



PARAMOUNT CORPORATION

BERHAD (8578-A)

Level 8, Uptown 1

1 Jalan SS21/58

Damansara Uptown

47400 Petaling Jaya

Selangor Darul Ehsan

Telephone : 03-7726 3000

Facsimile : 03-7726 9559

e-mail : info@pcb.com.my

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about Kemuning Utama

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



We deliver homes where children seek the freedom to exercise their sense of play.

A HOME HAS TO BE MORE THAN A BUILDING. IT HAS TO BE A SPACE GENEROUS ENOUGH FOR LIFE TO EXPAND AND GROW. AN ENCLOSURE IN STRUCTURE BUT OPEN IN SPIRIT TO NURTURE A LIFETIME OF CHERISHED MEMORIES.

AT KEMUNING UTAMA, THESE ARE THE HOMES WE DELIVER. HOMES TO HIDE YOURSELF IN THE REJUVENATION OF QUIET CONTEMPLATION. HOMES WHERE CHILDREN SEEK THE FREEDOM TO EXERCISE THEIR SENSE OF PLAY. ENJOY!



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notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth Annual General Meeting of the Company will be held at Topas Room, Ground Floor, The Saujana, 2km, Off Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Tuesday, 23 May 2006 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2005 together with the Reports of the Directors and the Auditors thereon.

RESOLUTION 1

2. To approve the declaration of a final dividend of 7.5%, less income tax at 28%, and a special dividend of 2.5%, less income tax at 28%, in respect of the year ended 31 December 2005.

RESOLUTION 2

3. To approve the aggregate Directors' fees payable to the Directors of the Company of an amount not exceeding RM400,000/- per annum.

RESOLUTION 3

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

(a) Dato' Md Taib bin Abdul Hamid

RESOLUTION 4

(b) Ong Keng Siew

RESOLUTION 5

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

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

RESOLUTION 6

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

RESOLUTION 7

AS SPECIAL BUSINESS

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

"That, in accordance with Section 129(6) of the Companies Act, 1965, Mr Geh Cheng Hooi be and is hereby appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

RESOLUTION 8

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Authority to Directors to issue shares

"That, subject to the Companies Act, 1965, Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other Governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of

NOTICE OF DIVIDEND ENTITLEMENT

shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued share capital of the Company for the time being.”

RESOLUTION 9

By Order of the Board

TAY LEE KONG
Secretary

Petaling Jaya
Selangor Darul Ehsan
28 April 2006

Subject to the approval of the shareholders, a final dividend of 7.5%, less income tax at 28%, and a special dividend of 2.5%, less income tax at 28%, in respect of the year ended 31 December 2005, will be paid on 28 July 2006 to shareholders whose names appear in the Record of Depositors on 17 July 2006.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.00 p.m. on 17 July 2006 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

NOTES

Appointment of Proxy

- 1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.
- 2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the above meeting.

Explanatory Notes on Special Businesses

- 1. Mr Geh Cheng Hooi was a Director of the Company from 3 March 1998 to 7 March 2006, when he vacated his office as a Director to comply with Article 95(c) of the Company's Articles of Association, which states that "The office of a Director shall be vacated, if he is absent from more than 50% of the total board of directors' meetings held during a financial year of the Company".

Given Mr Geh's distinguished career and invaluable experience, contributions and wise counsel to the Board during his term of office, the Board has recommended pursuant to Article 119(d) of the Company's Articles of Association, the appointment of Mr Geh Cheng Hooi as an Independent Non-Executive Director of the Company and a Notice of Nomination dated 25 April 2006 from the Board is included on page 124 of this report. Mr Geh has agreed to the nomination and his Notice of Consent dated 25 April 2006 signifying his candidature for the office as an Independent Non-Executive Director is included on page 125 of this report. Further details on Mr Geh are as stated in the Directors' profile on pages 12 to 15.

The Ordinary Resolution proposed under item 7 of the agenda, if passed, will increase the number of board members to seven (7) and the number of Independent Non-Executive Directors from three (3) to four (4).
- 2. The Ordinary Resolution proposed under item 8, if passed, will renew the powers given to the Directors at the last Annual General Meeting, authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

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

statement accompanying notice of thirty-sixth annual general meeting

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

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

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

- Dato' Md Taib bin Abdul Hamid
- Ong Keng Siew

A Director who is over the age of seventy and seeking re-appointment is as follows:

- Tan Sri Dato' Ahmad Sabki bin Jahidin

The details of the three Directors seeking re-election or re-appointment are the same as that stated in the Directors' profile from pages 12 to 15 and the shareholdings of the Directors in the Company are the same as that stated on page 58.

2. Details of Attendance of Directors at Board Meetings:

The details of the attendance of Directors at board meetings are the same as that stated in the Directors' profile from pages 12 to 15.

3. The Thirty-Sixth Annual General Meeting will be held at Topas Room, Ground Floor, The Saujana, 2km, Off Sultan Abdul Aziz Shah Airport Highway, Saujana, 47200 Subang, Selangor Darul Ehsan on Tuesday, 23 May 2006 at 10.00 a.m.

group corporate structure



property

- **100%** Paramount Property Holdings Sdn Bhd
(Formerly known as Perumahan Berjaya Sdn Bhd)
- **100%** Wangsa Merdu Sdn Bhd
- **100%** Paramount Property (Utara) Sdn Bhd
 - ▶ **100%** Kelab Bandar Laguna Merbok Sdn Bhd
- **100%** Paramount Property Development Sdn Bhd

construction & civil engineering

- **100%** Paramount Engineering & Construction Sdn Bhd
 - ▶ **100%** Paramount Construction Sdn Bhd
(Formerly known as Arah Teknik Sdn Bhd)
 - ▶ **100%** Paramount Projects Sdn Bhd
(Formerly known as Bilsys Sdn Bhd)
 - ▶ **100%** Paramount Building Materials Sdn Bhd

education

- **85%** KDU College Sdn Bhd
 - ▶ **100%** KDU Smart School Sdn Bhd
 - ▶ **100%** Janahasil Sdn Bhd
- **100%** KDU Management Development Centre Sdn Bhd
- **100%** KDU International Sdn Bhd
 - ▶ **100%** KDU International Language Training School Limited

investment

- **100%** Paramount Corporation Limited
- **100%** Paramount Global Assets Sdn Bhd
 - ▶ **20%** Jerneh Insurance Bhd
 - ▶ **4.27%** iCarnegie, Inc

others

- **100%** Berkeley Sdn Bhd
- **30%** Berkeley Maju Sdn Bhd
- **100%** Current Connection Sdn Bhd
- **100%** Paramount Electronics Industries Sdn Bhd
- **27%** Suci Teguh Holdings Sdn Bhd (In Liquidation)
- **49%** Jasarim Bina Sdn Bhd
- **100%** Seleksi Megah Sdn Bhd

vision

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

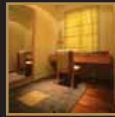
mission

To provide superior products and services that exceed our customers' expectations

To recognise our employees as our single most important asset and encourage them to realise their full potential in a caring and conducive environment

To enhance shareholders' value by growing our businesses

corporate profile



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

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

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

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

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

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

In 1984, Paramount ceased its rice milling operations.

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

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

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

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

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

In 1997, Paramount divested 15% of its investment in KDU to comply with the Ministry of Education's requirements on bumiputra equity.

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

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

Paramount through its wholly-owned subsidiary, PGA, took up a 20.31% equity in iCarnegie, Inc (iCarnegie) in June 2002. iCarnegie, which is an associate company of Carnegie Technology Education, is, in turn, a wholly-

core values

EXCELLENCE

We will be single-minded in our quest to be the best in our core businesses

INTEGRITY AND TRANSPARENCY

We will maintain the highest standards of integrity, and continue to remain transparent in all facets of our operations

GOODWILL

We will attach equal importance to building both human values and business values

COMMUNITY

We are a responsible corporate citizen, sensitive to the needs of the community

ENVIRONMENT

We are committed to protecting the environment



owned subsidiary of Carnegie Mellon University, a world leader in computing, education and research. The Group's investment in iCarnegie has been diluted to 4.27% following iCarnegie's restructuring exercise to consolidate its shares and issue of additional shares to its major shareholder.

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

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

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

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

Paramount's property development arm, Paramount Property (Utara) Sdn Bhd has, earned an excellent reputation as a reliable and quality focused developer in Sungai Petani, which attribute has been reaffirmed through winning the prestigious 12th FIABCI Property Award of Distinction 2004, RESIDENTIAL DEVELOPMENT CATEGORY. Kemuning Utama, the

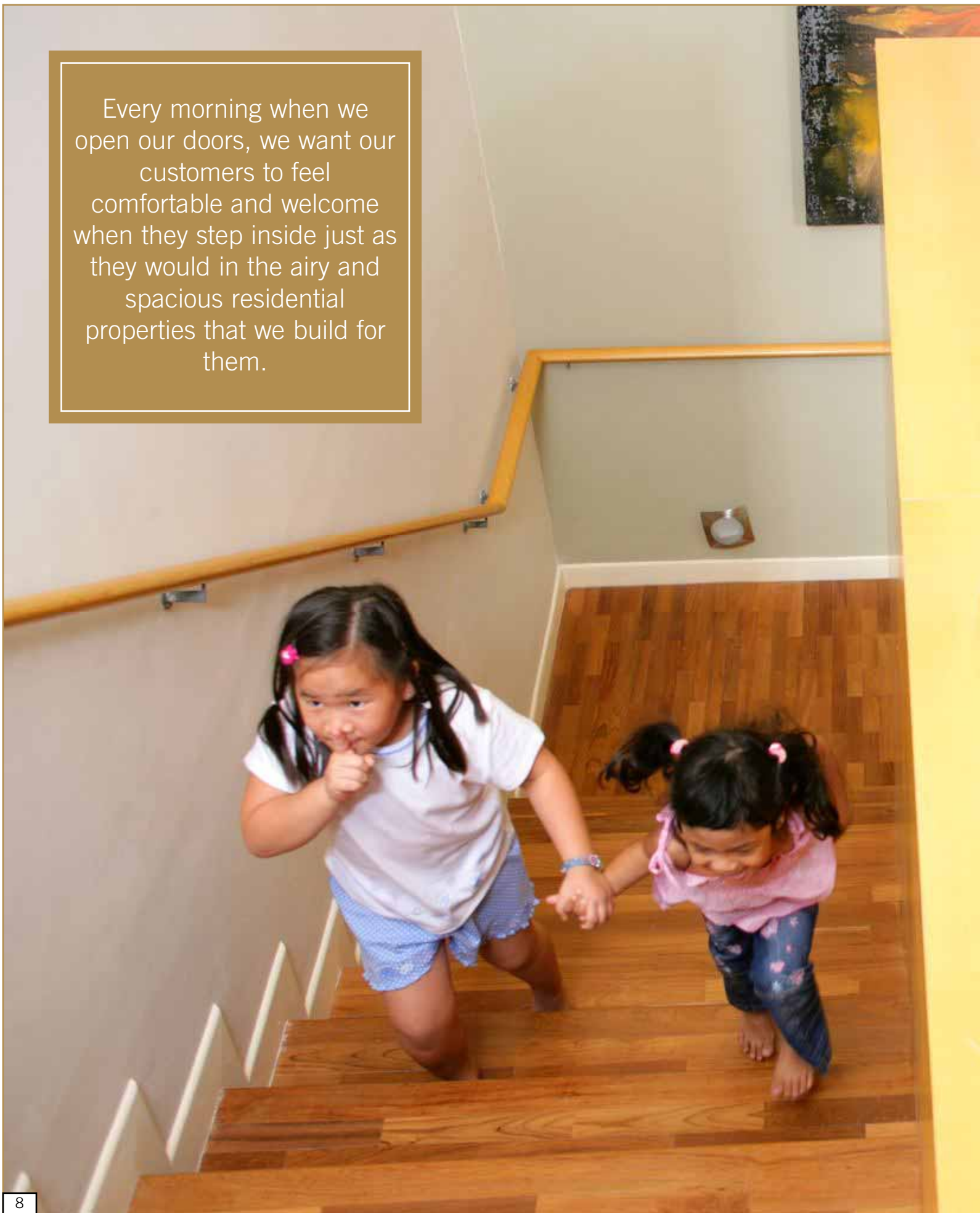
Group's maiden property development in the Klang Valley, has experienced overwhelming success since the project took off. Its innovative and quality products, geared to match purchasers' requirements saw a take up rate of 99% of its launches. Paramount achieved another major milestone when for the consecutive year at the FIABCI-MALAYSIA, MALAYSIA PROPERTY AWARDS 2005, Paramount Property Holdings Sdn Bhd was named the winner of the Specialised Project category, an award given in recognition for setting the standard in architectural excellence based on its project, Sekolah Sri KDU, the first purpose-built private smart primary and secondary school. Leveraging on its proven track record, Paramount will continue to grow its land bank in high growth areas in the Klang Valley, Penang and Johor.

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

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

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

Every morning when we open our doors, we want our customers to feel comfortable and welcome when they step inside just as they would in the airy and spacious residential properties that we build for them.





corporate information

BOARD OF DIRECTORS

CHAIRMAN

Dato' Md Taib bin Abdul Hamid*
DSDK

GROUP MANAGING DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER

Dato' Teo Chiang Quan
DPTJ

DEPUTY GROUP MANAGING DIRECTOR & DEPUTY GROUP CHIEF EXECUTIVE OFFICER

Ong Keng Siew

MEMBERS

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

Dato' Haji Azlan bin Hashim*
DSNS, DSSA

Rohana Tan Sri Mahmood

Geh Cheng Hooi*
(Vacated office wef 7 March 2006)

Dr Brian Shoy Teng To
(Resigned wef 29 March 2006)

* Independent Non-Executive Directors

SECRETARY

Tay Lee Kong (MAICSA 772833)

REGISTERED OFFICE

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

REGISTRAR

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
1, Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Telephone : 03-7725 4888
Facsimile : 03-7722 2311
Email : regn@pfa.com.my
Website : www.pfa.com.my

AUDITORS

Ernst & Young, Chartered Accountants

SOLICITORS

S.K. Yeoh & Partners

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

other information

required by the listing requirements of
bursa malaysia securities berhad

1. EMPLOYEES' SHARE OPTION SCHEME

During the financial year, a total of 27,000 options were exercised.

2. NON-AUDIT FEES

The amount of non-audit fee paid to the external auditors by the Group and Company for the financial year is reflected in Note 5, Page 88 of the financial statements.

3. MATERIAL CONTRACTS

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

4. REVALUATION POLICY

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



board of directors' profile

DATO' MD TAIB BIN ABDUL HAMID

DATO' TEO CHIANG QUAN

Chairman, Independent Non-Executive Director
B.A. (Hons.) Econs.
67 years of age – Malaysian

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

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

Dato' Taib attended all the 5 board meetings.

Group Managing Director & Group Chief Executive Officer
Hon Doc Middlesex University, United Kingdom
56 years of age – Malaysian

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

Current directorship in a public company includes JIB.

Dato' Teo is a substantial shareholder of Paramount.

Dato' Teo attended all the 5 board meetings.



ONG KENG SIEW

**Deputy Group Managing Director &
Deputy Group Chief Executive Officer**
C.A. (M) FCCA
49 years of age – Malaysian

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

Ong also serves on the Audit Committee.

Ong attended all the 5 board meetings.

GEH CHENG HOOI

Independent Non-Executive Director
Fellow of the Institute of Chartered Accountants,
England and Wales
71 years of age – Malaysian

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

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

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

Geh attended 2 out of 5 board meetings.

Geh has on 7 March 2006 vacated his office as a Director of Paramount to comply with Article 95 (c) of the Company's Articles of Association, which states that "The office of a Director shall be vacated, if he is absent from more than 50% of the total board of directors' meetings held during a financial year of the Company".



**TAN SRI DATO' AHMAD SABKI
BIN JAHIDIN**

Independent Non-Executive Director
B.A. Hons. University of Malaya
74 years of age – Malaysian

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

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

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

Tan Sri attended all the 5 board meetings.

ROHANA TAN SRI MAHMOOD

Non-Independent Non-Executive Director
B.A. (Hons) in Politics
Masters in International Relations, University of Sussex
51 years of age – Malaysian

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

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

Rohana attended all the 5 board meetings.



DATO' HAJI AZLAN BIN HASHIM

Independent Non-Executive Director
Fellow of the Institute of Chartered Accountants, Ireland
Fellow of the Economic Development Institute
(World Bank, Washington)
Fellow of the Institute of Bankers Malaysia
64 years of age – Malaysian

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

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

Other directorships in public companies include AMDB Berhad, AmAssurance Berhad, AmProperty Trust Management Berhad, Amcorp Group Berhad, AMMB Holdings Berhad, Kesas Holdings Berhad, Kumpulan Peransang Selangor Berhad, Metrod (M) Berhad, Sapura Industrial Berhad, Global Carriers Berhad, Syarikat Permodalan & Perusahaan Selangor Berhad.

Dato' Azlan attended 4 out of 5 board meetings

DR BRIAN SHOY TENG TO

Non-Independent Non-Executive Director
MM Degree (Master in Management)
MPM Degree (Master in Public Management)
DBA (Hon), (Doctor of Business Administration)
50 years of age – British

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

Brian attended all the 5 board meetings.

Brian has on 29 March 2006 resigned as a Director of Paramount.

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

None of the Directors have been charged for any offence.



From left to right:

Dato' Teo Chiang Quan
Group Managing Director &
Group Chief Executive Officer

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

senior management



From left to right:

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

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



From left to right:

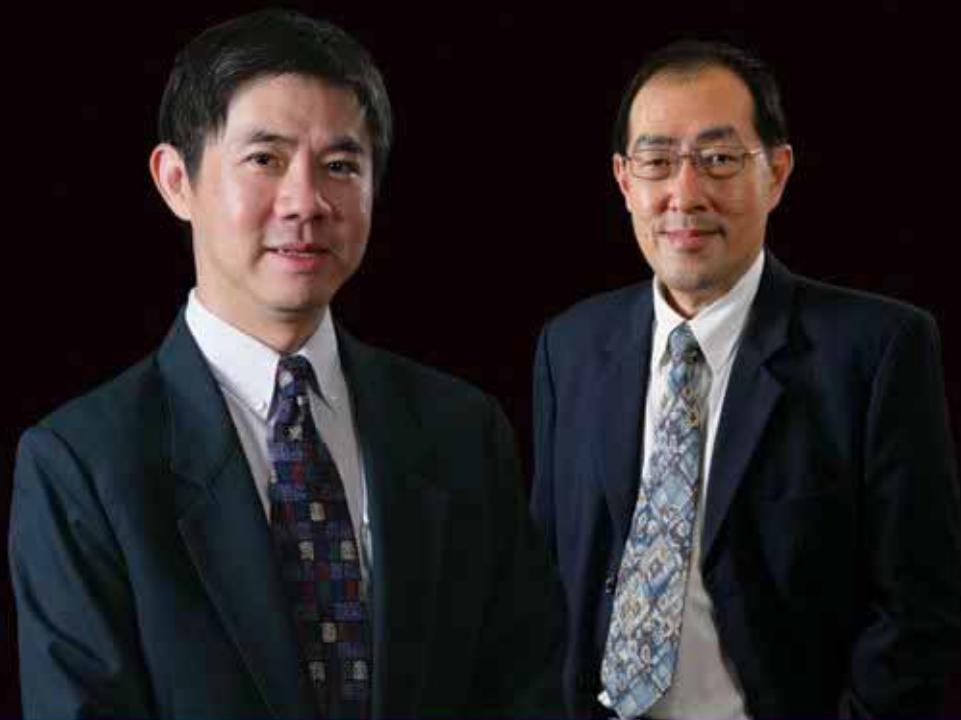
Lau Say Min, Claudia
Managing Director
KDU International Sdn Bhd

Siew Chee Choong
Finance Director

From left to right:

Lim Hong Kheng
Human Resource Director

Dr Wong Siew Yin
Managing Director
KDU Management Development
Centre Sdn Bhd



From left to right:

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

Tay Lee Kong
Corporate Affairs Director

Oh Keng Kooi
Audit Director



From left to right:

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

Teh Geok Lian
Chief Executive Officer
KDU Smart School Sdn Bhd



Home buyers always come away pleasantly surprised at the extent we go to in creating exceptional value. And, more often than not, they return as proud home owners because they know that we live up to our brand promise of delivering superior customer satisfaction.







chairman's statement pesanan pengerusi

“For the first time ever, revenue breached the five hundred million ringgit mark, up 86% from the previous year, to RM502.8 million. Profit before tax was up 112% from the previous year to RM80.6 million whilst, with an improved effective tax rate, profit after tax was RM55.7 million, up 136% from the previous year. Earnings per share grew 136% to 53.8 sen”.

“Bagi kali yang pertama, perolehan melebihi lima ratus juta ringgit, meningkat 86% dari tahun sebelum ini, iaitu ke RM502.8 juta. Keuntungan sebelum cukai meningkat 112% dari tahun lepas ke RM80.6 juta, sejurus dengan kadar cukai yang lebih efektif, keuntungan selepas cukai ialah RM55.7 juta, meningkat 136% dari tahun sebelum ini. Perolehan sesaham turut meningkat 136% ke 53.8 sen.”

DEAR SHAREHOLDERS,

2005 has indeed been an outstanding year for Paramount Corporation Berhad (Paramount or the Company). We achieved robust growth that in turn led to record results across the board – increased revenues, healthy operating margins, strong cash generation and growing return on equity. On that note, I am pleased to present, on behalf of the Board of Directors, the Thirty-Sixth Annual Report of the Paramount group of companies (the Group).

FINANCIAL PERFORMANCE

For the first time ever, revenue breached the five hundred million ringgit mark, up 86% from the previous year, to RM502.8 million. Profit before tax was up 112% from the previous year to RM80.6 million whilst, with an improved effective tax rate, profit after tax was RM55.7 million, up 136% from the previous year. Earnings per share grew 136% to 53.8 sen.

Shareholders' fund grew to RM358.2 million from RM314.1 in the previous year. Basic Net Assets per share rose to RM3.46 from RM3.03 as at 31 December 2004 whilst return on equity increased from 7.9% to 17.7%.

With the strong cash generated and its effective utilization, net gearing was reduced from 0.29 times as at 31 December 2004 to 0.19 times as at 31 December 2005.

The Group's excellent performance was largely attributed to the property division, which saw strong growth from the property development sector. The performance of the educational services division has also improved with a reduced loss before tax as some sectors within the division delivered on or exceeded their individual sector's targets.

PEMEGANG SAHAM YANG DIKASIHI,

2005 sememangnya merupakan tahun yang cemerlang bagi Paramount Corporation Berhad (Paramount atau Syarikat). Kami mencapai perkembangan yang teguh dan menghasilkan prestasi yang mencatat rekod keseluruhan – perolehan bertambah, keuntungan yang baik, penajaan tunai yang kukuh dan pemulangan ekuiti yang berkembang. Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan Ketiga Puluh Enam Kumpulan Paramount (Kumpulan).

PRESTASI KEWANGAN

Bagi kali yang pertama, perolehan melebihi lima ratus juta ringgit, meningkat 86% dari tahun sebelum ini, iaitu ke RM502.8 juta. Keuntungan sebelum cukai meningkat 112% dari tahun lepas ke RM80.6 juta, sejurus dengan kadar cukai yang lebih efektif, keuntungan selepas cukai ialah RM55.7 juta, meningkat 136% dari tahun sebelum ini. Perolehan sesaham turut meningkat 136% ke 53.8 sen.

Dana pemegang saham meningkat ke RM358.2 juta dari RM314.1 juta dari tahun sebelum ini. Aset ketara bersih sesaham meningkat ke RM3.46 dari RM3.03 pada 31 Disember 2004 manakala pemulangan dari ekuiti meningkat dari 7.9% ke 17.7%.

Dengan janaan tunai yang kukuh serta kegunaannya yang berkesan, penggearing bersih dikurangkan dari 0.29 kali pada 31 Disember 2004 ke 0.19 kali pada 31 Disember 2005.

Prestasi Kumpulan yang cemerlang sebahagian besarnya disumbangkan oleh bahagian harta yang bermanfaat dari perkembangan sektor harta yang kukuh. Prestasi bahagian perkhidmatan pendidikan juga bertambah baik dengan kerugian sebelum cukai yang kian kurang kerana beberapa sektor dalam bahagian ini telah berjaya mencapai atau melebihi sasarannya.

Property Division

The property division's revenue grew by an impressive 98%, from RM223.6 million in the previous year to RM442.7 million. The property development sector continued to be the largest contributor on the back of excellent sales from its Kemuning Utama project in 2004 which continued well into 2005, buoyed by increasing household affluence and stable job prospects of purchasers. In addition, low interest rates and innovative property loans have also helped to make purchase of houses more affordable.

The property development sector's revenue grew by 132%, from RM171.7 million in the previous year to RM397.9 million. The construction sector with its focus on in-house contracts during the year registered lower revenue of RM37.9 million, a decrease of 16% from the previous year's revenue of RM45.2 million. The property investment sector registered a marginal increase in revenue from RM6.7 million in the previous year to RM6.9 million.

Correspondingly, profit before tax for the property development sector grew by an impressive 122% from RM28.2 million in the previous year to RM62.7 million whilst the construction sector's profit before tax increased by 182% to RM12.7 million from RM4.5 million previously. Profit before tax for the investment sector however remained at RM4.3 million due to higher operating costs.

Educational Services Division

The educational services division also saw an improvement in revenue, which increased by 26% from RM47.3 million in the previous year to RM59.4 million with the primary and secondary school and tertiary education sectors being the largest contributors due to improvements in student enrolments. With a 50% increase in enrolment, revenue for the primary and secondary school increased steadily from RM11.08 million in the previous year to RM18.4 million. The tertiary education sector, after two consecutive years of

Bahagian Harta

Perolehan bahagian harta mencapai penambahan yang mengagumkan, iaitu 98%, dari RM223.6 juta pada tahun lepas ke RM442.7 juta. Sektor perkembangan harta masih merupakan penyumbang utama selaras dengan penjualan yang cemerlang dari projek Kemuning Utama pada 2004 dan seterusnya pada 2005, kerana pendapatan pembeli-pembeli yang meningkat dan prospek kerja yang stabil. Tambahan pula, kadar faedah yang rendah dan pinjaman perumahan yang inovatif telah meningkatkan daya kemampuan pembeli dalam pembelian rumah.

Perolehan sektor pembangunan harta meningkat sebanyak 132%, dari RM171.7 juta pada tahun yang lepas ke RM397.9 juta. Sektor pembinaan dengan fokusnya terhadap kontrak dalaman mencatat perolehan yang lebih rendah iaitu RM37.9 juta, kurang 16% berbanding dengan perolehan RM45.2 juta pada tahun lepas. Bahagian pelaburan harta merekodkan penambahan sedikit iaitu dari RM6.7 juta pada tahun lepas ke RM6.9 juta.

Sejajarnya, keuntungan sebelum cukai bagi sektor pembangunan harta meningkat dengan kadar yang mengagumkan, iaitu 122% dari RM28.2 juta pada tahun yang lepas ke RM62.7 juta, manakala keuntungan sektor pembinaan sebelum cukai meningkat 182% ke RM12.7 juta dari RM4.5 juta pada tahun sebelum ini. Keuntungan bagi sektor pelaburan pula kekal pada RM4.3 juta akibat kos operasi yang tinggi.

Bahagian Perkhidmatan Pendidikan

Bahagian perkhidmatan pendidikan juga mencatat peningkatan dalam perolehan sebanyak 26%, dari RM47.3 juta pada tahun lepas ke RM59.4 juta dengan sekolah rendah dan menengah dan sektor tertier yang merupakan penyumbang utama kerana enrolmen yang kian meningkat. Dengan penambahan 50% enrolmen, perolehan dari sekolah rendah dan menengah terus meningkat dari RM11.08 juta pada tahun lepas ke RM18.4 juta. Sektor pendidikan tertier, selepas dua tahun kemerosotan pasaran, menyaksikan enrolmen pelajar bertambah baik menghasilkan perolehan yang

market decline and flat growth, saw a substantial improvement in student enrolment to register an improved revenue of RM38.5 million from RM35.06 million previously. The executive education and professional development, and the language centre in Chongqing, China also registered growth in revenue from RM1.1 million in the previous year to RM2.1 million and from RM38,000 to RM344,000, respectively.

Despite the growth in revenue from all sectors of the educational services division, higher operating costs in the primary and secondary school, the executive education and professional development and the language center resulted in the division incurring a loss before tax of RM4 million, albeit lower than the previous year's loss of RM5.9 million. The primary and secondary school's operating loss was higher at RM1.9 million compared with RM1.7 million in the previous year due to having to carry the cost of the opening of the new secondary school block during the year. The executive

education and professional development and the language centre also saw increased losses, from RM3.8 million in the previous year to RM4.2 million and from RM1.6 million in the previous year to RM1.8 million, respectively. The tertiary education's profit before tax was higher at RM4 million, up from RM1.2 million in the previous year.

Investment and Others

Investments and Others recorded a lower profit before tax of RM5.0 million compared with RM6.9 million in the previous year due to higher financing costs and lower share of profits from an associated company, our 20% investment in Jerneh Insurance Berhad (JIB). Although JIB recorded a higher underwriting performance, its profit was affected because of higher operating expenses due to an e-business expense incurred to promote e-commerce in the insurance industry and, lower investment income.

meningkat ke RM38.5 juta dari RM35.06 juta sebelumnya. Pendidikan eksekutif dan profesional, dan pusat bahasa di Chongqing, China juga masing-masing mencatat penambahan perolehan dari RM1.1 juta pada tahun lepas ke RM2.1 juta dan dari RM38,000 ke RM344,000.

Walaupun perolehan dari semua sektor bahagian perkhidmatan pendidikan meningkat, kos tinggi operasi sekolah rendah dan menengah, pendidikan eksekutif dan perkembangan profesional dan pusat bahasa mengakibatkan bahagian pendidikan mencatat kerugian sebelum cukai sebanyak RM4.0 juta, berbanding dengan kerugian sebanyak RM5.9 juta pada tahun lepas. Kos operasi sekolah rendah dan menengah lebih tinggi, iaitu RM1.9 juta berbanding dengan RM1.7 juta pada tahun lepas akibat tanggungan kos pembukaan blok baru sekolah menengah pada tahun berkenaan. Pendidikan eksekutif dan perkembangan profesional dan pusat bahasa juga masing-masing mencatat kerugian yang lebih

tinggi, dari RM3.8 juta pada tahun lepas ke RM4.2 juta dan dari RM1.6 juta pada tahun lepas ke RM1.8 juta. Keuntungan sebelum cukai pendidikan tertier lebih tinggi, iaitu, sebanyak RM4 juta, peningkatan dari RM1.2 juta pada tahun lepas.

Pelaburan dan Lain-lain

Pelaburan dan lain-lain mencatat keuntungan sebelum cukai yang lebih rendah sebanyak RM5.0 juta berbanding dengan RM6.9 juta pada tahun lepas akibat kos kewangan yang tinggi dan perkongsian keuntungan yang rendah dari sebuah syarikat gabungan, pelaburan sebanyak 20% dalam Jerneh Insurance Berhad (JIB). Walaupun, JIB mencatat prestasi penaja jaminan yang tinggi tetapi tahap perbelanjaan operasi adalah setanding dalam membiayai kos e-business yang tinggi demi menggalakkan e-commerce dalam industri insuran dan juga pendapatan pelaburan yang rendah.

DIVIDENDS

We are recommending a final dividend of 7.5%, less 28% tax, and a special dividend of 2.5%, less 28% tax, bringing the total distribution for the year to 18% (interim and final of 13% and special dividend of 5%), less 28% tax. This represents a 100% increase over that paid in 2004 (9%, less 28% tax).

This higher dividend payout, although a departure from our historic pattern of steady dividend growth, is in recognition of our outstanding results achieved for 2005 and, to reward our loyal shareholders. The board remains committed, as in the past, in maintaining a balance between a healthy cashflow for a growing business and rewarding shareholders.

CORPORATE DEVELOPMENTS AND AWARDS

On 26 May 2005, the Company announced that it is proposing to establish an Employees' Share Option Scheme (ESOS) for eligible employees and executive directors of the Group of up to 15% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS. Following procurement of shareholders' approval on 22 August 2005, Bursa Malaysia Securities Berhad (BMSB)'s approval for the listing of and quotation for the new shares to be issued pursuant to the ESOS on 26 August 2005, and confirmation to BMSB of full compliance of all BMSB's requirements and submission of documents on 29 August 2005, the scheme was launched on 29 August 2005 and will be valid for a period of five (5) years to 28 August 2010.

On 1 June 2005, the Securities Commission granted a further extension of time to 30 November 2005 for the implementation of the proposed private placement of up

DIVIDEN

Kami mengesyorkan dividen akhir sebanyak 7.5%, ditolak 28% cukai, dan dividen khas sebanyak 2.5%, ditolak cukai 28%, maka jumlah pengagihan bagi tahun ialah 18% (dividen sementara dan akhir 13% dan khas 5%), ditolak cukai 28%. Ini merupakan penambahan 100% berbanding dengan tahun 2004 (9%, ditolak 28% cukai)

Bayaran dividen yang lebih tinggi ini, walaupun berbeza daripada pola pertumbuhan dividen yang stabil pada masa lepas, adalah untuk mengenali keputusan cemerlang yang dicapai pada 2005 dan, mengganjar pemegang-pemegang saham setia kami. Lembaga masih komited seperti pada masa lepas, kepada amalan mengekalkan keseimbangan antara aliran tunai yang sihat bagi bisnes yang kian berkembang dan ganjaran bagi pemegang saham.

PERKEMBANGAN KORPORAT DAN ANUGERAH

Pada 26 Mei 2005, Syarikat mengumumkan cadangan "Employees' Share Option Scheme" (ESOS) bagi kakitangan-kakitangan yang layak dan pengarah-pengarah eksekutif Kumpulan sebanyak 15% dari modal syer Syarikat diterbitkan dan berbayar pada bila-bila masa semasa pelaksanaan ESOS. Setelah memperolehi kelulusan pemegang syer pada 22 Ogos 2005 dan kelulusan Bursa Malaysia Securities Berhad (BMSB) untuk penyenaraian dan sebut harga syer baru yang akan diterbitkan berikutan dengan ESOS pada 26 Ogos 2005, serta pengesahan kepatuhan segala keperluan BMSB dan penyerahan dokumen pada 29 Ogos 2005, skim ini dilancarkan pada 29 Ogos 2005 dan sah selama lima (5) tahun, sehingga 28 Ogos 2010.

Pada 1 Jun 2005 Suruhanjaya Sekuriti meluluskan tambahan masa sehingga 30 November 2005 untuk pelaksanaan cadangan tawaran persendirian sebanyak 10,355,194 syer biasa baru bernilai RM1.00 setiap syer, mewakili tidak lebih dari 10% syer Paramount, kepada yang ditawarkan dan dibayar, untuk "placees" terpilih yang akan dikenali. Oleh kerana sentimen pasaran yang kurang cerah, Syarikat tidak memohon lanjutan apabila kelulusan tamat pada 30 November 2005.

to 10,355,194 new ordinary shares of RM1.00 each, representing not more than 10% of the issued and paid up share capital of Paramount to selected placees to be identified. Due to poor market sentiments, the Company did not seek further extension when the approval expired on 30 November 2005.

On 15 June 2005, the Group's effective interest in iCarnegie, Inc (iCarnegie) was diluted to 4.27% from 20.31% as a result of iCarnegie's restructuring exercise involving a consolidation of 100 shares into one (1) share and the additional issue and allotment of shares to its major shareholder, Carnegie Mellon University.

On 5 July 2005, the Company acquired an additional 51,000 ordinary shares of RM1.00 each in Seleksi Megah Sdn Bhd (SMSB) for a total cash consideration of RM51,000/- increasing the Company's investment in SMSB to 100,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of SMSB.

On 15 August 2005, KDU College Sdn Bhd, a subsidiary of the Company, disposed of its entire 61% equity interest in KDU College (Sibu) Sdn Bhd to S.B. Education Sdn Bhd for a total cash consideration of RM25,000/- . KDU College (Sibu) Sdn Bhd ceased to be a subsidiary of the Company on that date.

To project a common group identity as well as to reflect its existing nature of business, Perumahan Berjaya Sdn Bhd, a wholly-owned subsidiary of the Company, became known as Paramount Property Holdings Sdn Bhd on 1 September 2005.

For the second consecutive year at the FIABCI-MALAYSIA, MALAYSIA PROPERTY AWARDS 2005 held on 27 September 2005, Paramount Property Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, was named the winner of the Specialised Project category in recognition for setting the standard in architectural excellence based on its project, Sekolah Sri KDU, the first purpose-built private smart primary and secondary school.

Pada 15 Jun 2005, kepentingan efektif Kumpulan dalam iCarnegie, Inc (iCarnegie) dikurangkan ke 4.27% dari 20.31% akibat penstrukturan semula iCarnegie yang melibatkan penggabungan 100 syer kepada satu (1) syer dan terbitan syer tambahan serta pengagihan kepada pemegang syer utama, Carnegie Mellon University.

Pada 5 Julai 2005, Syarikat memperolehi 51,000 syer tambahan biasa bernilai RM1.00 setiap syer dalam Seleksi Megah Sdn Bhd (SMSB) untuk jumlah wang tunai sebanyak RM51,000/- penambahan pelaburan Syarikat dalam SMSB ke 100,000 syer biasa RM1.00 setiap syer, iaitu, kesemua syer modal yang diterbitkan dan dibayar di SMSB.

Pada 15 Ogos 2005, KDU College Sdn Bhd, subsidiari kepada Syarikat, menjual semua 61% ekuiti dalam KDU College (Sibu) Sdn Bhd kepada S.B Education Sdn Bhd untuk wang tunai sebanyak RM25,000/- . KDU College (Sibu) Sdn Bhd tamat menjadi subsidiari pada tarikh tersebut.

Untuk mempamerkan identiti yang sama serta mencerminkan jenis bisnes kini, Perumahan Berjaya Sdn

Bhd, subsidiari penuhmilik Syarikat dikenal sebagai Paramount Property Holdings Sdn Bhd pada 1 September 2004.

Untuk dua tahun yang berturut-turut di "FIABCI-MALAYSIA, MALAYSIA PROPERTY AWARDS 2005" yang berlangsung pada 27 September 2005, Paramount Property Holdings Sdn Bhd, subsidiari penuhmilik Syarikat, telah dianugerahkan sebagai pemenang untuk kategori "Specialised Project" sebagai pengiktirafan bagi mutu kecemerlangan arkitektur berdasarkan projek Sekolah Sri KDU, sekolah bestari rendah dan menengah swasta binaan khas yang pertama.

Permohonan Syarikat kepada "the Accounting and Corporate Regulatory Authority", Singapura untuk memansuhkan pendaftaran SMT Circuit Assembly Pte Ltd, sebuah subsidiari pemilikan 76.94% yang lengai sejak 1996 telah dilaksanakan pada 14 Oktober 2005.

Bilsys Sdn Bhd dan Arah Teknik Sdn Bhd masing-masing, subsidiari-subsidiari penuhmilik Syarikat, telah menukar nama ke Paramount Projects Sdn Bhd dan Paramount Construction Sdn Bhd, pada 21 Februari 2006.

Following the Company's application to the Accounting and Corporate Regulatory Authority, Singapore to de-register its 76.94% owned subsidiary, SMT Circuit Assembly Pte Ltd, a dormant company since 1996, was struck off the register on 14 October 2005.

Bilsys Sdn Bhd and Arah Teknik Sdn Bhd, wholly-owned subsidiaries of the Company, became known as Paramount Projects Sdn Bhd and Paramount Construction Sdn Bhd, respectively, on 21 February 2006.

On 31 March 2006, Wangsa Merdu Sdn Bhd (WMSB), a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement with HKH Holdings Sdn Bhd (HKH), a wholly-owned subsidiary of Keck Seng (Malaysia) Berhad, for the disposal by WMSB of its freehold land held under Geran 11432, Lot 126 Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan with a title land area of 3,738.11 square metres together with the condominium and the car park and facilities buildings erected thereon known as Regency Tower to HKH for a total cash consideration of RM62.5 million.

The disposal is in line with the Group's objective to divest its non-core assets to improve its cash resources, strengthen its financial position and reposition itself to take advantage of alternative investment opportunities to enhance earnings on the Group's assets.

OUTLOOK

Looking ahead, the market environment in which we operate is encouraging. However, the residential property market is expected to grow at a moderate rate following strong expansion in the last few years. With lower progressive billings to be recognized in 2006 and lower sales value of subsequent launches at the Kemuning Utama project, our property division is expected to register lower revenue and profits for 2006. On the other hand, our education division is expected to register higher revenue and lower losses.

In light of the above, the Board of Directors expects the Group's performance for 2006 to be lower than that of 2005.

Pada 31 Mac 2006, Wangsa Merdu Sdn Bhd (WMSB), subsidiari penuhmilik Syarikat telah menandatangani Perjanjian Jualan dan Belian bersyarat dengan HKH Holdings Sdn Bhd (HKH), subsidiari penuhmilik Keck Seng (Malaysia) Berhad untuk jualan tanah hak milik Geran 11432, Lot 126 Seksyen 57, Bandar Kuala Lumpur, Wilayah Persekutuan dengan tanah seluas 3,738.11 meter persegi bersama dengan kondominium dan tempat letak kereta serta kemudahan bangunan yang dibina atasnya yang dikenal sebagai Regency Tower kepada HKH untuk jumlah harga tunai sebanyak RM62.5 juta.

Penjualan ini adalah selaras dengan objektif Kumpulan untuk menghentikan pelaburan aset bukan teras agar memperbaiki resos tunai, mengukuhkan kedudukan kewangan dan menyusun semula kedudukan untuk memberi Kumpulan peluang pelaburan yang lain supaya dapat menambah perolehan dari asetnya.

TINJAUAN

Memandang ke masa depan, persekitaran pasaran dimana kami beroperasi amat menggalakkan. Walau bagaimanapun, pasaran harta kediaman dijangka akan

mencatat perkembangan pada kadar sederhana berikutan perkembangan yang kukuh pada beberapa tahun yang lalu. Dengan bil progresif yang lebih rendah pada 2006 dan nilai jualan yang rendah daripada pelancaran seterusnya di projek Kemuning Utama, bahagian harta kami dijangka akan mencatat perolehan dan keuntungan yang lebih rendah pada tahun 2006. Bahagian pendidikan pula, dijangka akan mencatat perolehan yang lebih tinggi dan kerugian yang lebih rendah.

Oleh yang demikian, Lembaga Pengarah menjangka prestasi Kumpulan pada tahun 2006 akan lebih rendah daripada 2005.

PENGHARGAAN

Encik Geh Cheng Hooi telah menamatkan jawatan beliau sebagai Pengarah Syarikat selepas akhir tahun kewangan untuk mematuhi Artikel 95(c) Tataurusu Persatuan Syarikat yang menyatakan jawatan seseorang pengarah akan tamat sekiranya tidak hadir lebih daripada 50% jumlah mesyuarat Lembaga Pengarah yang diadakan pada setiap tahun kewangan.

ACKNOWLEDGEMENTS

Subsequent to the financial year end, Mr Geh Cheng Hooi has vacated his office as a Director of the Company to comply with Article 95(c) of the Company's Articles of Association, which states that the office of a director shall be vacated if the director is absent for more than 50% of the total Board of Directors' meetings held during a financial year of the Company.

Nevertheless, the Nomination Committee has met to consider the appointment of Mr Geh to the Board given Mr Geh's distinguished career and his invaluable experience, contributions and wise counsel to the Board since 1998, and agreed to recommend the appointment of Mr Geh to the Board.

In compliance with Section 129 of The Companies Act, 1965, on Directors over the age of 70 years, and Article 119(d) of the Company's Articles of Association, the Board has recommended the appointment of Mr Geh Cheng Hooi as an Independent Non-Executive Director of the Company and a resolution for his appointment would be tabled at the forthcoming Annual General Meeting to seek your kind approval.

I would like to thank Dr Brian Shoy Teng To, who resigned as a Director of the Company on 29 March 2006 to pursue his personal business, for his invaluable contribution to the Company during his term of office.

On behalf of the Board, I would like to take this opportunity to commend the management team, our employees and business associates for their untiring efforts and contributions which have gone a long way in helping the Group achieve its best performance, thus far. I would also like to thank our shareholders, customers and suppliers for their continued support and confidence, which will always remain fundamental to our success and future growth.

And, finally to my board members, thank you for your contributions throughout the year. As in the past, I look forward to your continued counsel and support.

DATO' MD TAIB BIN ABDUL HAMID

Chairman

Namun demikian, Jawatankuasa Pelantikan telah bermesyuarat serta menimbangkan perlantikan semula Encik Geh memandangkan kerjayanya yang ulung, pengalaman, sumbangan dan bimbingan beliau yang amat tinggi nilainya kepada Lembaga Pengarah sejak menjadi ahli pada 1998.

Untuk mematuhi kepada Seksyen 129 Akta Syarikat, 1965 atas Pengarah yang berumur melebihi 70 tahun, Artikel 119(d) Tataurus Persatuan Syarikat, Lembaga Pengarah telah mengemukakan cadangan untuk melantik Encik Geh Cheng Hooi sebagai Pengarah Bebas Bukan Eksekutif dan resolusi untuk perlantikan beliau akan dikemukakan pada Mesyuarat Agung Tahunan yang akan datang untuk kelulusan pemegang sahan.

Saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada Dr Brian Shoy Teng To atas sumbangan beliau yang amat tinggi semasa dalam khidmatnya kepada Syarikat, yang telah meletak jawatan sebagai Pengarah Syarikat pada 29 Mac 2006 untuk menumpukan perhatian terhadap bisnes peribadi.

Bagi pihak Lembaga Pengarah, saya juga ingin mengambil kesempatan ini untuk mengucapkan penghargaan kepada pasukan pengurusan, kakitangan-kakitangan kami dan rakan-rakan bisnes atas usaha dan sumbangan cemerlang mereka sepanjang tahun, yang telah membantu Kumpulan mencapai prestasi yang terbaik selama ini. Saya juga ingin mengucapkan terima kasih kepada pemegang-pemegang saham, pelanggan-pelanggan dan pembekal-pembekal kami atas sokongan dan keyakinan mereka yang sentiasa menjadi asas kejayaan dan perkembangan masa depan.

Kepada ahli-ahli Lembaga Pengarah, saya mengucapkan terima kasih atas sumbangan anda sepanjang tahun. Seperti pada tahun terdahulu, saya mengalu-alukan bimbingan dan sokongan anda.

DATO' MD TAIB BIN ABDUL HAMID

Pengerusi

Here's our big picture – for us, quality comes first. It also ranks second, third and fourth. That's why our brand recognition is growing and our name resonates in the marketplace, attracting new customers from far and wide.



