activities |
|---|---|---|---|---|
| **Incorporated in Malaysia** | | | | |
| Jerneh Insurance Berhad* | 20.00 | 20.00 | RM100,000 | General insurance business |
| Suci Teguh Holding Sdn. Bhd.* | 27.00 | 27.00 | RM14,122 | Under liquidation |
| ASMC Sdn. Bhd.* | 21.60 | 21.60 | RM11,250 | Under liquidation |
| Seleksi Megah Sdn. Bhd.* | 49.00 | 49.00 | RM100 | Property development |
| Jasarim Bina Sdn. Bhd.* | 49.00 | 49.00 | RM100 | Property development |
| **Incorporated in the United States of America** | | | | |
| iCarnegie Inc.* | 20.31 | 20.31 | USD1.477 | Educational services |

* Equity accounted based on audited/management financial statements made up to 31 December.

## 15. DUE FROM A SUBSIDIARY

The amount due from a subsidiary is unsecured, has no fixed terms of repayment and bears interest at 6% (2003: 6%) per annum.

## 16. OTHER INVESTMENTS

| | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|
| Unquoted shares, at cost | 165 | 252 | 165 | 252 |

## 17. INVENTORIES

| | Group 2004 RM'000 | Group 2003 RM'000 |
|---|---|---|
| At cost: | | |
| Properties held for sale | 438 | 438 |
| Stationery and consumables | – | 154 |
| | 438 | 592 |

## 18. TRADE RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Trade receivables | 59,026 | 46,411 | – | 47 |
| Accrued billings in respect of property development costs | 12,800 | – | – | – |
| Due from customers on contracts (Note 20) | 2,556 | 4,165 | – | – |
| Retention sums on contracts | 5,802 | 6,355 | – | – |
| | 80,184 | 56,931 | – | 47 |
| Provision for doubtful debts | (564) | (383) | – | – |
| | 79,620 | 56,548 | – | 47 |

The Group's normal trade credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Other than an amount due from a third party which contributed 14% (2003: 20%) of the total trade receivables, the Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 19. OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Deposits and prepayments | 5,166 | 3,170 | 188 | 191 |
| Amount due from a State Government | 3,457 | 3,457 | – | – |
| Amount receivable from disposal of oil palm estate | – | 22,396 | – | 22,396 |
| Sundry receivables | 2,239 | 1,504 | 117 | 99 |
| | 10,862 | 30,527 | 305 | 22,686 |
| Provision for doubtful debts | (601) | (238) | – | – |
| | 10,261 | 30,289 | 305 | 22,686 |

Other than the amount due from a State Government which contributed 32% (2003: 11%) of the total other receivables, the Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 20. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

| | Group | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Construction contract costs incurred to date | 521,412 | 396,731 |
| Attributable profits | 58,029 | 46,949 |
| | 579,441 | 443,680 |
| Less: Progress billings | (582,510) | (444,036) |
| | (3,069) | (356) |
| Due from customers on contracts (Note 18) | 2,556 | 4,165 |
| Due to customers on contracts (Note 25) | (5,625) | (4,521) |
| | (3,069) | (356) |

The cost incurred to date on construction contracts includes the hire of plant and machinery amounting to RM1,952,000 (2003: RM1,911,000).

## 21. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

## 22. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Cash on hand and at banks | 6,495 | 6,955 | 2 | 16 |
| Deposits with licensed banks | 42,280 | 14,449 | 1,283 | 802 |
| Cash and bank balances | 48,775 | 21,404 | 1,285 | 818 |
| Less: Bank overdrafts (Note 23) | (33,188) | (32,959) | (25,924) | (23,865) |
| Cash and cash equivalents | 15,587 | (11,555) | (24,639) | (23,047) |

Included in cash and bank balances of the Group are amounts of RM31,738,000 (2003: RM8,790,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Included in deposits of the Group is an amount of RM270,000 (2003: RM270,000) which has been pledged as security for bank guarantee facilities granted by the banks.

The weighted average effective interest rates (per annum) of deposits at the balance sheet date were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 % | 2003 % | 2004 % | 2003 % |
| Deposits with licensed banks | 2.52 | 2.73 | 2.80 | 3.00 |

The average maturity of deposits at the balance sheet date were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 Days | 2003 Days | 2004 Days | 2003 Days |
| Deposits with licensed banks | 31 | 36 | 6 | 24 |

## 23. BORROWINGS

| | Group 2004 RM'000 | Group 2003 RM'000 | Company 2004 RM'000 | Company 2003 RM'000 |
|---|---|---|---|---|
| **Short Term Borrowings** | | | | |
| **Secured:** | | | | |
| Bank overdrafts | 5,198 | 9,094 | – | – |
| Revolving credit | 4,375 | 4,900 | – | – |
| Bankers' acceptances | 1,568 | 1,228 | – | – |
| Term loans | 5,000 | 2,250 | – | – |
| Hire purchase payables (Note 24) | 28 | 28 | – | – |
| | 16,169 | 17,500 | – | – |
| **Unsecured:** | | | | |
| Bank overdrafts | 27,990 | 23,865 | 25,924 | 23,865 |
| Revolving credit | 5,000 | 5,000 | 5,000 | 5,000 |
| Term loans | 4,980 | 1,245 | 4,980 | 1,245 |
| | 37,970 | 30,110 | 35,904 | 30,110 |
| | 54,139 | 47,610 | 35,904 | 30,110 |
| **Long Term Borrowings** | | | | |
| **Secured** | | | | |
| Term loans | 83,567 | 35,076 | – | – |
| Hire purchase payables (Note 24) | 93 | 122 | – | – |
| | 83,660 | 35,198 | – | – |
| **Unsecured** | | | | |
| Term loans | 2,115 | 8,755 | 2,115 | 8,755 |
| | 85,775 | 43,953 | 2,115 | 8,755 |
| **Total Borrowings** | | | | |
| Bank overdrafts (Note 22) | 33,188 | 32,959 | 25,924 | 23,865 |
| Revolving credit | 9,375 | 9,900 | 5,000 | 5,000 |
| Bankers' acceptances | 1,568 | 1,228 | – | – |
| Term loans | 95,662 | 47,326 | 7,095 | 10,000 |
| Hire purchase payables (Note 24) | 121 | 150 | – | – |
| | 139,914 | 91,563 | 38,019 | 38,865 |

## 23. BORROWINGS (CONTD.)

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| **Maturity of borrowings (excluding hire purchase)** | | | | |
| Within one year | 54,111 | 48,522 | 35,904 | 30,110 |
| More than 1 year and less than 2 years | 19,015 | 8,539 | 2,115 | 1,660 |
| More than 2 years and less than 5 years | 44,910 | 31,487 | – | 4,980 |
| More than 5 years | 21,757 | 2,865 | – | 2,115 |
| | 139,793 | 91,413 | 38,019 | 38,865 |

The weighted average effective interest rates (per annum) at the balance sheet date for borrowings, excluding hire purchase, were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 % | 2003 % | 2004 % | 2003 % |
| Bank overdrafts | 7.0 | 6.9 | 7.1 | 6.9 |
| Revolving credit | 5.5 | 5.9 | 5.0 | 5.0 |
| Bankers' acceptances | 3.2 | 3.2 | – | – |
| Term loans | 7.0 | 7.0 | 6.8 | 6.8 |

(a) The secured revolving credit and bankers' acceptances of the Group are secured by corporate guarantees of the Company. Certain subsidiaries' bank overdrafts are secured by corporate guarantees from the Company.

(b) The term loans of the Group are secured by the following:

(i) First legal charge over the freehold land and building and long term leasehold land and building of the Group as disclosed in Notes 11 and 12;

(ii) Assignment of rental proceeds from long term leasehold land and building of a subsidiary;

(iii) Assignment of entire sales proceeds of a subsidiary's development project; and

(iv) Corporate guarantee by the Company.

## 24. HIRE PURCHASE PAYABLES

| | Group 2004 RM'000 | Group 2003 RM'000 |
|---|---|---|
| **Minimum payments:** | | |
| Not later than 1 year | 33 | 33 |
| Later than 1 year and not later than 2 years | 33 | 33 |
| Later than 2 years and not later than 5 years | 64 | 98 |
| | 130 | 164 |
| Less : Future finance charges | (9) | (14) |
| Present value of hire purchase payables | 121 | 150 |
| **Present value of hire purchase payables:** | | |
| Not later than 1 year | 28 | 28 |
| Later than 1 year and not later than 2 years | 30 | 29 |
| Later than 2 years and not later than 5 years | 63 | 93 |
| | 121 | 150 |
| **Analysed as:** | | |
| Due within 12 months (Note 23) | 28 | 28 |
| Due after 12 months (Note 23) | 93 | 122 |
| | 121 | 150 |

The weighted average effective interest rate at the balance sheet date for hire purchase payables is 3.6% (2003: 3.6%) per annum.

## 25. TRADE PAYABLES

| | Group 2004 RM'000 | Group 2003 RM'000 |
|---|---|---|
| Trade payables | 38,480 | 16,960 |
| Progress billings in respect of property development costs | 197 | 3,190 |
| Due to customers on contracts (Note 20) | 5,625 | 4,521 |
| Retention sums on contracts | 6,697 | 5,089 |
| | 50,999 | 29,760 |

The normal trade credit term granted to the Group ranges from 30 to 90 days.

## 26. OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Short term accumulating compensated absences | 547 | 852 | 112 | 101 |
| Other payables | 16,705 | 11,916 | 950 | 1,341 |
| Tuition fees paid in advance | 12,105 | 5,768 | – | – |
| Tenants deposits | 1,579 | 1,963 | – | – |
| Refundable deposits | 7,370 | 5,043 | – | – |
| Provision for retirement benefits (Note 31) | 9 | 12 | 3 | – |
| Payable to a local authority (Note 32) | 6,424 | 750 | – | – |
| | 44,739 | 26,304 | 1,065 | 1,442 |

## 27. DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

## 28. SHARE CAPITAL

| | Number of Ordinary Shares of RM1 Each | | Amount | |
|---|---|---|---|---|
| | 2004 '000 | 2003 '000 | 2004 RM'000 | 2003 RM'000 |
| **Authorised:** | | | | |
| At 1 January/31 December | 200,000 | 200,000 | 200,000 | 200,000 |
| **Issued and fully paid:** | | | | |
| At 1 January | 103,552 | 101,301 | 103,552 | 101,301 |
| Issued under Employees' Shares Option Scheme | – | 2,251 | – | 2,251 |
| At 31 December | 103,552 | 103,552 | 103,552 | 103,552 |

## 29. RETAINED PROFITS

As at 31 December 2004, the Company has tax exempt profits available for distribution of approximately RM11,742,000 (2003: RM6,907,000), subject to the agreement of the Inland Revenue Board.

As at 31 December 2004, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income account to frank the payment of dividends out of its entire retained profits.

## 30. DEFERRED TAXATION

| | Group 2004 RM'000 | Group 2003 RM'000 |
|---|---|---|
| At 1 January | 2,582 | 2,413 |
| Recognised in the income statement (Note 8) | 1,814 | 169 |
| At 31 December | 4,396 | 2,582 |
| Presented after appropriate offsetting as follows: | | |
| Deferred tax assets | (1,581) | (1,819) |
| Deferred tax liabilities | 5,977 | 4,401 |
| | 4,396 | 2,582 |

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

**Deferred Tax Liabilities of the Group:**

| | At 1 January 2004 RM'000 | Recognised in the income statement RM'000 | At 31 December 2004 RM'000 |
|---|---|---|---|
| Accelerated capital allowances | 5,929 | 1,256 | 7,185 |

**Deferred Tax Assets of the Group:**

| | At 1 January 2004 RM'000 | Recognised in the income statement RM'000 | At 31 December 2004 RM'000 |
|---|---|---|---|
| Accelerated capital allowances | (147) | 147 | – |
| Retirement benefit obligations | (351) | (28) | (379) |
| Tax losses and unabsorbed capital allowances | (2,370) | 195 | (2,175) |
| Others | (479) | 244 | (235) |
| | (3,347) | 558 | (2,789) |

**Deferred Tax Liabilities of the Company:**

| | At 1 January 2004 RM'000 | Recognised in the income statement RM'000 | At 31 December 2004 RM'000 |
|---|---|---|---|
| Accelerated capital allowances | 169 | (43) | 126 |

**Deferred Tax Assets of the Company:**

| | At 1 January 2004 RM'000 | Recognised in the income statement RM'000 | At 31 December 2004 RM'000 |
|---|---|---|---|
| Tax losses and unabsorbed capital allowances | (169) | 43 | (126) |

## 30. DEFERRED TAXATION (CONTD.)

Deferred tax assets have not been recognised in respect of the following items:

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Unused tax losses | 36,726 | 33,087 | 6,194 | 6,194 |
| Unabsorbed capital allowances | 12,434 | 10,136 | 3,473 | 3,384 |
| Others | 1,553 | 497 | 581 | 497 |
| | 50,713 | 43,720 | 10,248 | 10,075 |

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Company and the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

## 31. PROVISION FOR RETIREMENT BENEFITS

The Group operates an unfunded defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 55.

The amounts recognised in the balance sheet are determined as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Present value of unfunded defined benefit obligations | 2,387 | 1,864 | 526 | 473 |
| Unrecognised transitional obligation | (458) | (609) | (57) | (77) |
| Net liability | 1,929 | 1,255 | 469 | 396 |
| Analysed as: | | | | |
| Current (Note 26) | 9 | 12 | 3 | – |
| Non-current | | | | |
| Later than 1 year but not later than 2 years | 39 | 2 | 5 | – |
| Later than 2 years but not later than 5 years | 35 | 132 | 8 | 43 |
| Later than 5 years | 1,846 | 1,109 | 453 | 353 |
| | 1,920 | 1,243 | 466 | 396 |
| | 1,929 | 1,255 | 469 | 396 |

## 31. PROVISION FOR RETIREMENT BENEFITS (CONTD.)

The amount recognised in the income statement are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Current service cost | 411 | 286 | 34 | 30 |
| Interest costs | 117 | 99 | 19 | 27 |
| Amortisation of transitional obligation | 151 | 132 | 20 | 11 |
| Total, included in staff costs (Note 4) | 679 | 517 | 73 | 68 |

Movements in the net liability in the current year were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| At 1 January | 1,255 | 782 | 396 | 328 |
| Amount recognised in the income statement | 679 | 517 | 73 | 68 |
| Utilisation of provision during the year | (5) | (44) | – | – |
| At 31 December | 1,929 | 1,255 | 469 | 396 |

Principal actuarial assumptions used:

| | 2004 % | 2003 % |
|---|---|---|
| Discount rate | 7 | 7 |
| Expected rate of salary increases | 5 | 5 |

## 32. LONG TERM PAYABLES

| | Group | |
|---|---|---|
| | 2004 RM'000 | 2003 RM'000 |
| Payable to a local authority | 6,424 | 7,174 |
| Less: Payable within 12 months (Note 26) | (6,424) | (750) |
| | – | 6,424 |
| Amount payable for acquisition of land | 77,802 | 118,394 |
| | 77,802 | 124,818 |

## 32. LONG TERM PAYABLES (CONTD.)

(a) The amount payable to local authority is in respect of extension of leasehold land of a subsidiary from 30 years to 99 years which is to be repaid in five instalments.

(b) The amount payable for acquisition of land relates to acquisition of freehold land held for development as disclosed in Note 12. Included in this amount is an amount of RM38,901,000 (2003: RM40,592,000) which is due within 12 months, but is classified as a long term payable as the amount will be refinanced by long term loan as and when it is due.

## 33. COMMITMENTS

| | Group | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| Capital expenditure: | | |
| – approved and contracted for | 2,045 | 37,269 |
| – approved but not contracted for | 4,382 | 7,654 |
| Leasing commitments: | | |
| – due within 12 months | 1,423 | 1,700 |
| – due after 12 months | 1,204 | 1,400 |
| | 9,054 | 48,023 |

## 34. CONTINGENT LIABILITIES

| | Company | |
|---|---|---|
| | **2004** | **2003** |
| | **RM'000** | **RM'000** |
| **Unsecured:** | | |
| Guarantees extended in support of banking and other credit facilities granted to subsidiaries | 284,439 | 271,992 |
| Performance guarantees extended to developers for contracts awarded to subsidiary | 6,022 | 6,022 |
| | 290,461 | 278,014 |

## 35. SIGNIFICANT RELATED PARTY TRANSACTIONS

| | Group | | Company | |
|---|---|---|---|---|
| | 2004 RM'000 | 2003 RM'000 | 2004 RM'000 | 2003 RM'000 |
| Purchases of computers and peripherals from ECS KU Sdn. Bhd. and its subsidiaries, a group of companies in which Teo Chiang Quan, a director of the Company, has substantial interests | 1,313 | 1,392 | 8 | 72 |
| Consultancy fees charged by Tarrenz, Inc, a wholly owned corporation of Dr. Brian Shoy Teng To, a director of the Company | 992 | 991 | 992 | 991 |
| Insurance premium charged by Jerneh Insurance Berhad, an associated company | 1,045 | 911 | 225 | 226 |
| Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Teo Chiang Quan has financial interest | 449 | 672 | 449 | 427 |
| Security services rendered by Strong Legacy Sdn. Bhd., a company in which a brother of Teo Chiang Quan and Dato' Md. Taib bin Abdul Hamid, also a director of the Company, has financial interest | 349 | 345 | – | – |

The directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## 36. SIGNIFICANT EVENTS

During the financial year,

(a) On 6 February 2004, PCM (HK) Limited, a subsidiary incorporated in Hong Kong with issued and paid up share capital of HK$10,000,000, was deregistered.

(b) On 26 March 2004, KDU International Sdn Bhd, a wholly owned subsidiary of the Company, subscribed for 7.6 million ordinary shares of RMB1 each, representing 100% equity interest in KDU International Language Training School Limited (formerly known as KDU International Training and Development Company Limited), a company incorporated in ChongQing, People's Republic of China which is principally engaged in provision of educational services, for a cash consideration of RMB7.6 million (RM1,748,000 equivalent).

(c) On 23 April 2004, the Company proposed to undertake a private placement of 10,355,194 new ordinary shares in the Company of RM1 each to selected placees to be identified ("Proposed Placement"). The application was approved by Securities Commission ("SC") and Foreign Investment Committee, subject to fulfillment of certain conditions. On 23 December 2004, SC approved the extension of time to 31 May 2005 for the completion of the Proposed Placement.

(d) On 13 November 2004, the Company applied to the Accounting and Corporate Regulatory Authority, Singapore, to strike off SMT Circuit Assembly Pte Ltd, a subsidiary which ceased its business activity since 1996. The application is pending completion as at the date of this report.

## 37. COMPARATIVES

The presentation and classification of items in the current financial year's financial statements have been consistent with the previous financial year except that certain comparative amounts have been restated as a result of a change in accounting policy as disclosed in Note 2(a) and certain other comparatives have been reclassified to conform with the current year's presentation, as follows:

| | As Previously Stated RM'000 | Adjustments RM'000 | As Restated RM'000 |
|---|---|---|---|
| **Group** | | | |
| Balance sheet: | | | |
| Property development costs | 10,377 | 3,190 | 13,567 |
| Trade receivables | 55,880 | 668 | 56,548 |
| Other receivables | 33,089 | (2,800) | 30,289 |
| Tax recoverable | – | 2,132 | 2,132 |
| Trade payables | (26,570) | (3,190) | (29,760) |
| Income statement: | | | |
| Changes in inventories, work in progress and development properties | 414 | (414) | – |
| Contract costs | (83,987) | 83,987 | – |
| Property development costs | – | (42,846) | (42,846) |
| Construction costs | – | (40,727) | (40,727) |
| Staff costs: | | | |
| – Wages and salaries | (27,514) | (282) | (27,796) |
| – Other staff related expenses | (3,455) | 282 | (3,173) |
| **Company** | | | |
| Balance sheet: | | | |
| Other receivables | 23,548 | (862) | 22,686 |
| Tax recoverable | – | 862 | 862 |
| Income statement: | | | |
| Staff costs: | | | |
| – Wages and salaries | (1,827) | (282) | (2,109) |
| – Other staff related expenses | (759) | 282 | (477) |

## 38. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt as the Group has no long-term interest-bearing assets as at 31 December 2004. The investments in financial assets are short-term in nature and have been mostly placed in fixed deposits.

### (c) Foreign Exchange Risk

The Group's exposures to foreign exchange risk primarily arises from its investment in foreign subsidiaries and an associated company. Functional currencies in foreign subsidiaries and an associated company are mainly United States Dollar, Singapore Dollar, Hong Kong Dollar and Renminbi, giving rise to conversion exposure.

The Group is not exposed to significant foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia.

### (d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash resources to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

### (e) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

### (f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except that it is not practical to estimate the fair values of amounts due to/from subsidiaries due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive estimation costs. However, the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

## 38. FINANCIAL INSTRUMENTS (CONTD.)

### (f) Fair Values (contd.)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

#### (i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

#### (ii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

## 39. SEGMENTAL REPORTING

### (a) Business segments:

The Group is organised into four major business segments:

(i) Property investment - the rental of residential and commercial properties;
(ii) Property development - the development of residential and commercial properties;
(iii) Construction - the construction of buildings and provision for engineering services;
(iv) Education - the operation of private educational institutions.

Other business segments include investment and management services, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

### (b) Geographical Segments:

No segmental information is provided on a geographical basis as the Group's activities are carried out predominantly in Malaysia.

## 39. SEGMENTAL REPORTING (CONTD.)

### Business Segments:

| 2004 | Property Investment RM'000 | Property Development RM'000 | Construction RM'000 | Education RM'000 | Investment and Others RM'000 | Total RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|---|---|
| **REVENUE AND EXPENSES** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External sales | 6,713 | 171,670 | 45,226 | 47,254 | 121 | 270,984 | | 270,984 |
| Inter-segment sales | 5,606 | – | 93,356 | – | 22,649 | 121,611 | (121,611) | – |
| Total revenue | 12,319 | 171,670 | 138,582 | 47,254 | 22,770 | 392,595 | | 270,984 |
| **Result** | | | | | | | | |
| Profit/(loss) from operations | 7,831 | 28,663 | 4,578 | (4,925) | 14,341 | 50,488 | (15,948) | 34,540 |
| Finance (costs)/income, net | (3,541) | (438) | (75) | (985) | 1,726 | (3,313) | | (3,313) |
| Share of results of associates | – | – | – | – | 6,729 | 6,729 | | 6,729 |
| Taxation | | | | | | | | (14,608) |
| Profit after taxation | | | | | | | | 23,348 |
| **ASSETS AND LIABILITIES** | | | | | | | | |
| Segment assets | 131,390 | 343,678 | 50,106 | 68,149 | 12,669 | 605,992 | | 605,992 |
| Investment in associates | – | – | – | – | 33,723 | 33,723 | | 33,723 |
| | | | | | | | | 639,715 |
| Segment liabilities | 52,095 | 141,737 | 44,402 | 44,027 | 39,820 | 322,081 | | 322,081 |
| **OTHER INFORMATION** | | | | | | | | |
| Capital expenditure | 20,753 | 2,032 | 497 | 8,976 | 625 | 32,883 | | 32,883 |
| Depreciation | 1,887 | 1,482 | 513 | 6,653 | 1,044 | 11,579 | | 11,579 |
| Amortisation of goodwill | – | – | – | – | 449 | 449 | | 449 |
| Non-cash expenses other than depreciation, amortisation and impairment losses | (49) | 115 | 384 | 629 | (79) | 1,000 | | 1,000 |

## 39. SEGMENTAL REPORTING (CONTD.)

### Business Segments:

| 2003 | Property Investment RM'000 | Property Development RM'000 | Construction RM'000 | Education RM'000 | Investment and Others RM'000 | Total RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|---|---|
| **REVENUE AND EXPENSES** | | | | | | | | |
| **Revenue** | | | | | | | | |
| External sales | 6,805 | 62,784 | 51,532 | 46,152 | 632 | 167,905 | | 167,905 |
| Inter-segment sales | 4,946 | – | 45,145 | – | 7,231 | 57,322 | (57,322) | – |
| Total revenue | 11,751 | 62,784 | 96,677 | 46,152 | 7,863 | 225,227 | | 167,905 |
| **Result** | | | | | | | | |
| Profit/(loss) from operations | 7,975 | 11,923 | 6,238 | (145) | 384 | 26,375 | 7,234 | 33,609 |
| Finance (costs)/income, net | (3,474) | 180 | (78) | (858) | 1,462 | (2,768) | | (2,768) |
| Share of results of associates | – | – | – | – | 590 | 590 | | 590 |
| Taxation | | | | | | | | (9,143) |
| Profit after taxation | | | | | | | | 22,288 |
| **ASSETS AND LIABILITIES** | | | | | | | | |
| Segment assets | 112,550 | 300,320 | 40,391 | 60,452 | 35,716 | 549,429 | | 549,429 |
| Investment in associates | – | – | – | – | 31,462 | 31,462 | | 31,462 |
| | | | | | | | | 580,891 |
| Segment liabilities | 37,469 | 134,294 | 29,085 | 37,655 | 40,755 | 279,258 | | 279,258 |
| **OTHER INFORMATION** | | | | | | | | |
| Capital expenditure | 16,621 | 4,274 | 409 | 8,902 | 835 | 31,041 | | 31,041 |
| Depreciation | 1,924 | 980 | 502 | 6,071 | 1,343 | 10,820 | | 10,820 |
| Amortisation of goodwill | – | – | – | – | 814 | 814 | | 814 |
| Impairment of goodwill | – | – | – | – | 1,244 | 1,244 | | 1,244 |
| Non-cash expenses other than depreciation, amortisation and impairment losses | (121) | (47) | 324 | 1,541 | (16,818) | (15,121) | | (15,121) |

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# PROXY FORM

PARAMOUNT[SM]
CORPORATION BERHAD
(8578-A)

I/We ____________________________________________

of ____________________________________________

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

of ____________________________________________

____________________________________________

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Thirty-Fifth Annual General Meeting of the Company to 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. and at any adjournment thereof.

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

| | | For | Against |
|---|---|---|---|
| Resolution 1 | Reports and Financial Statements | | |
| Resolution 2 | Final Dividend | | |
| Resolution 3 | Directors' fees | | |
| **Re-election and re-appointment of Directors:** | | | |
| Resolution 4 | Mr Teo Chiang Quan | | |
| Resolution 5 | Dato' Haji Azlan bin Hashim | | |
| Resolution 6 | Dr Brian Shoy Teng To | | |
| Resolution 7 | Tan Sri Dato' Ahmad Sabki bin Jahidin | | |
| Resolution 8 | Mr Geh Cheng Hooi | | |
| Resolution 9 | Re-appointment of Auditors and to fix their remuneration | | |
| Resolution 10 | Authority to Directors to issue shares | | |

Dated this ____________________ day of ____________________ 2005.

| NO. OF SHARES HELD |
|---|
| |

______________________________

Signature/Common Seal

NOTES

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

Fold along this line (1)

Please
Affix
Stamp

The Company Secretary
**PARAMOUNT CORPORATION BERHAD** (8578-A)
Level 8, Uptown 1
1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Fold along this line (2)