PARAMOUNT®
CORPORATION BERHAD
(8578-A)

moving forward **with confidence**

annual report **2007**

as we celebrate
a proven track record ...

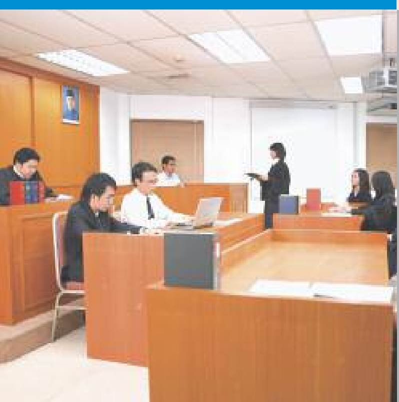
KDU College (KDU) is an embodiment of the pioneering spirit and vision of Paramount Corporation Berhad's founders who believed in the value of education and the positive spin-offs that benefit society. KDU, Malaysia's first purpose built campus in Petaling Jaya, was established on 10 March 1983 with the objective of providing quality and affordable tertiary education.

1983

KDU introduces the American Credit Transfer Programme, the first of its kind in the country. Many young Malaysians have since then realised their dreams of pursuing an affordable overseas education through this innovative programme that enables students, upon successful completion of part of the courses conducted locally, to be transferred to American universities to complete their tertiary education.

1989

Following a twinning partnership with the University of Manchester, United Kingdom, a highly renowned university, KDU earns the distinction of being the first private college in the region to offer a "1+2" Degree in Economics and Social Studies which includes a major in Accounting and Finance. In addition, KDU students with outstanding results are awarded the James Craig Memorial Scholarship by the University of Manchester.



1986

- KDU is the first college in the country to conduct full time advance professional courses for the external University of London (LLB) and Association of Chartered Accountants (ACCA).
- KDU, in collaboration with Middlesex Polytechnic (now Middlesex University), United Kingdom, introduces the first overseas twinning programme in Malaysia - a "1+2" BA (Hons) in Accounting and Finance.

1991

- Spurred by the success of the Petaling Jaya campus, KDU Penang commences operations with a full range of academic, professional and commercial course offerings in the historic Old Town Hall.
- The first postgraduate collaboration with Humberside University, Hull, United Kingdom symbolises the recognition and acceptance of KDU's graduate diploma in information technology in business for onward study leading to the postgraduate diploma and MSc Degree from Humberside.

1987

- To accommodate its growing student population and to provide better facilities to students, a 5-storey block was added to the Petaling Jaya campus under Phase 2 of KDU's expansion plan.
- Establishment of The School of Hotel and Catering making KDU the first private college to offer this programme.

1992

- To accommodate the growing student population and in keeping with KDU's commitment to be a provider of quality education, Phase 3 of the Petaling Jaya campus expansion plan saw the setting up of new facilities as well as upgrading of existing facilities on an additional 30,000 sq ft of built-up area.
- KDU's first Australian collaboration is a twinning partnership with Murdoch University, Western Australia, that offers the Bachelor of Commerce Degree in Accounting, Finance, Marketing or Management.

...of growth and success spanning 25 years

1983-2008

KDU 25th year anniversary

1997

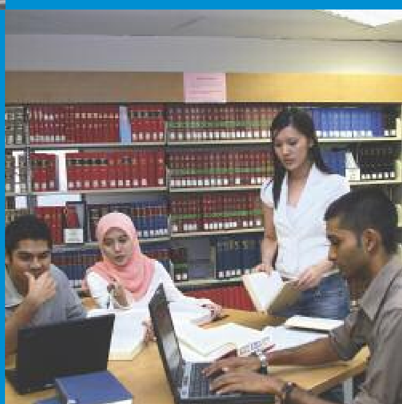
- KDU Penang moves to a new RM20 million purpose built campus in Jalan Anson to accommodate its growing student population.
- The School of Hotel and Catering becomes the first and only college in Malaysia to offer Swiss qualification and Degrees conducted locally in collaboration with the International Hotel Management Institute of Switzerland (IMI).

2000

- KDU becomes a ISO 9002 certified college and, is awarded the Multimedia Super Corridor (MSC) status. Accordingly, a RM10 million upgrading project "SMART Initiative" is launched, a 2-megabit per second leased line installed – the first of its kind by a private college and, iMac language laboratories set up.
- The School of Hotel and Catering changes its name to The School of Hotel, Tourism and Culinary Arts to reflect its more comprehensive range of programmes. With this widened scope, KDU goes "international", hosting events for international students and placing KDU students for industry training in hotels and resorts internationally.

1998

In support of lifelong learning, KDU expands its expertise into the field of continuing professional education and development.



2001

- KDU officially changes its name to KDU College Sdn Bhd.
- Leveraging on the "SMART Initiative" KDU launches the KDU Community Network (KCN) to provide an e-learning and e-administration platform and, the leased line is upgraded to four megabits.
- KDU becomes the only twinning partner of the University of Manchester throughout the world to offer a "1 + 2" law Degree.

1999

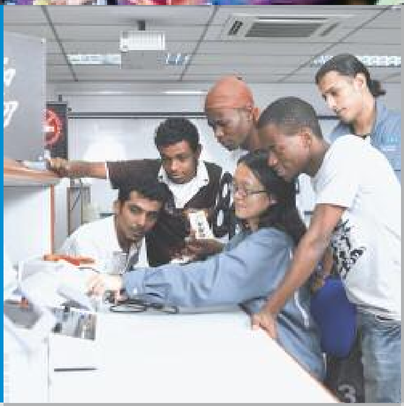
Petronas entrusts KDU with its first batch of scholars. This trust is well placed as Petronas scholars in KDU achieved 100% passes the following year in the Foundation Year examination conducted by the University of New South Wales, a member of the Group of eight universities in Australia.

2002

- KDU Penang expands its campus by an additional 17,000 sq ft space to house its burgeoning staff and student body.
- KDU's quality of education is affirmed by the University of Strathclyde, Scotland with the recognition of credits transfer for KDU's School of Hotel, Tourism and Culinary Arts.

2003

- The School of Hotel, Tourism and Culinary Arts commences Foundation and Consultant level courses following its accreditation to the International Air Transport Association (IATA) and Universal Federation of Travel Agent's Association (UFTAA).
- KDU moves downstream, to primary and secondary education. Sekolah Sri KDU's distinct difference lies in delivering a student-centred, holistic education in a state-of-the-art purpose built school.



2006

- KDU's reputation for the quality of twinning programmes offered is further enhanced following the launch of the "4 + 0" Honours Degree in Electronics Engineering in collaboration with its Australian partner, Deakin University.
- KDU students, Tan Choon Ben and Abdul Rahim Abdullah, stun a field of professional chefs from around the world to win the bronze medal in the Food Hotel Asia (FHA) Culinary Challenge 2006.

2004

- The Science Department is established, offering the Bachelor of Biomedical Science "1+2½" twinning Degree programme with the University of Tasmania, Australia.
- The School of Hotel, Tourism and Culinary Arts is the first educational institution chosen to present the Yang di Pertuan Agong, Tuanku Syed Sirajuddin with a Hari Raya cake.

2007

- KDU introduces Career Voyage, a software programme that matches students' academic skills with the right course of study.
- KDU represents Malaysia in the Global Forum on Youth and ICT held at Geneva, Switzerland in the finals of the Astro Technologenius 2007 competition.

2005

- KDU becomes the first SMART College in Malaysia.
- KDU moves into postgraduate studies. The courses offered are MSc in Business Information Technology from Northumbria University, United Kingdom and Master's in Communication Management from the University of New South Wales, Australia.

2008

KDU launches its silver jubilee celebrations with a gala dinner to raise funds for the needy. A total of RM250,000 was raised for BAKTI, MBSS KL, Pride Foundation, Tung Shin Hospital and Yayasan Sultanah Bahiyah. The Bread Ambassadors' Project was simultaneously launched with regular dispatch of bread to ten children's homes in the vicinity of KDU.

38th AGM

Topas Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 21 May 2008 at 10.00 a.m.

Just as an athelete works relentlessly in improving his performance, the same holds true for Paramount Corporation Berhad. It stems from our desire to win, matched equally by a keen willingness to continuously raise the bar in our performance. To stay focused. To set clear goals and then achieve them by going the distance. To overcome obstacles. To trim excesses. To maintain a competitive streak. To have staying power.

The results, thus far, have greatly benefitted society through the markets that we serve. However, we will not rest on our laurels because clearly we believe that more needs to be done in a race where there is no finishing line.

contents

notice of **annual general meeting**

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting of the Company will be held at Topas Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 21 May 2008 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 2007 together with the Reports of the Directors and the Auditors thereon.
   Resolution 1

2. To approve the declaration of a final dividend of 10%, less income tax at 26%, in respect of the year ended 31 December 2007.
   Resolution 2

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

   (a) YBhg Dato' Teo Chiang Quan
   Resolution 3

   (b) Mr Ong Keng Siew
   Resolution 4

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

   (a) "That YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
   Resolution 5

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

5. 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

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

   Authority to Directors to issue shares

   "That, subject to the Companies Act, 1965, Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other Governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies

Act, 1965, to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued share capital of the Company for the time being."
Resolution 8

By Order of the Board

TAY LEE KONG
Secretary

Petaling Jaya
Selangor Darul Ehsan
28 April 2008

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 Business

1. The Ordinary Resolution proposed under item 6, if passed, will renew the powers given to the Directors at the last Annual General Meeting, authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

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

NOTICE OF DIVIDEND ENTITLEMENT

Subject to the approval of the shareholders, a final dividend of 10%, less income tax at 26%, in respect of the year ended 31 December 2007, will be paid on 9 June 2008 to shareholders whose names appear in the Record of Depositors on 26 May 2008.

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 26 May 2008 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.

statement accompanying
notice of thirty-eighth annual general meeting
pursuant to paragraph 8.28(2) of bursa malaysia securities berhad listing requirements

1. Details of the Directors who are standing for re-election:

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

   - YBhg Dato' Teo Chiang Quan
   - Mr Ong Keng Siew

   The Directors who are over the age of seventy and seeking re-appointment are as follows:

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

The details of the four Directors seeking re-election or re-appointment are the same as that stated in the Directors' profile from pages 14 to 15 and the shareholdings of the Directors in the Company and/or its subsidiaries are the same as that stated on page 59.

group corporate structure

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property

- •100% Paramount Property Holdings Sdn Bhd
- •100% Paramount Property (Utara) Sdn Bhd
  - •100% Kelab Bandar Laguna Merbok Sdn Bhd
- •100% Paramount Property Development Sdn Bhd
- •100% Broad Projects Sdn Bhd
  - •51% Supreme Essence Sdn Bhd
- •100% Jasarim Bina Sdn Bhd
- •100% Seleksi Megah Sdn Bhd

construction & civil engineering

- •100% Paramount Engineering & Construction Sdn Bhd
  - •100% Paramount Construction Sdn Bhd
  - •100% Paramount Projects 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
- 70%
- •100% Current Connection Sdn Bhd
- •100% Paramount Electronics Industries Sdn Bhd
- •100% Wangsa Merdu Sdn Bhd (under members' voluntary winding up)

corporate **profile**

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

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 a real estate company, Perumahan Berjaya Sdn Bhd (now known as Paramount Property Holdings Sdn Bhd). As part of the Company's diversification plans, Paramount also acquired an oil palm estate in Perak in 1980.

The Company assumed its present name in 1980, to better reflect its business activities.

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 four 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 the setting up of the first purpose-built campus in Malaysia in Petaling Jaya under Kolej Damansara Utama Sdn Bhd [now known as KDU College Sdn Bhd (KDU)].

In 1984, Paramount ceased its rice milling operations.

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

In March 1991, Paramount through Wangsa Merdu Sdn Bhd completed the acquisition of a 23-storey luxury condominium known as Regency Tower in Bukit Ceylon.

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 in 1993, and changed its name to Paramount Assurance Berhad (PAB) to reflect a common group 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 Sibu, East Malaysia.

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 expanded its education business by moving downstream to set up a private primary and secondary school, Sekolah Sri KDU, under KDU Smart School Sdn Bhd.

Paramount through PGA, took up a 20.31% equity in iCarnegie, Inc (iCarnegie) in June 2002, an associated company of Carnegie Technology Education (CTE). CTE is, in turn, a wholly-owned subsidiary of Carnegie Mellon University. The Group's investment in iCarnegie has since been diluted to 4.27% following iCarnegie's restructuring exercise.

On 28 June 2002, the Group ventured into the provision of executive education and professional development programmes, under KDU Management Development Centre Sdn Bhd (KMDC).

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

In line with Paramount's strategy to expand its land bank in high growth areas, Paramount through Paramount Property Development Sdn Bhd, completed the acquisition of 524.70336 acres of freehold development land located in the central corridor of Klang Valley in June 2003.

In September 2003, KDU reviewed its existing operations, and exited the Sibu, East Malaysia market, which has never been a successful contributor.

In December 2003, Paramount ventured into China, through KDU International Sdn Bhd, to establish its first language training school to offer a range of English courses.

In line with Paramount’s objective to divest non-core assets with a view to improving cash resources and strenghten its financial position in order to take advantage of alternative opportunities to enhance earnings in its assets, Paramount disposed of the oil palm estate in December 2003 and Regency Tower in July 2006.

On 20 December 2006, Paramount, through Paramount Property (Utara) Sdn Bhd, added 515 acres of freehold land located in the Mukim of Sungai Petani, Bandar Amanjaya, Daerah Kuala Muda, Kedah to its land bank.

On 20 February 2008, Paramount through Jasarim Bina Sdn Bhd, acquired 5.201 acres of leasehold industrial land located in Section 13, Petaling Jaya for commercial development.

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. 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 for the first purpose-built private smart primary and secondary school, Sekolah Sri KDU. Sekolah Sri KDU was also named the first runner-up in the Specialised Category of FIABCI International Prix d’Excellence 2006. 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 properties. 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.

Our **competitive spirit**
remains our most compelling strength

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*
	Quah Chek Tin*

* 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 : 03-7712 3333
Facsimile : 03-7712 3322
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 : 03-7718 6000
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 3,437,000 options were exercised.

2. NON-AUDIT FEES

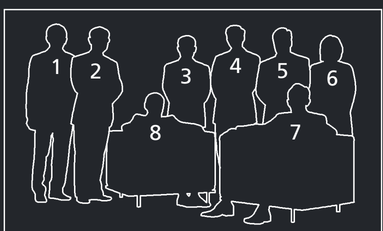
The amount of non-audit fee paid to the external auditors by the Group and Company for the financial year is reflected in Note 5, page 96 of the financial statements.

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.



1. Quah Chek Tin
2. Geh Cheng Hooi
3. Dato' Haji Azlan bin Hashim
4. Ong Keng Siew
5. Dato' Teo Chiang Quan
6. Rohana Tan Sri Mahmood
7. Dato' Md Taib bin Abdul Hamid
8. Tan Sri Dato' Ahmad Sabki bin Jahidin

board of directors

board of **directors' profile**

Dato' Md Taib Bin Abdul Hamid

Chairman, Independent
Non-Executive Director
B.A. (Hons.) Econs.
69 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.

Dato' Teo Chiang Quan

Group Managing Director &
Group Chief Executive Officer
Hon Doc Middlesex University, United Kingdom
58 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 transformed Paramount into a reputable and financially sound diversified group.

Current directorship in a public company includes JIB.

Dato' Teo is a substantial shareholder of Paramount. The details of his interest in Paramount is reflected in the Analysis of Shareholdings on pages 57 to 59.

Dato' Teo attended all the 5 board meetings.

Ong Keng Siew

Deputy Group
Managing Director & Deputy Group Chief Executive Officer
C.A. (M) FCCA
51 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 Employees' Share Option Scheme Committee and was a member of the Audit Committee before resigning on 1 October 2007.

Ong attended all the 5 board meetings.

Geh Cheng Hooi

Independent
Non-Executive Director
Fellow of the Institute of Chartered Accountants, England and Wales
73 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 a Director of Paramount from 3 March 1998 to 7 March 2006. He was re-appointed as a Director of Paramount on 23 May 2006.

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

Current directorships in public companies include Lingui Developments Berhad, NCB Holdings Berhad, Star Publications (Malaysia) Berhad, The Bank of Nova Scotia Berhad, Plus Expressway Berhad, Malayan Flour Mills Berhad and Wawasan TKH Holdings Berhad.

Geh attended 4 out of 5 board meetings.

Tan Sri Dato' Ahmad Sabki Bin Jahidin

Independent
Non-Executive Director
B.A. Hons. University of Malaya
76 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 Investment Bank 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,
University of Essex, UK
Masters in International Relations,
University of Sussex, UK
53 years of age - Malaysian

Rohana Tan Sri Mahmood is the Chairman of Ethos Capital Sdn Bhd, a RM200 million private equity fund that invests in ASEAN companies. She is also the Deputy President and Founding Member of the Kuala Lumpur Business Club (KLBC) and Vice Chairman, Treasurer and Board Member of the Pacific Basin Economic Council (PBEC). Prior to this, she was with the Institute of Strategic and International Studies Malaysia (ISIS), and the Ministry of Foreign Affairs in Malaysia. Rohana is actively involved in business, principally in the field of Education; she is the Chairman of Masterskill Sdn Bhd and a Director of KDU College Sdn Bhd and KDU Smart School Sdn Bhd. Rohana joined the Board on 28 July 1997.

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

Rohana attended 2 out of 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
66 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 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 Chairman of Global Carriers Berhad and the Deputy Chairman of AMMB Holdings Berhad.

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

Other directorships in public companies include AMMB Holdings Berhad, Kesas Holdings Berhad, Kumpulan Perangsang Selangor Berhad, Metrod (M) Berhad, Sapura Industrial Berhad, Global Carriers Berhad and Syarikat Permodalan & Perusahaan Selangor Berhad.

Dato' Azlan attended all the 5 board meetings.

Quah Chek Tin

Independent
Non-Executive Director
Bachelor of Science (Honours)
Degree in Economics,
the London School of Economics
Fellow of the Institute of Chartered Accountants,
England and Wales
56 years of age – Malaysian

Quah joined Paramount as a Director on 6 February 2007. He began his career with Coopers & Lybrand, London, before returning to Malaysia. He joined the Genting Group in 1979, and was the Executive Director of Genting Berhad as well as the Executive Director and Chief Operating Officer of Resorts World Bhd before retiring in 2006.

Quah also serves on the Audit Committee.

Current directorships in public companies include Genting Berhad, Resorts World Berhad and Asiatic Development Berhad.

Quah attended all the 5 board meetings.

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

None of the Directors have been charged for any offence.

senior **management**

front row from left: ***Tay Lee Kong*** Corporate Affairs Director ***Ong Keng Siew*** Deputy Group Managing Director & Deputy Group Chief Executive Officer ***Dato' Teo Chiang Quan*** Group Managing Director & Group Chief Executive Officer ***Dr Chia Chee Fen*** Chief Executive Officer, KDU College Sdn Bhd & Principal Officer KDU College Sdn Bhd – Petaling Jaya Campus ***Dr Chong Beng Keok*** Principal Officer, KDU College Sdn Bhd – Penang Campus ***Oh Keng Kooi*** Audit Director

back row from left: ***Teh Geok Lian*** Chief Executive Officer, KDU Smart School Sdn Bhd ***Lim Hong Kheng*** Group Human Resource Director & Executive Director, KDU Management Development Centre Sdn Bhd ***Foong Poh Seng*** Group Financial Controller ***John Chew Teong Seng*** Managing Director, KDU International Language Training School Limited ***Chuan Yeong Ming*** Deputy Managing Director, Paramount Engineering & Construction Sdn Bhd ***Liew Yin Chew*** Deputy Managing Director, Paramount Property (Utara) Sdn Bhd & Executive Director, Paramount Property Development Sdn Bhd ***Eugene Yeoh Oon Hock*** Group IT Manager

In **moving forward**
we see no obstacles

chairman's **statement**
***pesanan** pengerusi*

"The performance of the educational services division continued to improve on the back of an improved enrolment strategy. Revenue for the educational services division continued to grow, albeit at a slower pace, by 15.4% to RM83.7 million from RM72.5 million in the previous year."

"Prestasi bahagian perkhidmatan pendidikan kian bertambahbaik kerana strategi enrolmen yang lebih baik. Perolehan bahagian perkhidmatan pendidikan terus bertumbuh walau pada kadar yang lebih rendah, sebanyak 15.4% ke RM83.7 juta dari RM72.5 juta pada tahun lepas."

Dear Shareholders,

I am pleased to present on behalf of the Board of Directors, the Thirty-Eighth Annual Report of Paramount Corporation Berhad (Paramount or the Company) group of companies (the Group).

2007 was indeed a challenging year for the Group. Nevertheless, we emerged stronger and better placed for the future given our competitive spirit. Our main earnings driver, the property development sector, turned in lower contributions due to lower progressive billings from our Kemuning Utama development in the Klang Valley and the nearing completion of our Bandar Laguna Merbok development in Sungai Petani. However, improved sales for residential properties in 2007 enabled us to strengthen our forward order position entering 2008 and into 2009. On the positive side, the lower performance by the property development sector was ameliorated due to an improved performance by our educational services division.

FINANCIAL PERFORMANCE

Although profit before tax fell by 17.1% to RM68.3 million from a record level of RM82.4 million achieved in financial year 2006, our operating profits continued to remain healthy and similar to that of the previous year. The 2006 profit was boosted by an extraordinary gain of RM12.5 million recorded on the sale of Regency Tower, a 72-unit luxury condominium. Net profit was correspondingly lower by 18.6% at RM51.8 million as compared with RM63.6 million achieved in the previous year.

Revenue for the year declined by 18.3% to RM300.1 million compared with RM367.3 million recorded in 2006. Shareholders' fund increased to RM453.4 million from RM410.8 million as at 31 December 2006 and, correspondingly, Net Assets per share rose to RM4.21 from RM3.95. Return on equity declined to 12 sen compared with 17.3 sen as at 31 December 2006.

Pemegang Saham yang dikasihi,

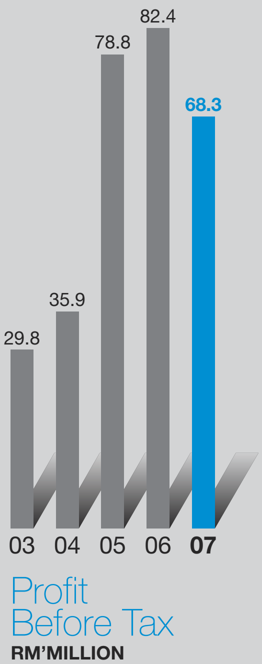
Saya dengan gembiranya bagi pihak Lembaga Pengarah, mengemukakan Laporan Tahunan Ketiga Puluh Lapan syarikat-syarikat Kumpulan Paramount (Kumpulan).

Tahun 2007 merupakan tahun yang mencabar bagi Kumpulan. Namun demikian, kami muncul lebih kukuh untuk masa depan akibat semangat persaingan kami. Sektor perolehan utama kami, iaitu Perkembangan Harta menyumbang kurang kerana bil-bil progresif yang telah turun dari perkembangan Kemuning Utama di Lembah Kelang dan hampir penamatan perkembangan Bandar Laguna Merbok di Sungai Petani. Walaubagaimana pun, penjualan yang lebih baik bagi harta kediaman pada tahun 2007 telah mengukuhkan kedudukani kami untuk tahun 2008 dan 2009. Yang positif ialah prestasi rendah yang dicapai oleh sektor perkembangan harta diseimbangkan oleh pencapaian prestasi yang lebih baik dari bahagian perkhidmatan pendidikan kami.

PRESTASI KEWANGAN

Walaupun keuntungan sebelum cukai menurun sebanyak 17.1% ke RM63.8 juta dari rekod RM82.4 juta yang dicapai pada tahun kewangan 2006, keuntungan operasi kami masih sihat seperti pada tahun lepas. Keuntungan 2006 adalah disebabkan oleh RM12.5 juta dari penjualan Regency Tower, kondominium mewah 72-unit kami. Keuntungan selepas cukai menurun sebanyak 18.6% ke RM51.8 juta berbanding dengan RM63.6 juta pada tahun lepas.

Perolehan bagi tahun 2007 menurun sebanyak 18.3% ke RM300.1 juta berbanding dengan RM367.3 juta pada tahun 2006. Dana pemegang saham meningkat ke RM453.4 juta dari RM410.8 juta pada 31 Disember 2006 manakala aset ketara bersih sesaham meningkat ke RM 4.21 dari RM 3.95. Kepulangan dari ekuiti turun ke 12 sen berbanding dengan 17.3 sen pada 31 Disember 2006.



PROPERTY DIVISION

The lower progressive billings registered by the property development sector stemming from the lower number of units sold carried forward from previous years coupled with lower sales value recorded as a result of depleting prime land bank properties saw revenue for the sector declining by 31.5% to RM171.9 million from RM250.8 million in the previous year. The performance of the construction sector, whose activities are very much pegged to that of the property development sector, however, registered higher revenue of RM43.1 million compared with RM38.9 million recorded in the previous year. This was due to a strategy to focus on procuring more external projects to make up for the decline in Group projects. The property investment sector saw a drastic drop in revenue by 92.6% to RM296,000 from RM4.0 million registered in the previous year due to the loss of rental income following the sale of Regency Tower in 2006. Overall revenue for the property division was lower at RM215.2 million compared with RM293.7 million registered in the previous year.

Profit before tax for the property division was correspondingly lower at RM39.0 million compared with RM65.3 million recorded in the previous year, which included RM12.5 million on the sale of Regency Tower. Profit for the property development sector fell by 25.1% to RM31.4 million from RM41.9 million. Despite the higher revenue registered by the construction sector, its profits declined by 33.3% to RM4.4 million from RM6.6 million due to shrinking margins in a highly competitive market exacerbated by escalating costs of construction raw materials. The property investment sector saw a lowering of profit to RM3.3 million from RM16.8 million registered in the previous year following the sale of Regency Tower.

BAHAHGIAN HARTA

Bil-bil progresif yang rendah dari sektor perkembangan harta akibat penjualan unit yang lebih rendah bertambah dengan nilai jualan yang lebih rendah oleh kerana kekurangan bank tanah kediaman utama telah menghasilkan perolehan sektor tersebut merosot sebanyak 31.5% ke RM171.9 juta dari RM250.8 juta pada tahun sebelumnya. Prestasi sektor pembinaan yang berkait rapat dengan sektor perkembangan harta mencatat perolehan yang lebih tinggi, iaitu RM43.1 juta berbanding dengan RM38.9 juta pada tahun lepas. Ini merupakan hasil strategi memfokus kepada pemerolehan projek luaran kerana kekurangan projek Kumpulan. Sektor pelaburan harta mencatat kemerosotan perolehan besar iaitu 92.6% ke RM296,000 dari RM4.0 juta pada tahun lepas kerana kehilangan pendapatan sewa selepas penjualan Regency Tower pada tahun 2006. Secara keseluruhannya perolehan bahagian harta lebih rendah iaitu RM215.2 juta berbanding dengan RM293.7 juta pada tahun lepas.

Keuntungan sebelum cukai bagi sektor harta kurang sejajarnya pada RM39.0 juta berbanding dengan RM65.3 juta pada tahun lepas; termasuknya RM12.5 juta dari penjualan Regency Tower. Keuntungan bagi sektor perkembangan harta merosot sebanyak 25.1% ke RM31.4 juta dari RM41.9 juta. Walaupun sektor pembinaan merekod perolehan yang lebih tinggi keuntungan menurun 33.3% ke RM4.4 juta dari RM6.6 juta, akibat margin keuntungan yang merosot dalam pasaran persaingan yang sengit bertambah dengan harga tinggi bahan pembinaan. Keuntungan sektor pelaburan harta mencatat keuntungan yang lebih rendah ke RM3.3 juta dari RM16.8 juta akibat penjualan Regency Tower pada tahun sebelumnya.

EDUCATIONAL SERVICES DIVISION

The performance of the educational services division continued to improve on the back of an improved enrolment strategy. Revenue for the educational services division continued to grow, albeit at a slower pace, by 15.4% to RM83.7 million from RM72.5 million in the previous year. Revenue for the primary and secondary education sector increased by 23.1% to RM29.3 million from RM23.8 million in the previous year while revenue for the tertiary education sector increased by 11.0% to RM52.4 million from RM47.2 million. The revenue for the post executive and professional development education sector grew marginally to RM1.41 million from RM1.1 million registered in the previous year while that of the language school in Chongqing grew to RM660,000 from RM367,000.

The improved performance, strengthened by an improvement in operational efficiency that resulted in lower overhead costs, saw the division doubling its profits to RM20.5 million from RM9.5 million recorded in the previous year. Profits for the primary and secondary education sector almost tripled to RM5.9 million from RM2.0 million registered in the previous year. The tertiary education sector grew its profits by 30.3% to RM16.29 million from RM12.5 million in the previous year. The loss before tax for the post executive and professional education was RM630,000, which was a substantial reduction compared with a loss of RM3.4 million incurred in the previous year while the loss for the language school in China was lower at RM1.1 million compared with RM1.6 million.

INVESTMENT AND OTHERS

Profit before tax for Investment and Others, which mainly comprised the Group's 20% investment in Jerneh Insurance Berhad (JIB), improved to RM8.85 million compared with RM7.6 million recorded in the previous year due to better results recorded by JIB. The Group's share of profit from JIB was higher at RM8.8 million compared with RM5.1 million recorded in the previous year due to an improvement in underwriting and investment income.

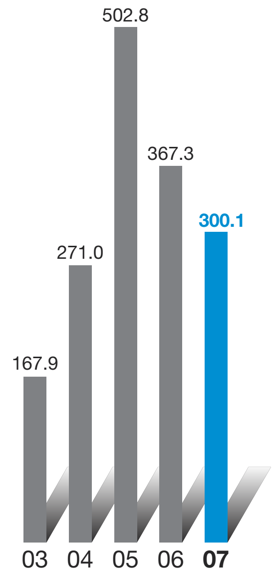
BAHAGIAN PERKHIDMATAN PENDIDIKAN

Prestasi bahagian perkhidmatan pendidikan kian bertambahbaik kerana strategi enrolmen yang lebih baik. Perolehan bahagian perkhidmatan pendidikan terus bertumbuh walau pada kadar yang lebih rendah, sebanyak 15.4% ke RM83.7 juta dari RM72.5 juta pada tahun lepas. Perolehan dari sektor sekolah rendah dan menengah menambah sebanyak 23.1% ke RM29.3 juta dari RM23.8 juta pada tahun lepas manakala perolehan dari sektor pendidikan tertiar meningkat sebanyak 11.0% ke RM52.4 juta dari RM47.2 juta. Perolehan sektor pendidikan pasca eksekutif dan perkembangan profesional menambah sedikit ke RM1.41 juta dari RM1.1 juta pada tahun lepas manakala sekolah bahasa di Chongqing menambah ke RM660,000 dari RM367,000.

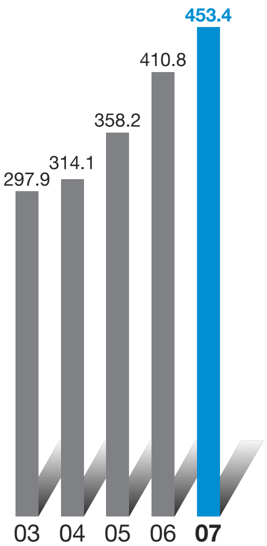
Prestasi yang lebih baik atas kecekapan operasi melalui kos overhed yang lebih rendah membolehkan bahagian mencapai keuntungan dua kali ganda ke RM20.5 juta dari RM9.5 juta pada tahun lepas. Sektor pendidikan rendah dan menengah mencapai keuntungan hampir tiga kali ganda ke RM5.9 juta dari RM2.0 juta pada tahun sebelum itu. Sektor pendidikan tertiar menambah keuntungan sebanyak 30.3% ke RM16.29 juta dari RM12.5 juta pada tahun sebelum ini. Kerugian sebelum cukai pendidikan pasca eksekutif dan pendidikan professional ialah RM630,000 berbanding dengan RM3.4 juta pada tahun lepas manakala kerugian bagi sekolah bahasa di Negara Cina juga lebih rendah, RM1.1 juta berbanding dengan RM1.6 juta.

PELABURAN DAN LAIN-LAIN

Keuntungan sebelum cukai bagi Pelaburan dan Lain-lain, khususnya pelaburan 20% dalam Jerneh Insurance Berhad (JIB), meningkat ke RM8.85 juta berbanding dengan RM7.6 juta yang dicatat pada tahun lepas akibat prestasi lebih baik oleh JIB. Keuntungan Kumpulan dari JIB lebih tinggi sebanyak RM8.8 juta berbangding dengan RM5.1 juta pada tahun sebelum ini kerana kemajuan dalam penanggungan insurans dan pendapatan pelaburan.



Revenue
RM'MILLION



Shareholders' Fund
RM'MILLION

DIVIDENDS

The Board remains wholly committed to rewarding shareholders who continue to provide the financial resources and support needed to grow the Group and, despite the flat growth, we are proposing a final dividend of 10%, less tax at 26%. Together with the interim dividend of 6%, tax exempt, the total dividend for the year of 16 sen per share is higher than the dividend of 15.5 sen per share (10%, less tax at 27%, 5.5%, less tax at 28%), paid in the previous year.

In accordance with the Finance Act 2007, which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends shall be exempted from tax in the hands of the shareholders (single tier system). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to shareholders under limited circumstances. After considering the availability of Section 108 balance and, in the best interest of shareholders, the Company will continue to pay franked dividends to shareholders to fully utilize the credit in the 108 balance before the expiry of the transitional period of six years.

CORPORATE DEVELOPMENTS AND ACHIEVEMENTS

In line with the Group's strategy to expand its land bank to generate sustainable income for property development and to diversify into commercial properties, Jasarim Bina Sdn Bhd (JBSB), a wholly owned subsidiary, had on 19 October 2007 entered into a conditional sale and purchase agreement with Rangkaian Cipta Sdn Bhd (RCSB). Under the said agreement, JBSB acquired from RCSB a parcel of leasehold industrial land known as No 76, Jalan University, 46200 Petaling Jaya, Selangor Darul Ehsan measuring 21,050 square meters with a leasehold term of 56 years expiring on 4 June 2063 together with the buildings, currently 100% tenanted to third parties, constructed thereon for a total cash consideration of RM43,034,620. The approval of the

DIVIDEN

Lembaga akan terus memberi ganjaran kepada pemegang saham yang telah menyokong kami melalui resos kewangan untuk Kumpulan berkembang, walaupun pertumbuhan agak mendatar, kami mencadangkan dividen akhir 10%, tolak cukai 26%. Bersama dividen sementara 6%, bebas cukai, jumlah dividen bagi tahun ini iaitu 16 sen sesaham adalah lebih tinggi daripada 15.5 sen sesaham (10%, tolak cukai 27%, 5.5%, tolak cukai 28%) yang dibayar pada tahun lepas.

Selaras dengan Akta Kewangan 2007, yang telah di wartakan pada 28 Disember 2007, syarikat tidak dibenarkan menolak cukai pada dividen yang dibayar, dikredit atau diedarkan kepada pemegang saham dan dividen akan dibebas dari cukai dalam tangan pemegang saham (single tier system). Akan tetapi, syarikat di beri enam tahun tempoh transisi, tamat pada 31 Disember 2013, untuk syarikat membayar dividen franked kepada pemegang saham dalam situasi tertentu. Setelah mengambilkira baki Seksyen 108 serta untuk memanfaat pemegang saham, Syarikat akan terus membayar dividen franked kepada pemegang saham supaya kredit dalam baki 108 akan digunakan sebelum tarikh tamat tempoh transisi enam tahun tersebut.

PERKEMBANGAN KORPORAT DAN PENCAPAIAN

Selaras dengan strategi Kumpulan untuk memperkembangkan bank tanah agar menjana pendapatan pengekalan bagi perkembangan harta dan mempelbagaikan ke harta komersial, Jasarim Bina Sdn Bhd (JBSB), subsidiari milikpenuh, telah pada 19 Oktober 2007 menangani persetujuan bersyarat jualan dan belian dengan Rangkaian Cipta Sdn Bhd (RCSB). Dibawah persetujuan tersebut, JBSB telah membeli dari RCSB, sebidang tanah industri hak milik pegangan pajak iaitu No. 76, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan ukuran 21,050 meter persegi pegangan pajak 56 tahun tamat pada 4 Jun 2063 bersama dengan bangunan, kini 100% disewa kepada pihak ketiga, dengan harga tunai RM43,034,620. Kelulusan Foreign Investment Committee

Foreign Investment Committee (FIC) was obtained on 5 December 2007 and the acquisition was completed on 20 February 2008. The land is intended for the development of blocks of good grade office, related industries and showroom buildings.

Following the sale of its sole asset, Regency Tower, and the cessation of its operations of condominium rentals, Wangsa Merdu Sdn Bhd, a wholly owned subsidiary, was on 25 October 2007 placed under voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965.

On 22 January 2008, the Company purchased a shelf company, Broad Projects Sdn Bhd (BPSB), and on the same date, BPSB acquired 51% of the issued and paid up share capital of Supreme Essence Sdn Bhd (SESB) for a total cash consideration of RM51,000.

On the same date, SESB entered into a conditional sale and purchase agreement with Perfect Resources (M) Sdn Bhd (PRSB) for the acquisition of two parcels of 99-year leasehold vacant industrial land known as Lot 2 and Lot 4, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring approximately 13.21 acres or 575,471 square feet for a total cash consideration of RM30,773,550. Paramount plans to develop semi-detached industrial buildings for which there is existing proven demand in the established township development of Kota Damansara. The proposed acquisition is pending the approvals of the FIC and the State Authority.

On 5 February 2008, Seleksi Megah Sdn Bhd (SMSB), a wholly owned subsidiary, entered into a conditional agreement with Sunhom Sdn Bhd (SSB) for the sale by SSB and the acquisition by SMSB of a piece of leasehold vacant industrial land known as Lot 9, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 4.33 acres or 188,615 square feet for a total cash consideration of RM19,410,790. Together with an earlier conditional acquisition of a contiguous

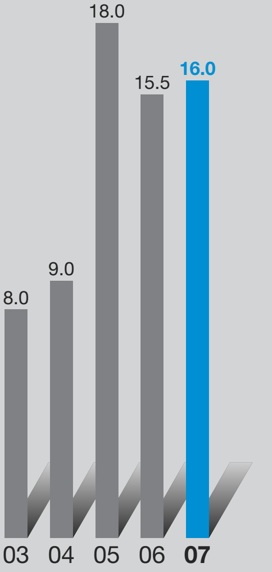
(FIC) diperolehi pada 5 Disember 2007 dan penjualan telah dimuktamatkan pada 20 Februari 2008. Tanah ini akan diguna untuk membina blok pejabat gred tinggi, industri berkaitan dan bangunan bilik pameran.

Berikutan dengan penjualan aset tunggalnya, Regency Tower, dan tamatnya operasi sewaan kondominium, Wangsa Merdu Sdn Bhd, sebuah subsidiari penuhmilik, telah di mansuhkan secara sukarela pada 25 Oktober 2007 berdasarkan Seksyen 254(1)(b) Akta Syarikat, 1965.

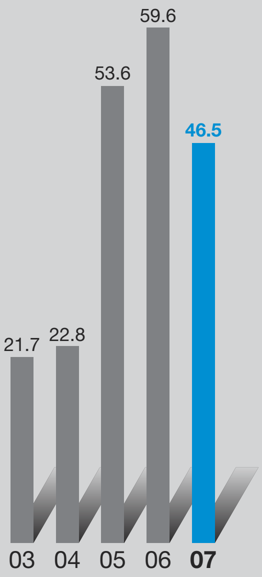
Pada 22 Januari 2008, Syarikat telah membeli syarikat sedia ada, Broad Projects Sdn Bhd (BPSB), dan pada tarikh yang sama, memperolehi 51% syer terbitan dan syer modal terbayar Supreme Essence Sdn Bhd (SESB) dengan harga tunai sebanyak RM51,000.

Pada tarikh yang sama, SESB telah menangani persetujuan bersyarat penjualan dan pembelian dengan Perfect Resources (M) Sdn Bhd (PRSB) untuk membeli dua bidang tanah industri kosong 99-tahun pegangan pajak yang dikenal sebagai Lot 2 dan Lot 4, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan berukuran 13.21 ekar atau 575,471 kaki persegi untuk wang tunai sebanyak RM30,773,550. Paramount merancang untuk memperkembangkan bangunan industri berkembar atas jangkaan permintaan yang terbukti di Kota Damansara, sebuah bandar yang terkenal. Pembelian ini adalah tertakluk kepada kelulusan FIC dan pihak berkuasa negeri.

Pada 5 Februari 2008, Seleksi Megah Sdn Bhd (SMSB), sebuah syarikat penuhmilik, telah menangani persetujuan bersyarat dengan Sunhom Sdn Bhd (SSB) untuk SSB menjual dan SMSB membeli sebidang tanah industri kosong pegangan pajak dikenali sebagai Lot 9, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan berukuran 4.33 ekar atau 188,615 kaki persegi untuk harga tunai sebanyak RM19,410,790. Bersama dengan pembelian bersyarat sebelum ini iaitu sebidang tanah kosong industri pegangan pajak bersebelahan yang dikenali sebagai Lot 7, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya,



Dividends
SEN



Earnings Per Share
SEN

parcel of leasehold vacant industrial land known as Lot 7, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 5.12 acres or 223,027 square feet for a total cash consideration of RM20,518,484 on 21 September 2007 by SMSB from Oji Screens Sdn Bhd (OSSB), these two pieces of lands would also be developed into semi-detached industrial buildings.

The proposed acquisitions are pending the approvals of the FIC, Perbadanan Kemajuan Negeri Selangor and, if required, the State Authority.

On 10 March 2008, KDU College Sdn Bhd (KDU), a 85% subsidiary, launched its Silver Jubilee celebrations with a gala dinner to raise funds for the needy. A total of RM250,000 was raised for BAKTI, Methodist Boys Secondary School Kuala Lumpur, Pride Foundation, Tung Shin Hospital and Yayasan Sultanah Bahiyah. Simultaneously, the Bread Ambassadors' Project was launched with regular dispatch of bread to ten children's homes in the vicinity of KDU.

In line with the Group's strategy to expand its educational services business geographically, and to leverage on the potential of the Iskandar Development Region as well as to take advantage of the largely untapped Johor market on private primary and secondary school education, Janahasil Sdn Bhd (JSB), a wholly owned subsidiary of KDU, which is, in turn, a 85% owned subsidiary, had on 25 March 2008 entered into a conditional sale and purchase agreement with Nusajaya Rise Sdn Bhd (NRSB) and UEM Land Sdn Bhd (UEM), for the sale by NRSB and UEM and the acquisition by JSB of a 10-acre freehold agricultural land forming part of the land held under H.S. (D) 450559 No Lot PTD 153275 in Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim and located in Nusajaya, Iskandar Development Region for a total cash consideration of RM13,068,000. The Company had on 12 December 2007, accepted UEM's offer for a 5-acre and a 10-acre freehold agricultural lands forming also part of the land held under H.S.(D) 450559 PTD 153275 in Mukim Pulai, Daerah Johor

Selangor Darul Ehsan berukuran 5.12 ekar atau 223,027 kaki persegi untuk harga tunai sebanyak RM20,518,484 pada 21 September 2007 oleh SMSB dari Oji Screens Sdn Bhd (OSSB), kedua-dua bidang tanah ini akan digunakan untuk membina bangunan industri berkembar.

Pembelian ini adalah tertakluk kepada kelulusan FIC, Perbadanan Kemajuan Negeri Selangor dan jika perlu pihak berkuasa negeri.

Pada 10 Mac 2008, KDU College Sdn Bhd (KDU), sebuah subsidiari 85%, telah melancarkan perayaan Jubilee Perak dengan jamuan makan malam gala dengan tujuan mengutip dana untuk warga yang kurang upaya. Sejumlah RM250,000 dikutip untuk BAKTI, Methodist Boys Secondary School Kuala Lumpur, Pride Foundation, Tung Shin Hospital dan Yayasan Sultanah Bahiyah. Pada masa yang sama, Bread Ambassadors' Project telah dilancarkan dengan pengedaran roti kepada sepuluh buah rumah kanak-kanak di kawasan sekitar KDU.

Sejajar dengan strategi Kumpulan telah memperluaskan bisnes perkhidmatan pendidikan serta memandangkan potensi Iskandar Development Region dan juga mengambil kesempatan pasaran pendidikan sekolah rendah dan menengah di Johor, Janahasil Sdn Bhd (JSB), subsidiari penuhmilik KDU, yang dimilik 85% oleh Kumpulan, telah pada 25 Mac 2008 menandatangani persetujuan bersyarat jualan dan belian dengan Nusajaya Rise Sdn Bhd (NRSB) dan UEM Land Sdn Bhd (UEM), untuk jualan oleh NRSB dan UEM dan belian oleh JSB sebidang tanah pertanian milik bebas berukuran 10-ekar yang merupakan sebahagian daripada tanah bawah H.S. (D) 450559 No Lot PTD 153275 di Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim bertapak di Nusajaya, Iskandar Development Region untuk harga tunai sebanyak RM13,068,000. Syarikat pada 12 Disember 2007, telah menerima tawaran UEM untuk membeli 5-ekar dan 10-ekar tanah pertanian milik bebas iaitu, sebahagian dari HS(D) 450559 PTD 153275 di Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim dengan harga dasar RM30 sekaki persegi, tertakluk kepada kadar bertambah 5% setahun bermula dari tarikh permulaan penerimaan

Bahru, Johor Darul Takzim at a base price of RM30 per square foot, subject to escalation at the rate of 5% per annum commencing from the date of acceptance of the offer at the option considerations of RM10,000 each.

PROSPECTS

As we look ahead, we are confident that given our financial strength and strategic focus, we will continue to turn challenges into opportunities in our quest to grow our business and enhance shareholder's value. With our strong balance sheet, we are well positioned to capitalize on new opportunities as they arise.

Moving forward, the Group's strategy is to focus on acquiring more land banks in high growth locations to sustain its property business and expand its educational services business through the establishment of new schools and campuses geographically as well as increasing its range of products and services offered.

For the financial year ending 31 December 2008, the Group expects its performance to be comparable to that of 2007. This is because its main earnings driver, the property development sector, continues to face pressures on margins due to increase in fuel prices and volatility in the price of construction raw materials.

ACKNOWLEDGEMENTS

As always, the Group is fortunate to have a dedicated and loyal workforce to whom, on behalf of the Board, I wish to express my sincere appreciation for their hard work and dedication.

In conclusion, I would like to thank our customers, business associates and, last but not least, our loyal shareholders for their continued support. I look forward to seeing many familiar faces at our forthcoming Annual General Meeting.

tawaran dengan bayaran opsyen sebanyak RM10,000 setiap lot.

HARAPAN

Memandang ke hadapan, kami yakin dengan kekuatan kewangan dan fokus strategik, kami akan terus menukar cabaran ke peluang dalam usaha memperkembangkan bisnes dan meningkatkan nilai pemegang saham. Dengan kunci kira-kira yang sihat, kami menduduki tempat yang kukuh untuk merebut segala peluang baru.

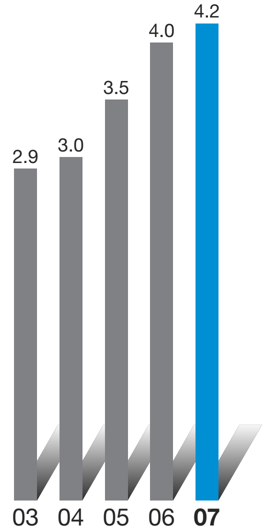
Bergerak ke depan, strategi Kumpulan ialah berfokus kepada perolehan lebih banyak bank tanah di lokasi perkembangan pesat agar mengekalkan bisnes harta dan memperluaskan bisnes perkhidmatan pendidikan melalui penubuhan kampus dan sekolah baru serta menambah bilangan tawaran produk dan perkhidmatan.

Untuk tahun kewangan berakhir 31 December 2008, Kumpulan menjangka prestasinya berbanding sama dengan tahun 2007. Ini adalah kerana penggerak perolehan utama Kumpulan, iaitu sektor perkembangan harta terus menghadapi tekanan margin keuntungan akibat peningkatan harga minyak dan ketidakstabilan harga bahan mentah pembinaan.

PENGHARGAAN

Seperti biasa, Kumpulan amat bertuah mempunyai staf yang berdedikasi dan setia. Bagi pihak Lembaga Pengarah, saya mengambil kesempatan mengucapkan penghargaan yang ikhlas atas kerajinan dan dedikasi mereka.

Akhir kata, saya ingin mengucapkan terima kasih kepada pelanggan-pelanggan, rakan-rakan bisnes dan akhir sekali pemegang-pemegang saham kami, atas sokongan anda. Seperti tahun-tahun lepas, saya rasa gembira berjumpa anda di Mesyuarat Agung Tahunan yang akan datang.



Net Assets Per Share
RM

DATO' MD TAIB BIN ABDUL HAMID
Chairman • *Pengerusi*

five-year group **financial highlights**

	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000	Year 31 Dec 2005 RM'000	Year 31 Dec 2004 RM'000	Year 31 Dec 2003 RM'000
REVENUE	300,078	367,328	502,819	270,984	167,905
EARNINGS					
Profit from operations	59,556	77,272	74,522	31,227	30,841
Share of profit of associates	8,784	5,103	4,269	4,710	(1,022)
Profit before tax	68,340	82,375	78,791	35,937	29,819
Income tax expense	(16,556)	(18,784)	(23,127)	(12,589)	(7,531)
Profit for the year	51,784	63,591	55,664	23,348	22,288
Attributable to:					
Equity holders of the Company	49,295	61,867	55,503	23,571	22,254
Minority interest	2,489	1,724	161	(223)	34
	51,784	63,591	55,664	23,348	22,288
Retained profits brought forward	239,609	189,101	145,258	129,039	113,580
Net profit for the year attributable to equity holders of the Company	49,295	61,867	55,503	23,571	22,254
Foreign currency translation	(1,892)	258	–	–	–
Dividends	(14,215)	(11,617)	(11,660)	(7,352)	(6,795)
Retained profits carried forward	272,797	239,609	189,101	145,258	129,039
ASSETS EMPLOYED					
Property, plant and equipment	142,597	145,119	146,193	146,025	123,904
Land held for property development	140,379	163,416	143,982	164,166	221,529
Investment properties	13,899	14,830	62,939	58,194	59,332
Prepaid land lease payments	17,144	17,385	17,627	17,820	18,061
Investment in associates	44,090	38,999	35,335	33,723	31,462
Other investments	397	397	397	370	252
Deferred tax assets	1,097	1,998	2,139	1,581	1,819
Net current assets	135,907	79,762	67,325	67,229	19,689
Long term borrowings	(24,479)	(36,764)	(65,847)	(85,775)	(43,953)
Deferred tax liabilities	(10,444)	(8,982)	(7,130)	(5,977)	(4,401)
Provision for retirement benefits	–	–	(2,190)	(1,920)	(1,243)
Long term payables	–	–	(38,901)	(77,802)	(124,818)
Net assets	460,587	416,160	361,869	317,634	301,633

	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000	Year 31 Dec 2005 RM'000	Year 31 Dec 2004 RM'000	Year 31 Dec 2003 RM'000
EQUITY					
Share capital	107,563	104,126	103,579	103,552	103,552
Capital reserves	4,668	2,317	1,358	1,181	1,176
Share premium	68,322	64,797	64,180	64,153	64,153
Retained profits	272,797	239,609	189,101	145,258	129,039
Equity attributable to holders of the Company (Shareholders' fund)	453,350	410,849	358,218	314,144	297,920
Minority interests	7,237	5,311	3,651	3,490	3,713
Total equity	460,587	416,160	361,869	317,634	301,633

FINANCIAL STATISTICS

(Per ordinary share of RM1 each)

	2007	2006	2005	2004	2003
Earnings before taxation (sen)	64.39	79.30	76.09	34.70	29.11
Earnings after taxation (sen)	46.45	59.56	53.60	22.76	21.73
Dividends gross (sen)	16.00	15.50	18.00	9.00	8.00
Dividend cover (times)	3	5	5	3	3
Net assets (RM)	4.21	3.95	3.46	3.03	2.88


Our endurance
mirrors our determination to excel in all that we do

chief executive officer's **review of operations**

tinjauan operasi *ketua pegawai eksekutif*

"The educational services division once again rose to the occasion by posting another year of excellent results, as we focused on providing quality and innovative programmes relevant to industry while simultaneously lowering overhead costs. All sectors within the division recorded better results than those achieved in 2006."

"Bahagian perkhidmatan pendidikan sekali lagi mencapai prestasi yang cemerlang atas fokus membekalkan program yang bermutu dan inovatif serentak dengan pengurangan kos overhed. Semua sektor dalam bahagian ini merekod prestasi yang lebih baik daripada tahun 2006."

In 2007, our focus was on building a solid platform to take the Paramount Corporation Berhad (Paramount or the Company) group of companies (the Group)'s business forward. Significant emphasis was placed on improving operating efficiencies to reduce costs and deploying resources in areas where we believe we can maintain or build leading market positions. Our efforts were vindicated as reflected by higher take-up rates in our property development projects and higher enrolments in our educational services. We have also made good progress in the acquisition of land banks to enable us to expand our property development activities and educational services to create future profitability opportunities.

As a result of subdued housing market conditions that impacted sales through the third quarter of 2005 and 2006, our forward sales position was unusually low at the end of 2006. The cumulative effect negatively impacted the Group's performance in 2007. However, we took action to raise the bar in our core competencies and performance while constantly improving our products and services to rebuild our order book.

The educational services division once again rose to the occasion by posting another year of excellent results, as we focused on providing quality and innovative programmes relevant to industry while simultaneously lowering overhead costs. All sectors within the division recorded better results than those achieved in 2006.

PROPERTY DIVISION

Property Development

Our Kemuning Utama development project in the Klang Valley recorded better take-up rates totalling 375 units with a sales value of RM130.44 million as compared with 238 units with a sales value of RM117.2 with million in 2006.

Pada tahun 2007 fokus kami ialah membina asas yang kukuh untuk membawa bisnes Kumpulan ke hadapan. Tumpuan diberi kepada meningkat kecekapan operasi supaya mengurang kos dan mengembling resos ke bidang yang kami fikir dapat mengekal atau membaiki kedudukan pasaran. Usaha kami adalah wajar dibukti oleh permintaan yang lebih tinggi bagi projek perkembangan harta dan enrolmen perkhidmatan pendidikan. Kami juga mencapai kemajuan dalam pemerolehan bank tanah untuk memperkembangkan aktiviti perkembangan harta dan perkhidmatan pendidikan agar meningkatkan peluang keuntungan masa depan.

Akibat keadaan pasaran perumahan yang agak lemah pada suku ketiga tahun 2005 dan 2006, penjualan adalah amat rendah pada akhir tahun 2006. Kesan kumulatif dirasa dalam prestasi Kumpulan pada tahun 2007. Namun demikian, kami mengambil tindakan untuk meningkatkan kompetensi teras dan prestasi kami serta sentiasa menambahbaik produk dan perkhidmatan kami supaya membaiki permintaan.

Bahagian perkhidmatan pendidikan sekali lagi mencapai prestasi yang cemerlang atas fokus membekalkan program yang bermutu dan inovatif serentak dengan pengurangan kos overhed. Semua sektor dalam bahagian ini merekod prestasi yang lebih baik daripada tahun 2006.

BAHAGIAN HARTA

Pembangunan Harta

Projek perkembangan Kemuning Utama kami di Lembah Kelang mencatat kadar yang lebih baik berjumlah 375 unit dengan nilai jualan sebanyak RM130.44 juta berbanding dengan 238 unit dan nilai jualan sebanyak RM117.2 juta pada tahun 2006.

Given the need to pace our activities in a competitive market, and to manage the risks of over development, a total of 613 units of mainly affordable homes were launched during the year. To-date, we have launched a total of 2,433 units in Kemuning Utama with a sales value of RM997.12 million.

Atas perlunya kadar yang sesuai, aktiviti kami dalam pasaran yang bersaing tinggi serta mengurus risiko keterlaluan perkembangan, sejumlah 613 unit rumah sederhana telah dilancarkan pada tahun ini. Kini, kami telah melancar sebanyak 2,433 unit di Kemuning Utama dengan nilai jualan RM997.12 juta.

We continue to keep abreast of market trends in meeting the discerning needs of customers through the delivery of innovative products. “Indah Residences”, our latest double storey terrace houses that were launched in November 2007 featuring a completely new and modern, clean-cut architectural façade, received rave reviews from homebuyers. The take-up rate for Indah Residences has been most encouraging with the majority of purchasers comprising those in the younger age group.

During the year, a total of 333 property units with Certificates of Fitness were handed over to satisfied homeowners.

Our commitment to providing exemplary customer service – our key strength – is what differentiates us from many of our competitors. An integral part of township management requires attending to the needs of house buyers, post hand-over.

Kami sentiasa mengikuti tren pasaran terkini agar memenuhi kehendak pelanggan melalui pembekalan produk yang inovatif. “Indah Residences”, rumah kediaman teres dua tingkat telah dilancarkan pada November 2007 dengan façade yang baru dan moden, amat disukai oleh pembeli-pembeli. Kadar pembelian Indah Residences amat menggalakkan dengan majoriti pembeli dari kumpulan yang muda.

Pada tahun ini sejumlah 333 unit harta dengan Sijil kelayakan telah diserah kepada pembeli yang amat puas.

Komitmen kami adalah memberi perkhidmatan pelanggan yang cemerlang – kekuatan ternyata kami – merupakan ciri yang membezakan kami dengan saingan kami. Bahagian penting pengurusan bandar memerlukan perkhidmatan kepada pembeli selepas penyerahan rumah. Maka, kami telah menubuh Residents' and Homeowners' Associations di semua

Thus, we have set up Residents' and Homeowners' Associations in all our guard-gated developments for the benefit of communities therein. It is indeed gratifying to see residents fully enjoying the benefits of communal living with a host of programmes and activities organized to cater for various age groups.

During the year, one of the key priorities was the attainment of the ISO 9001:2000 certification to further enhance service and product quality for customers. However, instead of the normal approach, we chose to apply Value Management Quality System (VMQS) processes that incorporate elements of time, quality and cost besides the consideration of environmental and social impacts on the Quality Management System. We are currently in the review and documentation stage of the various work processes and we expect to implement the VMQS in our business operations fully in August 2008.

Our Bandar Laguna Merbok (BLM) development in Sungai Petani also enjoyed improved sales of 252 units with a sales value of RM48.2 million as compared with 221 units with a sales value of RM41.6 million in 2006.

As the BLM development is nearing completion, only 253 units, a lesser number of units, were launched during the year, bringing the total number of units launched to-date at BLM to 3,448, of which 3,312 units with a sales value of RM583 million have been sold as at 31 December 2007. Certificates of fitness were obtained for 275 units of properties at BLM and 253 units of low cost housing development at Taman Sri Semiling, Kedah.

Despite the intense competition in the property development industry in Sungai Petani, BLM continues to maintain its market share given its attractive residential township attributes and conducive environment.

perkembangan perumahan berpagar untuk manfaat penduduk. Kami rasa amat gembira melihat penghuni mendapat manfaat hidup berkomuniti dengan banyak program dan aktiviti dianjurkan untuk semua golongan umur.

Pada tahun 2007, satu daripada prioriti Kumpulan ialah pencapaian sijil ISO 9001:2000 untuk meningkat lagi mutu perkhidmatan dan produk untuk pelanggan. Akan tetapi berbeza dengan praktik lazim, Kumpulan memilih mengaplikasi proses Value Management Quality System (VMQS) yang merangkumi elemen masa, kualiti dan kos selain dari pertimbangan kesan alam sekitar dan sosial dalam Quality Management System syarikat. Kami kini dalam peringkat tinjauan dan dokumentasi pelbagai proses kerja and dijangka akan melaksanakan VMQS sepenuhnya dalam operasi bisnes pada bulan Ogos 2008.

Projek Bandar Laguna Merbok (BLM), di Sungai Petani, juga mencatat penjualan yang baik iaitu 252 unit degan nilai jualan RM48.2 juta berbanding dengan 221 unit dengan nilai jualan RM41.6 juta pada tahun 2006.

Oleh kerana perkembangan BLM hampir tamat, hanya 253 unit, bilangan yang agak kecil, telah dilancar pada tahun ini, dan jumlah besar sehingga kini di BLM ialah 3,448, di mana 3,312 unit dengan nilai jualan RM583 juta telah dijual pada 31 Disember 2007. Sijil kelayakan telah didapati untuk 275 unit harta di BLM dan 253 unit rumah kos rendah di Taman Sri Semiling, Kedah.

Walaupun persaingan industri perkembangan harta di Sungai Petani amat hebat, BLM masih mengekal bahagian pasaran kerana ciri bandar kediamannya yang menarik serta alam sekelilingnya yang nyaman.

All relevant documents on the 515-acre land in Amanjaya, Sungai Petani, have been submitted to the local authorities, and barring any unforeseen circumstances, the first phase of this development is expected to be undertaken in the last quarter of 2008. Like our award winning BLM development, we will apply the best and the latest development concepts and designs as those in the Klang Valley. However, we will ensure that the price of properties will be very affordable for the benefit of the residents of Sungai Petani.

In keeping with our strategy to increase our land bank in strategic locations and to diversify into commercial development, we completed the acquisition of a parcel of leasehold industrial land located in Section 13 for development of blocks of good grade office, related industries and showroom buildings both to generate good rental yields and for sale. Although Section 13 has traditionally been home to many industrial factories, several in recent years, have been relocated to the outskirts of Selangor. However, following Petaling Jaya being given a city status, the local authority has allowed for the redevelopment of Section 13 industrial zone into commercial, showroom and industrial related development without having to convert the land use from industrial to commercial. Barring any unforeseen circumstances, we expect to commence development in 2009 and complete the development over a period of three to four years.

We are targeting to complete the acquisition of another two two-contiguous parcels of 99-year leasehold vacant industrial lands in Kota Damansara for the development of semi-detached industrial buildings for which there is an existing proven demand in the established Kota Damansara township development.

Semua dokumen untuk pembelian tanah 515-ekar di Amanjaya, Sungai Petani, telah diserah kepada pihak berkuasa tempatan, dan sekiranya tiada kekangan, fasa satu perkembangan ini dijangka akan bermula pada suku akhir tahun 2008. Seperti perkembangan BLM yang telah memenangi beberapa anugerah, kami akan melaksanakan konsep dan rekabentuk yang terbaik seperti yang telah digunakan di Lembah Kelang. Namun demikian, kami akan pastikan harganya berpatutan untuk manfaat penghuni-penghuni Sungai Petani.

Selaras dengan strategi menambah bank tanah di lokasi strategik dan mempelbagai ke perkembangan komersial, kami telah memperolehi separcel tanah industri pegangan pajak di Seksyen 13 untuk membina blok pejabat gred tinggi, industri berkaitan dan bangunan bilik pameran agar menjana pendapatan sewa dan jualan. Walaupun Seksyen 13 mempunyai banyak kilang perindustrian, beberapa antaranya pada tahun-tahun kebelakangan ini telah berpindah ke kawasan luar Selangor. Namun, dengan Petaling Jaya diberi status bandaraya, pihak berkuasa tempatan membenarkan perkembangan semula zon industri Seksyen 13 ke komersial, bilik pameran dan perkembangan yang berkait dengan industri tanpa memindah guna tanah dari industri ke komersial. Sekiranya tiada kekangan, kami jangka akan mula perkembangan pada tahun 2009 dan tamat dalam jangka masa tiga atau empat tahun.

Kami sedang dalam proses menamat pemerolehan dua lagi parcel tanah bersebelahan kosong industri 99-tahun pegangan pajak di Kota Damansara untuk memperkembangkan bangunan industri yang terbuktinya mendapat sambutan yang hebat di Bandar Kota Damansara yang terkenal.

Construction

The performance of the construction sector fell in tandem with that of the property development sector, as the bulk of activities still stem from Group projects. Such projects have reduced to 50% of total revenue in 2007 from 70% in 2006 following active efforts to shift the focus to bidding for external projects. However, we remain highly selective in tendering for projects.

Given the highly competitive market and escalating raw material prices, the construction sector is further challenged to improve on profit margins without compromising on quality. This means exploring innovative yet economical methods of construction, improving quality control to minimize remedial work and controlling wastages at site.

Going forward, we will mitigate our exposure by entering into joint ventures with property developers and landowners and, actively pursue project management/ construction management consultancy services projects. It is envisaged that the sector's revenue will increase substantially in 2008 with more than half contributed by external projects.

Pembinaan

Prestasi sektor pembinaan jatuh selari dengan sektor pembangunan harta kerana kebanyakan aktiviti bergantung ke projek Kumpulan. Projek kini dikurangkan ke 50% daripada jumlah perolehan tahun 2007 berbanding dengan 70% pada tahun 2006 berikutan usaha mendapat projek luar. Walaubagaimana pun, kami masih memilih jenis projek yang dipelawa. Kami juga terlibat dalam projek usahasama dengan pemaju harta dan pemilik tanah.

Dalam pasaran yang bersaing tinggi dan harga bahan mentah yang kian meningkat, sektor pembinaan dicabar menambah margin keuntungan tanpa berkompromi kualiti. Ini bermakna mencuba kaedah binaan yang inovatif dan ekonomik, membaiki kawalan kualiti agar mengurang kerja pemulihan dan pembaziran di tapak binaan.

Memandang ke hadapan, kami akan terus mencari projek usahasama dengan pemaju harta dan pemilik tanah dan juga pengurusan projek/pengurusan pembinaan projek perkhidmatan perundingan. Adalah dijangka perolehan sektor ini akan menambah baik pada tahun 2008 dengan separuhnya dari projek luar.

Property Investment

The property investment sector, whose earnings are limited to rental income from the college campus and primary and secondary school buildings let out to related companies from the educational services division, registered a lower performance compared with the previous year due to the cessation of rental income from Regency Tower condominium.

EDUCATIONAL SERVICES DIVISION

Primary and Secondary School

The primary and secondary school sector's financial performance in 2007 as compared with the previous year was in a word, outstanding, as profits tripled on the back of student enrolment growth, from 2050 to 2311 during the said year. Student enrolment continued to grow in 2008, surpassing a close to full capacity intake of 2,400.

In January 2007, Sekolah Sri KDU became the first private non-international school to offer the International Baccalaureate Diploma Programme (IBDP) in Malaysia. The first intake of 40 students including 25 Petronas scholars has already surpassed the IBDP enrolment in some other international schools in Malaysia. In response to the unexpected yet overwhelming support for IBDP, the school offered an additional intake in June, 2007. However, for future years, the school will only have an annual intake in June.

Sekolah Sri KDU students continue to be the school's best ambassadors through their sterling performances, both academically and in co-curricular activities. The school takes pride in the achievements of its students and strongly believes that this will further underpin its economic success in future.

Pelaburan Harta

Perolehan sektor pelaburan harta kini terhad ke pendapatan sewa dari kampus kolej dan bangunan sekolah rendah dan menengah milik syarikat berkaitan dari bahagian perkhidmatan pendidikan, mencatat prestasi yang rendah dibanding dengan tahun lepas kerana tiada pendapatan sewa dari kondominium Regency Tower.

BAHAGIAN PERKHIDMATAN PENDIDIKAN

Sekolah Rendah dan Menengah

Prestasi kewangan sekolah rendah dan menengah pada tahun 2007 jika dibanding dengan tahun lepas boleh dikatakan amat cemerlang kerana keuntungan berganda tiga kali atas peningkatan enrolmen dari 2050 ke 2311 pada tahun tersebut. Enrolmen pelajar terus meningkat pada tahun 2008, hingga kapasiti penuh sebanyak 2,400.

Pada Januari 2007, Sekolah Sri KDU menjadi sekolah swasta bukan-antarabangsa yang pertama menawar International Baccalaureate Diploma Programme (IBDP) di Malaysia. Pengambilan pertama 40 pelajar termasuk 25 pelajar Petronas telah melebihi enrolmen IBDP beberapa buah sekolah antarabangsa di Malaysia. Berikutan dengan respon yang baik ini dari IBDP, sekolah menawar pengambilan tambahan pada Jun 2007. Akan tetapi, untuk masa depan, sekolah akan menawar pengambilan tahunan pada bulan Jun sahaja.

Pelajar-pelajar Sekolah Sri KDU terus menjadi ambassador terbaik atas prestasi yang cemerlang dari segi akademik mahupun kegiatan kokurikulum. Sekolah

During the year, Sekolah Sri KDU management team participated in a workshop, initiated by the Group titled “Blue Ocean Strategy (BOS)”. The objective of the workshop is to help enhanced one’s competitiveness. From the many ideas generated based on the principles of BOS, the school’s management team chose the “Malaysian Hearts Global Minds” strategy focusing on character development with the view of enhancing the school’s student-centred, holistic education. This initiative will be implemented from 2008 onwards, and will provide further product differentiation for our discerning customers.

Spurred by the success of our Kota Damansara school, we believe the time is now right for us to leverage on our strengths and experience by expanding our presence geographically. Our first school to be built outside the Klang Valley will be in Nusajaya, Iskandar Development Region (IDR), Johor following the signing of a conditional sale and purchase agreement with Nusajaya Rise Sdn Bhd and UEM Land Sdn Bhd to acquire a 10-acre freehold land to build a private smart school to take advantage of the largely untapped market in Johor Baru for private education and the potentials of IDR, earmarked as a center of growth for the

amat bangga dengan pencapaian pelajar-pelajarnya dan percaya bahawa ini akan menjamin kejayaan mereka pada masa depan.

Pada tahun ini, pasukan pengurusan Sekolah Sri KDU menyertai bengkel yang dianjurkan oleh Kumpulan, bertajuk “Blue Ocean Strategy (BOS)”. Objektif bengkel ialah membantu meningkat semangat persaingan. Berdasarkan idea yang dijana dari prinsip-prinsip BOS, pasukan pengurusan sekolah memilih strategi “Malaysian Hearts Global Minds” yang berfokus kepada perkembangan watak untuk meningkatkan tahap pendidikan pelajar dan holistik. Inisiatif ini akan bermula pada tahun 2008, dan ini akan membezakan produk kami untuk pelanggan kami yang arif.

Atas kejayaan sekolah kami di Kota Damansara, kami percaya masanya adalah sesuai untuk menggunakan kekuatan dan pengalaman kami untuk memperluaskan ke tempat lain. Sekolah pertama kami di luar Lembah Kelang akan dibina di Nusajaya, Iskandar Development Region (IDR), Johor Baru setelah menandatangani perjanjian bersyarat jualan dan belian dengan Nusajaya Rise Sdn Bhd dan UEM Land Sdn Bhd. Ini adalah selaras dengan strategi Kumpulan memperolehi tanah milik bebas

national economy. We had also accepted UEM's offer for options to purchase another contiguous 5-acre and 10-acre lands for future expansion into an international school when IDR takes off fully and the expatriate community increases. This contract option rather than direct ownership limits our risks and exposure to changing market conditions by giving us the flexibility to renegotiate.

Tertiary Education

The tertiary education sector continued to register growth, although at a slower pace, with encouraging news of Penang campus' (KDU Pg) profitability after years of lacklustre performance. Student population increased to 5,035 from 4,714 in the previous year, as the Petaling Jaya campus (KDU PJ) student enrolment numbers reached record high levels during the year. Our focus on remaining true to our values – quality, value, service, innovation and trust – and constantly improving our programmes, service and campus facilities in the conduct of our business underpin our sustainable growth. Students of diverse backgrounds are attracted to KDU's quality academic programmes, qualified and experienced teaching staff and state-of-the-art facilities.

KDU's collaboration with renowned universities, institutions and industries to complement its existing brand offer, gives the college the competitive edge to attract students who value international recognition and mobility. During the year, the range of "3+0" progammes increased and double majors programmes were also made available. Additionally, the strong relationships built by the Nursing and Allied Health department with both public and private hospitals will facilitate the placement of students at these hospitals for professional training and exposure required for their practical training. The

10-ekar untuk membina sebuah sekolah swasta bestari, bagi memenuhi permintaan untuk pendidikan swasta di Johor Baru dan juga potensi IDR, sebuah pusat pertumbuhan untuk ekonomi negara. Kami telah menerima tawaran UEM untuk membeli sebuah tanah bersebelahan 5-ekar dan 10-ekar bagi perkembangan masa depan, iaitu membina sebuah sekolah antarabangsa apabila IDR dilancarkan untuk komuniti expatriate. Opsyen kontrak ini dan bukan milik secara langsung akan menggurangkan risiko terhadap keadaan pasaran yang kian berubah. Ia juga memberi kami flexibiliti untuk berunding semula.

Pendidikan Tertiar

Sektor pendidikan tertiar terus mencatat pertumbuhan, walau pada kadar yang perlahan, dengan berita yang menggalakkan, iaitu kampus Pulau Pinang (KDU Pg) mencapai keuntungan selepas beberapa tahun prestasi sederhana. Enrolmen pelajar meningkat ke 5,035 dari 4,714 pada tahun lepas, manakala kampus Petaling Jaya (KDU PJ) enrolmen pelajar mencapai rekod pada tahun ini. Fokus kami masih adalah nilai benar – kualiti, bernilai, perkhidmatan, inovasi dan kepercayaan – sentiasa membaiki program, perkhidmatan dan kemudahan kampus dalam menjalankan bisnes kami agar terus berkembang. Pelajar-pelajar dari pelbagai latarbelakang berminat menikmati program akademik berkualiti, tenaga pengajar yang berkelayakan dan berpengalaman serta kemudahan canggih KDU.

Kolaborasi KDU dengan universiti terkenal, institusi dan industri untuk melengkap program kini memberi kolej kelebihan menarik minat pelajar yang menghargai pengiktirafan dan mobiliti antarabangsa. Pada tahun yang ditinjau ini bilangan program "3+0" telah menambah dan program double major juga mula ditawarkan. Tambah lagi hubungan erat outstanding achievements of our Design students at state and national level competitions have led to the formation of partnerships with the design industry, and serves as a catalyst for the college to introduce positive changes to the programme. Internships for culinary students at five star hotels, resorts and restaurants, both locally and internationally, are arranged by KDU to introduce students to a real working environment before they complete their courses.

The college places great emphasis on improving academic staff training to improve students' learning. Regular class observations are carried out to ensure quality delivery of lectures and engagement of students in learning. Continuous improvement in the quality of teaching and learning and pastoral care of our students has resulted in higher passing rate of students in all programmes.

The college is maintaining a long-term commitment to enhancing operational efficiency and both campuses continue to standardize products and services to drive down costs and improve quality. KDU Pg is making the necessary preparations to adopt ISO 9001-2000 to synchronise daily processes with that of KDU PJ's, following clear-cut systematic procedures by management, academic and administrative staff.

The continuous upgrading of facilities at KDU College remains the norm and for 2007 this included an investment of RM1.5 million in upgrading the specialist -training kitchen for the hospitality and chef training students. All the upgraded facilities provide students with better learning experience and bridge students' learning with real life working experience.

In 2008, KDU College will celebrate its 25th birthday and, as a Group, we have much to look forward to throughout the year as

jabatan Nursing and Allied Health dengan hospital awam dan swasta memudahkan penempatan pelajar untuk latihan profesional dan pendedahan yang diperlukan untuk latihan praktikal. Pencapaian cemerlang pelajar di pertandingan peringkat negeri dan kebangsaan telah menghasilkan hubungan rapat dengan industri rekabentuk. Ini merupakan suatu mangkin untuk kolej memperkenalkan pertukaran positif kepada programnya. Latihan prantisan untuk pelajar culinari di hotel lima bintang, tempat peranginan dan restoran, tempatan dan antarabangsa, diaturkan oleh KDU untuk memperkenalkan pelajar kepada alam kerja sebenarnya sebelum mereka menamat pangajian.

Kolej utamakan latihan staf akademik agar meningkat pembelajaran pelajar. Pemerhatian kelas secara lazim dijalankan untuk menjamin kualiti penyampaian syarahan dan penglibatan pelajar dalam pembelajaran. Peningkatan berterusan dalam kualiti pengajaran dan pembelajaran serta cirri penyayang telah menghasilkan kadar kelulusan yang lebih tinggi dalam semua program.

Kolej mengekal komitmen jangka panjang untuk meningkat kecekapan operasi dan kedua dua kampus terus mempiawaikan produk dan perkhidmatan agar mengurang kos dan membaiki kualiti. KDU Pg sedang melakukan persediaan untuk menerima ISO 9001-2000 supaya selaras proses harian dengan KDU PJ, mengikut prosedur yang jelas oleh pihak pengurusan, staf akademik dan pentadbiran. Peningkatan kemudahan di Kolej KDU masih kekal untuk tahun 2007 termasuk pelaburan sebanyak RM1.5 juta untuk menaikan taraf dapur latihan specialist bagi pelajar hospitaliti dan latihan chef. Semua kemudahan ini memberi pelajar-pelajar persekitaran pembelajaran yang lebih kondusif dan pengalaman alam kerja sebenarnya.

events are celebrated or unfolded to mark or signify achievements, reflect our corporate social responsibility and to thank our stakeholders namely our valued customers, business partners employees and the communities in which we operate.

Pada tahun 2008, Kolej KDU meraikan ulangtahun ke-25, dan sebagai Kumpulan, kami mengalu-alukan acara yang akan dilaksanakan untuk menanda pencapaian kami, mencerminkan tanggungjawab sosial korporat dan kami ingin mengucap terima kasih kepada pelanggan kami, rakan bisnes, pekerja dan komuniti.

Post Executive and Professional Development

KDU Management Development Centre (KMDC)'s successful restructuring to drive revenue and increase profit margins saw the sector turning in a better performance to record higher revenue and lower losses from the previous year.

As part of its restructuring exercise, several measures were taken during the year. These include the closure of the Plaza Sentral premise and relocation of the business operations to the holding company's premise, and closure of the Penang branch office, all of which have substantially reduced overhead operating costs; discontinuation of several unprofitable product mix and the handing over of products that require high manpower to the tertiary education sector; staff reduction in departments where

Pendidikan Pasca Eksekutif dan Perkembangan Profesional

Penstrukturan baru KDU Management Development Centre (KMDC) untuk menambah perolehan dan margin keuntungan telah menghasilkan prestasi yang lebih baik dengan perolehan yang tinggi dan kerugian yang rendah.

Beberapa tindakan telah diambil dalam tahun yang ditinjau. Ini termasuk menutup premis operasi di Plaza Sentral dan menempatkan operasi di premis syarikat holding serta penutupan pejabat cawangan di Pulau Pinang. Semua ini telah mengurangkan kos operasi overhed apabila menamatkan beberapa produk yang tidak lumayan dan menempatkan beberapa produk yang memerlukan sumber manusia yang lebih tinggi ke sektor pendidikan tertiar. Bilangan staf dan kos juga dapat dikurangkan hasil penstrukturan ini.

maintaining high staffing levels were no longer justified as well as the natural attrition of staff saw a substantial reduction in headcount and lowered costs.

KMDC is confident that the initiatives taken in 2007 will pave the way to better operating results in the future. KMDC will continue to collaborate with renowned business schools and universities in the provision of quality executive education.

Overseas English Language centre

Following a review of the performance of the centre and a change in management mid 2007, the centre has doubled its student enrolment and revenue and correspondingly, lowered losses.

The improved performance is a result of management's efforts to draw on its existing resources to expand its range of product offerings, increase corporate training accounts, enter into partnerships with local schools to offer KDU China's products, increase its presence in the local community through advertisements and events, recruitment of marketing and frontline staff and launching of a Chinese web-site.

We will continue to evaluate these initiatives for improvements and look for opportunities to duplicate the school in other parts of China.

INVESTMENT AND OTHERS

Investment and Others, which comprise mainly the performance of the holding company and an associated company, Jerneh Insurance Berhad (JIB), recorded better results due to higher dividend

KMDC yakin inisiatif yang dilakukan pada tahun 2007 akan menghasil prestasi operasi yang lebih baik pasa masa depan. KMDC akan terus berkolaborasi dengan sekolah bisnes dan universiti dalam pembekalan pendidikan eksekutif yang bermutu.

Pusat Bahasa Inggeris Luar Negeri

Berikutan dengan tinjauan prestasi pusat dan pertukaran pengurusan pada tengah tahun 2007, pusat telah menambah enrolmen pelajar dan perolehan dua kali ganda dan seterusnya kerugian dikurangkan.

Prestasi yang baik ini merupakan hasil usaha pengurusan mengembling resos yang sedia ada dalam menambah tawaran produk, menambah akaun latihan korporat, menjalin hubungan dengan sekolah tempatan menawar produk KDU, meningkat kesedaran kepada komuniti melalui pangiklanan dan acara serta rekrut staf pemasaran dan meja depan dan juga melancar laman web Cina.

Kami akan terus menilai inisiatif membaiki ini dan mencari peluang untuk membuka sekolah di lokasi lain di negara Cina.

PELABURAN DAN LAIN-LAIN

Pelaburan dan Lain-Lain, yang merangkumi prestasi syarikat holding dan sebuah syarikat bersekutu, merekod prestasi yang lebih baik kerana dividen pendapatan yang lebih tinggi dan penjimatan dalam kos operasi di syarikat holding, dan juga keuntungan dari pelaburan 20% di Jerneh Insurance Berhad atas kemajuan dalam penanggungan insurans dan aktiviti pelaburan.

income and savings in operating expenses at the holding company, and higher share of profit from its 20% investment in JIB attributed to an improvement in its underwriting results and investment income.

OUR PEOPLE, OUR STRENGTH

Our success is dependent on having the best team of people who are not only properly trained and motivated but also equally rewarded and recognized for their effort. It is thus fitting that I place on record my sincere appreciation for the dedication and professionalism displayed by our employees. Thanks to the Group's 984 employees, we have delivered on our performance to our shareholders.

The Group also acknowledges that the attraction and retention of the highest caliber people with the appropriate experience is crucial to our long-term growth in a highly competitive labour market. To strengthen our people management skills and the need to tap talents, the Company engaged the services of Towers Perrin, a Human Resource consultancy, to assist the Group in drawing up a Human Capital Strategy. Towers Perrin, after much in-depth discussions with the Chief Executives of the various operating units and senior management, conducted a staff engagement survey to draw on employees' insights and feedback. While the results confirmed many of the Group's strengths, the survey also identified a number of challenges. Accordingly, several action plans to address these have been drawn up by the various operating units for implementation over the next three years.

SUMBER MANUSIA KEKUATAN KAMI

Kejayaan kami bergantung kepada pasukan yang terbaik bukan sahaja yang dilatih secara betul dan bermotivasi akan tetapi di beri ganjaran dan pengiktirafan untuk usaha mereka. Maka saya ingin merekod penghargaan yang ikhlas atas dedikasi dan profesionalisma staf kami. Staf Kumpulan seramai 984 orang, telah mempamirkan prestasi mereka kepada pemegang-pemegang saham kami.

Kumpulan juga sedar bahawa staf yang berkaliber dengan pengalaman yang sesuai perlu direkrut dan dikekalkan untuk pertumbuhan jangka masa panjang dalam pasaran staf yang amat tinggi saingan. Untuk memperkukuhan kemahiran personnel pengurusan dan menarik yang bermutu, Syarikat telah mendapat perkhidmatan Towers Perrin, sebuah syarikat konsultansi sumber manusia, untuk merangka sebuah Strategi Sumber Manusia. Towers Perrin, setelah berbincang dengan Ketua Eksekutif dan pengursan atasan unit-unit operasi telah menjalankan kajian 'staff engagement' untuk mendapat maklumbalik dan pandangan kakitangan. Manakala keputusan menunjukkan kekuatan Kumpulan, kajian ini juga mengenalpasti beberapa cabaran. Oleh itu beberapa pelan tindakan telah di rangka untuk menangani cabaran tersebut dan akan dilaksanakan dalam tiga tahun yang akan datang.

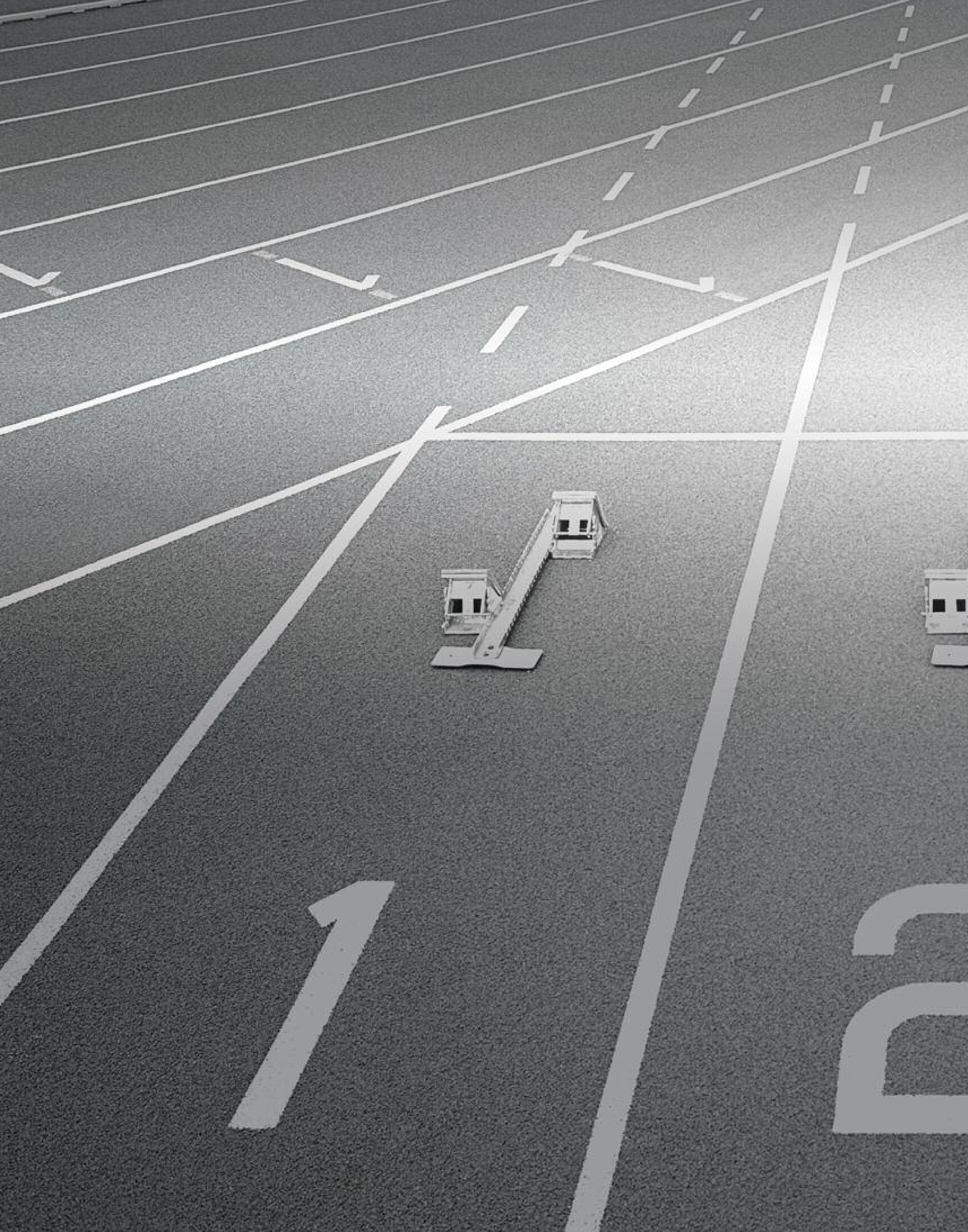
As we enter 2008, I am confident that the strategic actions taken and the operational improvements implemented by the various operating units during 2007 will provide the foundation for sustainable growth. Paramount is in a much stronger position to meet the demands of an increasingly competitive marketplace supported by a Board that has the right blend of skills to provide wise counsel and guidance to the management team. Going forward, we remain on course to deliver a stable performance in 2008.

Memasuki tahun 2008, saya yakin bahawa tindakan strategik yang diambil dan pembaikan operasi yang dilaksanakan oleh unit-unit operasi pada tahun 2007 akan menjadi asas untuk pertumbuhan kekalan. Paramount kini dalam kedudukan yang amat kukuh untuk menangani cabaran pasaran yang kian bersaingan dengan sokongan Lembaga yang mempunyai kemahiran memberi nasihat dan panduan kepada pasukan pengurusan. Kami percaya kumpulan akan mencapai prestasi yang stabil pada tahun 2008.

DATO' TEO CHIANG QUAN

Group Managing Director & Group Chief Executive Officer

Pengarah Urusan Kumpulan & Ketua Pegawai Eksekutif Kumpulan




Our proven track record has
helped enhance our standing in markets that we serve

statement on **corporate social responsibility**

At Paramount Corporation Berhad (Paramount or the Company), Corporate Social Responsibility (CSR) remains close to our heart as a business practice. Begun as a family concern, the Company entrenched the values of the founders in the boardroom for decades and, over the years, it evolved into a corporate philosophy that was easily embraced by management and staff.

This background to CSR has served Paramount well. The Company always maintains the best values and practices in its relationship with all stakeholders, which, we believe, is why Paramount is regarded as a good employer and trusted business partner, and one that cares for and involves itself in the local and wider communities and the environment in which the Paramount group of companies (the Group) operates. Paramount also holds the long-term view that a rapidly changing world brings new responsibilities and concerns that have to be constantly addressed and are not in conflict with the attainment of the Group's objectives.

CSR IN THE ENVIRONMENT

The nature of our business, quite naturally, impacts on the environment, and therefore our interaction with the environment has got to be positive at all times in order to sustain our business in the long term. Our key commitments are to:

- Protect and enhance the environment at large. Our commitment is best exemplified in our development and building approach where a conscious effort is made to preserve the beauty of the natural surroundings.

- Mitigate any possible adverse impact on the environment. Our buildings and homes are designed to incorporate features that promote energy conservation. Given that the construction process typically generates large volumes of waste, there were concerted efforts, over the past year, to mitigate the problem through positive measures to reduce waste generated. In our office environment, we ensure that wastes are re-used or re-cycled as far as possible. The Group is also seeking ways to improve its water and energy consumption.

- Comply with the requirements of all relevant legislation and best practices as a minimum standard. We place utmost importance in conforming to and satisfying the regulations set by the Department of Environment.

- Provide employees with appropriate literature on environmental issues. We ensure that all our employees have the necessary information they need in order to undertake their work without any adverse impact on the environment and help our customers meet their own environmental targets.

- Promote our environment values to clients, consultants, advisers, suppliers and all business contacts. We also encourage good environmental practices within our supply chain and require all contractors working on our behalf to adopt these standards of care. A winner of numerous national and international FIABCI awards, we walk the talk when it comes to environmental issues.

CSR IN THE WORKPLACE

Employees at every level are encouraged to make the fullest contribution to the Group's performance and the achievement of goals. This we seek to achieve by:

- Ensuring the people with the right skills and qualities are recruited, trained, supported and retained to create high levels of motivation, achievement and job satisfaction. We aim to be the employer of choice in the industries that we operate.

- Providing employees with the opportunity to have a direct ownership of the Company through its Employees' Share Option Scheme participation.

- Creating a working environment that is conducive to good working relations by demonstrating good leadership and adopting the best in Human Resource practice with well-developed policies and procedures. These are continually subject to review, and we recently engaged the services of a professional Human Resource consultant, Towers Perrin, to help us draw up a Human Resource policy that would enhance our people management and to tap talents in a highly competitive market.

- Employing a workforce that reflects the diversity of our society by promoting our commitment to equal opportunities for all regardless of age, gender, race, religion, disability, nationality, etc.

- Providing training and career development so that employees can grow and achieve their potential. We strive to maintain a knowledgeable, stable and motivated workforce that increases the satisfaction levels of our customer base whilst reducing recruitment and retention costs. In our employees' annual appraisal, training and personal development requirements are mutually agreed, and plans for the training and development are drawn up and budgeted for each year. We also take a pro-active approach in providing opportunities for our employees to obtain professional and nationally recognized qualifications and in encouraging continuous professional development programmes that are conducted internally and externally. All our senior managers are encouraged to attend The Wharton Executive Series, a world class executive series conducted twice yearly by the post executive education sector in collaboration with The Wharton Business School.

- Ensuring worksites and surrounding areas maintain high health and safety standards, as we do not compromise on the safety of our employees, sub-contractors and visitors. In this regard, our construction sector has adopted and adheres strictly to the guidelines on public safety and health at construction sites issued by the Department of Occupational Safety and Health. Regular health and safety training are provided.

- Recognising that effective employee communication and consultation are particularly important in achieving our business objectives, information on the progress and activities of the Group and the external financial and economic factors affecting it, both from sources in the public domain and those published internally, are readily made available to employees through the intranet.

- Promoting family friendly policies and work-life balance initiatives to encourage the general well-being of our employees.

CSR IN THE COMMUNITY

Paramount is committed to operating in ways that meets the needs of the present without compromising the world we leave to the future. We aim to add value to the communities in which we operate and through this engagement enhance the long-term sustainability of our business. We support this through:

- Contributing to local charities and voluntary organizations. We have made significant inroads in promoting community interaction through social programmes and activity. We also support numerous charitable causes both in cash and kind, and through the provision of scholarships to deserving students.

- Supporting local communities through opportunities for employment, interaction with schools, liaison and support for local wellbeing. In communities that are directly impacted by our project work, we keep them appropriately informed of the progress made on any issues that affect them.

- Encouraging wider employee participation in community projects organized. We encourage our people to volunteer in order to help others in the community and we recognize the benefits that volunteering can bring through the development of skills and competencies.

- Using our influence to steer change for the better.

CSR IN THE MARKETPLACE

We constantly and actively engage and respond to our other stakeholders including shareholders, analyst, fund managers, customers, suppliers and government and non-government bodies with a view to fostering better relations and understanding. We engage with our stakeholders in a number of ways. These include:

- Committing to high ethical standards in the areas of marketing, advertising and procurement. Our customers remain at the heart of everything that we do. Their feedback is reviewed on an ongoing basis and used to improve our customer service. We seek to protect our customers' rights through responsive customer complaint procedures and by meeting the strictest data protection requirements.

- Building long term partnerships with our suppliers based on the compatibility of their values and behavior as well as product quality and price. We believe that this is key to servicing our customers' needs and developing the highest product and quality standards. By working closely with suppliers, we continue to find new ways to improve efficiency, lower costs for our customers and address growing health and safety and environmental requirements.

- Maintaining clear, timely and open communications with shareholders, analyst and fund managers. Paramount is committed to helping its shareholders, analyst and fund managers develop a clear understanding of the Company's strategy, performance and growth potential through timely and open communications. Information on the Group's website are to ensure that they are accessible to all interested parties.

- Maintain high standards of corporate governance. We monitor and evaluate risk on an ongoing basis as part of our commitment to sustainable business. A full report on Corporate Governance and Internal Controls are found on pages 50 to 53 and 56.

statement on **corporate governance**

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

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

DIRECTORS

The Board of Paramount has eight members comprising two executive directors and six non-executive directors, five of whom are independent. This strong and independent element brings an objective and independent judgement to the decision-making process of the Board. The biographical details of the Board members are set out in the Board section on pages 14 to 15.

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

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

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

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

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

The Board met five times during the year, and the attendance record of directors was as follows:

Director	Attendance
Dato' Md Taib bin Abdul Hamid	5 out of 5
Dato' Teo Chiang Quan	5 out of 5
Ong Keng Siew	5 out of 5
Tan Sri Dato' Ahmad Sabki bin Jahidin	5 out of 5
Dato' Haji Azlan bin Hashim	5 out of 5
Rohana Tan Sri Mahmood	2 out of 5
Geh Cheng Hooi	4 out of 5
Quah Chek Tin	5 out of 5

The Board also meets on an ad-hoc basis to deliberate urgent issues and matters that require expeditious board direction or approval.

Formal agendas, papers and reports are supplied to Directors in a timely manner, prior to Board meetings. All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are followed, and the senior management. The Board also has the full and unrestricted access to information relating to the business and affairs of the Company in the discharge of their duties. Directors may take independent professional advice at the Company's expense in the furtherance of their duties.

The Board acknowledges the importance of continuous education and training to equip themselves for the effective discharge of their duties. Appropriate training and briefing are available to all Directors on appointment to the Board, and subsequently as necessary, taking into account their individual qualifications and experience.

During the financial year ended 31 December 2007, the following two in-house seminars were organized for the directors and senior management:

i. The New Deal at Work: Managing the Market-Driven Workforce; and

ii. Malaysian Property Market Scenario.

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

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

Audit Committee

A detailed report on this committee is contained on pages 54 to 55 of this Annual Report.

Nomination Committee

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

The Nomination Committee is entrusted with the task of recommending candidates for Directorship to be filled by the shareholders or the Board, and for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director, as well as the Chief Executive Officer on an on-going basis. The Nomination Committee also considers the balance of the Board membership, determining the core competencies and skills required of the Board through annual reviews, as well as ensure that all Directors receive appropriate continuous training.

Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee comprises exclusively of the Deputy Group Managing Director & Deputy Group Chief Executive Officer, who is the Chairman of the Committee, the Group Financial Controller, the Human Resource Director, and the Corporate Affairs Director.

The ESOS Committee is entrusted with the task of administering the ESOS of the Group in accordance with the By-Laws thereof and to exercise any discretion under the By-Laws with regard to the eligibility of employees to participate in the ESOS, option offers and option allocations (after taking into consideration the performance, seniority and number of years of service as well as the employees' actual or potential contribution to the Group) and also to take all necessary actions to give effect to the ESOS By-Laws and to ensure effective administration of the Scheme.

The ESOS Committee meets as and when necessary.

DIRECTORS' REMUNERATION

Remuneration Committee

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

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

Remuneration Policy

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

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

The Company also provides long term incentives in the form of share scheme. On 29 August 2005, the Company has implemented a five-year Employees' Share Option Scheme, which will expire on 28 August 2010. Under the scheme, all employees, who are in permanent full-time employment of the Group for a period of at least one (1) year of continuous service are entitled to participate in the scheme.

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

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

Director	Basic Salary (RM'000)	Bonus (RM'000)	Professional fees (RM'000)	Directors fees (RM'000)	Benefits in-kind (RM'000)
Dato' Md Taib bin Abdul Hamid	–	–	–	64	–
Dato' Teo Chiang Quan	1,028	514	–	65	60
Ong Keng Siew	402	193	–	54	36
Tan Sri Dato' Ahmad Sabki bin Jahidin	–	–	–	50	–
Dato' Haji Azlan bin Hashim	–	–	–	55	–
Rohana Tan Sri Mahmood	–	–	198	45	25
Geh Cheng Hooi	–	–	–	50	–
Quah Chek Tin	–	–	–	41	–

Shareholders

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

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

ACCOUNTABILITY AND AUDIT

Financial reporting

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

Internal control

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

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

Risk Management

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

Relationship with External Auditor

The Company has always maintained a close and transparent relationship with its external auditor in seeking professional advice and ensuring compliance with accounting standards in Malaysia. The report on the role of the audit committee in relation to the external auditor may be found in the Report on the Audit Committee set out on pages 54 to 55.

report of the **audit committee**

The Board of Directors of Paramount Corporation Berhad (Paramount or the Company) is pleased to issue the following Audit Committee Report and its activities for the year ended 31 December 2007.

MEMBERS AND MEETINGS

The Audit Committee comprises four (4) independent non-executive directors. Four meetings were held during the year.

The attendance of the committee members is as follows:

Directors	Status	Attendance
Tan Sri Dato' Ahmad Sabki Bin Jahidin (Chairman)	Independent Non Executive Director	4 out of 4 meetings
Geh Cheng Hooi	Independent Non-Executive Director/Accountant	4 out of 4 meetings
Ong Keng Siew*	Deputy Group Managing Director & Deputy Group Chief Executive Officer/Accountant	3 out of 3 meetings
Dato' Haji Azlan Bin Hashim	Independent Non-Executive Director/Accountant	4 out of 4 meetings
Quah Chek Tin**	Independent Non-Executive Director/Accountant	4 out of 4 meetings

* Mr Ong Keng Siew resigned as a member of the Audit Committee on 01 October 2007 in compliance with the revised Malaysian Code on Corporate Governance.

** Mr Quah Chek Tin was appointed as a member of the Audit Committee on 06 February 2007.

TERMS OF REFERENCE

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

Membership

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

At least one member of the Audit Committee must be a member of an accounting association or body.

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

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

Meetings

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

The committee shall meet with the external auditor without the presence of executive board members at least twice a year.

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

The committee shall record its conclusions on issues discussed during meetings and report to the board at the quarterly board meetings.

Authority

The Audit Committee is hereby authorised by the board to:

i) investigate any matter within its terms of reference;

ii) have resources which are required to perform its duties;

iii) have full and unrestricted access to any information pertaining to the Company and the Paramount group of companies (Group);

d) have direct communication channels with the external auditors and internal auditor; and

e) obtain independent professional or other advice as deemed necessary.

Reporting of Breaches to the Exchange

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

Duties of the Committee

The duties of the committee shall be as follows:

i) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;

ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

iii) To review the quarterly and year-end financial statements of the Company/Group, focusing particularly on:

   a) Any changes in accounting policies and practices;

   b) Significant adjustments arising from the audit;

   c) The going concern assumption; and

   d) Compliance with accounting standards and other legal requirements.

iv) To discuss problems and reservations arising from interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management where necessary);

v) To review the external auditor's management letter and management's response;

vi) To review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

vii) To review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;

viii) To consider major findings of internal investigations and management's response;

ix) To consider any related party transactions that may arise within the Company or Group;

x) To take cognisance of resignation of senior internal audit staff members and to provide the staff an opportunity to submit his/ her reasons for resigning; and

xi) To consider other topics deemed fit by the committee within its Terms of Reference and/or as defined by the board.

Review of the Committee

The board shall review the term of office and performance of the committee annually. This would be done as part and parcel of the board's self-assessment of directors.

ACTIVITIES OF THE AUDIT COMMITTEE

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

Financial Statements

i) Reviewed the quarterly and year-end financial statements prior to board's approval for release to Bursa Malaysia Securities Berhad and the press;

ii) Discussed audit plans with the external auditor before commencement of the annual statutory audit;

iii) Reviewed the external auditor's management letter and management's response;

iv) Reviewed the external auditor's audit fee and proposed the same to the board for its approval; and

v) Considered the intention of the external auditor, Messrs Ernst & Young, to be re-appointed and to propose the re-appointment to the board accordingly.

Internal Controls

i) Reviewed internal audit plans with the internal auditor covering the adequacy of scope, functions and resources of internal audit function;

ii) Discussed results of internal audit process and deliberated on highlighted issues of concern;

iii) Considered related party transactions that arose and advised the board on the appropriate actions to be taken;

iv) Advised the board on the state of internal control of the Group and the issuance of the Statement on Internal Control;

v) Discussed the Report of the Audit Committee; and

vi) Reviewed the organisational structure of finance departments within the Group and advised the board on its strengths and appropriateness.

Employees' Share Option Scheme

i) Reviewed the implementation and allocation of options of Paramount's Employees' Share Option Scheme during the year 2007 pursuant to Bursa Malaysia Securities Berhad's Listing Requirements. The allocations were in accordance with the By-Laws of the scheme.

INTERNAL AUDIT FUNCTION

The internal audit department reports functionally and independently to the Audit Committee and is independent of management and of the activities it reviews. Its role encompasses the examination and evaluation of the adequacy and effectiveness of the Group's system of internal controls and to provide reasonable assurances to the members of the committee.

The purpose, authority and responsibility of the internal audit function as identified by the Audit Committee in the form of audit charter includes furnishing the committee with audit reports which include independent analyses, appraisals, counsel and information on the activities reviewed. Special assignments and investigations are conducted on ad hoc basis as and when requested by the Board of Directors, Audit Committee and Management.

statement on **internal control**

PREAMBLE

This Statement on Internal Control is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad and in compliance with the Malaysian Code of Corporate Governance.

It outlines the scope of internal control within the Paramount Corporation Berhad (Paramount) group of companies (the Group) for this financial year.

BOARD'S RESPONSIBILITY

The board acknowledges overall responsibility of maintaining an adequate, sound and reliable internal control system to safeguard shareholders' investments and the Group's businesses and assets.

The board has amended the Terms of Reference for the Audit Committee to reflect the additional scope and duties of the committee as required by the revised Code of Corporate Governance.

The board through the Audit Committee reviews and monitors as an on-going process, the adequacy and integrity of the internal control and management information systems. The systems are designed to manage rather than to eliminate the risk of failure to achieve set business objectives. The board recognises that the internal control system can only provide reasonable but not absolute assurance.

The board's review does not cover the internal control system of Paramount's associated company as it does not have any direct control over its operations. However, board representation in Paramount's associated company does provide vital information necessary for decisions on the investments and the safeguarding of the Group's interest.

RISK MANAGEMENT/ STRATEGIC PLAN

The board regards risk management as an integral part of the Group's business objectives. The established risk framework allows management to identify, assess and manage principal risks of the Group. Principal risks are highlighted to the board for deliberation on a quarterly basis and further assessment is made during the board's annual review of the Group's strategic plan.

The established risk framework includes the board's evaluation of identified risks relating to new businesses and major investments during the year.

INTERNAL AUDIT FUNCTION

The board through the Audit Committee endorsed and approved the scope of the internal audit function through review of its five years detailed audit plan. The board places full emphasis on the independence and integrity of the internal audit function and ensures that the internal audit function has adequate resources to effectively report to the board on the internal control system of the Group.

The internal audit function submits regular audit reports to the Audit Committee for its review and deliberation and conducts follow-up action with management accordingly. The head of internal audit reports independently to the Audit Committee which ensures the audit function's impartiality, proficiency and professionalism.

INFORMATION SYSTEMS

Management holds Finance Committee meetings on a monthly basis where comprehensive financial results are reviewed by comparing actual performance against approved budget and forecast. The monthly financial results and management reviews are then summarised for presentation to the board for their quarterly meetings.

The established information system supports the financial and operational requirements of the Group. The integrity, adequacy, timeliness and security of the information system are consistently being monitored by management.

OTHER KEY AREAS OF INTERNAL CONTROL/ CONTROL PROCESSES

Other key areas of internal control/ control processes include:

- Continuous upgrading and development of internal control system upon reported recommendations by both external and internal auditors highlighted at the Audit Committee and board levels.
- Clearly defined areas of responsibilities for all committees of the board and clear lines of authority and accountability for various levels of management.
- 5-year Group strategic planning process including detailed budgeting and monitoring, reviewed by the board on an annual basis.
- Professionalism and competence of staff are maintained through a rigorous recruitment process, a performance appraisal and review system and a wide variety of training and development programmes.
- Good management culture practiced throughout the Group and expected code of conduct from management staff.
- A tender committee ensuring proper procurement process for material purchases of goods and services.

For the financial year under review, the board is satisfied that the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate.

Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

analysis of **shareholdings**
as at 31 March 2008

SHARE CAPITAL

Authorised capital	:	RM200,000,000
Issued and fully paid-up	:	RM107,698,949
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 99	56	1.41	1,391	0.00
100 – 1,000	1,234	31.18	1,135,696	1.05
1,001 – 10,000	2,135	53.94	8,844,905	8.21
10,001 – 100,000	471	11.90	13,785,038	12.80
100,001 – 5,384,946 (*)	59	1.49	36,448,919	33.84
5,384,947 AND ABOVE (**)	3	0.08	47,483,000	44.09
TOTAL	**3,958**	**100.00**	**107,698,949**	**100.00**

* Less than 5% of issued shares
** 5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shareholdings	%
1. Paramount Equities Sdn Bhd	31,325,000	29.09
2. Southern Palm Industries Sdn Bhd	10,639,000	9.88
3. Southern Acids (M) Berhad	5,519,000	5.12
4. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG Singapore (PWM Asing)	4,821,750	4.48
5. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Azlan Bin Hashim (KLC)	4,000,000	3.71
6. Bunga Indah (M) Sdn Bhd	3,309,391	3.07
7. Southern Realty (M) Sdn Bhd	2,999,000	2.78
8. Thye Heng (How Kee) Company Sdn Bhd	2,325,900	2.16
9. Angsana Sutera Sdn Bhd	1,924,000	1.79
10. Thye Heng (How Kee) Company Sdn Bhd	1,239,800	1.15
11. Kenanga Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Teo Pek Swan (6Q-31037)	1,190,000	1.10
12. Citigroup Nominees (Asing) Sdn Bhd GSCO for Truffle Hound Global Value LLC	1,000,000	0.93
13. Yayasan Kelantan Darulnaim	958,000	0.89
14. Glamour Partnership Sdn Bhd	868,700	0.81
15. Teo Chiang Quan	796,000	0.74
16. Thye Heng (How Kee) Company Sdn Bhd	723,200	0.67
17. Cheong Hon Keong	684,300	0.64
18. Goh Beng Choo	649,800	0.60

Name of Shareholders		No. of Shareholdings	%
19.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ong Keng Siew (MY0361)	446,000	0.41
20.	Yeo Khee Nam	375,000	0.35
21.	Yeo Khee Huat	350,000	0.32
22.	Tay Lee Kong	337,500	0.31
23.	Southern Edible Oil Industries (M) Sdn Bhd	333,000	0.31
24.	Ghee Thong Sdn Bhd	321,000	0.30
25.	Lim Yan Pok Holdings Sdn. Bhd.	310,000	0.29
26.	Citigroup Nominees (Asing) Sdn Bhd PLL for Robotti Global Fund LLC	300,000	0.28
27.	HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Kim Huat	300,000	0.28
28.	Sin Heap Lee Equities Sdn Bhd	275,140	0.26
29.	Tan Jin Tuan	251,550	0.23
30.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Leong Kok Tai (JRC)	240,000	0.22

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2008

Name	No. of Ordinary Shares of RM1.00 each Direct	Indirect		Percentage of Issued Share Capital %
Paramount Equities Sdn Bhd	31,325,000	–		29.09
Dato' Teo Chiang Quan	796,000	31,654,888	(1)	30.13
Southern Acids (M) Berhad	5,519,000	–		5.12
Southern Palm Industries Sdn Bhd	10,639,000	5,519,000	(2)	15.00
Southern Edible Oil Industries (M) Sdn Bhd	333,000	16,158,000	(3)	15.31
Southern Realty (M) Sdn Bhd	2,999,000	16,491,000	(4)	18.10
Banting Hock Hin Estate Co Sdn Bhd	184,000	19,490,000	(5)	18.27
Dato' Low Mong Hua	67,000	19,674,000	(6)	18.33

Notes:

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

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2008

In Paramount Corporation Berhad:

	Direct		Indirect	
	No. of Shareholdings	**%**	**No. of Shareholdings**	**%**
Dato' Teo Chiang Quan	796,000	0.74	31,654,888	29.39
Dato' Haji Azlan bin Hashim	4,000,000	3.71	–	–
Ong Keng Siew	446,000	0.41	–	–
Dato' Md Taib bin Abdul Hamid	–	–	50,000	0.05

In Related Corporations:

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

* Held in trust for Paramount Corporation Berhad

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

DIRECTORS' OPTIONS TO SUBSCRIBE FOR SHARES AS AT 31 MARCH 2008

In Paramount Corporation Berhad:

	No. of Options over Ordinary Shares of RM1.00 each	
	Offered	**Exercised**
Dato' Teo Chiang Quan	642,000	271,000
Ong Keng Siew	500,000	83,000
Total	**1,142,000**	**354,000**

schedule of **properties**

held by Paramount Corporation Berhad and its subsidiaries

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2007 (RM'000)
26.06.2003	Lots 138, 1327-1329, 2190, 2849, 2850, 3397, 3398, 11468, 15850, 15851, 72113, 72114, 72117, 72118 & 88127-88129, Seksyen 32 & 33, Shah Alam Mukim of Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Held for future development)	–	Freehold	10,597,574	87,270
26.06.2003	Lots 138, 1327-1329, 2190, 2849, 2850, 3397, 3398, 11468, 15850, 15851, 72113, 72114, 72117, 72118 & 88127-88129, Seksyen 32 & 33 Shah Alam Mukim of Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Under development)	–	Freehold	4,393,304	45,453
23.06.2006	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Agricultural land – 21,124,844 sq. ft. Development land – 1,316,811 sq. ft. (Held for future development)	–	Freehold	22,441,655	40,721
28.04.2000 (27.11.2006)	No 7, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with private institutional building comprising a 3-storey block (Sekolah Sri KDU – Secondary Block)	3 years	99 years lease commencing 02-11-2000	190,297	32,205
21.04.1993 (27.11.2006)	No 32, Jalan Anson 10400 Penang	Land with private institutional buildings comprising a block of 5-storey and a block of 8-storey (College Campus – KDU Penang Campus)	11 years	Freehold	86,046	30,751

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2007 (RM'000)
28.04.2000 (27.11.2006)	No 5, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with private institutional buildings comprising a 3-storey block and a 4-storey block (Sekolah Sri KDU – Primary Block)	6 years	99 years lease commencing 02-11-2000	169,339	23,412
30.09.1994	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Bandar Laguna Merbok (Held for future development)	–	Freehold	5,400,668	21,609
30.09.1994 (29.11.2006)	Persiaran BLM 3 Bandar Laguna Merbok 08000 Sungai Petani Kedah Darul Aman	Commercial development land (P.T. 68352 & 68354 – Vacant) (P.T. 68353 – Bandar Laguna Merbok clubhouse)	6 years	Freehold	1,414,336	13,761
30.09.1994	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for commercial and residential development – Bandar Laguna Merbok (Under development)	–	Freehold	1,683,648	10,773
28.04.2000 (27.11.2006)	No 3, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with Sports Complex (Sekolah Sri KDU)	5 years	99 years lease commencing 02-11-2000	160,943	9,692

statement of **directors' responsibility**

in relation to the financial statements

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

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

The Directors consider that in preparing the financial statements:

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

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

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

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 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	51,784	57,802
Attributable to:		
Equity holders of the Company	49,295	57,802
Minority interests	2,489	–
	51,784	57,802

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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 2006 were as follows:

	RM'000
In respect of the financial year ended 31 December 2006 as reported in the directors' report of that year:	
Final dividend of 7.5% less 27% taxation, on 106,545,000 ordinary shares, declared on 14 February 2007 and paid on 27 July 2007	5,831
Special dividend of 2.5% less 27% taxation, on 106,545,000 ordinary shares, declared on 14 February 2007 and paid on 27 July 2007	1,944
In respect of the financial year ended 31 December 2007:	
Interim tax exempt dividend of 6.0% on 107,341,000 ordinary shares, declared on 16 August 2007 and paid on 28 September 2007	6,440
	14,215

DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 10.0% less 26% taxation on 107,563,000 ordinary shares, amounting to a dividend payable of RM7,960,000 (7.4 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2008, and are payable on 9 June 2008.

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
Dato' 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
Quah Chek Tin

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 the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme.

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 or the fixed salary of a full-time employee of the Company as shown in Note 7 to the financial statements) 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 36(a) 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 2007	**Acquired**	**Sold**	**At 31 December 2007**
The Company				
Direct Interest:				
Dato' Teo Chiang Quan	649,000	147,000	–	796,000
Ong Keng Siew	446,000	–	–	446,000
Dato' Haji Azlan bin Hashim	4,000,000	–	–	4,000,000

DIRECTORS' INTERESTS (CONT'D)

	<------ Number of Ordinary Shares of RM1 Each ------>			
	At 1 January 2007	Acquired	Sold	At 31 December 2007
The Company (cont'd)				
Deemed Interest:				
Dato' Teo Chiang Quan	31,654,888	–	–	31,654,888
Dato' Md Taib bin Abdul Hamid	50,000	–	–	50,000
KDU College Sdn. Bhd.				
Deemed Interest:				
Rohana Tan Sri Mahmood	353,000	–	–	353,000

	<------Number of Ordinary Shares of HKD1 Each------>			
	At 1 January 2007	Acquired	Sold	At 31 December 2007
Paramount Corporation Limited				
Dato' Teo Chiang Quan*	1	–	–	1

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

Dato' Teo Chiang Quan and Ong Keng Siew's interest in options over ordinary shares of RM1 each of the Company are disclosed below.

Dato' 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.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM104,126,000 to RM107,563,000 by way of the issuance of the following ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Options Scheme:

- 2,089,000 ordinary shares of RM1 each at the exercise price of RM2.01 per ordinary share;
- 1,309,000 ordinary shares of RM1 each at the exercise price of RM1.66 per ordinary share; and
- 39,000 ordinary shares of RM1 each at the exercise price of RM2.20 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME

The Paramount Corporation Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 22 August 2005. The ESOS was implemented on 29 August 2005 and is to be in force for a period of 5 years from the date of implementation. On expiry, an extension of up to 5 years can be granted subject to the recommendation of the ESOS Committee and the approval of the shareholders of the Company and other regulatory authorities.

The salient features and other terms of the ESOS are disclosed in Note 30(b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 220,000 ordinary shares of RM1 each. The names of options holders granted options to subscribe for 220,000 or more ordinary shares of RM1 each during the financial year are as follows:

	<----- Number of Options Over Ordinary Shares of RM1.00 Each ----->				
	1 January 2007	**Granted**	**Exercised**	**Lapsed**	**31 December 2007**
The Company					
Dato' Teo Chiang Quan	518,000	–	(147,000)	–	371,000
Ong Keng Siew	330,000	87,000	–	–	417,000

The terms of share options outstanding at 31 December 2007 are as follows:

		<------- Number of Options Over Ordinary Shares of RM1 Each ------->				
Grant Date	**Expiry Date**	**Exercise Price RM**	**At 1 January 2007 '000**	**Granted '000**	**Exercised '000**	**At 31 December 2007 '000**
15 September 2005	28 August 2010	2.01	9,620	–	(2,089)	7,531
15 September 2006	28 August 2010	1.66	2,283	–	(1,309)	974
15 September 2007	28 August 2010	2.20	–	1,515	(39)	1,476

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.

OTHER STATUTORY INFORMATION (CONT'D)

(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 the 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 37 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 38 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 dated 28 February 2008.

DATO' MD TAIB BIN ABDUL HAMID **DATO' TEO CHIANG QUAN**

statement by **directors**

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

We, Dato' Md Taib Bin Abdul Hamid and Dato' 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 71 to 133 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 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 dated 28 February 2008.

DATO' MD TAIB BIN ABDUL HAMID

DATO' TEO CHIANG QUAN

statutory **declaration**

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

I, Foong Poh Seng, being the officer primarily responsible for the financial management of Paramount Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 71 to 133 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 Foong Poh Seng at
Petaling Jaya in Selangor Darul Ehsan
on 28 February 2008

FOONG POH SENG

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 71 to 133. 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 Financial Reporting 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 2007 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 thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 15 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. 1116/01/10(J)
Partner

Kuala Lumpur, Malaysia
28 February 2008

consolidated **income statement**

for the year ended 31 December 2007

	Note	2007 RM'000	2006 RM'000
Revenue	3	300,078	367,328
Other income		22,803	29,091
Property development costs	12(b)	(123,468)	(184,382)
Construction contract costs		(30,671)	(24,566)
Cost of inventories sold		(280)	(199)
Employee benefits expense	6	(57,670)	(53,817)
Depreciation and amortisation		(11,717)	(11,972)
Other expenses		(36,920)	(38,741)
Operating profit		62,155	82,742
Finance costs	4	(2,599)	(5,470)
Share of profit of associates		8,784	5,103
Profit before tax	5	68,340	82,375
Income tax expense	8	(16,556)	(18,784)
Profit for the year		51,784	63,591
Attributable to:			
Equity holders of the Company		49,295	61,867
Minority interests		2,489	1,724
		51,784	63,591
Earnings per share attributable to equity holders of the Company (sen)			
Basic	9 (a)	46.45	59.56
Diluted	9 (b)	45.69	59.35
Net dividends paid per ordinary share during the year (sen)	10	13.30	11.16

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

consolidated **balance sheet**

as at 31 December 2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	142,597	145,119
Land held for property development	12(a)	140,379	163,416
Investment properties	13	13,899	14,830
Prepaid land lease payments	14	17,144	17,385
Investments in associates	16	44,090	38,999
Other investments	17	397	397
Deferred tax assets	29	1,097	1,998
		359,603	382,144
Current assets			
Property development costs	12(b)	77,911	87,153
Inventories	18	–	280
Trade receivables	19	71,756	48,162
Other receivables	20	30,020	14,654
Tax recoverable		958	1,169
Cash and bank balances	23	126,797	125,919
		307,442	277,337
TOTAL ASSETS		667,045	659,481
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	24	107,563	104,126
Reserves		345,787	306,723
		453,350	410,849
Minority interests		7,237	5,311
Total equity		460,587	416,160
Non-current liabilities			
Borrowings	27	24,479	36,764
Deferred tax liabilities	29	10,444	8,982
		34,923	45,746
Current liabilities			
Borrowings	27	5,391	15,448
Trade payables	31	104,191	125,137
Other payables	32	61,304	54,299
Tax payable		649	2,691
		171,535	197,575
Total liabilities		206,458	243,321
TOTAL EQUITY AND LIABILITIES		667,045	659,481

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

consolidated **statement of changes in equity**

for the year ended 31 December 2007

	<-------------Attributable to Equity Holders of the Company------------->						Minority Interests	Total Equity
		<-------Non-Distributable------>			Distributable			
	Share Capital RM'000 (Note 24)	Share Premium RM'000	Foreign Currency Translation Reserve RM'000 (Note 25(a))	Share Option Reserve RM'000 (Note 25(b))	Retained Earnings RM'000 (Note 26)	Total RM'000	RM'000	RM'000
At 1 January 2006	103,579	64,180	1,181	177	189,101	358,218	3,651	361,869
Foreign currency translation, representing expense recognised directly in equity	–	–	(305)	–	258	(47)	–	(47)
Profit for the year	–	–	–	–	61,867	61,867	1,724	63,591
Total recognised income and expense for the year	–	–	(305)	–	62,125	61,820	1,724	63,544
Dividends (Note 10)	–	–	–	–	(11,617)	(11,617)	(64)	(11,681)
Issue of ordinary shares pursuant to ESOS	547	617	–	(73)	–	1,091	–	1,091
Share options granted under ESOS	–	–	–	1,337	–	1,337	–	1,337
At 31 December 2006	104,126	64,797	876	1,441	239,609	410,849	5,311	416,160
At 1 January 2007	104,126	64,797	876	1,441	239,609	410,849	5,311	416,160
Foreign currency translation, representing expense recognised directly in equity	–	–	1,819	–	(1,892)	(73)	–	(73)
Profit for the year	–	–	–	–	49,295	49,295	2,489	51,784
Total recognised income and expense for the year	–	–	1,819	–	47,403	49,222	2,489	51,711
Dividends (Note 10)	–	–	–	–	(14,215)	(14,215)	(563)	(14,778)
Issue of ordinary shares pursuant to ESOS	3,437	3,525	–	(504)	–	6,458	–	6,458
Share options granted under ESOS	–	–	–	1,036	–	1,036	–	1,036
At 31 December 2007	107,563	68,322	2,695	1,973	272,797	453,350	7,237	460,587

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

consolidated **cash flow statement**

for the year ended 31 December 2007

	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	68,340	82,375
Adjustments for:		
Depreciation of property, plant and equipment	11,146	11,281
Depreciation of investment properties	329	449
Amortisation of prepaid land lease payments	241	241
(Reversal)/impairment of property, plant and equipment	(230)	230
(Reversal)/impairment of investment properties	(101)	267
Property, plant and equipment written off	194	–
Provision for doubtful debts	66	3,080
Reversal of provision for doubtful debts	(2,305)	(2,709)
Bad debts written off	552	55
Share options granted under ESOS	1,036	1,337
Gain on disposal of property, plant and equipment	(205)	(498)
Gain on disposal of investment properties	(20)	(12,845)
Provision for retirement benefits	–	26
Short term accumulating compensated absences	(39)	9
Share of profit of associates	(8,784)	(5,103)
Write off of goodwill on a subsidiary	6	–
Interest expense	2,599	5,470
Interest income	(2,694)	(1,912)
Operating profit before working capital changes	70,131	81,753
(Increase)/decrease in receivables	(37,273)	78,558
Decrease/(increase) in development properties	9,242	(5,626)
Decrease in inventories	280	30
Decrease in payables	(13,901)	(11,155)
Cash generated from operations	28,479	143,560
Taxes paid	(16,025)	(17,682)
Retirement benefits paid	–	(2,518)
Interest paid	(2,599)	(5,470)
Net cash generated from operating activities	9,855	117,890

consolidated **cash flow statement**

for the year ended 31 December 2007 (cont'd)

	2007 RM'000	2006 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in land held for development	23,037	(19,434)
Dividends received from an associate	3,650	1,440
Purchase of property, plant and equipment	(8,710)	(12,756)
Purchase of investment properties	(255)	(237)
Purchase of shares in a subsidiary company	38	–
Proceeds from disposal of property, plant and equipment	327	1,972
Proceeds from disposal of investment properties	904	60,432
Interest received	2,694	1,912
Net cash generated from investing activities	21,685	33,329
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	6,458	1,091
Dividends paid	(14,215)	(11,617)
Dividends paid to minority shareholder	(563)	(64)
Repayment of borrowings, net of drawdown	(21,967)	(35,934)
Net cash used in financing activities	(30,287)	(46,524)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,253	104,695
EFFECTS OF EXCHANGE RATE CHANGES	–	42
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	125,544	20,807
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	126,797	125,544

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

income **statement**

for the year ended 31 December 2007

	Note	2007 RM'000	2006 RM'000
Revenue	3	89,608	38,987
Other income		4,012	2
Employee benefits expense	6	(4,616)	(4,410)
Depreciation		(432)	(475)
Other expenses		(10,005)	(12,500)
Operating profit		78,567	21,604
Finance costs	4	(4)	(961)
Profit before tax	5	78,563	20,643
Income tax expense	8	(20,761)	(8,049)
Profit for the year		57,802	12,594
Net dividends paid per ordinary share during the year (sen)	10	13.30	11.16

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

balance **sheet**
as at 31 December 2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	711	967
Investments in subsidiaries	15	127,430	140,684
Investments in associates	16	–	49
Other investments	17	165	165
		128,306	141,865
Current assets			
Other receivables	20	485	256
Tax recoverable		1,152	–
Due from subsidiaries	22	144,775	114,155
Cash and bank balances	23	13,163	4,474
		159,575	118,885
TOTAL ASSETS		287,881	260,750
EQUITY AND LIABILITIES			
Equity			
Share capital	24	107,563	104,126
Reserves		146,499	98,855
Total equity		254,062	202,981
Current liabilities			
Other payables	32	1,587	1,890
Due to subsidiaries	22	32,232	55,563
Tax payable		–	316
Total liabilities		33,819	57,769
TOTAL EQUITY AND LIABILITIES		287,881	260,750

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

statement of **changes in equity**

for the year ended 31 December 2007

	<---------------- Non-Distributable			---------------->	Distributable	
	Share Capital RM'000 (Note 24)	Share Premium RM'000	Foreign Currency Translation Reserve RM'000 (Note 25(a))	Share Option Reserve RM'000 (Note 25(b))	Retained Earnings RM'000 (Note 26)	Total Equity RM'000
At 1 January 2006	103,579	64,180	–	177	31,640	199,576
Profit for the year, representing recognised total income and expense for the year	–	–	–	–	12,594	12,594
Dividends (Note 10)	–	–	–	–	(11,617)	(11,617)
Issue of ordinary shares pursuant to ESOS	547	617	–	(73)	–	1,091
Share options granted under ESOS:						
Recognised in profit or loss	–	–	–	416	–	416
Included in investments in subsidiaries	–	–	–	921	–	921
At 31 December 2006	104,126	64,797	–	1,441	32,617	202,981
Profit for the year, representing recognised total income and expense for the year	–	–	–	–	57,802	57,802
Dividends (Note 10)	–	–	–	–	(14,215)	(14,215)
Issue of ordinary shares pursuant to ESOS	3,437	3,525	–	(504)	–	6,458
Share options granted under ESOS:						
Recognised in profit or loss	–	–	–	392	–	392
Included in investments in subsidiaries	–	–	–	644	–	644
At 31 December 2007	107,563	68,322	–	1,973	76,204	254,062

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

cash flow **statement**

for the year ended 31 December 2007

	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	78,563	20,643
Adjustments for:		
Depreciation of property, plant and equipment	432	475
Impairment of investment in a subsidiary	4,000	6,900
Provision for doubtful debts	3,910	2,293
Short-term accumulating compensated absences	(8)	(20)
Provision for retirement benefits	–	(173)
Share options granted under ESOS	392	416
Interest expense	4	961
(Gain)/loss on disposal of property, plant and equipment	(12)	3
Gain on winding-up of a subsidiary company	(4,000)	–
Dividend income	(82,299)	(27,400)
Interest income	(502)	(2,235)
Operating profit before working capital changes	480	1,863
(Increase)/decrease in receivables	(229)	3
Decrease in payables	(295)	(249)
Changes in subsidiaries balances	(57,861)	34,239
Cash (used in)/generated from operations	(57,905)	35,856
Interest paid	(4)	(961)
Retirement benefits paid	–	(358)
Tax (paid)/refunded	(280)	663
Net cash (used in)/generated from operating activities	(58,189)	35,200
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	502	2,235
Dividend received	60,348	19,728
Capital distribution from a subsidiary under winding-up	14,000	–
Purchase of equity interest in a subsidiary	(51)	(5,000)
Proceeds from disposal of property, plant and equipment	12	1
Purchase of property, plant and equipment	(176)	(238)
Net cash generated from investing activities	74,635	16,726
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	6,458	1,091
Dividends paid	(14,215)	(11,617)
Repayment of borrowings	–	(7,115)
Net cash used in financing activities	(7,757)	(17,641)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,689	34,285
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,474	(29,811)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	13,163	4,474

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

1. CORPORATE INFORMATION

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 principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 January 2007 as described fully in Note 2.3 to the financial statements.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for certain freehold land included within property, plant and equipment that have been carried at valuation as disclosed in Note 11 to the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Subsidiaries and Basis of Consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

Minority interests represent the portion of the income statement and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(b) Associates (cont'd)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h).

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

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h). 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.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land are stated at cost or revalued amount (the fair value at the date of the revaluation) less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. The freehold land of the Group have not been revalued since they were first revalued in 1980. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1980 valuation less accumulated depreciation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(d) Property, Plant and Equipment, and Depreciation (cont'd)

The above transitional provisions are available only on the first application of the MASB Approved Accounting Standard IAS 16 (Revised): Property, Plant and Equipment which is effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, an entity that had recorded its property, plant and equipment at revalued amounts but had not adopted a policy of revaluation has been allowed to continue carrying those assets on the basis of their previous revaluations subject to continuity in its depreciation policy and the requirement to write down the assets to their recoverable amounts for impairment adjustments. The transitional provisions will remain in force until and unless the entity chooses to adopt a revaluation policy in place of a cost policy. When that happens, FRS 116 (which supersedes IAS 16) would require revaluation to be carried out at regular intervals.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h).

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold buildings, 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 buildings	1% - 2%
Plant, equipment, furniture, fixtures, fittings and motor vehicles	10% - 33.33%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any 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 earnings.

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h).

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(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 any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(h).

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 using the stage of completion method. 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.

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 are 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 reliably estimated, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(g) Construction Contracts (cont'd)

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) Impairment of Non-financial Assets

The carrying amounts of assets, other than investment properties, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

(i) 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 (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(j) Financial Instruments

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends and 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 recognised 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) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) Interest Bearing Loan and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(j) Financial Instruments (cont'd)

(vi) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(k) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

– Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(e)); and

– Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases – the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(k) Leases (cont'd)

(iii) Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

iv) Operating Leases – the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(p)(iv)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(l) 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 as income or an expense and included in the income statement for the period, 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 the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(m) Provisions

Provisions 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) 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.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(iii) Defined Benefit Plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the 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 Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted 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 costs are recognised immediately to the extent that the benefits are already vested, and otherwise are 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 costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

The Group had opted to discontinue its retirement benefit plan in prior year. A settlement of the outstanding obligation had been made during the previous financial year, which resulted in the cessation of the retirement benefit plan.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(n) Employee Benefits (cont'd)

(iv) Share-Based Compensation

The Paramount Corporation Berhad Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(o) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(o) Foreign Currencies (cont'd)

(ii) Foreign Currency Transactions (cont'd)

Exchange differences arising on the settlement the monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in the income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appriopriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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

	2007 RM	2006 RM
United States Dollar	3.307	3.532
Hong Kong Dollar	0.424	0.463
Renminbi	0.460	0.460
Great Britain Pound Sterling	6.607	6.932
Swiss France	2.945	2.892
Australian Dollar	2.915	2.794

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

– Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

– Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

– A resulting exchange differences are taken to the foreign currency translation reserve within equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(o) Foreign Currencies (cont'd)

(iii) Foreign Operations (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(p) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.2(f).

(ii) Construction Contracts

Revenue from construction contract is accounted for by the stage of completion method as described in Note 2.2(g).

(iii) Revenue from Educational Fees

Revenue from educational fees is recognised on an accrual basis.

(iv) Rental and Interest Income

Rental and interest income is recognised on an accrual basis.

(v) Dividend Income

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

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

The Malaysian Accounting Standards Board ("MASB") has issued a number of new and revised FRSs and Interpretations that are effective for financial periods beginning on or after 1 January 2007. These new and revised FRSs and Interpretations do not have any significant impact on the financial statements of the Group and of the Company.

On 1 January 2007, the Group and the Company adopted FRS 124 - Related Party Disclosures. The adoption of the revised FRS 124 give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources and Amendment to FRS 119_{2004}: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures which will be effective for annual periods beginning on or after 1 January 2007. These FRSs are, however, not applicable to the Group or the Company.

In addition, the Group and the Company have early adopted the following new and revised FRSs, Amendment to FRS and Interpretations which are mandatory for financial periods beginning on or after 1 July 2007.

FRSs, Amendment to FRS and Interpretations

Amendment to FRS 121	The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities & Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

FRS 120, IC Interpretation 1, 2, 5, 6, and 7 are not relevant to the Group and the Company.

The adoption of new and revised FRS 107, 111, 112, 118, 134, 137 and IC Interpretation 8 does not result in significant changes in accounting policies of the Group. The new and revised FRSs are expected to have no significant impact on the financial statements of the Group and the Company upon their application except for the following:

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

This amendment requires that where an entity has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item. Prior to this amendment, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary item is denominated either in the functional currency of the reporting entity or the foreign operation. At 31 December 2007, all monetary items of the Group are denominated either in the functional currency of the reporting entity or the foreign operation, as such, there will be no effects arising from the adoption of this amendment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation (cont'd)

At the date of authorisation of these financial statements, FRS 139 - Financial Instruments: Recognition and Measurement was issued but not yet effective and has not been applied by the Group and the Company, which the effective date of adopting FRS 139 was deferred. The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.4 Significant Accounting Estimates and Judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. 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.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

A 1% difference in the estimated total property development costs would result in approximately 2% variance in the Group's estimated net profits.

(ii) Construction costs

The Group recognises construction revenue and costs in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

A 1% difference in the estimated total construction costs would result in approximately 3% variance in the Group's estimated net profits.

(iii) Impairment of investment in subsidiary

During the current financial year, the Company has recognised impairment losses in respect of its investment in a subsidiary. The Company carried out the impairment test based on a variety of estimation including the value-in-use as stated in Note 15. Estimating the value-in-use requires the Company to make an estimate of the expected future cash flows from the CGU and also choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the investment in a subsidiary as at 31 December 2007 was impaired to nil.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Estimates and Judgements (cont'd)

(iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM13,475,000 (2006: RM16,053,000) and the unrecognised tax losses and capital allowances of the Group was RM20,956,000 (2006: RM21,474,000).

3. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sale of properties	171,385	250,413	–	–
Construction contracts	38,834	34,680	–	–
Educational fees	83,725	72,541	–	–
Sales of goods	4,221	4,209	–	–
Membership fee	508	434	–	–
Interest income from				
– third party	502	350	502	350
– subsidiaries	–	–	–	1,885
Dividends (gross) from subsidiaries	–	–	82,299	27,400
Management fees from subsidiaries	–	–	6,807	9,352
Rental income	903	4,701	–	–
	300,078	367,328	89,608	38,987

4. FINANCE COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expense on:				
Bank borrowings	2,673	6,153	4	961
Less: Interest expense capitalised				
in property development costs (Note 12(b))	(74)	(683)	–	–
	2,599	5,470	4	961

5. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-executive directors' remuneration (Note 7)	475	475	242	240
Auditors' remuneration				
– Statutory audit	213	206	48	48
– Other services	106	116	15	19
Operating lease:				
– minimum lease payments for premises	2,268	2,368	455	452
– minimum lease payments for equipment	305	796	–	–
Direct operating expenses of investment properties	648	1,249	–	–
Amortisation of prepaid land lease payments	241	241	–	–
Impairment of investment in subsidiary companies				
– included in other expenses	–	–	4,000	6,900
(Reversal)/provision of impairment for property, plant and equipment				
– included in other expenses	(230)	230	–	–
(Reversal)/provision for investment property				
– included in other expenses	(101)	267	–	–
Depreciation of:				
– property, plant and equipment	11,146	11,281	432	475
– investment properties	329	449	–	–
Property, plant and equipment written off	194	–	–	–
(Gain)/loss on disposal of:				
– property, plant and equipment	(205)	(498)	(12)	3
– investment properties	(20)	(12,845)	–	–
Gain on winding-up of a subsidiary	–	–	(4,000)	–
Provision for doubtful debts	66	3,080	3,910	2,293
Reversal of provision for doubtful debts	(2,305)	(2,709)	–	–
Bad debts written off	552	55	–	–

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages and salaries	48,314	44,529	3,644	3,614
Short term accumulating compensated absences	(39)	9	(8)	(20)
Contributions to defined contribution plan	5,516	5,263	368	373
Increase in liability for defined benefit plan (Note 30(a))	–	26	–	(173)
Share options granted under ESOS	1,036	1,337	392	416
Other benefits	2,843	2,653	220	200
	57,670	53,817	4,616	4,410

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM4,445,000 (2006: RM5,086,000) and RM1,021,000 (2006: RM1,287,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive directors' remuneration excluding benefits-in-kind (Note 6)	4,445	5,086	1,021	1,287
Non-executive directors' remuneration excluding benefits-in-kind (Note 5)	475	475	242	240
Total directors' remuneration (Note 36(b))	4,920	5,561	1,263	1,527

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive:				
Salaries and other emoluments	1,433	1,379	498	507
Fees	119	121	84	86
Bonus	707	674	248	233
Defined contribution plan	257	245	89	88
Defined benefit plan	–	622	–	210
Share options granted under ESOS	102	163	102	163
Estimated money value of benefits-in-kind	95	104	28	28
	2,713	3,308	1,049	1,315
Non-Executive:				
Fees	250	250	242	240
Consultancy fees	198	198	–	–
Estimated money value of benefits-in-kind	25	25	–	–
	473	473	242	240
	3,186	3,781	1,291	1,555
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	1,211	1,070	–	–
Fees	13	8	–	–
Bonus	340	338	–	–
Defined contribution plan	165	168	–	–
Defined benefit plan	-	128	–	–
Share options granted under ESOS	98	170	–	–
Estimated money value of benefits-in-kind	45	52	–	–
	1,872	1,934	–	–
Non-Executive:				
Fees	27	27	–	–
	1,899	1,961	–	–
Total	5,085	5,742	1,291	1,555

7. DIRECTORS' REMUNERATION (CONT'D)

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	
	2007	2006
Executive directors:		
RM700,001 – RM800,000	1	–
RM900,001 – RM1,000,000	–	1
RM1,800,001 – RM1,900,000	1	–
RM2,100,001 – RM2,200,000	–	1
Non-Executive directors:		
Below RM50,000	2	2
RM50,000 – RM100,001	4	3

8. INCOME TAX EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current income tax:				
Malaysian income tax	12,838	16,514	21,036	7,977
Real Property Gains Tax	–	300	–	–
	12,838	16,814	21,036	7,977
Under/(over)provision in prior years:				
Malaysian income tax	1,355	(23)	(275)	72
	14,193	16,791	20,761	8,049
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	3,125	2,076	–	–
Relating to changes in tax rates	(385)	(253)	–	–
(Over)/underprovision in prior years	(377)	170	–	–
	2,363	1,993	–	–
Total income tax expense	16,556	18,784	20,761	8,049

8. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax 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:

	2007 RM'000	2006 RM'000
Group		
Profit before tax	68,340	82,375
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	18,452	23,065
Effect of income subject to tax rate of 20% (2006: 20%)	(161)	(130)
Effect of changes in tax rates on opening balance of deferred tax	(243)	(108)
Deferred tax recognised at different tax rates	(142)	(145)
Effect of real property gains tax	-	(1,238)
Effect of share of profits of associate	(2,372)	(1,429)
Income not subject to tax	(1,183)	(2,681)
Expenses not deductible for tax purposes	917	1,457
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(380)	–
Tax losses not allowable for future utilisation	4	21
Deferred tax assets previously unrecognised, now recognised	–	(937)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	686	762
(Over)/under provision of deferred tax in prior years	(377)	170
Under/(over) provision of tax expense in prior years	1,355	(23)
Income tax expense for the year	16,556	18,784

8. INCOME TAX EXPENSE (CONT'D)

	2007 RM'000	2006 RM'000
Company		
Profit before tax	78,563	20,643
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	21,212	5,780
Income not subject to tax	(1,350)	(2)
Expenses not deductible for tax purposes	2,462	2,767
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,272)	–
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	36	–
Group relief	(52)	(568)
(Over)/under provision of tax expense in prior years	(275)	72
Income tax expense for the year	20,761	8,049

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax losses are analysed as follows:				
Unabsorbed tax losses carried forward	9,763	16,053	–	6,186

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2007 RM'000	2006 RM'000
Profit attributable to ordinary equity holders of the Company (RM'000)	49,295	61,867
Weighted average number of ordinary shares in issue ('000)	106,130	103,872
Basic earnings per share (sen)	46.45	59.56

9. EARNINGS PER SHARE (CONT'D)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	Group	
	2007 RM'000	2006 RM'000
Profit attributable to ordinary equity holders of the Company (RM'000)	49,295	61,867
Weighted average number of ordinary shares in issue ('000)	106,130	103,872
Effect of dilution: Share options ('000)	1,750	369
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	107,880	104,241
Diluted earnings per share (sen)	45.69	59.35

10. DIVIDENDS

	Group and Company			
	Amount		Net Dividends Paid per Ordinary Share	
	2007 RM'000	2006 RM'000	2007 Sen	2006 Sen
Recognised during the year:				
For the financial year ended 31 December 2007				
Interim tax exempt dividend of 6.0%	6,440	–	6.00	–
For the financial year ended 31 December 2006				
Final dividend of 7.5% less 27% taxation	5,831	–	5.48	–
Special dividend of 2.5% less 27% taxation	1,944	–	1.82	–
Interim dividend of 5.5% less 28% taxation	–	4,122	–	3.96
For the financial year ended 31 December 2005				
Final dividend of 7.5% less 28% taxation	–	5,621	–	5.40
Special dividend of 2.5% less 28% taxation	–	1,874	–	1.80
	14,215	11,617	13.30	11.16

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 10.0% less 26% taxation, on 107,563,000 ordinary shares, amounting to a dividend payable of RM7,960,000 (7.4 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividends. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2008, and are payable on 9 June 2008.

11. PROPERTY, PLANT AND EQUIPMENT

	Land and Building* RM'000	Plant, Equipment, Furniture, Fixtures, Fitting and Motor Vehicles RM'000	Total RM'000
Group			
Cost or valuation			
At 1 January 2006			
At cost	127,303	69,254	196,557
At valuation	1,982	–	1,982
	129,285	69,254	198,539
Additions	2,426	10,303	12,729
Disposals	–	(6,044)	(6,044)
Write-off	–	(2,787)	(2,787)
Exchange differences	–	(17)	(17)
Adjustments	(7)	–	(7)
At 31 December 2006	131,704	70,709	202,413
Additions	64	8,646	8,710
Disposals	–	(966)	(966)
Write-off	–	(1,183)	(1,183)
Exchange differences	–	(28)	(28)
At 31 December 2007	131,768	77,178	208,946
Representing:			
At cost	129,786	77,178	206,964
At valuation	1,982	–	1,982
At 31 December 2007	131,768	77,178	208,946

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and Building* RM'000	Plant, Equipment, Furniture, Fixtures, Fitting and Motor Vehicles RM'000	Total RM'000
Group (cont'd)			
Accumulated depreciation and impairment			
At 1 January 2006	9,209	43,137	52,346
Depreciation charge for the year	1,581	9,700	11,281
Disposals	–	(3,761)	(3,761)
Impairment loss recognised in profit or loss (Note 11(d))	–	230	230
Write-off	–	(2,788)	(2,788)
Exchange differences	–	(14)	(14)
At 31 December 2006	10,790	46,504	57,294
Depreciation charge for the year	1,591	9,555	11,146
Impairment loss reversed in profit or loss	–	(230)	(230)
Disposals	–	(844)	(844)
Write-off	–	(989)	(989)
Exchange differences	–	(28)	(28)
At 31 December 2007	12,381	53,968	66,349
Net carrying amount			
At 31 December 2007			
At cost	117,405	23,210	140,615
At valuation	1,982	–	1,982
	119,387	23,210	142,597
At 31 December 2006			
At cost	118,932	24,205	143,137
At valuation	1,982	–	1,982
	120,914	24,205	145,119

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

*** Land and Building**

	Freehold Land RM'000	Long term Leasehold Land and Building RM'000	Freehold Building RM'000	Total RM'000
Group (cont'd)				
Cost or valuation				
At 1 January 2006				
At cost	23,568	53,027	50,708	127,303
At valuation	1,982	–	–	1,982
	25,550	53,027	50,708	129,285
Additions	–	2,426	-	2,426
Adjustments	–	–	(7)	(7)
At 31 December 2006	25,550	55,453	50,701	131,704
Additions	–	64	–	64
At 31 December 2007	25,550	55,517	50,701	131,768
At 31 December 2007				
At cost	23,568	55,517	50,701	129,786
At valuation	1,982	–	–	1,982
	25,550	55,517	50,701	131,768
At 31 December 2006				
At cost	23,568	55,453	50,701	129,722
At valuation	1,982	–	–	1,982
	25,550	55,453	50,701	131,704
Accumulated depreciation				
At 1 January 2006	–	1,060	8,149	9,209
Depreciation charge for the year	–	567	1,014	1,581
At 31 December 2006	–	1,627	9,163	10,790
Depreciation charge for the year	–	577	1,014	1,591
At 31 December 2007	–	2,204	10,177	12,381
Net carrying amount				
At 31 December 2007				
At cost	23,568	53,313	40,524	117,405
At valuation	1,982	–	–	1,982
	25,550	53,313	40,524	119,387

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

*** Land and Building (cont'd)**

	Freehold Land RM'000	Long term Leasehold Land and Building RM'000	Freehold Building RM'000	Total RM'000
Group (cont'd)				
Net carrying amount (Cont'd)				
At 31 December 2006				
At cost	23,568	53,826	41,538	118,932
At valuation	1,982	–	–	1,982
	25,550	53,826	41,538	120,914

Company	Plant, Equipment, Furniture, Fixtures, Fitting and Motor Vehicles RM'000
Cost	
At 1 January 2006	3,660
Additions	238
Disposals	(12)
At 31 December 2006	3,886
Additions	176
Disposals	(122)
At 31 December 2007	3,940
Accumulated Depreciation	
At 1 January 2006	2,452
Charge for the year	475
Disposals	(8)
At 31 December 2006	2,919
Charge for the year	432
Disposals	(122)
At 31 December 2007	3,229
Net Carrying Amount	
At 31 December 2007	711
At 31 December 2006	967

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(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.

Details of independent professional valuation of the freehold land owned by the subsidiary company as at 31 December 2007 are as follows:

Year of Valuation	Description of Property	Amount RM'000	Basis of Valuation
1980	Freehold land in Petaling Jaya	1,982	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 2007 would be RM35,000 (2006: 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 RM31,731,000 (2006: RM16,222,000) and RM1,637,000 (2006: RM1,392,000) respectively which are still in use.

(c) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 27) are as follows:

	Group	
	2007 RM'000	2006 RM'000
Freehold land and building	33,431	34,102
Long term leasehold land and buildings	53,314	53,827
	86,745	87,929

(d) In previous financial year, a recoverability review of plant and equipment of a subsidiary led to the RM230,000 impairment loss as no further economic benefit is expected be derived from these non-moveable furniture and fittings.

The impairment loss has been reversed in the income statement during the financial year.

12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group 2007 RM'000	Group 2006 RM'000
Freehold land		
At 1 January	111,079	93,304
Additions	–	38,878
Disposals	–	(3)
Transfer to property development costs (Note 12(b))	(11,383)	(21,100)
At 31 December	99,696	111,079
Development costs		
At 1 January	52,337	50,678
Costs incurred during the financial year	18,144	16,619
Disposals	–	(12)
Transfer to property development costs (Note 12(b))	(29,798)	(14,948)
At 31 December	40,683	52,337
Carrying amount at 31 December	140,379	163,416

(b) Property development costs, at cost

	Group 2007 RM'000	Group 2006 RM'000
Freehold land		
At 1 January	152,638	119,268
Reversal of completed projects	(291)	(566)
Unsold units transferred to inventories	–	(16)
Transfer from land held for property development	11,383	21,100
At 31 December	163,730	139,786
Cumulative property development costs		
At 1 January	787,197	636,398
Cost incurred during the year	73,044	154,129
Transfer from land held for property development	29,798	14,948
Reversal of completed projects	(2,205)	(5,274)
Unsold units transferred to inventories	–	(153)
At 31 December	887,834	800,048

12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property development costs, at cost (cont'd)

	Group 2007 RM'000	Group 2006 RM'000
Cumulative costs recognised in income statement:		
At 1 January	(852,681)	(674,139)
Recognised during financial year	(123,468)	(184,382)
Reversal of completed projects	2,496	5,840
At 31 December	(973,653)	(852,681)
Property development costs at 31 December	77,911	87,153

The freehold land of the Group with the carrying amount of RM40,000,000 (2006: RM51,553,000) has been pledged as security for the borrowing as disclosed in Note 27.

Included in property development costs incurred during the financial year is interest capitalised amounting to RM74,000 (2006: RM683,000).

13. INVESTMENT PROPERTIES

	Group		
	Freehold Land RM'000	Building RM'000	Total RM'000
Cost			
At 1 January 2006	15,700	56,397	72,097
Additions from acquisition/subsequent expenditure	237	–	237
Disposals	(10,000)	(44,212)	(54,212)
Exchange differences	–	(43)	(43)
At 31 December 2006	5,937	12,142	18,079
Additions from acquisition/subsequent expenditure	87	168	255
Disposals	–	(1,048)	(1,048)
Exchange differences	–	(74)	(74)
At 31 December 2007	6,024	11,188	17,212

13. INVESTMENT PROPERTIES (CONT'D)

	Group		
	Freehold Land RM'000	Building RM'000	Total RM'000
Accumulated depreciation and impairment losses			
At 1 January 2006	–	9,158	9,158
Depreciation charge for the year	–	449	449
Disposal	–	(6,625)	(6,625)
Impairment losses (Note 13(b))	–	267	267
At 31 December 2006	–	3,249	3,249
Depreciation charge for the year	–	329	329
Disposal	–	(164)	(164)
Impairment loss reversed in profit or loss	–	(101)	(101)
At 31 December 2007	–	3,313	3,313
Analysed as:			
Accumulated depreciation	–	3,147	3,147
Impairment losses	–	166	166
	–	3,313	3,313
Net carrying amount			
At 31 December 2007	6,024	7,875	13,899
At 31 December 2006	5,937	8,893	14,830
Market Value			
At 31 December 2007	6,024	8,041	14,065

a) The market value of the investment properties were appraised by an independent professional valuer.

(b) The RM267,000 impairment loss in a subsidiary was due to the write-down of the 8 units of shoplots to its market value as assessed by an independent professional valuer.

14. PREPAID LAND LEASE PAYMENTS

	Group 2007 RM'000	Group 2006 RM'000
Long term leasehold land		
At 1 January	17,385	17,626
Amortisation for the year (Note 5)	(241)	(241)
At 31 December	17,144	17,385
Representing:		
Cost	19,522	19,522
Accumulated amortisation	(2,378)	(2,137)
	17,144	17,385

15. INVESTMENTS IN SUBSIDIARIES

	Company 2007 RM'000	Company 2006 RM'000
Unquoted shares, at cost	144,446	153,700
Less: Accumulated impairment losses	(17,016)	(13,016)
	127,430	140,684

Details of the subsidiaries are as follows:

Name of Subsidiaries	Effective Interest 2007 %	Effective Interest 2006 %	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.	100	100	RM1,000	Building and engineering contractor
Paramount Construction Sdn. Bhd.	100	100	RM600	Building and engineering contractor
Paramount Building Materials Sdn. Bhd.	100	100	RM150	Trading of building materials
Paramount Projects Sdn. Bhd.	100	100	RM1,000	Building and engineering contractor and project management and property development
Current Connection Sdn. Bhd.	100	100	RM500	Inactive

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries (cont'd)	Effective Interest 2007 %	Effective Interest 2006 %	Paid-up Capital '000	Principal Activities
Incorporated in Malaysia				
KDU College Sdn. Bhd.	85	85	RM2,353	Educational services
Janahasil Sdn. Bhd.	85	85	RM100	Inactive
KDU Smart School Sdn. Bhd.	85	85	RM1,000	Educational services
KDU International Sdn. Bhd.	100	100	RM1,579	Investment holding
Paramount Property Holdings Sdn. Bhd.	100	100	RM10,000	Property investment and development
Paramount Property (Utara) 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	RM10,000	Property investment
Paramount Global Assets Sdn. Bhd.	100	100	RM35,360	Investment holding
Paramount Electronics Industries Sdn. Bhd.	100	100	RM5,000	Property investment
KDU Management Development Centre Sdn. Bhd.	100	100	RM10,000	Management and educational services
Paramount Property Development Sdn. Bhd.	100	100	RM1,000	Property development
Seleksi Megah Sdn. Bhd.	100	100	RM100	Inactive
Jasarim Bina Sdn Bhd	100	49	RM100	Inactive
Incorporated in Hong Kong				
** Paramount Corporation Limited	100	100	#HK$1,000	Investment holding
Incorporated in People's Republic of China				
** KDU International Language Training School Limited	100	100	#RMB13,600	Educational services

* Paid-up capital of RM2
** Audited by a firm of chartered accountants other than Ernst & Young
*** Members' voluntary winding up (Note 15(c))
#HK$ Represents currency denoted in Hong Kong Dollars
#RMB Represents currency denoted in Renminbi

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

During the current financial year,

(a) On 7 February 2007, KDU International Sdn Bhd, a wholly owned subsidiary of the Company, increased its shareholding in KDU International Language Training School Limited, a wholly owned subsidiary from RMB9,600,000 to RMB13,600,000 through the subscription of 4,000,000 new ordinary shares of RMB1 each at par for cash.

(b) On 27 September 2007, the Company purchased 51,000 ordinary shares of RM1.00 each in Jasarim Bina Sdn Bhd ("JBSB") for a total cash consideration of RM51,000 thereby increasing the Company's investment in JBSB to 100,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of JBSB.

(c) On 25 October 2007, Wangsa Merdu Sdn Bhd, a wholly owned subsidiary of the Company, was placed under Members' Voluntary Winding-up. There were no material impact to the Group's financial position and results arising from the voluntary winding-up.

Key assumptions used in impairment calculations

The impairment is determined using future cash flow projections based on financial budgets approved by management covering a five-year period.

The following are the key assumptions on which management had based its future cash flow projections in respect of its impairment testing on its investment in a subsidiary.

(a) Discount rate

The discount rate used is based on the financing costs of borrowings of the Company totalling to 8.25%.

(b) Average student number's growth rate

The average student number's growth rate is assumed to be from 12% to 25% per annum.

(c) Incremental rate in other expenses

The incremental rate in other expenses is assumed to be 5% per annum.

16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Unquoted shares, at cost	22,252	26,022	–	3,770
Less: Accumulated impairment losses	–	(3,721)	–	(3,721)
Amortisation of goodwill	(2,248)	(2,248)	–	–
Share of post-acquisition reserves	24,086	18,946	–	–
	44,090	38,999	–	49

16. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	Group 2007 RM'000	Group 2006 RM'000
Share of net assets	44,090	38,999

Details of the associates are as follows:

Name of Associates	Effective Interest 2007 %	Effective Interest 2006 %	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	RM14,122	Liquidated
Jasarim Bina Sdn. Bhd.*	–	49.00	RM100	Inactive

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

17. OTHER INVESTMENTS

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Unquoted shares, at cost	11,402	11,402	–	–
Less: Accumulated impairment losses	(11,402)	(11,402)	–	–
Club memberships, at cost	397	397	165	165
	397	397	165	165

18. INVENTORIES

	Group 2007 RM'000	Group 2006 RM'000
Cost		
Properties held for sale	–	280

19. TRADE RECEIVABLES

	Group 2007 RM'000	Group 2006 RM'000
Third parties	59,660	42,289
Accrued billings in respect of property development costs	7,701	5,762
Due from customers on contracts (Note 21)	1,891	996
Retention sums on contracts	5,372	4,222
	74,624	53,269
Less: Provision for doubtful debts	(2,868)	(5,107)
Trade receivables, net	71,756	48,162

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

20. OTHER RECEIVABLES

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Deposits and prepayments	25,480	5,907	481	196
Sundry receivables	6,074	10,292	4	60
	31,554	16,199	485	256
Less: Provision for doubtful debts	(1,534)	(1,545)	–	–
Other receivables, net	30,020	14,654	485	256

21. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group 2007 RM'000	Group 2006 RM'000
Construction contract costs incurred to date	971,186	880,026
Attributable profits	105,970	93,804
	1,077,156	973,830
Less: Progress billings	(1,094,437)	(985,336)
	(17,281)	(11,506)
Due from customers on contracts (Note 19)	1,891	996
Due to customers on contracts (Note 31)	(19,172)	(12,502)
	(17,281)	(11,506)

21. DUE FROM/(TO) CUSTOMERS ON CONTRACTS (CONT'D)

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2007 RM'000	2006 RM'000
Hire of plant and machinery	2,295	2,576
Depreciation of property, plant and equipment	476	455
Interest expense	6	133
Rental expense for buildings	58	62
	2,835	3,226

22. DUE FROM/(TO) SUBSIDIARIES

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

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash on hand and at banks	37,667	79,408	33	107
Deposits with licensed banks	89,130	46,511	13,130	4,367
Cash and bank balances	126,797	125,919	13,163	4,474
Less: Bank overdrafts (Note 27)	–	(375)	–	–
Cash and cash equivalents	126,797	125,544	13,163	4,474

Included in cash and bank balances of the Group are amounts of RM30,710,000 (2006: RM71,686,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and which are restricted from use in other operations.

Deposits with licensed banks of the Group amounting to RM241,000 (2006: RM235,000) are pledged as security for bank guarantee facilities granted by the banks.

Other information on financial risks of cash and cash equivalents are disclosed in Note 40(b).

24. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each 2007 '000	2006 '000	Amount 2007 RM'000	2006 RM'000
Authorised share capital				
At 1 January/31 December	200,000	200,000	200,000	200,000
Issued and fully paid				
At 1 January	104,126	103,579	104,126	103,579
Ordinary shares issued pursuant to ESOS	3,437	547	3,437	547
At 31 December	107,563	104,126	107,563	104,126

25. OTHER RESERVES

The nature and purpose of each category of reserve are as follows:

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

26. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2007, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

As at 31 December 2007, the Company has tax exempt profits available for distribution of approximately RM606,000 (2006: RM6,047,000), subject to the agreement of the Inland Revenue Board.

27. BORROWINGS

	Group 2007 RM'000	Group 2006 RM'000
Short term borrowings		
Secured:		
Revolving credits	368	1,472
Term loans	5,023	13,526
Hire purchase payables and finance lease liabilities (Note 28)	–	75
	5,391	15,073
Unsecured:		
Bank overdrafts (Note 23)	–	375
	5,391	15,448
Long term borrowings		
Secured:		
Term loans	24,479	36,659
Hire purchase payables and finance lease liabilities (Note 28)	–	105
	24,479	36,764
Total borrowings		
Bank overdrafts (Note 23)	–	375
Revolving credits	368	1,472
Term loans	29,502	50,185
Hire purchase payables and finance lease liabilities (Note 28)	–	180
	29,870	52,212
Maturity of borrowings (excluding hire purchase)		
Within one year	5,391	15,373
More than 1 year and less than 2 years	7,478	19,659
More than 2 years and less than 5 years	15,015	15,380
More than 5 years	1,986	1,620
	29,870	52,032

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

27. BORROWINGS (CONT'D)

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

   (i) First legal charge over the freehold land, leasehold land and buildings of the Group as disclosed in Notes 11, 12 and 14;

   (ii) Assignment of rental proceeds from a 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.

Other information on financial risks of borrowings are disclosed in Note 40(b).

28. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2007 RM'000	**2006 RM'000**
Future minimum lease payments:		
Not later than 1 year	–	81
Later than 1 year and not later than 2 years	–	60
Later than 2 years and not later than 5 years	–	51
Total future minimum lease payments	–	192
Less : Future finance charges	–	(12)
Present value of finance lease liabilities (Note 27)	–	180
Analysis of present value of finance lease liabilities:		
Not later than 1 year	–	75
Later than 1 year and not later than 2 years	–	57
Later than 2 years and not later than 5 years	–	48
	–	180
Less: Amount due within 12 months (Note 27)	–	(75)
Due after 12 months (Note 27)	–	105

29. DEFERRED TAX

	Group 2007 RM'000	Group 2006 RM'000
At 1 January	6,984	4,991
Recognised in the income statement (Note 8)	2,363	1,993
At 31 December	9,347	6,984

Presented after appropriate offsetting as follows:

	Group 2007 RM'000	Group 2006 RM'000
Deferred tax assets	(1,097)	(1,998)
Deferred tax liabilities	10,444	8,982
	9,347	6,984

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

	At 1 January 2007 RM'000	Recognised in the income statement RM'000	At 31 December 2007 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	11,083	1,302	12,385
Others	–	520	520
	11,083	1,822	12,905
Deferred tax assets of the Group:			
Property, plant and equipment	(89)	6	(83)
Unused tax losses and unabsorbed capital allowances	(3,579)	1,454	(2,125)
Others	(431)	(919)	(1,350)
	(4,099)	541	(3,558)
	6,984	2,363	9,347

29. DEFERRED TAX (CONT'D)

	At 1 January 2006 RM'000	Recognised in the income statement RM'000	At 31 December 2006 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	9,287	1,796	11,083
Deferred tax assets of the Group:			
Property, plant and equipment	(91)	2	(89)
Retirement benefit obligations	(447)	447	–
Unused tax losses and unabsorbed capital allowances	(2,718)	(861)	(3,579)
Others	(1,040)	609	(431)
	(4,296)	197	(4,099)
	4,991	1,993	6,984

	At 1 January 2007 RM'000	Recognised in the income statement RM'000	At 31 December 2007 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	152	(55)	97
Deferred tax assets of the Company:			
Unused tax losses and unabsorbed capital allowances	(152)	55	(97)
	–	–	–

	At 1 January 2006 RM'000	Recognised in the income statement RM'000	At 31 December 2006 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	152	–	152
Deferred tax assets of the Company:			
Unused tax losses and unabsorbed capital allowances	(152)	–	(152)
	–	–	–

29. DEFERRED TAX (CONT'D)

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

	Group		Company	
	2007 **RM'000**	**2006** **RM'000**	**2007** **RM'000**	**2006** **RM'000**
Unused tax losses	8,579	12,615	–	4,445
Unabsorbed capital allowances	8,671	8,859	3,482	3,556
Others	163	18	134	–
	17,413	21,492	3,616	8,001

The unutilised tax losses and unabsorbed capital allowances of the Group and of the Company are available indefinitely for offsetting against future taxable profits of the respective entities within the Group and of the Company, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. 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.

30. EMPLOYEE BENEFITS

a) Provision for retirement benefits

The Group operated 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 Group had opted to discontinue its retirement benefit plan in prior year. A settlement of the outstanding obligation had been made during the previous financial year, which resulted in the cessation of the retirement benefit plan.

	Group		Company	
	2007 **RM'000**	**2006** **RM'000**	**2007** **RM'000**	**2006** **RM'000**
The amount recognised in the income statement are as follows:				
Current service cost	–	490	–	45
Interest costs	–	152	–	20
Amortisation of transitional obligation	–	167	–	23
Settlement gain	–	(783)	–	(261)
Total, included in employee benefits expense (Note 6)	–	26	–	(173)

30. EMPLOYEE BENEFITS (CONT'D)

(a) Provision for retirement benefits

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Movements in the net liability in the current year were as follows:				
At 1 January	–	2,492	–	531
Recognised in income statement	–	26	–	(173)
Utilisation of provision during the year	–	(2,518)	–	(358)
At 31 December	–	–	–	–

	2007 %	2006 %
Principal actuarial assumptions used:		
Discount rate	Not applicable	7
Expected rate of salary increases	Not applicable	5

(b) Employee Share Options Scheme ("ESOS")

On 29 August 2005, the Company implemented the ESOS after approvals were obtained from the relevant authorities. The ESOS is governed by By-Laws approved by the Company's shareholders at the Extraordinary General Meeting held on 22 August 2005.

The principal features of the ESOS are as follows:

(i) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.

(ii) The total number of shares to be offered shall not exceed in aggregate 15% of the issued share capital of the Company at any point of time during the duration of the ESOS, which shall be in force for a period of five years from 29 August 2005.

(iii) The option price under the ESOS shall be the average of the mean market quotation (calculated as the average of the highest and lowest price transacted) of the shares as shown in the daily official list in the Bursa Securities for the five trading days immediately preceding the date of offer subject to a discount not more than ten per cent (10%) at the ESOS Committee's discretion, or at par value of the shares whichever is higher.

(iv) An option granted under the ESOS shall be capable of being exercised by the grantee by notice of writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.

(v) The number of shares under option or the option price or both so far as the options remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a capitalisation of profit or reserves or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.

30. EMPLOYEE BENEFITS (CONT'D)

(b) Employee Share Options Scheme ("ESOS") (cont'd)

(vi) The shares under options shall remain unissued until the options are exercised and shall on allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company provided that the new shares shall not be entitled to any dividends declared in respect of the particular financial year if the options related thereto are not exercised prior to or on the entitlement date and on a date during the financial year for which the dividends are declared in respect of and to any other distributions unless the options were exercised prior to or on the entitlement date.

(vii) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.

The terms of share options outstanding at 31 December 2007 are as follows:

			Number of Options over Ordinary Shares of RM1 Each			
Grant Date	**Expiry Date**	**Exercise Price RM**	**At 1 January 2007 '000**	**Granted '000**	**Exercised '000**	**At 31 December 2007 '000**
15 September 2005	28 August 2010	2.01	9,620	–	(2,089)	7,531
15 September 2006	28 August 2010	1.66	2,283	–	(1,309)	974
15 September 2007	28 August 2010	2.20	–	1,515	(39)	1,476

As disclosed in Note 24, options exercised during the financial year resulted in the issuance of 3,437,000 (2006: 547,000) ordinary shares at an average price of RM1.88 (2006: RM1.99) each. The related weighted average share price at the date of exercise was RM2.40 (2006: RM2.03).

The fair value of share options granted during the year was estimated by an external valuer using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2007	**2006**
Fair values of share options at the following grant dates (RM):		
15 September 2006	Not applicable	0.29
15 September 2007	0.35	Not applicable
Weighted average share price	2.43	2.13
Expected volatility (%)	25.0%	25.0%
Expected life (years)	2.95	3.95
Risk free rate (%)	3.6%	3.3%
Expected dividend yield (%)	6.5%	5.7%

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

31. TRADE PAYABLES

	Group	
	2007 RM'000	2006 RM'000
Trade payables	30,935	46,691
Progress billings in respect of property development costs	40,750	48,998
Due to customers on contracts (Note 21)	19,172	12,502
Retention sums on contracts	13,334	16,946
	104,191	125,137

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2006: 30 to 90 days).

32. OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short-term accumulating compensated absences	976	973	133	141
Other payables	25,897	22,544	1,454	1,749
Tuition fees paid in advance	20,731	20,680	–	–
Tenants deposits	336	122	–	–
Refundable deposits	13,364	9,980	–	–
	61,304	54,299	1,587	1,890

33. OPERATING LEASE ARRANGEMENTS

(a) The Group as Lessee

The Group has entered into non-cancellable operating lease agreements for the use of land, buildings and certain plant and equipment. These leases have an average life of 3 years with renewal or purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Future minimum rentals payments:				
Not later than 1 year	1,205	986	505	505
Later than 1 year and not later than 5 years	1,191	1,384	403	967
	2,396	2,370	908	1,472

The lease payments recognised in profit or loss during the financial year are disclosed in Note 5.

33. OPERATING LEASE ARRANGEMENTS (CONT'D)

(b) The Group as Lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 2 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2007 RM'000	2006 RM'000
Not later than 1 year	171	176
Later than 1 year and not later than 5 years	106	66
	277	242

34. COMMITMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Capital expenditure				
Approved and contracted for:				
– Land held for property development	92,640	–	–	–
Approved but not contracted for:				
– Land held for property development	12,807	–	12,807	–
	105,447	–	12,807	–

35. CONTINGENT LIABILITIES

	Company	
	2007 RM'000	2006 RM'000
Unsecured:		
Guarantees extended in support of banking and other credit facilities granted to subsidiaries	287,394	301,989
Amount utilised	186,805	182,042
Performance guarantees extended to developers for contracts awarded to subsidiary	2,250	2,250
	189,055	184,292

36. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Purchases of computers and peripherals from ECS KU Sdn. Bhd. and its subsidiaries, a group of companies in which Dato' Teo Chiang Quan, a director of the Company, has substantial interests	879	1,620	84	107
Consultancy fees charged by Tarrenz, Inc, a wholly owned corporation of Dr. Brian Shoy Teng To, a director of the Company	–	855	–	855
Insurance premium charged by Jerneh Insurance Berhad, an associated company	996	1,122	273	283
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has financial interest	513	482	513	482
Rental charges paid to Uptown Conference Centre Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has financial interest	72	–	–	–
Security services rendered by Strong Legacy Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan and Dato' Md Taib bin Abdul Hamid, also a director of the Company, has financial interest	–	23	–	–

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. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Short term employee benefits	5,754	5,458	2,410	2,237
Post-employment benefits				
Defined contribution plan	603	609	243	246
Defined benefit plan	–	820	–	277
Other long-term benefits				
Share-based payment	373	560	233	344
	6,730	7,447	2,886	3,104

Included in the total key management personnel are:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Directors' remuneration (Note 7)	4,920	5,561	1,263	1,527

Executive directors of the Group and the Company and other members of key management have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
At 1 January	3,463	2,996	1,974	1,645
Granted	391	734	195	536
Exercised	(667)	(267)	(405)	(207)
At 31 December	3,187	3,463	1,764	1,974

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 30(b)).

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the financial year,

(a) On 7 February 2007, KDU International Sdn Bhd, a wholly owned subsidiary of the Company, increased its shareholding in KDU International Language Training School Limited, a wholly owned subsidiary from RMB9,600,000 to RMB13,600,000 through the subscription of 4,000,000 new ordinary shares of RMB1 each at par for cash.

(b) On 15 September 2007, a third offer under the existing Employee Share Options Scheme for a total 1,864,000 options, were made to 211 employees, who had served one year or had achieved long service and/or were promoted during the year, at RM2.20 per share. As at the close of the offer period on 14 October 2007, a total of 1,515,000 options were accepted by 164 employees.

(c) On 21 September 2007, Seleksi Megah Sdn Bhd ("SMSB"), a wholly owned subsidiary company of the Company, entered into a conditional agreement with Oji Screens Sdn Bhd for the acquisition of a piece of leasehold vacant industrial land known as Lot 7, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 5.12 acres or 223,027 square feet for a total cash consideration of RM20,518,000. The proposal is pending the approvals of the Foreign Investment Commitee, Perbadanan Kemajuan Negeri Selangor and, if required, the State Authority.

(d) On 27 September 2007, the Company purchased 51,000 ordinary shares of RM1.00 each in Jasarim Bina Sdn Bhd ("JBSB") for a total cash consideration of RM51,000 thereby increasing the Company's investment in JBSB to 100,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of JBSB.

(e) On 19 October 2007, the Company through its wholly-owned subsidiary, Jasarim Bina Sdn Bhd (“JBSB”), entered into a conditional sale and purchase agreement with Rangkaian Cipta Sdn Bhd ("RCSB") for the acquisition of a piece of industrial land known as No. 76, Jalan University, 46200 Petaling Jaya, Selangor Darul Ehsan, measuring 21,050 square meters with a leasehold term of 56 years expiring on 4 June 2063 together with the buildings, currently 100% tenanted to third parties, constructed on the land from RCSB for a total cash consideration of RM43,035,000. The purchase was completed on 20 February 2008.

(f) On 25 October 2007, Wangsa Merdu Sdn Bhd, a wholly owned subsidiary of the Company, was placed under Members' Voluntary Winding-up. There were no material impact to the Group's financial position and results arising from the voluntary winding-up.

38. SUBSEQUENT EVENTS

(a) On 22 January 2008, the Company purchased a shelf company, Broad Projects Sdn Bhd ("BPSB"), and on the same date, BPSB acquired 51,000 ordinary shares of RM1.00 each in Supreme Essence Sdn Bhd ("SESB"), representing 51% of the issued and paid up share capital of SESB for a total cash consideration of RM51,000.

(b) On 22 January 2008, SESB entered into a conditional Sale and Purchase Agreement with Perfect Resources (M) Sdn Bhd ("PRSB") for the acquisition of two pieces of 99-year leasehold vacant industrial land known as Lot 2 and Lot 4, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor, measuring approximately 13.21 acres or 575,471 square feet for a total cash consideration of RM30,774,000. The proposal is pending the approvals of the Foreign Investment Committee and the State Authority.

(c) On 5 February 2008, SMSB entered into a conditional agreement with Sunhom Sdn Bhd for the acquisition of a piece of leasehold vacant industrial land known as Lot 9, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 4.33 acres or 188,615 square feet for a total cash consideration of RM19,411,000. The proposal is pending the approvals of the Foreign Investment Commitee, Perbadanan Kemajuan Negeri Selangor and, if required, the State Authority.

39. COMPARATIVES

Certain comparative figures have been reclassified to conform with current year's presentation. These relate mainly to the following:

	As previously stated RM'000	As Restated RM'000
Group		
Deferred tax assets	4,099	1,998
Deferred tax liabilities	11,083	8,982

40. 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 2007. The investments in financial assets are short-term in nature and have been mostly placed in fixed deposits.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	Range of interest rate %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	3-4 Years RM'000	4-5 Years RM'000	More than 5 Years RM'000	Total RM'000
At 31 December 2007									
Group									
Floating rate									
Cash and bank balances (HDA accounts)		1.80% – 2.00%	30,710	–	–	–	–	–	30,710
Deposits with licensed banks		2.30% – 3.60%	89,130	–	–	–	–	–	89,130
Revolving credit		7.13%	(368)	–	–	–	–	–	(368)
Term loans		6.90 – 7.75%	(5,023)	(7,478)	(7,673)	(7,342)	(1,986)	–	(29,502)
Company									
Floating rate									
Deposits with licensed banks		2.30% – 3.45%	13,130	–	–	–	–	–	13,130

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest Rate Risk (cont'd)

	Note	Range of interest rate %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	3-4 Years RM'000	4-5 Years RM'000	More than 5 Years RM'000	Total RM'000
At 31 December 2006									
Group									
Floating rate									
Cash and bank balances									
(HDA accounts)		1.80% – 2.00%	71,686	–	–	–	–	–	71,686
Deposits with licensed banks		2.46% – 3.70%	46,511	–	–	–	–	–	46,511
Bank overdrafts		7.00%	(375)	–	–	–	–	–	(375)
Revolving credit		5.58%	(1,472)	–	–	–	–	–	(1,472)
Term loans		5.63% – 8.10%	(13,526)	(12,263)	(7,478)	(7,591)	(7,707)	(1,620)	(50,185)
Hire purchase		3.90% – 7.40%	(75)	(57)	(48)	–	–	–	(180)
Company									
Floating rate									
Deposits with licensed banks		3.10%	4,367	–	–	–	–	–	4,367

(c) Foreign exchange risk

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

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

There are no unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies.

(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.

40. FINANCIAL INSTRUMENTS (CONT'D)

(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.

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.

41. SEGMENTAL INFORMATION

(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.

41. SEGMENTAL INFORMATION (CONT'D)

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

31 December 2007	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	Total Operations RM'000
REVENUE AND EXPENSES								
Revenue								
Sales to external customers	296	171,893	43,055	83,726	1,108	300,078	–	300,078
Inter-segment sales	7,406	–	51,679	–	94,107	153,192	(153,192)	–
Total revenue	7,702	171,893	94,734	83,726	95,215	453,270	(153,192)	300,078
Results								
Operating profit	5,659	31,427	4,376	20,621	87,371	149,454	(87,299)	62,155
Finance costs	(2,372)	(56)	(6)	(161)	(4)	(2,599)	–	(2,599)
Share of profits of associates	–	–	–	–	8,784	8,784	–	8,784
Profit before tax	3,287	31,371	4,370	20,460	96,151	155,639	(87,299)	68,340
Income tax expense								(16,556)
Pofit for the year								51,784
ASSETS AND LIABILITIES								
Segment assets	83,039	342,613	55,090	101,342	40,871	622,955	–	622,955
Investment in associates	–	–	–	–	44,090	44,090	–	44,090
	83,039	342,613	55,090	101,342	84,961	667,045	–	667,045
Segment liabilities	34,194	67,442	49,897	53,060	1,865	206,458	–	206,458
OTHER SEGMENT INFORMATION								
Capital expenditure	124	1,537	293	6,580	176	8,710	–	8,710
Depreciation and amortisation	1,501	533	500	6,799	2,388	11,721	–	11,721
Non-cash expenses other than depreciation, amortisation and impairment losses	(123)	81	16	873	372	1,219	–	1,219

41. SEGMENTAL INFORMATION (CONT'D)

Business Segments

31 December 2006	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	Total Operations RM'000
REVENUE AND EXPENSES								
Revenue								
Sales to external customers	3,995	250,847	38,889	72,541	1,056	367,328	–	367,328
Inter-segment sales	7,406	–	106,829	–	40,637	154,872	(154,872)	–
Total revenue	11,401	250,847	145,718	72,541	41,693	522,200	(154,872)	367,328
Results								
Operating profit	20,895	43,278	6,735	10,299	32,820	114,027	(31,285)	82,742
Finance costs	(4,101)	(1,387)	(133)	(773)	(961)	(7,355)	1,885	(5,470)
Share of profits of associates	–	–	–	–	5,103	5,103	–	5,103
Profit before tax	16,794	41,891	6,602	9,526	36,962	111,775	(29,400)	82,375
Income tax expense								(18,784)
Profit for the year								63,591
ASSETS AND LIABILITIES								
Segment assets	85,746	391,905	40,242	89,274	13,315	620,482	–	620,482
Investment in associates	–	–	–	–	38,999	38,999	–	38,999
	85,746	391,905	40,242	89,274	52,314	659,481	–	659,481
Segment liabilities	38,155	98,500	47,424	56,758	2,484	243,321	–	243,321
OTHER SEGMENT INFORMATION								
Capital expenditure	3,937	1,611	1,425	5,747	247	12,967	–	12,967
Depreciation and amortisation	1,656	889	484	6,372	2,571	11,972	–	11,972
Non-cash expenses other than depreciation, amortisation and impairment losses	(15)	370	2,190	(37)	(193)	2,315	–	2,315

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proxy **form**

PARAMOUNT®
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-Eighth Annual General Meeting of the Company to be held at Topas Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 21 May 2008 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		
Re-election and re-appointment of Directors:			
Resolution 3	YBhg Dato' Teo Chiang Quan		
Resolution 4	Mr Ong Keng Siew		
Resolution 5	YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin		
Resolution 6	Mr Geh Cheng Hooi		
Resolution 7	Re-appointment of Auditors and to fix their remuneration		
Resolution 8	Authority to Directors to issue shares		

Dated this ____________________ day of ____________________ 2008.

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
30 sen 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)

PARAMOUNT CORPORATION BERHAD (8578-A)
Level 8, Uptown 1, 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan
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PARAMOUNT CORPORATION BERHAD (8578-A)

annual report **2007**