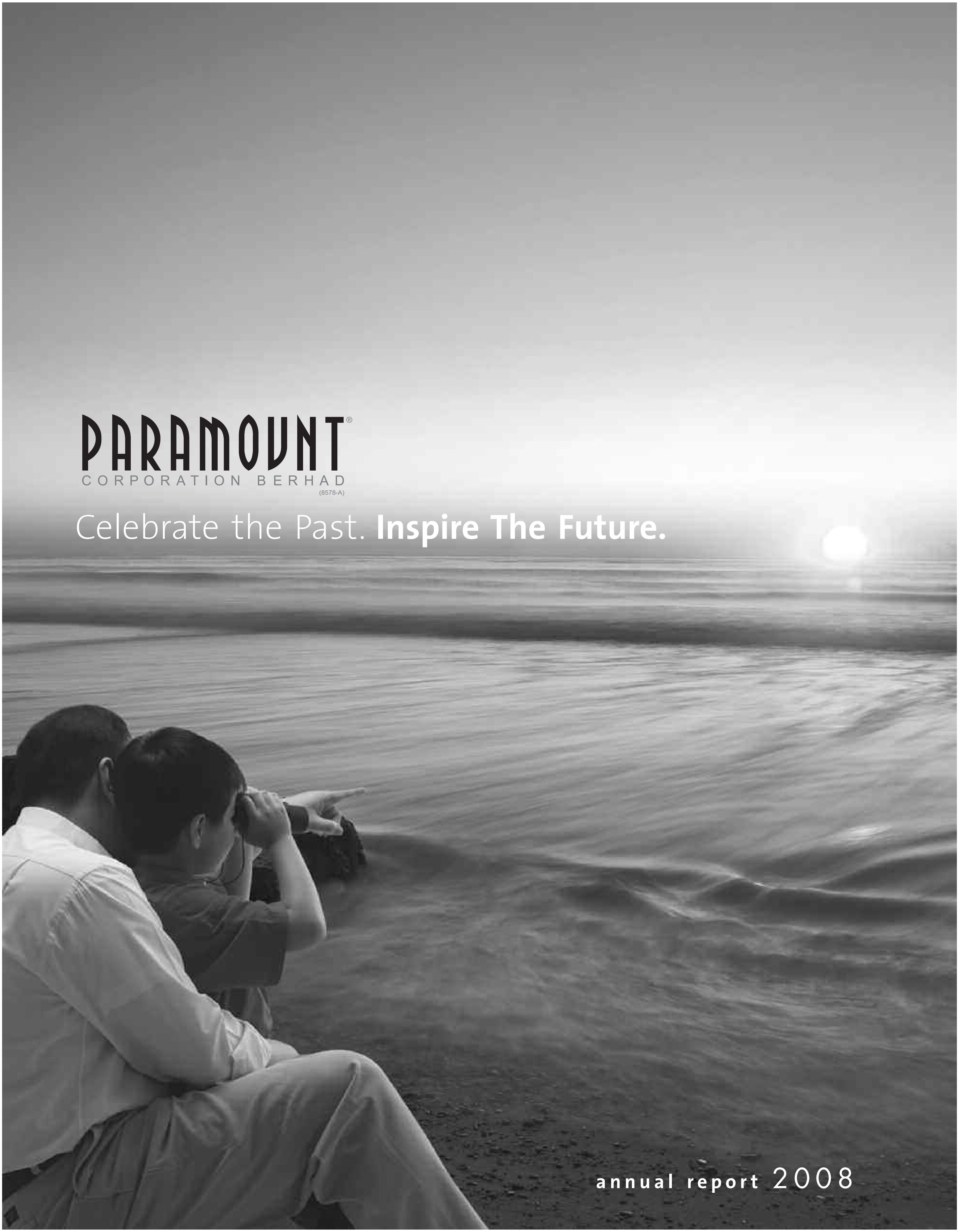
PARAMOUNT®
CORPORATION BERHAD
(8578-A)
Celebrate the Past. **Inspire The Future.**
annual report 2008

When we know our roots, we know our path into the future. At Paramount Corporation Berhad, we have evolved over the years but always held fast to our belief in hard work, innovation and the development of human capital. Today, as we celebrate 40 years as a successful Malaysian company, we stand on solid ground to make new inroads in a future of our own making.

contents

notice of thirty-ninth annual general meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Ninth 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, 20 May 2009 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 2008 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**

2. To approve the declaration of a final dividend of 8%, less income tax at 25%, and a special dividend of 5%, less income tax at 25%, in respect of the year ended 31 December 2008. **Resolution 2**

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

   (a) Cik Rohana Tan Sri Mahmood **Resolution 3**

   (b) Mr Quah Chek Tin **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 Dato' Md Taib bin Abdul Hamid, 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 authorise 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 2009

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 8%, less income tax at 25%, and a special dividend of 5%, less income tax at 25%, in respect of the year ended 31 December 2008, will be paid on 15 June 2009 to shareholders whose names appear in the Record of Depositors on 29 May 2009.

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 29 May 2009 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-ninth 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:

   - Cik Rohana Tan Sri Mahmood
   - Mr Quah Chek Tin

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

   - YBhg Dato' Md Taib bin Abdul Hamid
   - 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 10 to 11 and the shareholdings of the Directors in the Company are the same as that stated on page 33.

group corporate structure

PARAMOUNT®
CORPORATION BERHAD
(8578-A)

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
  - ■ 100% 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
  - ■ 40% Kane Paramount Sdn Bhd

education

- ■ 100% 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

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

Paramount Corporation Berhad (Paramount) was incorporated on 15 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).

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.

In 2007, Paramount made a strategic decision to venture into commercial property development.

On 19 October 2007, Paramount through Jasarim Bina Sdn Bhd, acquired 5.201 acres of leasehold industrial land located in Section 13, Petaling Jaya for the proposed development of office buildings. This was followed by the acquisition of two pieces of 99-year leasehold vacant industrial lands measuring approximately 13.21 acres known as Lot 2 and Lot 4, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor through Supreme Essence Sdn Bhd on 22 January 2008 and the acquisition of another two pieces of 99-year leasehold vacant industrial lands measuring approximately 9.45 acres known as Lot 7 and Lot 9, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan through Seleksi Megah Sdn Bhd on 5 February 2008 for the development of semi-detached showroom cum industrial buildings.

On 9 October 2008, KDU reverted to becoming a wholly-owned subsidiary of Paramount following Cik Rohana Tan Sri Mahmood's disposal of shares in KDU to Paramount. The disposal of her shares represent the remaining 15% of KDU shares not already owned by Paramount.

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.

corporate information

BOARD OF DIRECTORS

Chairman
Dato' Md Taib bin Abdul Hamid*
DSDK

Executive Deputy Chairman
Dato' Teo Chiang Quan
DPTJ

Managing Director & Chief Executive Officer
Ong Keng Siew

Members
Tan Sri Dato' Ahmad Sabki bin Jahidin*
PSM, DPMP, DIMP, JMN, KMN, SAP, PMP, PJK
(Deceased on 15 September 2008)

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 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 03-2264 3883
Facsimile : 03-2282 1886
Email : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

AUDITORS

Ernst & Young, Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad

EON Bank Berhad

OCBC Bank (Malaysia) Berhad

Alliance Bank Malaysia Berhad

Hong Leong Bank Berhad

RHB 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 414,000 options were exercised.

2. NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors by the Group and Company for the financial year is reflected in Note 5, page 68 of the financial statements.

3. MATERIAL CONTRACTS

On 18 July 2008, the Company entered into a conditional Share Sale Agreement with Cik Rohana Tan Sri Mahmood (RTSM), a director of the Company and KDU College Sdn Bhd (KDU), for the acquisition from RTSM of her 353,000 ordinary shares of RM1.00 each in KDU, representing the remaining 15% equity interest in KDU not already owned by the Company, for a total cash consideration of RM25,000,000. The transaction was completed on 9 October 2008.

4. REVALUATION POLICY

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

board of directors' profile

Dato' Md Taib Bin Abdul Hamid

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

Dato' Taib, who is Chairman of the Board of Paramount Corporation Berhad (Paramount), brings to the Group a wealth of experience gained through an impressive career 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 October 2001. 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 and was appointed as a member of the Audit Committee on 5 February 2009.

Dato' Taib attended all the 6 board meetings.

Dato' Teo Chiang Quan

Executive Deputy Chairman
Hon Doc Middlesex University, United Kingdom
59 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-capitalised insurance company with 11 branches. He was also instrumental in ensuring the successful merger of the Group's insurance operations with Jerneh Insurance Bhd (JIB). In 1989, Dato' Teo assumed the position of Group Managing Director & Group Chief Executive Officer of Paramount and has since then transformed Paramount into a reputable and financially sound diversified group. He is widely acknowledged as the driving force behind the Group's growth and success in its core businesses of education and property development.

On 1 December 2008, Dato' Teo relinquished his position as Group Managing Director and Group Chief Executive Officer of Paramount to assume the post of Executive Deputy Chairman.

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 31 to 33.

Dato' Teo attended all the 6 board meetings.

Ong Keng Siew

Managing Director & Chief Executive Officer
C.A. (M) FCCA
52 years of age – Malaysian

Ong's relationship with Paramount spans more than 20 years. He joined the Group as an Accountant in 1981. His meteoric rise to the top began in 1984 when he was promoted to the position of Finance and Administration Manager and five years later, he was appointed 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.

On 1 December 2008, he succeeded Dato' Teo as Managing Director and Chief Executive Officer of Paramount.

Ong also serves on the Employees' Share Option Scheme Committee.

Ong attended all the 6 board meetings.

Geh Cheng Hooi

Independent Non-Executive Director
Fellow of the Institute of Chartered Accountants in England and Wales
74 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 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, The Bank of Nova Scotia Berhad, Plus Expressway Berhad, Malayan Flour Mills Berhad and Wawasan TKH Holdings Berhad.

Geh attended all 6 board meetings.

Tan Sri Dato' Ahmad Sabki bin Jahidin

(Deceased)
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 until his demise on 15 September 2008.

The late Tan Sri was the Chairman of the Audit Committee and a member of both the Nomination and Remuneration Committees.

The late Tan Sri attended 1 out of 4 board meetings.

Rohana Tan Sri Mahmood

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

Rohana Tan Sri Mahmood is the Chairman of the Board of Ethos Capital Sdn Bhd, a RM200 million private equity fund that invests in ASEAN companies. Rohana has an extensive political and business network in Malaysia and the Asia Pacific Region. She is President and a Founding Member of the exclusive Kuala Lumpur Business Club (KLBC), and Vice Chairman and a Board Member of the Pacific Basin Economic Council (PBEC). Rohana is also the Founding Board Member of the Malaysian Strategic Research Centre (MSRC), an independent policy think tank focused on national politics and economic issues under the Chairmanship of YB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, the Prime Minister of Malaysia. She is a distinguished Fellow of the Institute of Strategic and International Studies Malaysia (ISIS) and a member of International Council, The Asia Society, New York. Rohana is also actively involved in business, principally in the field of Education; she is a Director of KDU College Sdn Bhd and Masterskill (M) Sdn Bhd. Rohana joined the Board on 28 July 1997.

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

Rohana attended 3 out of 6 board meetings.

Dato' Haji Azlan bin Hashim

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

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

Dato' Azlan was appointed the Chairman of the Audit Committee on 17 October 2008 and is also a member of both the Nomination and Remuneration Committees.

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

Dato' Azlan attended all 6 board meetings.

Quah Chek Tin

Independent Non-Executive Director
Bachelor of Science (Honours) Degree in Economics, the London School of Economics & Political Science
Fellow of the Institute of Chartered Accountants in England and Wales
Member of the Malaysian Institute of Accountants
57 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 upon his retirement 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 6 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.

five-year group financial highlights

	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000	Year 31 Dec 2005 RM'000	Year 31 Dec 2004 RM'000
REVENUE	**398,761**	**300,078**	**367,328**	**502,819**	**270,984**
EARNINGS					
Operating profit	59,238	62,155	82,742	81,338	35,159
Finance costs	(2,418)	(2,599)	(5,470)	(6,816)	(3,932)
Share of profit of associates	3,157	8,784	5,103	4,269	4,710
Profit before tax	59,977	68,340	82,375	78,791	35,937
Income tax expense	(15,939)	(16,556)	(18,784)	(23,127)	(12,589)
Profit for the year	**44,038**	**51,784**	**63,591**	**55,664**	**23,348**
Attributable to:					
Equity holders of the Company	41,993	49,295	61,867	55,503	23,571
Minority interests	2,045	2,489	1,724	161	(223)
	44,038	51,784	63,591	55,664	23,348
Retained profits brought forward	272,797	239,609	189,101	145,258	129,039
Net profit for the year attributable to equity holders of the Company	41,993	49,295	61,867	55,503	23,571
Foreign currency translation	1,057	(1,892)	258	–	–
Dividends	(14,379)	(14,215)	(11,617)	(11,660)	(7,352)
Retained profits carried forward	**301,468**	**272,797**	**239,609**	**189,101**	**145,258**
ASSETS EMPLOYED					
Property, plant and equipment	150,018	142,597	145,119	146,193	146,025
Land held for property development	208,181	140,379	163,416	143,982	164,166
Investment properties	13,121	13,899	14,830	62,939	58,194
Prepaid land lease payments	62,667	17,144	17,385	17,627	17,820
Intangible asset	15,674	–	–	–	–
Investment in associates	47,259	44,090	38,999	35,335	33,723
Other investments	485	397	397	397	370
Deferred tax assets	2,006	1,097	1,998	2,139	1,581
Net current assets	81,412	135,907	79,762	67,325	67,229
Long term borrowings	(87,147)	(24,479)	(36,764)	(65,847)	(85,775)
Deferred tax liabilities	(11,228)	(10,444)	(8,982)	(7,130)	(5,977)
Provision for retirement benefits	–	–	–	(2,190)	(1,920)
Long term payables	–	–	–	(38,901)	(77,802)
Net assets	**482,448**	**460,587**	**416,160**	**361,869**	**317,634**

	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000	Year 31 Dec 2005 RM'000	Year 31 Dec 2004 RM'000
EQUITY					
Share capital	108,031	107,563	104,126	103,579	103,552
Capital reserves	4,044	4,668	2,317	1,358	1,181
Share premium	68,900	68,322	64,797	64,180	64,153
Retained profits	301,468	272,797	239,609	189,101	145,258
Equity attributable to equity holders of the Company	482,443	453,350	410,849	358,218	314,144
Minority interests	5	7,237	5,311	3,651	3,490
Total equity	**482,448**	**460,587**	**416,160**	**361,869**	**317,634**

FINANCIAL STATISTICS

(Per ordinary share of RM1 each)

	Year 31 Dec 2008	Year 31 Dec 2007	Year 31 Dec 2006	Year 31 Dec 2005	Year 31 Dec 2004
Earnings before taxation (sen)	55.60	64.39	79.30	76.09	34.70
Earnings after taxation (sen)	38.93	46.45	59.56	53.60	22.76
Dividends gross (sen)	21.00	16.00	15.50	18.00	9.00
Dividend cover (times)	3	3	5	5	3
Net assets (RM)	4.47	4.21	3.95	3.46	3.03

chairman's statement

Dear Shareholders

It gives me great pleasure to present, on behalf of the Board of Directors, the Thirty-Ninth Annual Report of Paramount Corporation Berhad (Paramount or the Company) group of companies (the Group).

Amidst turbulence and uncertainty in the global financial markets and the wider economy, the Group turned in a satisfactory set of operating results for 2008, comparable with that of the previous year. The Group's property division recorded a slightly lower performance due to losses incurred by the construction sector as a result of an escalation in raw material prices thus further eroding profit margins that are already low in an extremely competitive bidding environment. The lower performance of the property division were ameliorated thanks to yet another record-breaking performance by the educational services division, whose achievement of a compounded annual growth rate in profit before tax of 231% over the last five years is indeed commendable. However, due to a substantially lower share of profit from an associated company, the Group's overall financial performance for 2008 did not match or exceed that of the previous year.

FINANCIAL PERFORMANCE

Profit before tax for the year ended 31 December 2008 was RM60 million, a decline of 12.2% compared with RM68.3 million recorded in the previous year. Net Profit for the year was RM44 million (2007:RM51.8 million). However, Group revenue for the year rose to RM398.8 million, an increase of 32.9% over last year's revenue of RM300.1 million.

Although Group profits were lower compared with the previous year, our financial position remained strong throughout the year. As at 31 December 2008, shareholders' fund increased to RM482.4 million (2007:RM453.3 million) and, correspondingly, Net Assets per share increased to RM4.47 (2007:RM4.21). Return on equity declined to 9% as at 31 December 2008 (2007:12%).

Property division

The Group's core contributor, the property development sector registered a 36% increase in revenue during the year to RM233.7 million (2007:RM171.9 million). This was attributed to higher progressive billings registered on the Kemuning Utama development on the back of lock-in sales, in particular, from commercial properties sold in previous years, and good take-up rates on new launches. However, lower progressive billings on the Bandar Laguna Merbok development following lower sales achieved on limited products for offer from a depleting landbank hampered the division from registering a better performance. The construction sector, with 50% of its contracts from in-house projects, also recorded a 65% increase in revenue (net of inter-company transactions) to RM71.1 million (2007:RM43.1 million). The revenue (net of inter-company transactions) for the property investment sector was RM278,000 (2007:RM296,000). Overall, the division registered a 41.8% increase in revenue to RM305.1 million (2007:RM215.2 million).

Despite the higher revenue recorded in the year, profit before tax for the property division declined marginally by 4.9% to RM37.1 million (2007:RM39 million) due to a pre-tax loss of RM1.2 million incurred by the construction sector, compared with a profit of RM4.4 million last year. On the other hand, the property development sector turned in a better performance to record a 6.4% improvement in profit to RM33.4 million (2007:RM31.4 million). Although the Kemuning Utama development achieved a higher profit of RM29.7 million, compared with RM23.2 million in the previous year, it was offset by a lower contribution of RM5.3 million from the Bandar Laguna Merbok development, whose contribution in the previous year of RM8.9 million was boosted by a RM2.3 million compensation for the compulsory acquisition of a school land by the State Government and a RM840,000 gain following the disposal of a piece of land approved for a petrol station. The property investment sector also recorded a higher profit of RM4.9 million (2007:RM3.3 million).

Educational services division

The educational services division continued to outperform, year on year. Higher student enrolment recorded by all sectors, except for the language center in China, resulted in a 10.9% growth in revenue to RM92.8 million (2007:RM83.7 million). Revenue for the primary and secondary school sector grew by 8.9% to RM31.9 million from RM29.3 million while revenue for the tertiary education grew by 11.1% to RM58.2 million from RM52.4 million. The Petaling Jaya campus managed to register a marginal growth in revenue to RM41.9 million despite maintaining the same enrolment levels due to space constraints (2007:RM39.7 million). However, revenue for the Penang campus grew by an impressive 28.3% to RM16.3 million (2007:RM12.7 million). Revenue for the post executive and professional development education sector also grew by 50% to RM2.1 million (2007:RM1.4 million). Revenue for the language center in Chongqing, China declined marginally by 6.2% to RM616,000 (2007:RM657,000).

The improved performance coupled with continued improvement in operational efficiency that resulted in operating cost savings saw the division recording a 10.2% increase in profit during the year to RM22.6 million (2007:RM20.5 million). The profit for the primary and secondary school increased by 8.5% to RM6.4 million (2007:RM5.9 million) while the profit for the tertiary education improved by 15% to RM18.8 million (2007:RM16.3 million). Profit for the Petaling Jaya campus improved marginally by 2.2% to RM13.7 million from RM13.4 million while the Penang campus almost doubled its profits to RM5.1 million from RM2.9 million. The post executive and professional development sector saw a reduced loss before tax of RM279,000 (2007:RM634,000). The performance of the language center continued to deteriorate following the registering of a higher loss before tax of RM1.7 million (2007:RM1 million).

Investment

The Group's share of profit from its 20% investment in Jerneh Insurance Berhad (JIB) was lower at RM3.2 million (2007:RM8.8 million) due to a RM25.5 million provision for diminution of equities by JIB.

DIVIDENDS

The satisfactory results achieved for 2008 and the strong cash position of the Group allow the Board to maintain the progressive dividend policy as practised in recent years. For the financial year ended 31 December 2008, the Board is pleased to propose a final dividend of 8%, less tax at 25%, and a special dividend of 5%, less tax at 25%, to reward shareholders who have been supportive of the Group in commemoration of Paramount's 40th anniversary. Together with the interim dividend of 8%, less tax at 26%, the total dividend for the year of 21 sen per share is higher than the dividend of 16 sen per share paid the previous year.

CORPORATE DEVELOPMENTS AND ACHIEVEMENTS

During the year, the Company acquired the remaining 15% equity of KDU College Sdn Bhd (KDU) not already owned by the Company comprising 353,000 ordinary shares of RM1.00 each from Cik Rohana Tan Sri Mahmood, a Director of the Company and KDU, for a total cash consideration of RM25 million. As a wholly owned subsidiary, the Company has the independence to expand the educational services business to capitalize on its future prospects. Paramount was able to consolidate in full the profits of KDU, thus providing an immediate additional income contribution to the Group. The transaction was completed on 9 October 2008.

It has been a quiet year for land acquisitions and the following outstanding acquisitions were completed during the year:

i) Seleksi Megah Sdn Bhd, a wholly owned subsidiary, completed the acquisition of a parcel of the 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, and 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 RM19,410,790 on 12 November and 13 November 2008, respectively.

ii) Supreme Essence Sdn Bhd, a 51% owned subsidiary, completed the acquisition of two parcels of 99-year leasehold vacant industrial land known as Lot 2 and Lot 4, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring approximately 13.21 acres or 575,471 square feet at a total cash consideration of RM30,773,550 on 22 September 2008.

On 15 January 2009, Broad Projects Sdn Bhd, a wholly owned subsidiary of Paramount, acquired the remaining 49% equity stake in Supreme Essence Sdn Bhd for a total cash consideration of RM15,190,000.

PROSPECTS

The near term does not appear to be positive. Looking ahead, we envisage 2009 to be a difficult year and as such anticipate earnings to be lower than that of the previous year. We have to brace ourselves in facing various challenges in our businesses, including weak housing market sentiments and the growing concern of consumers in light of a gloomy economy outlook. We are, however, optimistic that affordable housing and educational needs will continue to grow and we will use our best efforts to respond to those needs.

2009 marks Paramount's 40th year anniversary. Leveraging on our long history and fundamental strengths, we are committed to grow and prosper the businesses of Paramount, organically and through new opportunities, for the next 40 years and beyond.

In conclusion, we are confident that our strong financial position will help us sustain our businesses despite economic uncertainties and to seize opportunities when the industries in which we operate rebound.

ACKNOWLEDGEMENTS

On 1 December 2008, Paramount witnessed two important re-designations. Dato' Teo Chiang Quan, the Group Managing Director & Group Chief Executive Officer of Paramount since 1 January 1989, relinquished his post to assume the role of Executive Deputy Chairman. Dato' Teo has been an inspirational leader. He promoted a culture of empowerment, introduced best practices to achieve high standards and was the driving force behind the Group's commitment to superior customer service that has remained Paramount's greatest strength. Under his leadership, Paramount's revenue and profit before tax grew at compounded annual growth rates of 17% and 21%, respectively, with shareholders' fund ballooning to RM482.4 million from RM118.9 million. On behalf of the Board members, senior management and staff, I wish to place on record my sincere thanks to Dato' Teo for his exemplary leadership and achievements, thus far. Dato' Teo will continue to oversee Paramount in his new position.

In his place, we have found a worthy successor in Mr Ong Keng Siew, who is a seasoned Paramount manager, fully committed to the vision and values that are at the heart of Paramount's business. He is also a CEO with an entrepreneurial drive having built the Group's successful property division. Dato' Teo has handed over the running of the business to Mr Ong at a time when the Group is in good shape and well positioned for the future. We are confident that Mr Ong will take the Group to a higher level.

As ever, our success is attributed to our people who, through their commitment, skill and hard work, have enabled us to continue to build upon our impressive track record. On behalf of my fellow Directors, I wish to express my sincere thanks to all the employees of the Group for their contributions in helping to record yet another excellent performance. The Board looks forward to working closely with the management team to achieve further success in a challenging business environment.

On behalf of my Board members, management and employees, I would like to pay tribute to our long time friend and board member, the late YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin, who passed away on 15 September 2008. Tan Sri has always been engaging, supportive and challenging during his tenure – characteristics of a good independent director. He has been generous with his time and represented shareholders faithfully. He will be greatly missed.

Lastly, on behalf of the Board, I would like to express my sincere thanks and appreciation to our customers, shareholders and business associates for their tremendous support during the year. Thanks to their help and support, the Company remains in good shape and we look ahead with confidence to the next 12 months in Paramount's remarkable history. Once again, thank you for your continued support, trust and confidence in Paramount.

Dato' Md Taib Bin Abdul Hamid
Chairman

review of operations

The year under review recorded an important milestone in the history of Paramount Corporation Berhad (Paramount). After serving 20 years at the helm of the Paramount group of companies (the Group), I made an important decision to relinquish my post as Group Managing Director & Group Chief Executive Officer on 1 December 2008 in order to execute a planned handover of leadership and to spend more time with my family. As such, this will be my last CEO's review as I have handed over the reins of the Group to my worthy successor, Ong Keng Siew, who has been the Deputy CEO since 1997. Given his capabilities and proven track record throughout the Group, it is heartening to note that Keng Siew commands the respect and confidence of all his colleagues.

My decision to relinquish my post comes at a time when the Group is on a strong financial footing with excellent prospects to succeed in the future. This has enabled the facilitation of a smooth and harmonious transition without any interruptions to the Group's core businesses, as evidenced by our satisfactory result for the year.

I will continue to oversee the Group's business in my new role as Executive Deputy Chairman. It is a role that I look forward to as I intend to work with fellow board members on several issues including good corporate governance, growth strategies and the key direction the Group should take to ensure sustainable and profitable growth through 2009 and beyond that are central to creating value to our stakeholders.

We faced many challenges in 2008, particularly in the second half of the year due to the effects of an economic downturn that saw the housing market coming under great pressure. Low levels of consumer confidence, reduced affordability, extensive new and existing home supplies, reduced access to mortgage financing and competitive pricing adversely affected demand for new homes. In the light of such a gloomy scenario, we undertook several measures that helped generate cash and preserve liquidity, limit investments, minimise unsold houses, ensure efficient allocation of capital, and reduce overheads. Our strong cash position at the end of the year clearly vindicates our pro-active approach in rising to the challenge in such an unprecedented and tough economic environment.

Operationally, we continued to focus on what we have always done best, namely, to build quality homes that meet the needs of a growing and ever changing population and provide quality and relevant education to discerning students and working adults. There has been an increase in customer satisfaction based on surveys that are regularly conducted and closely monitored and this bears testament to the ongoing success of our core businesses.

The performance of our educational services business was most heartening, with many of the sectors within the division registering growth, both in revenue and profitability. It is indeed comforting news that we are operating a profitable educational services division that remains an important source of recurring income, especially in an extremely challenging economic environment.

PROPERTY DIVISION

Property Development

Our most compelling strength lies in our ability to not only understand the discerning needs of our homebuyers – first-time owners and those who wish to upgrade – but equally meet their expectations through the delivery of quality and affordable homes. A case in point is our Kemuning Utama-Western Precinct development in the Klang Valley that saw a take-up rate of 373 units with a sales value of RM128 million, closely matching the previous year's sales of 375 units with a sales value of RM130.4 million.

To mitigate the risk of holding unsold stocks, only 145 new units were launched during the year. To-date, we have launched a total of 2,578 units, of which 2,438 units with a sales value of RM993.1 million have been sold as at 31 December 2008.

The MS ISO 9001:2000 Certification for "Development of Residential & Commercial Properties" enhanced with Value Management Quality System processes, that was initiated last year for the Kemuning Utama project was attained as scheduled during the year. That these processes will further enhance the delivery of quality products and services reflects our unwavering commitment to providing superior customer satisfaction.

With limited products available for offer from a depleting land bank, our Bandar Laguna Merbok (BLM) development in Sungai Petani did not live up to management's expectations. BLM recorded lower sales of 212 units with a value of RM46 million during the year compared to 252 units with a sales value of RM48.2 million in 2007.

Only 178 units were launched during the year bringing the total number of units launched to-date at BLM to 3,626, of which 3,480 units with a sales value of RM629.0 million have been sold as at 31 December 2008.

BLM, which has long been a market leader in the 2-storey terrace houses category, continued to maintain a 42% market share, despite the low sales recorded.

Our plans to ameliorate the lower revenue from the tail end of the BLM development in the Northern operations by continuing our development activities on the newly acquired 515-acre mixed development township project did not take off as scheduled. The launch of the project, Banyan Hills in Amanjaya, Sungai Petani, was delayed due to a change in state government and its policies. We however managed to overcome this temporary setback and, barring any further unexpected state government policy changes, the first phase of this new township will be launched at the end of 2009 or early 2010.

Given the softening in the commercial real estate market, we took an early and decisive action to defer the development of a twin 18-storey office Tower Block on the newly acquired commercial property land in Section 13, Petaling Jaya until either a full or partial pre-letting or sale of one of the blocks is achieved.

We will, however, proceed with the launching of our commercial property - two parcels of a newly acquired 13.2-acre landbank located on Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara - by the first quarter of 2009 after having identified, analyzed and mitigated all the risks associated with the development. The development, Surian Industrial Park, comprises 38 innovatively designed 2-storey semi-detached industrial units complete with a boutique concept facade and industrial features is an ideal address for many businesses including corporate offices, showrooms/warehouses, light and clean manufacturing activities and a host of small and medium enterprises. What makes this development an ideal investment choice with upside potential is its strategic location in the heart of a thriving business community and property hotspot, and easy accessibility via the LDP, NKVE, Sprint Highway and Batu Tiga-Sungai Buloh road, and close proximity to the Kota Damansara interchange and the proposed Kota Damansara-Cheras LRT station. Similar properties in the vicinity – Selangor Science Park, Sunway Damansara Technology Park and Sunsuria – have all increased in value over a short period of time.

Construction

The construction sector increased its revenue substantially in 2008 due to a higher number of contracts secured from external projects. The success of the sector was primarily due to its ability to secure repeat work from satisfied clients through the delivery of quality workmanship and good customer service by a well trained and experienced workforce. Profit margins were, however, adversely impacted by a continuing escalation in raw material prices that led to the sector incurring an unexpected loss during the year.

Competition in the marketplace is expected to remain intense, as developers adopt a cautious stand with some resorting to deferring projects in the current economic climate. It is hoped that the stimulus packages announced by the Government in 2009 will provide the much-needed boost to an already lagging industry.

We will continue to mitigate our exposure by entering into joint ventures with property developers and landowners and actively pursue fee-based project management/construction services activities by spreading our geographical presence beyond the Northern region to the Klang Valley.

Property Investment

The activities of the property investment sector are primarily rental income derived from the college campus and primary and secondary school that are let to related companies from the educational services division.

During the year, the sector reviewed its property rentals to bring them in line with market rates, resulting in an increase in rental by 21% to RM9.3 million. This represents a gross rental yield of 11.9% on the Net Book Value of the property investments of the sector of RM78.3 million as at 31 December 2008 or 7.1% based on the market value of the properties amounting to RM131.4 million as per independent valuations conducted.

EDUCATIONAL SERVICES DIVISION

Primary and Secondary School

2008 was another good year for our primary and secondary school, Sekolah Sri KDU (Sri KDU), due to continuing student, revenue and profit growth. The examination results for our first batch of International Baccalaureate Diploma Programme (IBDP) students were very encouraging while the results for our Ujian Pencapaian Sekolah Rendah (UPSR) and Penilaian Menengah Rendah (PMR) students continued to improve over the previous year. We were successful in accomplishing the initial goals of our Blue Ocean Strategy (BOS) initiative "Malaysian Hearts, Global Minds", that was implemented during the year.

Despite the increasing pressure on enrolment caused by the economic downturn that was more apparent in the second half of 2008, student enrolment increased from 2,311 in the previous year to 2,325 by the end of 2008.

Our first IBDP intake of 38 students sat for their examinations in November 2008. Results were encouraging with 16% of the students meeting the general minimum entry guideline of 40 points required by most Ivy League Universities. UPSR and PMR students continued to excel with 62% of the UPSR candidates scoring four A's and above, an improvement of 10% over the previous year and 38% of PMR candidates scoring seven A's and above, thus setting a new record at Sri KDU. The achievements of our students mirror Sri KDU's philosophy where the focus is not in preparing students for examinations but one that espouses a holistic approach to education that centres on the broader development of students. Good examination results will naturally follow.

Sri KDU's reputation was further boosted when four of its students were awarded Asean Scholarships to study at the prestigious Anglo-Chinese School in Singapore. Our students also continue to excel in sports events on an international level and they include golf, karting and chess.

Our BOS initiative "Malaysian Hearts, Global Minds", which was successfully implemented during the year, was well received, thus adding yet another product differentiation for discerning customers. This initiative places emphasis in developing students to possess the skills and competencies to be globally competitive, while inculcating key Malaysian values such as compassion, diligence, self motivation, adaptability and graciousness.

In light of the global financial crisis, we took an early and decisive action to re-assess the implementation of our Iskandar Development Region project, the development of our first school outside the Klang Valley.

Tertiary Education

In 2008, KDU College commemorated its Silver Jubilee celebrations on the back of a 25-year track record as a premier private education provider. The year also saw a healthy growth in student population of almost 4 per cent, from a record high of 5,035 in 2007 to 5,217 in 2008. This increase in student enrolment is largely attributed to the stellar improvement achieved by the Penang campus and the Petaling Jaya campus registering an increase in international students.

During the year, we continued to focus on improving academic and operational effectiveness. Recognising that academic and industry partners are critical to the success of the college, we identified and built mutually rewarding academic partnerships with more overseas and local partners. The establishment of new partnerships with Keele University and University of Hertfordshire from the United Kingdom and Universiti Sains Malaysia fuels our drive to continually increase our knowledge and resource base. As a result of our new strategic partnerships, we are able to offer new Business, Mass Communication and Nursing degree programmes.

KDU College has also found support from the various industries whose captains serve as members on its Academic Advisory Board. These independent resource panelists have provided useful insights on industry trends and advice further on improving the academic curriculum to ensure that our curriculum is in tandem with industry development and the relevancy to employment market. This has help create further brand differentiation and sharing of best practices. For instance, our Petaling Jaya campus is preparing to conduct the first of its kind Diploma in Golf Management programme in collaboration with a premier player in the golf industry. On the other hand, the Centre for English Studies at our Penang campus is actively developing and sustaining new partnerships with industry by conducting corporate training programmes for employees of numerous local and multinational companies in the Silicon Valley of Penang. The centre also conducted Professional English courses to a group of supreme judges from the High Court of Mongolia.

KDU College delivers quality through superior learning methodologies and real-time experience. Our students are taught beyond subject specialisations and provided with invaluable input through additional modules in language, information literacy, personal and professional development to distinguish them as job-ready graduates who are committed to life-long learning. As part of the student learning experience, a molecular laboratory was set up at the Petaling Jaya campus at a cost of approximately RM1 million. The laboratory offers a module on molecular cooking at Diploma level, the first of its kind new-age culinary programme under the School of Hospitality, Tourism, and Culinary Arts. The module is led by Heiko Antoniewicz, a renowned Master Chef from Germany.

Operationally, the college will continuously evaluate processes and systems to identify opportunities for improving our services or to decrease costs. The Penang campus officially received its MS ISO 9001-2000 certification in May 2008 that enabled the campus to synchronise daily processes with that of the Petaling Jaya campus following clear-cut systematic procedures by management, academic and administrative staff. The college is now ready for an upgrade to the more stringent MS ISO 9001-2008 standard that will further strengthen its business systems. At the point of writing, the Petaling Jaya campus has just successfully completed an audit exercise in April 2009 to be upgraded. This and other collaborative efforts will enable the two campuses to learn from one another and in the process save costs.

Efforts are being made to establish a strong alumnus from an existing pool of 45,000 graduates that the college could tap a second generation of KDU students whose parents are KDU alumni.

Post Executive and Professional Development

Following the restructuring exercise that was undertaken last year to reduce overheads, KDU Management Development Centre (KMDC)'s first full year under a low cost structure saw the sector recording its best performance since its inception.

During the year, we continued to collaborate with two internationally renowned business schools, Wharton Business School and HAAS Business School, to hold KMDC's World Executive Series that was facilitated by professors from these institutions. We also engaged popular freelance speakers to complement our public executive education programmes.

The Certified Financial Planning programme continued to perform well, recording healthy growth trends in student enrolments for the two intakes in 2008. KMDC has captured a sizeable market share while maintaining the quality of the programme. Good examination results that were achieved bear testimony to the quality of training provided by KMDC.

Overseas English Language Center

The performance of our overseas English Language center could not be sustained. Despite growing student numbers and revenue, our losses continued to widen. As a consequence, we implemented a broad restructuring plan to reduce staff overheads, and selling, general and administrative expenses. We are monitoring the activities of the center closely and, in the meanwhile, the tertiary education sector is exploring the viability of working together with the center to reap synergistic benefits for both operating units.

OUR PEOPLE, OUR STRENGTH

We are fortunate in Paramount to have strong management teams in each of the Group's businesses that are led by experienced Chief Executives and supported by a central management team, all of whom are committed to the continued development of the Group. It is a privileged for me to work with such highly skilled and motivated individuals, and I offer them my appreciation for their continued dedication and support.

As the economic downturn continues, the depth and duration of which is uncertain at this point in time, I remain optimistic that our people will see us through these trying times. Their diligence and belief in our shared vision remains the key to our long-term sustainability. In this respect, our human capital strategy initiated last year to attract and retain the highest caliber people with the appropriate experience crucial to the long term growth of the Company couldn't have been more timely. The action plans that have been put in place will motivate employees to come together to address immediate challenges and to work toward common goals that will benefit us when the economy recovers.

FORWARD

2009 will be a difficult year. You can expect caution and discipline to be two guiding principles as we operate through this cycle. Though we may not be able to determine the end of this cycle, we know that it will eventually bottom-out and that a rebound will follow.

In deciding how and where to allocate capital and resources, we will study our existing businesses and plans with the objective of consolidating or exiting certain markets, and even take the opportunity to sell our non-core assets in order for us to focus on those businesses that offer the most long-term growth potential and where our capabilities are strongest.

We are reassured by the long-term prospects of the property development industry that remain bright. Favourable demographics and continuing population growth in our existing markets should provide a steady pool of buyers. In addition, the Malaysian housing market has strong underlying fundamentals – the motivation to own a home is a seemingly inherent part of our culture. Also, interest rates are currently at historic lows and the various stimulus packages announced by the government should stabilise the economy.

The educational services division is generally more resilient in an economic downturn, but we do not believe that it will be immune when the downturn becomes severe and our customers suffer. However, we believe that the inherent demand for learning is significant and that the will to invest in education still remains widespread and enduring.

To our customers and shareholders, I thank each and every one of you for the trust that you have placed in us. You can be assured that we remain committed to delivering to quality homes and educational services. Equally, we will be attentive to exercising prudent capital allocation and above-reproach ethical behavior in the conduct of our business.

Looking ahead, I am confident that our healthy mix of business that has put us in a strong financial position remains the key to our long-term growth and success, and the gateway to the continuous delivery of value to shareholders.

CONCLUSION

As mentioned at the outset, this is my last CEO's review, and it comes at a time when we are celebrating our 40th anniversary. Such an important and a major milestone in our corporate history should be given its due recognition. Thus it is only fitting that I place on record my sincere thanks and profound appreciation to each and every employee of the Group, both past and present. Your efforts have made us become a truly homegrown brand that evolved as a success story in helping to enhance the lifestyle of markets we serve through the delivery of quality homes and world class education.

As I look ahead to our Company's next 40 years and beyond, I am proud of the talented team we have in place. Given their combined strengths, I believe that Paramount is well positioned to seize greater opportunities in the future.

To my fellow Board members, thank you for your wise counsel, support and guidance during my tenure as Chief Executive Officer. I look forward to a strengthening of relationships in my new position.

Dato' Teo Chiang Quan
Executive Deputy Chairman

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 placed 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 its 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 are in the process of drawing up a Human Resource policy that would enhance our people management and to attract and retain the highest calibre people with the appropriate experience.

- 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 training and development are drawn up and budgeted for each year. We also take a proactive approach in providing opportunities for our employees to obtain professional and nationally recognised 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 organisations. 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 well-being. 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 organised. We encourage our people to volunteer in order to help others in the community and we recognise 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 products 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 24 to 27 and 30.

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

As at the end of the financial year, the Board of Paramount has seven members comprising two executive directors and five non-executive directors, all of whom are independent. YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin, an independent non-executive director, passed away on 15 September 2008. 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 10 to 11.

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

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

The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. The Directors have wide ranging experience and all of them have either occupied or 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 six times during the year, and the attendance record of directors was as follows:

Director	Attendance
Dato' Md Taib bin Abdul Hamid	6 out of 6
Dato' Teo Chiang Quan	6 out of 6
Ong Keng Siew	6 out of 6
Tan Sri Dato' Ahmad Sabki bin Jahidin (Deceased on 15 September 2008)	1 out of 4
Dato' Haji Azlan bin Hashim	6 out of 6
Rohana Tan Sri Mahmood	3 out of 6
Geh Cheng Hooi	6 out of 6
Quah Chek Tin	6 out of 6

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 2008, a seminar on Strategy Execution & Leadership in Today's Uncertain Times was organized for the directors and senior management.

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 28 to 29 of this Annual Report.

Nomination Committee

The Nomination Committee comprises exclusively of three independent non-executive Directors: Dato' Md Taib bin Abdul Hamid, 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 Managing Director & 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 three independent non-executive Directors: Dato' Md Taib bin Abdul Hamid, 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	1,080	495	–	65	75
Ong Keng Siew	501	219	–	50	23
Tan Sri Dato' Ahmad Sabki bin Jahidin (Deceased on 15 September 2008)	–	–	–	35	–
Dato' Haji Azlan bin Hashim	–	–	–	55	–
Rohana Tan Sri Mahmood	–	–	153	44	19
Geh Cheng Hooi	–	–	–	50	–
Quah Chek Tin	–	–	–	46	–

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 Meeting. 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 Review of Operations. An explanation of the respective responsibilities of the Directors and the auditors in the preparation of the accounts is set out in the Statement of Directors' Responsibilities section of the printed report.

Internal control

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

Although no system of internal controls can provide absolute assurance that business risks will be mitigated, the Group has in place an internal control system, which the Group is committed to continually strengthen, to meet the Group's particular needs and the risks to which it is exposed. The key areas that have been established include a risk management policy designed to ensure its proper implementation and a risk 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 28 to 29.

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 2008.

MEMBERS AND MEETINGS

The Audit Committee comprises four non-executive directors.

Five meetings were held during the year and the attendance of the committee members is as follows:

Directors	Status	Attendance
YBhg Dato' Haji Azlan Bin Hashim (Chairman)*	Independent Non-Executive Director/Accountant	5 out of 5 meetings
Mr Geh Cheng Hooi	Independent Non-Executive Director/Accountant	4 out of 5 meetings
Mr Quah Chek Tin	Independent Non-Executive Director/Accountant	5 out of 5 meetings
YBhg Tan Sri Dato' Ahmad Sabki Bin Jahidin**	Independent Non-Executive Director	1 out of 4 meetings

* Dato' Haji Azlan Bin Hashim was appointed Chairman of the Audit Committee on 17 October 2008.
** The late Tan Sri Dato' Ahmad Sabki Bin Jahidin, the Chairman of the Committee, passed away on 15 September 2008.

TERMS OF REFERENCE

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

Membership

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

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants or is appropriately qualified as an accountant.

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

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

Meetings

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

The committee shall meet with the external auditors without the presence of executive board members as and when required.

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:

a) investigate any matter within its terms of reference;

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

c) have full and unrestricted access to any information pertaining to the Company and the Paramount group of companies (the 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:

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

b) 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;

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

   i) Any changes in accounting policies and practices;

   ii) Significant adjustments arising from the audit;

   iii) The going concern assumption; and

   iv) Compliance with accounting standards and other legal requirements.

d) To discuss problems and reservations arising from interim and final audits, and any matter the external auditor may wish to discuss;

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

f) 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;

g) 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;

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

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

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

k) 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 included:

a) 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 statutory audit;

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

   iv) Reviewed the external auditors 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.

b) 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 proposed the report to the board for its approval; and

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

c) Employees' Share Option Scheme

   i) Reviewed the implementation of Paramount's Employees' Share Option Scheme during the year 2008 pursuant to Bursa Malaysia Securities Berhad's Listing Requirements.

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 Bursa Malaysia Securities Berhad's Listing Requirements 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 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 investment and the safeguarding of the Group's interest.

RISK MANAGEMENT/STRATEGIC PLAN

The Board regards risk management as an integral part of achieving 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 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 work for 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 carry out its work and report to the Audit Committee on the internal control system of the Group.

The internal audit function submits regular audit reports to the Audit Committee for its review and conducts follow-up action with management on matters highlighted. 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 quarterly basis where comprehensive financial results are reviewed by comparing actual performance against approved budget and forecast. The quarterly financial results and management reviews are then summarised for presentation to the Board during 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 2009

SHARE CAPITAL

Authorised capital	:	RM200,000,000
Issued and fully paid-up	:	RM108,030,949
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	65	1.71	1,521	0.00
100 – 1,000	1,183	31.20	1,086,866	1.01
1,001 – 10,000	2,020	53.27	8,309,505	7.69
10,001 – 100,000	457	12.05	13,958,038	12.59
100,001 – 5,401,546 (*)	64	1.69	37,552,019	34.76
5,401,547 AND ABOVE (**)	3	0.08	47,483,000	43.95
TOTAL	**3,792**	**100.00**	**108,030,949**	**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	28.97
2.	Southern Palm Industries Sdn Bhd	10,639,000	9.85
3.	Southern Acids (M) Berhad	5,519,000	5.11
4.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG Singapore (PWM Asing)	4,821,750	4.46
5.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Azlan Bin Hashim (KLC)	4,000,000	3.70
6.	Bunga Indah (M) Sdn Bhd	3,309,391	3.06
7.	Southern Realty (M) Sdn Bhd	2,999,000	2.78
8.	Angsana Sutera Sdn Bhd	1,924,000	1.78
9.	Kenanga Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Teo Pek Swan (6Q-31037)	1,190,000	1.10
10.	Teh Win Kee	1,064,000	0.98
11.	Teh Wei Siong	1,051,000	0.97
12.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Teh Wao Kheng (PB)	1,034,700	0.96
13.	Citigroup Nominees (Asing) Sdn Bhd GSCO for Truffle Hound Global Value LLC	1,000,000	0.93
14.	Yayasan Kelantan Darulnaim	958,000	0.89
15.	Teo Chiang Quan	920,000	0.85
16.	Glamour Partnership Sdn Bhd	868,700	0.80
17.	Teh Chee Tong	862,200	0.80
18.	Cheong Hon Keong	684,300	0.63

	Name of Shareholders	No. of Shareholdings	%
19.	Goh Beng Choo	649,800	0.60
20.	Ong Keng Siew	446,000	0.41
21.	Lim Yan Pok Holdings Sdn Bhd	410,000	0.38
22.	Cartaban Nominees (Tempatan) Sdn Bhd AXA Affin General Insurance Berhad	400,000	0.37
23.	Yeo Khee Nam	375,000	0.35
24.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Leong Kok Tai (JRC)	370,000	0.34
25.	Yeo Khee Huat	350,000	0.32
26.	Tay Lee Kong	337,500	0.31
27.	Southern Edible Oil Industries (M) Sdn Bhd	333,000	0.31
28.	Ghee Thong Sdn Bhd	321,000	0.30
29.	Citigroup Nominees (Asing) Sdn Bhd PLL for Robotti Global Fund LLC	300,000	0.28
30.	HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Kim Huat	300,000	0.28

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2009

Name	No. of Ordinary Shares of RM1.00 each Direct	Indirect		Percentage of Issued Share Capital %
Paramount Equities Sdn Bhd	31,325,000	–		29.00
Dato' Teo Chiang Quan	998,000	31,654,888	(1)	30.23
Southern Acids (M) Berhad	5,519,000	–		5.11
Southern Palm Industries Sdn Bhd	10,639,000	5,519,000	(2)	14.96
Southern Edible Oil Industries (M) Sdn Bhd	333,000	16,158,000	(3)	15.27
Southern Realty (M) Sdn Bhd	2,999,000	16,491,000	(4)	18.04
Banting Hock Hin Estate Co Sdn Bhd	184,000	19,490,000	(5)	18.21
Dato' Low Mong Hua	67,000	19,674,000	(6)	18.27

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 2009

In Paramount Corporation Berhad:

	Direct		Indirect	
	No. of Shareholdings	%	No. of Shareholdings	%
Dato' Teo Chiang Quan	998,000	0.92	31,654,888	29.30
Dato' Haji Azlan bin Hashim	4,000,000	3.70	–	–
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	%
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 2009

In Paramount Corporation Berhad:

	No. of Options over Ordinary Shares of RM1.00 each	
	Offered	Exercised
Dato' Teo Chiang Quan	642,000	395,000
Ong Keng Siew	500,000	83,000
Total	**1,142,000**	**478,000**

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 31.12.2008 (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 dan Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Held for future development)	–	Freehold	10,428,416	85,877
28.04.2000 (27.11.2006)	Nos 3, 5 & 7, 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, a 4-storey block and a sports complex (Sekolah Sri KDU)	4 - 7 years	99 years lease commencing 02.11.2000	520,579	64,700
20.02.2008 (18.10.2007)	Lot 94, Section 13 Town of Petaling Jaya District of Petaling Selangor Darul Ehsan	Land with single storey building with a lower ground floor	40 years	99 years lease commencing 04.06.1964	225,680	45,764
13.11.2008 (28.02.2008)	Lots 7 & 9 Jalan Teknologi 3/1 Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land approved for industrial development (Held for future development)	–	99 years lease commencing 19.01.2008	411,642	41,736
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	40,858
22.09.2008 (28.02.2008)	Lots 2 & 4, Jalan Teknologi 3/1 Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land approved for industrial development (Held for future development)	–	99 years lease commencing 18.10.2007	575,460	32,045

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2008 (RM'000)
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 College Penang Campus)	12 years	Freehold	86,046	30,145
23.06.2003	Lots 138, 1327-1329, 2190, 2849, 2850, 3397, 3398, 11468, 15850, 15851, 72113, 72114, 72117, 72118 & 88127-88129, Seksyen 32 & 33 Shah Alam Mukim dan Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Under development)	–	Freehold	4,562,462	29,739
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	4,283,586	16,885
13.06.2008	Lot PTD 153275 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Land approved for institution	–	Freehold	435,600	13,068

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 2008.

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 16 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	44,038	22,017
Attributable to:		
Equity holders of the Company	41,993	22,017
Minority interests	2,045	–
	44,038	22,017

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 2007 were as follows:

	RM'000
In respect of the financial year ended 31 December 2007 as reported in the directors' report of that year:	
Final dividend of 10.0% less 26% taxation, on 107,888,000 ordinary shares, declared on 26 February 2008 and paid on 9 June 2008	7,984
In respect of the financial year ended 31 December 2008:	
Interim dividend of 8.0% less 26% taxation on 108,028,000 ordinary shares, declared on 14 August 2008 and paid on 18 September 2008	6,395
	14,379

DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a final dividend of 8.0% less 25% taxation and a special dividend of 5.0% less 25% taxation in respect of the financial year ended 31 December 2008 on 108,031,000 ordinary shares, amounting to dividends payable of RM6,482,000 (6.0 sen net per ordinary share) and RM4,051,000 (3.75 sen net per ordinary share) respectively will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2009, and are payable on 15 June 2009.

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 (Deceased on 15 September 2008)
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.

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 2008	**Acquired**	**Sold**	**At 31 December 2008**
The Company				
Direct interest:				
Dato' Teo Chiang Quan	796,000	202,000	–	998,000
Ong Keng Siew	446,000	–	–	446,000
Dato' Haji Azlan bin Hashim	4,000,000	–	–	4,000,000
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)	–

DIRECTORS' INTERESTS (CONT'D)

	<---- Number of ordinary shares of RM1 each ---->			
	At 1 January 2008	Acquired	Sold	At 31 December 2008
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.

During the financial year, Rohana Tan Sri Mahmood had disposed off 353,000 ordinary shares of RM1.00 each in KDU College Sdn Bhd ("KDU"), representing 15% equity interest in KDU to the Company, for a total cash consideration of RM25,000,000, which was approved by the shareholders at an Extraordinary General Meeting ("EGM") convened on 30 September 2008.

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 RM107,563,000 to RM108,031,000 by way of the issuance of the following ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Options Scheme:

- 357,000 ordinary shares of RM1 each at the exercise price of RM2.01 per ordinary share;
- 85,000 ordinary shares of RM1 each at the exercise price of RM1.66 per ordinary share; and
- 26,000 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 to the financial statements.

EMPLOYEE SHARE OPTIONS SCHEME (CONT'D)

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 option 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 each			
	1 January 2008	Granted	Exercised	31 December 2008
The Company				
Granted in 2005 at an option price of RM2.01 per share				
Dato' Teo Chiang Quan	371,000	–	(124,000)	247,000
Ong Keng Siew	330,000	–	–	330,000
Granted in 2007 at an option price of RM2.20 per share				
Ong Keng Siew	87,000	–	–	87,000

The terms of share options outstanding at 31 December 2008 are as follows:

			<---Number of options over shares of RM1 each--->			
Grant Date	Expiry Date	Exercise Price RM	At 1 January 2008 '000	Granted '000	Exercised '000	At 31 December 2008 '000
15 September 2005	28 August 2010	2.01	7,531	–	(357)	7,174
15 September 2006	28 August 2010	1.66	974	–	(85)	889
15 September 2007	28 August 2010	2.20	1,476	–	(26)	1,450
15 September 2008	28 August 2010	1.97	–	804	–	804

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D.)

(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 26 February 2009.

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 46 to 102 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 2008 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 26 February 2009.

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 46 to 102 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 26 February 2009

FOONG POH SENG

Before me,

Commissioner for Oaths

KOH TWEE YONG
No. B357
69A, Jalan SS 21/37
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

independent auditors' report
to the members of Paramount Corporation Berhad

Report on the financial statements

We have audited the financial statements of Paramount Corporation Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 102.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.

(c) We are satisfied that the accounts 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.

(d) The auditors' reports on the accounts 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

HABIBAH BTE ABDUL
No. 1210/05/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
26 February 2009

consolidated income statement

for the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Revenue	3	398,761	300,078
Other income		19,184	22,803
Property development costs	12(b)	(180,684)	(123,468)
Construction contract costs		(63,761)	(30,671)
Cost of inventories sold		–	(280)
Employee benefits expense	6	(61,877)	(57,670)
Depreciation and amortisation		(11,524)	(11,717)
Other expenses		(40,861)	(36,920)
Operating profit		59,238	62,155
Finance costs	4	(2,418)	(2,599)
Share of profit of associates		3,157	8,784
Profit before tax	5	59,977	68,340
Income tax expense	8	(15,939)	(16,556)
Profit for the year		44,038	51,784
Attributable to:			
Equity holders of the Company		41,993	49,295
Minority interests		2,045	2,489
		44,038	51,784
Earnings per share attributable to equity holders of the Company (sen)			
Basic	9 (a)	38.93	46.45
Diluted	9 (b)	38.89	45.69

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

consolidated balance sheet
as at 31 December 2008

	Note	2008 RM'000	2007 RM'000 (Restated)
Assets			
Non-current assets			
Property, plant and equipment	11	150,018	142,597
Land held for property development	12(a)	208,181	140,379
Investment properties	13	13,121	13,899
Prepaid land lease payments	14	62,667	17,144
Intangible asset	15	15,674	–
Investments in associates	17	47,259	44,090
Other investments	18	485	397
Deferred tax assets	29	2,006	1,097
		499,411	359,603
Current assets			
Property development costs	12(b)	58,106	77,911
Inventories	19	221	–
Trade receivables	20	59,165	67,846
Other receivables	21	11,857	30,020
Tax recoverable		3,055	958
Cash and bank balances	24	123,414	126,797
		255,818	303,532
Total assets		755,229	663,135
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	25	108,031	107,563
Reserves	26	374,412	345,787
		482,443	453,350
Minority interests		5	7,237
Total equity		482,448	460,587
Non-current liabilities			
Borrowings	28	87,147	24,479
Deferred tax liabilities	29	11,228	10,444
		98,375	34,923
Current liabilities			
Borrowings	28	6,151	5,391
Trade payables	31	97,787	104,191
Other payables	32	66,887	57,394
Tax payable		3,581	649
		174,406	167,625
Total liabilities		272,781	202,548
Total equity and liabilities		755,229	663,135

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

consolidated statement of changes in equity
for the year ended 31 December 2008

	<---Attributable to equity holders of the Company---						--->	
	<---Non-Distributable			--->	Distributable			
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
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
At 1 January 2008	107,563	68,322	2,695	1,973	272,797	453,350	7,237	460,587
Foreign currency translation, representing expense recognised directly in equity	–	–	(1,016)	–	1,057	41	–	41
Profit for the year	–	–	–	–	41,993	41,993	2,045	44,038
Total recognised income and expense for the year	–	–	(1,016)	–	43,050	42,034	2,045	44,079
Dividends (Note 10)	–	–	–	–	(14,379)	(14,379)	–	(14,379)
Acquisition of minority interest	–	–	–	–	–	–	(9,326)	(9,326)
Acquisition of shares in a subsidiary	–	–	–	–	–	–	49	49
Issue of ordinary shares pursuant to ESOS	468	578	–	(131)	–	915	–	915
Share options granted under ESOS	–	–	–	523	–	523	–	523
At 31 December 2008	108,031	68,900	1,679	2,365	301,468	482,443	5	482,448

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

Fortieth anniversary

consolidated cash flow statement

for the year ended 31 December 2008

	2008 RM'000	2007 RM'000
Cash flows from operating activities		
Profit before tax	59,977	68,340
Adjustments for:		
Depreciation of property, plant and equipment	10,441	11,146
Depreciation of investment properties	316	329
Amortisation of prepaid land lease payments	767	241
Reversal of impairment for property, plant and equipment	–	(230)
Reversal of impairment for investment properties	(32)	(101)
Property, plant and equipment written off	66	194
Provision for doubtful debts	–	66
Reversal of provision for doubtful debts	(275)	(2,305)
Bad debts written off	–	552
Share options granted under ESOS	523	1,036
Gain on disposal of property, plant and equipment	(458)	(205)
Gain on disposal of investment properties	(3)	(20)
Short term accumulating compensated absences	100	(39)
Share of profit of associates	(3,157)	(8,784)
Write off of goodwill on a subsidiary	–	6
Interest expense	2,418	2,599
Interest income	(2,626)	(2,694)
Operating profit before working capital changes	68,057	70,131
Decrease/(increase) in receivables	27,119	(37,273)
Decrease in development properties	21,542	9,242
(Increase)/decrease in inventories	(221)	280
Increase/(decrease) in payables	3,058	(13,901)
Cash generated from operations	119,555	28,479
Taxes paid	(15,229)	(16,025)
Interest paid	(2,418)	(2,599)
Net cash generated from operating activities	101,908	9,855

consolidated cash flow statement

for the year ended 31 December 2008 (cont'd.)

	2008 RM'000	2007 RM'000
Cash flows from investing activities		
(Increase)/decrease in land held for development	(67,802)	23,037
Dividends received from an associate	–	3,650
Purchase of property, plant and equipment	(19,799)	(8,710)
Purchase of investment properties	–	(255)
Prepayment of land lease	(46,290)	–
Purchase of shares in a subsidiary	(51)	38
Purchase of shares from minority interest	(25,000)	–
Purchase of shares in an associate	(12)	–
Purchase of other investment	(88)	–
Proceeds from disposal of property, plant and equipment	620	327
Proceeds from disposal of investment properties	541	904
Interest received	2,626	2,694
Net cash (used in)/generated from investing activities	(155,255)	21,685
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	915	6,458
Dividends paid	(14,379)	(14,215)
Dividends paid to minority shareholder	–	(563)
Repayment of borrowings, net of drawdown	63,343	(21,967)
Net cash generated from/(used in) financing activities	49,879	(30,287)
Net (decrease)/increase in cash and cash equivalents	(3,468)	1,253
Cash and cash equivalents at beginning of year	126,797	125,544
Cash and cash equivalents at end of year (Note 24)	123,329	126,797

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

income statement
for the year ended 31 December 2008

	Note	2008 RM'000	2007 RM'000
Revenue	3	47,908	89,608
Other income		123	4,012
Employee benefits expense	6	(4,975)	(4,616)
Depreciation		(346)	(432)
Other expenses		(9,410)	(10,005)
Operating profit		33,300	78,567
Finance costs	4	(720)	(4)
Profit before tax	5	32,580	78,563
Income tax expense	8	(10,563)	(20,761)
Profit for the year		22,017	57,802

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

balance sheet
as at 31 December 2008

	Note	2008 RM'000	2007 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	819	711
Investments in subsidiaries	16	153,750	127,430
Other investments	18	165	165
		154,734	128,306
Current assets			
Other receivables	21	203	485
Tax recoverable		1,672	1,152
Due from subsidiaries	23	172,989	144,775
Cash and bank balances	24	1,576	13,163
		176,440	159,575
Total assets		331,174	287,881
Equity and liabilities			
Equity			
Share capital	25	108,031	107,563
Reserves	26	155,108	146,499
Total equity		263,139	254,062
Current liabilities			
Other payables	32	1,616	1,587
Due to subsidiaries	23	66,419	32,232
Total liabilities		68,035	33,819
Total equity and liabilities		331,174	287,881

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

statement of changes in equity
for the year ended 31 December 2008

	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
	<------------ Non-Distributable			------------>	Distributable	
At 1 January 2007	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
Profit for the year, representing recognised total income and expense for the year	–	–	–	–	22,017	22,017
Dividends (Note 10)	–	–	–	–	(14,379)	(14,379)
Issue of ordinary shares pursuant to ESOS	468	579	–	(131)	–	916
Share options granted under ESOS:						
Recognised in profit or loss	–	–	–	224	–	224
Included in investments in subsidiaries	–	–	–	299	–	299
At 31 December 2008	108,031	68,901	–	2,365	83,842	263,139

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

cash flow statement

for the year ended 31 December 2008

	2008 RM'000	2007 RM'000
Cash flows from operating activities		
Profit before tax	32,580	78,563
Adjustments for:		
Depreciation of property, plant and equipment	346	432
Impairment of investment in a subsidiary	2,778	4,000
Provision for doubtful debts on due from subsidiary	3,518	3,910
Short-term accumulating compensated absences	12	(8)
Share options granted under ESOS	224	392
Interest expense	720	4
Gain on disposal of property, plant and equipment	(121)	(12)
Gain on winding-up of a subsidiary	–	(4,000)
Dividend income	(41,795)	(82,299)
Interest income	(213)	(502)
Operating (loss)/profit before working capital changes	(1,951)	480
Decrease/(increase) in receivables	282	(229)
Increase/(decrease) in payables	17	(295)
Changes in subsidiaries balances	2,455	(57,861)
Cash generated from/(used in) operations	803	(57,905)
Interest paid	(720)	(4)
Tax paid	(216)	(280)
Net cash used in operating activities	(133)	(58,189)
Cash flows from investing activities		
Interest received	213	502
Dividend received	30,928	60,348
Capital distribution from a subsidiary under winding-up	–	14,000
Purchase of equity interest in subsidiaries	(28,799)	(51)
Proceeds from disposal of property, plant and equipment	121	12
Purchase of property, plant and equipment	(454)	(176)
Net cash generated from investing activities	2,009	74,635
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	916	6,458
Dividends paid	(14,379)	(14,215)
Net cash used in financing activities	(13,463)	(7,757)
Net (decrease)/increase in cash and cash equivalents	(11,587)	8,689
Cash and cash equivalents at beginning of year	13,163	4,474
Cash and cash equivalents at end of year (Note 24)	1,576	13,163

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

notes to the financial statements
– 31 December 2008

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 16 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 26 February 2009.

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

The financial statements of the Group and of the Company have also been prepared on a historical cost 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(b) Associates (cont'd.)

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 Company 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 FRS 116: Property, Plant and Equipment, these assets continue to be stated at their 1980 valuation less accumulated depreciation.

The above transitional provisions are available only on the first application of the MASB Approved Accounting Standard FRS 116: 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 would require revaluation to be carried out at regular intervals.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(d) Property, plant and equipment, and depreciation (cont'd.)

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.

(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.

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 (cont'd.)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(h) Impairment of non-financial assets (cont'd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(j) Financial instruments (cont'd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(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).

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(n) Employee benefits (cont'd.)

(iii) 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.

Exchange differences arising on the settlement of 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.

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 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 appropriate.

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.

(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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of significant accounting policies (cont'd.)

(p) Revenue recognition (cont'd.)

(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 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

New FRSs and IC Interpretations		**Effective for financial periods beginning on or after**
FRS 8	Operating Segments	1 July 2009
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company have applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group and the Company. The adoption of the other FRSs and IC Interpretations is not expected to have a significant impact on the financial statements of the Group and the Company.

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 4% variance in the Group's estimated profit on project recognised during the year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Significant accounting estimates and judgements (cont'd.)

(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 18% variance in the Group's estimated profit on project recognised during the year.

(iii) Impairment of goodwill and investment in a subsidiary

The Company carried out the impairment test based on estimation of the value-in-use. 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 goodwill as at 31 December 2008 was RM15,674,000 (2007: RM Nil) as stated in Note 15. The carrying amount of the investment in a subsidiary was fully impaired as at 31 December 2008 as stated in Note 16.

(vi) 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 RM20,374,000 (2007: RM13,475,000) and the unrecognised tax losses and capital allowances of the Group was RM30,260,000 (2007: RM28,689,000).

3. REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of properties	233,150	171,385	–	–
Construction contracts	71,073	38,834	–	–
Educational fees	92,794	83,725	–	–
Sales of goods	–	4,221	–	–
Membership fee	578	508	–	–
Interest income from				
– third party	213	502	213	502
Dividends from subsidiaries	–	–	41,795	82,299
Management fees from subsidiaries	–	–	5,900	6,807
Rental income	953	903	–	–
	398,761	300,078	47,908	89,608

4. FINANCE COSTS

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Interest expense on:				
Bank borrowings	2,418	2,673	127	4
Advance from subsidiary	–	–	593	–
Less: Interest expense capitalised in property development costs (Note 12(b))	–	(74)	–	–
	2,418	2,599	720	4

5. PROFIT BEFORE TAX

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

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Non-executive directors' remuneration (Note 7)	467	473	285	242
Auditors' remuneration				
– Statutory audit	236	213	53	48
– Other services	11	11	5	5
Operating lease:				
– minimum lease payments for premises	1,959	2,268	452	455
– minimum lease payments for equipment	159	305	–	–
Direct operating expenses of investment properties	655	648	–	–
Amortisation of prepaid land lease payments	767	241	–	–
Impairment of investment in subsidiaries	–	–	2,778	4,000
Reversal of provision of impairment for:				
– property, plant and equipment	–	(230)	–	–
– investment property	(32)	(101)	–	–
Depreciation of:				
– property, plant and equipment	10,441	11,146	346	432
– investment properties	316	329	–	–
Property, plant and equipment written off	66	194	–	–
Gain on disposal of:				
– property, plant and equipment	(458)	(205)	(121)	(12)
– investment properties	(3)	(20)	–	–
Gain on winding-up of a subsidiary	–	–	–	(4,000)
Provision for doubtful debts on due from subsidiary	–	–	3,518	3,910
Reversal of provision for doubtful debts	(275)	(2,239)	–	–
Interest income	(2,626)	(2,694)	–	–
Rental income	(3,202)	(2,739)	–	–
Bad debts written off	–	552	–	–
Net foreign exchange gains:				
– realised	(401)	(94)	–	–
– unrealised	(270)	(546)	–	–

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	52,169	48,314	3,699	3,644
Short term accumulating compensated absences	100	(39)	12	(8)
Contributions to defined contribution plan	6,026	5,516	369	368
Share options granted under ESOS	523	1,036	224	392
Other benefits	3,059	2,843	671	220
	61,877	57,670	4,975	4,616

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM4,449,000 (2007: RM4,445,000) and RM1,048,000 (2007: RM1,021,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

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

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Executive:				
Salaries and other emoluments	1,581	1,433	548	498
Fees	115	119	80	84
Bonus	714	707	266	248
Defined contribution plan	276	257	98	89
Share options granted under ESOS	56	102	56	102
Executive directors' remuneration excluding benefits-in-kind	2,742	2,618	1,048	1,021
Estimated money value of benefits-in-kind	105	95	23	28
	2,847	2,713	1,071	1,049
Non-executive:				
Fees	295	250	285	242
Consultancy fees	153	198	–	–
Non-executive directors' remuneration excluding benefits-in-kind	448	448	285	242
Estimated money value of benefits-in-kind	19	25	–	–
	467	473	285	242
	3,314	3,186	1,356	1,291

7. DIRECTORS' REMUNERATION (CONT'D.)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	1,104	1,211	–	–
Fees	13	13	–	–
Bonus	361	340	–	–
Defined contribution plan	176	165	–	–
Share options granted under ESOS	53	98	–	–
Executive directors' remuneration excluding benefits-in-kind	1,707	1,827	–	–
Estimated money value of benefits-in-kind	121	45	–	–
	1,828	1,872	–	–
Non-executive:				
Fees	27	27	–	–
	1,855	1,899	–	–
Total	5,169	5,085	1,356	1,291

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	
	2008	2007
Executive directors:		
RM700,001 – RM800,000	–	1
RM800,001 – RM900,000	1	–
RM1,800,001 – RM1,900,000	–	1
RM1,900,001 – RM2,000,000	1	–
Non-executive directors:		
Below RM50,000	2	2
RM50,000 – RM100,001	4	4

8. INCOME TAX EXPENSE

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Current income tax:				
Malaysian income tax	15,383	12,838	10,507	21,036
Under/(over) provision in prior years:				
Malaysian income tax	681	1,355	56	(275)
	16,064	14,193	10,563	20,761
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	1,655	3,125	–	–
Relating to changes in tax rates	(316)	(385)	–	–
Over provision in prior years	(1,464)	(377)	–	–
	(125)	2,363	–	–
Total income tax expense	15,939	16,556	10,563	20,761

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 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:

	2008 RM'000	2007 RM'000
Group		
Profit before tax	59,977	68,340
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	15,594	18,452
Effect of income subject to tax rate of 20% (2007: 20%)	(124)	(161)
Effect of changes in tax rates on opening balance of deferred tax	(304)	(243)
Deferred tax recognised at different tax rates	(65)	(142)
Effect of share of profits of associate	(821)	(2,372)
Income not subject to tax	(128)	(1,183)
Expenses not deductible for tax purposes	1,329	917
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	–	(380)
Tax losses not allowable for future utilisation	51	4
Reversal of deferred tax assets on unutilised tax losses and accelerated capital allowances	(3)	–
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,193	686
Over provision of deferred tax in prior year	(1,464)	(377)
Under provision of tax expense in prior year	681	1,355
Income tax expense	15,939	16,556

8. INCOME TAX EXPENSE (CONT'D.)

	2008 RM'000	2007 RM'000
Company		
Profit before tax	32,580	78,563
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	8,471	21,212
Income not subject to tax	–	(1,350)
Expenses not deductible for tax purposes	2,036	2,462
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)
Under/(over) provision of tax expense in prior years	56	(275)
Income tax expense	10,563	20,761

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	
	2008	2007
Profit attributable to ordinary equity holders of the Company (RM'000)	41,993	49,295
Weighted average number of ordinary shares in issue ('000)	107,863	106,130
Basic earnings per share (sen)	38.93	46.45

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	
	2008	**2007**
Profit attributable to ordinary equity holders of the Company (RM'000)	41,993	49,295
Weighted average number of ordinary shares in issue ('000)	107,863	106,130
Effect of dilution: share options ('000)	104	1,750
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	107,967	107,880
Diluted earnings per share (sen)	38.89	45.69

10. DIVIDENDS

	Group and Company			
	Amount		Net dividends paid per ordinary share	
	2008 RM'000	**2007 RM'000**	**2008 Sen**	**2007 Sen**
Recognised during the year:				
For the financial year ended 31 December 2008				
Interim dividend of 8.0% less 26% taxation	6,395	–	5.92	–
For the financial year ended 31 December 2007				
Final dividend of 10.0% less 26% taxation	7,984	–	7.40	–
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
	14,379	14,215	13.32	13.30

At the forthcoming Annual General Meeting, a final dividend of 8.0% less 25% taxation and a special dividend of 5.0% less 25% taxation in respect of the financial year ended 31 December 2008 on 108,031,000 ordinary shares, amounting to dividends payable of RM6,482,000 (6.0 sen net per ordinary share) and RM4,051,000 (3.75 sen net per ordinary share) respectively will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2009, and are payable on 15 June 2009.

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 2007			
At cost	129,722	70,709	200,431
At valuation	1,982	–	1,982
	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
Additions	13,179	6,620	19,799
Disposals	–	(2,624)	(2,624)
Transfer	(1,737)	–	(1,737)
Write-off	–	(148)	(148)
Exchange differences	–	112	112
At 31 December 2008	143,210	81,138	224,348
Representing:			
At cost	141,228	81,138	222,366
At valuation	1,982	–	1,982
At 31 December 2008	143,210	81,138	224,348

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 2007	10,790	46,504	57,294
Depreciation charge for the year	1,591	9,555	11,146
Disposals	–	(844)	(844)
Impairment loss recognised in profit or loss	–	(230)	(230)
Write-off	–	(989)	(989)
Exchange differences	–	(28)	(28)
At 31 December 2007	12,381	53,968	66,349
Depreciation charge for the year	1,592	8,849	10,441
Disposals	–	(2,462)	(2,462)
Write-off	–	(82)	(82)
Exchange differences	–	84	84
At 31 December 2008	13,973	60,357	74,330
Net carrying amount			
At 31 December 2008			
At cost	127,255	20,781	148,036
At valuation	1,982	–	1,982
	129,237	20,781	150,018
At 31 December 2007			
At cost	117,405	23,210	140,615
At valuation	1,982	–	1,982
	119,387	23,210	142,597

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				
Cost or valuation				
At 1 January 2007				
At cost	23,568	55,453	50,701	129,722
At valuation	1,982	–	–	1,982
	25,550	55,453	50,701	131,704
Additions	–	64	–	64
At 31 December 2007	25,550	55,517	50,701	131,768
Additions	13,068	111	–	13,179
Transfers	(1,737)	–	–	(1,737)
At 31 December 2008	36,881	55,628	50,701	143,210
At 31 December 2008				
At cost	34,899	55,628	50,701	141,228
At valuation	1,982	–	–	1,982
	36,881	55,628	50,701	143,210
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
Accumulated depreciation				
At 1 January 2007	–	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
Depreciation charge for the year	–	578	1,014	1,592
At 31 December 2008	–	2,782	11,191	13,973
Net carrying amount				
At 31 December 2008				
At cost	34,899	52,846	39,510	127,255
At valuation	1,982	–	–	1,982
	36,881	52,846	39,510	129,237
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.)

Company

	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000
Cost	
At 1 January 2007	3,886
Additions	176
Disposals	(122)
At 31 December 2007	3,940
Additions	454
Disposals	(402)
At 31 December 2008	3,992
Accumulated depreciation	
At 1 January 2007	2,919
Depreciation charge for the year	432
Disposals	(122)
At 31 December 2007	3,229
Depreciation charge for the year	346
Disposals	(402)
At 31 December 2008	3,173
Net carrying amount	
At 31 December 2008	819
At 31 December 2007	711

(a) The freehold land of a subsidiary 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 FRS 116: 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 as at 31 December 2008 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 2008 would be RM35,000 (2007: RM35,000).

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

(b) Included in the cost of the property, plant and equipment of the Group and the Company are fully depreciated assets amounting to RM39,694,000 (2007: RM31,731,000) and RM1,852,000 (2007: RM1,637,000) respectively which are still in use.

(c) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 28) are as follows:

	Group	
	2008	**2007**
	RM'000	**RM'000**
Freehold land and building	32,759	33,431
Long term leasehold land and buildings	52,847	53,314
	85,606	86,745

(d) Included in freehold land of the Group is a piece of land with net book value of RM13,068,000 acquired by a subsidiary during the current financial year. As at 31 December 2008, land title for the said land is pending transfer.

(e) Included in leasehold land and buildings is interest capitalised amounting to RM607,000 (2007: RM607,000).

12. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group	
	2008	**2007**
	RM'000	**RM'000**
Freehold land		
At 1 January	99,696	111,079
Transfer to property development costs	(6,180)	(11,383)
At 31 December	93,516	99,696
Leasehold land		
At 1 January	–	–
Addition	72,510	–
At 31 December	72,510	–
Development costs		
At 1 January	40,683	52,337
Costs incurred during the financial year	7,600	18,144
Transfer to property development costs	(6,128)	(29,798)
At 31 December	42,155	40,683
Carrying amount at 31 December	208,181	140,379

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

(b) Property development costs, at cost

	Group	
	2008 RM'000	2007 RM'000
Freehold land		
At 1 January	161,341	152,638
Reversal of completed projects	(5,347)	(2,680)
Transfer from property, plant and equipment	1,737	–
Transfer from land held for property development	6,180	11,383
At 31 December	163,911	161,341
Cumulative property development costs		
At 1 January	860,408	787,197
Cost incurred during the year	147,055	73,044
Transfer from land held for property development	6,128	29,798
Reversal of completed projects	(46,076)	(29,631)
Unsold units transferred to inventories	(221)	–
At 31 December	967,294	860,408
Cumulative costs recognised in income statement:		
At 1 January	(943,838)	(852,681)
Recognised during financial year	(180,684)	(123,468)
Reversal of completed projects	51,423	32,311
At 31 December	(1,073,099)	(943,838)
Property development costs at 31 December	58,106	77,911

The freehold land and leasehold land of the Group with the carrying amounts of RM40,000,000 and RM41,736,000 (2007: RM40,000,000 and RM Nil) respectively have been pledged as securities for borrowings as disclosed in Note 28.

Included in property development costs incurred during the financial year is interest capitalised amounting to RM Nil (2007: RM74,000).

13. INVESTMENT PROPERTIES

	Group		
	Freehold land RM'000	**Building RM'000**	**Total RM'000**
Cost			
At 1 January 2007	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
Disposals	(87)	(517)	(604)
Exchange differences	–	44	44
At 31 December 2008	5,937	10,715	16,652
Accumulated depreciation and impairment losses			
At 1 January 2007	–	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
Depreciation charge for the year	–	316	316
Disposal	–	(66)	(66)
Impairment loss reversed in profit or loss	–	(32)	(32)
At 31 December 2008	–	3,531	3,531
Analysed as:			
Accumulated depreciation	–	3,395	3,395
Impairment losses	–	136	136
	–	3,531	3,531
Net carrying amount			
At 31 December 2008	5,937	7,184	13,121
At 31 December 2007	6,024	7,875	13,899
Market Value			
At 31 December 2008	5,937	8,041	13,978

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

(b) The RM136,000 impairment loss in a subsidiary was due to the write-down of the 4 units of shoplots to its market value as assessed by an independent professional valuer.

14. PREPAID LAND LEASE PAYMENTS

	Group	
	2008 RM'000	2007 RM'000
Long term leasehold land		
At 1 January	17,144	17,385
Addition	46,290	–
Amortisation for the year	(767)	(241)
At 31 December	62,667	17,144
Representing:		
Cost	65,812	19,522
Accumulated amortisation	(3,145)	(2,378)
	62,667	17,144

Leasehold lands with an aggregate carrying value of RM61,784,000 (2007: RM16,172,000) is pledged as securities for borrowing as disclosed in Note 28.

15. INTANGIBLE ASSET

	Group	
	2008 RM'000	2007 RM'000
Goodwill		
At 1 January	–	–
Acquisition of minority interest	15,674	–
At 31 December	15,674	–

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a seven year period. Cash flows beyond the seven year period are computed based on year eight cash flow into perpetuity. The discount rate used ranges from 11.04% to 14.36%.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

(b) Bond rate

The bond rates used are the yield on 10-year Malaysian government bond rates at the beginning of the budgeted year.

15. INTANGIBLE ASSET (CONT'D.)

Sensitivity to changes in assumptions

With regards to the assessment of value in use of the education unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the unit to materially exceed their recoverable amounts.

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	**2007**
	RM'000	**RM'000**
Unquoted shares, at cost	173,544	144,446
Less: Accumulated impairment losses	(19,794)	(17,016)
	153,750	127,430

Key assumptions used in impairment calculations

The impairment assessment for the carrying value of investments in subsidiaries 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 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 SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Effective Interest 2008 %	Effective Interest 2007 %	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	RM750	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
KDU College Sdn. Bhd.	100	85	RM2,353	Educational services
Janahasil Sdn. Bhd.	100	85	RM100	Inactive
KDU Smart School Sdn. Bhd.	100	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
Paramount Global Assets Sdn. Bhd.	100	100	RM35,360	Investment holding
Paramount Electronics Industries Sdn. Bhd.	100	100	RM5,000	Inactive
KDU Management Development Centre Sdn. Bhd.	100	100	RM10,000	Management and educational services
Paramount Property Development Sdn. Bhd.	100	100	RM1,000	Property development
Seleksi Megah Sdn. Bhd.	100	100	RM2,000	Property development
Jasarim Bina Sdn Bhd	100	100	RM2,000	Property investment
Supreme Essence Sdn Bhd	51	–	RM100	Property development
Broad Projects Sdn Bhd	100	100	*	Investment holding

16. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Subsidiaries	Effective Interest 2008 %	2007 %	Paid-up Capital '000	Principal Activities
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	#RMB15,600	Educational services

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

During the current financial year,

(a) On 22 January 2008, the Company acquired 2 ordinary shares of RM1.00 each in Broad Projects Sdn Bhd ("BPSB"), representing 100% of the issued and paid up share capital of BPSB for a total cash consideration of RM2. 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 6 May 2008, 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 RMB13,600,000 to RMB15,600,000 through the subscription of 2,000,000 new ordinary shares of RMB1 each at par for cash.

(c) On 18 July 2008, the Company entered into a conditional share sale agreement with Rohana Tan Sri Mahmood, a director of the Company, to acquire 353,000 ordinary shares of RM1.00 each in KDU College Sdn Bhd ("KDU"), representing the remaining 15% equity interest in KDU not already owned by the Company, for a total cash consideration of RM25,000,000. The acquisition was completed on 9 October 2008 and the goodwill recognised on this acquisition amounted to RM15,674,000.

17. INVESTMENTS IN ASSOCIATES

	Group 2008 RM'000	2007 RM'000
Unquoted shares, at cost	22,264	22,252
Amortisation of goodwill	(2,248)	(2,248)
Share of post-acquisition reserves	27,243	24,086
	47,259	44,090

17. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information of the associates are as follows:

	Group 2008 RM'000	Group 2007 RM'000
Assets and liabilities		
Non-current assets	315,648	323,313
Current assets	319,597	271,940
Total assets	635,245	595,253
Current liabilities	397,688	374,805
Total liabilities	397,688	374,805
Results		
Revenue	375,509	332,141
Profit for the year	17,109	40,601

Details of the associates are as follows:

Name of Associates	Effective Interest 2008 %	Effective Interest 2007 %	Paid-up Capital '000	Principal Activities
Incorporated in Malaysia				
Jerneh Insurance Berhad*	20	20	RM100,000	General Insurance business
Kane Paramount Sdn. Bhd.*	40	–	RM30	Building and engineering contractor

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

On 12 March 2008, the Group had acquired 12,000 ordinary shares of RM1.00 each in Kane Paramount Sdn. Bhd ("KPSB"), representing 40% equity interest in KPSB, for a total cash consideration of RM12,000.

18. OTHER INVESTMENTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Unquoted shares, at cost	11,402	11,402	–	–
Less: Accumulated impairment losses	(11,402)	(11,402)	–	–
Club memberships, at cost	485	397	165	165
	485	397	165	165

19. INVENTORIES

	Group 2008 RM'000	Group 2007 RM'000
Cost		
Properties held for sale	221	–

20. TRADE RECEIVABLES

	Group 2008 RM'000	Group 2007 RM'000
Third parties	46,619	55,750
Accrued billings in respect of property development costs	2,573	7,701
Due from customers on contracts (Note 22)	3,810	1,891
Retention sums on contracts	8,301	5,372
	61,303	70,714
Less: Provision for doubtful debts	(2,138)	(2,868)
Trade receivables, net	59,165	67,846

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

21. OTHER RECEIVABLES

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Deposits and prepayments	8,189	25,480	197	481
Sundry receivables	5,268	6,074	6	4
	13,457	31,554	203	485
Less: Provision for doubtful debts	(1,600)	(1,534)	–	–
Other receivables, net	11,857	30,020	203	485

22. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2008	2007
	RM'000	RM'000
Construction contract costs incurred to date	1,148,111	971,186
Attributable profits	113,701	105,970
	1,261,812	1,077,156
Less: Progress billings	(1,275,257)	(1,094,437)
	(13,445)	(17,281)
Due from customers on contracts (Note 20)	3,810	1,891
Due to customers on contracts (Note 31)	(17,255)	(19,172)
	(13,445)	(17,281)

23. DUE FROM/(TO) SUBSIDIARIES

The amounts of RM7,881,000 (2007: RM Nil) due to subsidiary is unsecured, bears interest of 3.47% (2007: nil) and is repayable on demand. Remaining amount due from/(to) subsidiaries is unsecured, interest free and is repayable on demand.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	74,885	37,667	1,507	33
Deposits with licensed banks	48,529	89,130	69	13,130
Cash and bank balances	123,414	126,797	1,576	13,163
Bank overdraft (Note 28)	(85)	–	–	–
Cash and cash equivalents	123,329	126,797	1,576	13,163

Included in cash and bank balances of the Group are amounts of RM66,486,000 (2007: RM30,710,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which are restricted from use in other operations.

Deposits with licensed banks of the Group amounting to RM170,000 (2007: RM241,000) 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).

25. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2008	**2007**	**2008**	**2007**
	'000	**'000**	**RM'000**	**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	107,563	104,126	107,563	104,126
Ordinary shares issued pursuant to ESOS (Note 30)	468	3,437	468	3,437
At 31 December	108,031	107,563	108,031	107,563

26. 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.

27. 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 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

As at 31 December 2008, the Company has tax exempt profits available for distribution of approximately RM606,000 (2007: RM606,000), subject to the agreement of the Inland Revenue Board.

28. BORROWINGS

	Group 2008 RM'000	Group 2007 RM'000
Short term borrowings		
Secured:		
Bank overdraft	85	–
Revolving credits	1,167	368
Bankers' acceptances	3,281	–
Term loans	1,618	5,023
	6,151	5,391
Long term borrowings		
Secured:		
Term loans	87,147	24,479
Total borrowings		
Bank overdraft (Note 24)	85	–
Revolving credits	1,167	368
Bankers' acceptances	3,281	–
Term loans	88,765	29,502
	93,298	29,870
Maturity of borrowings		
Within one year	6,151	5,391
More than 1 year and less than 2 years	11,831	7,478
More than 2 years and less than 5 years	61,816	15,015
More than 5 years	13,500	1,986
	93,298	29,870

(a) The secured revolving credits and bankers' acceptances of the Group are secured by corporate guarantees of the Company.

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

(i) First legal charge over the freehold lands, leasehold lands 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.

29. DEFERRED TAX (ASSETS)/LIABILITIES

	Group 2008 RM'000	Group 2007 RM'000
At 1 January	9,347	6,984
Recognised in the income statement (Note 8)	(125)	2,363
At 31 December	9,222	9,347

Presented after appropriate offsetting as follows:

	Group 2008 RM'000	Group 2007 RM'000
Deferred tax assets	(2,006)	(1,097)
Deferred tax liabilities	11,228	10,444
	9,222	9,347

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

	At 1 January 2008 RM'000	Recognised in the income statement RM'000	At 31 December 2008 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	12,385	823	13,208
Others	520	(1,874)	(1,354)
	12,905	(1,051)	11,854
Deferred tax assets of the Group:			
Property, plant and equipment	(83)	(44)	(127)
Unused tax losses and unabsorbed capital allowances	(2,125)	238	(1,887)
Others	(1,350)	732	(618)
	(3,558)	926	(2,632)

29. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

	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)

	At 1 January 2008 RM'000	Recognised in the income statement RM'000	At 31 December 2008 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	97	(5)	92
Deferred tax assets of the Company:			
Unused tax losses and unabsorbed capital allowances	(97)	5	(92)
	–	–	–

	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)
	–	–	–

29. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unused tax losses	20,021	18,507	–	–
Unabsorbed capital allowances	10,231	10,182	3,643	3,482
Others	388	342	147	134
	30,640	29,031	3,790	3,616

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 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

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.

(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.

30. EMPLOYEE BENEFITS (CONT'D.)

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

The terms of share options outstanding at 31 December 2008 are as follows:

			Number of Options over Ordinary Shares of RM1 Each			
Grant Date	Expiry Date	Exercise Price RM	At 1 January 2008 '000	Granted '000	Exercised '000	At 31 December 2008 '000
15 September 2005	28 August 2010	2.01	7,531	–	(357)	7,174
15 September 2006	28 August 2010	1.66	974	–	(85)	889
15 September 2007	28 August 2010	2.20	1,476	–	(26)	1,450
15 September 2008	28 August 2010	1.97	–	804	–	804

As disclosed in Note 25, options exercised during the financial year resulted in the issuance of 468,000 (2007: 3,437,000) ordinary shares at an average price of RM1.96 (2007: RM1.88) each. The related weighted average share price at the date of exercise was RM2.14 (2007: RM2.40).

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:

	2008	2007
Fair values of share options at the following grant dates (RM):		
15 September 2007	Not applicable	0.35
15 September 2008	0.28	Not applicable
Weighted average share price	2.18	2.43
Expected volatility (%)	25.0%	25.0%
Expected life (years)	1.95	2.95
Risk free rate (%)	3.9%	3.6%
Expected dividend yield (%)	7.0%	6.5%

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	
	2008 RM'000	2007 RM'000
Trade payables	49,876	30,935
Progress billings in respect of property development costs	18,319	40,750
Construction contracts:		
Due to customers (Note 22)	17,255	19,172
Retention sums on contracts	12,337	13,334
	97,787	104,191

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2007: 30 to 90 days).

32. OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term accumulating compensated absences	1,070	976	145	133
Other payables	30,112	25,897	1,471	1,454
Tuition fees paid in advance	19,318	16,821	–	–
Tenants deposits	351	336	–	–
Refundable deposits	16,036	13,364	–	–
	66,887	57,394	1,616	1,587

33. OPERATING LEASE ARRANGEMENTS

(a) The Group and Company as lessee

The Group and Company have 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 no renewal or purchase option included in the contracts. There are no restrictions placed upon the Group and Company 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Future minimum rentals payments:				
Not later than 1 year	1,644	1,205	470	513
Later than 1 year and not later than 5 years	210	1,191	–	470
	1,854	2,396	470	983

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 and certain contracts include contingent rental arrangements computed based on sales achieved by tenants.

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	
	2008 RM'000	2007 RM'000
Not later than 1 year	887	171
Later than 1 year and not later than 5 years	946	106
	1,833	277

34. COMMITMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 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	
	2008 RM'000	2007 RM'000
Unsecured:		
Guarantees extended in support of banking and other credit facilities granted to subsidiaries	286,982	287,394
Amount utilised	180,785	186,805
Performance guarantees extended to developers for contracts awarded to subsidiary	2,250	2,250
	183,035	189,055

36. RELATED PARTY DISCLOSURES

(a) Related party transactions

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	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Acquisition of remaining 15% equity interest in KDU from Rohana Tan Sri Mahmood, a director of the Company, which was approved by the shareholders at an EGM convened on 30 September 2008	25,000	–	25,000	–
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	939	879	50	84
Insurance premium charged by Jerneh Insurance Berhad, an associate	974	996	302	273
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has financial interest	519	513	519	513
Disposal of motor vehicle to Rohana Tan Sri Mahmood	105	–	–	–
Rental charges paid to Uptown Conference Centre Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has financial interest	44	72	–	–
Rental charges paid to Mr. Edward Ewe Thean Teik, spouse of Dr. Chia Chee Fen who is a director of a subsidiary	24	24	–	–

The directors are of the opinion that all the transactions above 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.

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 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Short term employee benefits	5,672	5,754	2,275	2,410
Defined contribution plan	619	603	238	243
Share-based payment	178	373	108	233
	6,469	6,730	2,621	2,886

Included in key management personnel are directors remunerations as follows:

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Executive	2,742	2,618	1,048	1,021
Non-executive	448	448	285	242
Directors of subsidiaries				
Executive	1,707	1,827	–	–
Non-executive	27	27	–	–
	4,924	4,920	1,333	1,263

Executive directors of the Group and the Company and other members of key management have been granted the following number of options under the ESOS:

	Group 2008 '000	Group 2007 '000	Company 2008 '000	Company 2007 '000
At 1 January	3,187	3,463	1,764	1,974
Granted	60	391	–	195
Exercised	(222)	(667)	(199)	(405)
At 31 December	3,025	3,187	1,565	1,764

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

37. SIGNIFICANT EVENTS

During the financial year,

(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 Sale and Purchase Agreement with Perfect Resources (M) Sdn Bhd 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 Darul Ehsan measuring approximately 13.21 acres for a total cash consideration of RM30,774,000. The purchase was completed on 22 September 2008.

(c) On 5 February 2008, Seleksi Megah Sdn. Bhd. ("SMSB") entered into an 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 for a total cash consideration of RM19,411,000. The purchase was completed on 13 November 2008.

(d) On 25 March 2008, Janahasil Sdn Bhd, a wholly-owned subsidiary of KDU College Sdn Bhd, entered into a Sale and Purchase Agreement with Nusajaya Rise Sdn Bhd (Nusajaya Rise) and UEM Land Sdn Bhd (UEM Land), a wholly-owned subsidiary of UEM World Berhad, for the acquisition 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 for a total cash consideration of RM13,068,000. The acquisition was deemed unconditional following the approval obtained from the Foreign Investment Committee on 13 June 2008.

(e) On 6 May 2008, 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 RMB13,600,000 to RMB15,600,000 through the subscription of 2,000,000 new ordinary shares of RMB1 each at par for cash.

(f) On 18 July 2008, the Company entered into a share sale agreement with Rohana Tan Sri Mahmood, a director of the Company, to acquire 353,000 ordinary shares of RM1.00 each in KDU College Sdn Bhd ("KDU"), representing the remaining 15% equity interest in KDU not already owned by the Company, for a total cash consideration of RM25,000,000. The acquisition was completed on 9 October 2008.

(g) On 15 September 2008, a forth offer under the existing Employee Share Options Scheme for a total 1,086,000 options, were made to 204 employees, who had served one year or had achieved long service and/or were promoted during the year, at RM1.97 per share. As at the close of the offer period on 14 October 2008, a total of 804,000 options were accepted by 143 employees.

38. SUBSEQUENT EVENTS

On 15 January 2009, BPSB, a wholly owned subsidiary of the Company, acquired 49,000 ordinary shares of RM1.00 each in Supreme Essence Sdn. Bhd. (SESB), representing the remaining 49% of the issued and paid up share capital of SESB, for a total cash consideration of RM15,190,000.

39. COMPARATIVES

Certain comparative figures have been reclassified to conform with current year's presentation.

	Group	
	As previously stated RM'000	As restated RM'000
Trade receivables	71,756	67,846
Other payables	61,304	57,394

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 2008. 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:

	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 2008								
Group								
Floating rate								
Cash and bank balances								
(HDA accounts)	1.50 – 2.00	66,486	–	–	–	–	–	66,486
Deposits with licensed banks	2.00 – 3.70	48,529	–	–	–	–	–	48,529
Revolving credit	6.00 – 8.38	(1,167)	–	–	–	–	–	(1,167)
Bankers' Acceptance	4.78 – 5.55	(3,281)	–	–	–	–	–	(3,281)
Term loans	6.00 – 7.75	(1,618)	(10,500)	(24,507)	(24,645)	(17,295)	(10,200)	(88,765)
Company								
Floating rate								
Deposits with licensed banks	2.28 – 3.45	69	–	–	–	–	–	69
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.)

(c) Foreign exchange risk

The Group's exposures to foreign exchange risk primarily arises from its investment in foreign subsidiaries and an associate. Functional currencies in foreign subsidiaries and an associate are mainly Hong Kong Dollar, Renminbi and Australian Dollar, 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.

(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 into by the parties involved and without incurring excessive estimation costs. However, the Company does 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.

	Group	
	Carrying amount RM'000	Fair value RM'000
Term loan	34,000	27,977
Other term loans	61,298	*

* The carrying value of other term loans at balance sheet date are approximately at their fair value.

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.

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

31 December 2008	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	278	233,728	71,074	92,793	888	398,761	–	398,761
Inter-segment sales	9,050	–	99,758	–	47,695	156,503	(156,503)	–
Total revenue	9,328	233,728	170,832	92,793	48,583	555,264	(156,503)	398,761
Results								
Operating profit	6,922	33,426	(1,043)	22,732	39,589	101,626	(42,388)	59,238
Finance costs	(2,032)	(49)	(115)	(95)	(720)	(3,011)	593	(2,418)
Share of profits of associates	–	–	–	–	3,157	3,157	–	3,157
Profit before tax	4,890	33,377	(1,158)	22,637	42,026	101,772	(41,795)	59,977
Income tax expense								(15,939)
Profit for the year								44,038
Assets and liabilities								
Segment assets	127,466	400,841	60,293	92,593	26,777	707,970	–	707,970
Investment in associates	–	–	–	–	47,259	47,259	–	47,259
	127,466	400,841	60,293	92,593	74,036	755,229	–	755,229
Segment liabilities	64,918	78,698	65,382	61,879	1,904	272,781	–	272,781
Other segment information								
Capital expenditure	46,393	42,942	1,277	18,007	455	109,074	–	109,074
Depreciation and amortisation	1,488	1,637	636	6,500	1,263	11,524	–	11,524
Non-cash expenses other than depreciation, amortisation and impairment losses	(29)	(177)	(101)	562	115	370	–	370

41. SEGMENTAL INFORMATION (CONT'D.)

(a) Business segments (cont'd.)

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)
Profit 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

(b) Geographical segments:

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

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-Ninth 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, 20 May 2009 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 & Special Dividend		
Re-election and re-appointment of Directors:			
Resolution 3	Cik Rohana Tan Sri Mahmood		
Resolution 4	Mr Quah Chek Tin		
Resolution 5	YBhg Dato' Md Taib bin Abdul Hamid		
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 __________________________ 2009.

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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