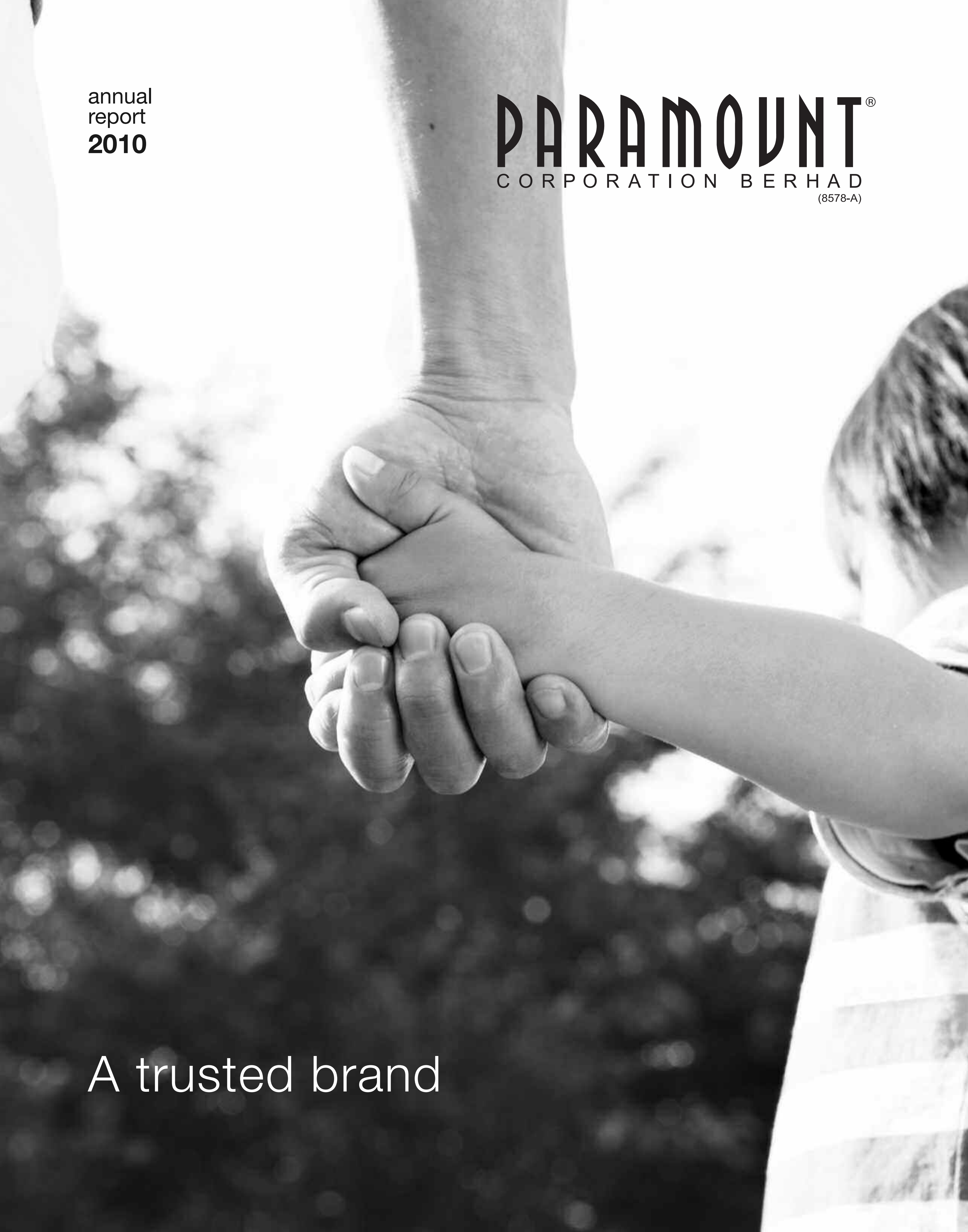
annual
report
2010

PARAMOUNT®
CORPORATION BERHAD
(8578-A)



A trusted brand

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Paramount created its own distinct identity by performing away from the spotlight, quietly pursuing the path of excellence in serving our customers with quality products and services. While we continue to perform with passion on many levels, we will always be guided by one all-encompassing value in all that we do: Integrity. When you uphold such a strong quality, trust naturally follows as evidenced by our strong presence in our core businesses of educational services and property development.

notice of forty-first annual general meeting

NOTICE IS HEREBY GIVEN THAT the Forty-First Annual General Meeting of the Company will be held at Zamrud Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 1 June 2011 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 2010 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**

2. To approve the declaration of a final dividend of 20%, less income tax at 25%, in respect of the year ended 31 December 2010. **Resolution 2**

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

   (a) YBhg Datuk Rohana Tan Sri Mahmood **Resolution 3**

   (b) Mr Ong Keng Siew **Resolution 4**

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

   (a) "That YBhg 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**

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders, a final dividend of 20%, less income tax at 25%, in respect of the year ended 31 December 2010, will be paid on 22 June 2011 to shareholders whose names appear in the Record of Depositors on 8 June 2011.

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 8 June 2011 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.

By Order of the Board

TAY LEE KONG
Secretary

Petaling Jaya
Selangor Darul Ehsan
10 May 2011

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 **(AGM)**, 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 AGM.

   As at the date of this notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the 40th AGM held on 3 June 2010, which will lapse at the conclusion of the 41st AGM.

   The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions without having to convene a general meeting.

group corporate structure

PARAMOUNT®
CORPORATION BERHAD
(8578-A)

PROPERTY

- **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%** Paramount Property (Glenmarie) Sdn Bhd *(formerly known as Instant Fusion Sdn Bhd)*
- **100%** Seleksi Megah Sdn Bhd
- **100%** Paramount Property (Cjaya) Sdn Bhd *(formerly known as Omni Assets Sdn Bhd)*
- **100%** Paramount Property Holdings Sdn Bhd
- **100%** Paramount Electronics Industries Sdn Bhd

CONSTRUCTION & CIVIL ENGINEERING

- **100%** Paramount Engineering & Construction Sdn Bhd
  - **100%** Paramount Construction Sdn Bhd
  - **100%** Paramount Projects Sdn Bhd
  - **100%** Paramount Property Construction Sdn Bhd
  - **40%** Kane Paramount Sdn Bhd

EDUCATION

- **100%** KDU University College Sdn Bhd *(formerly known as KDU College Sdn Bhd)*
- **100%** KDU College (PJ) Sdn Bhd
- **100%** KDU College (PG) Sdn Bhd
- **100%** KDU Smart School Sdn Bhd
- **100%** KDU Management Development Centre Sdn Bhd

OTHERS

- **100%** Berkeley Sdn Bhd
- **30%** Berkeley Maju Sdn Bhd

70%

- **100%** Current Connection Sdn Bhd
- **100%** Janahasil Sdn Bhd
- **100%** Paramount Corporation Limited
- **100%** Paramount Global Assets Sdn Bhd

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 following the acquisition of a real estate company, Perumahan Berjaya Sdn Bhd (now known as Paramount Property Holdings Sdn Bhd (**PPH**)). 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 (**PPU**)), Berkeley Sdn Bhd, Berkeley Maju Sdn Bhd and Maju Gading Development Sdn Bhd (now known as KDU International Sdn Bhd (**KISB**)).

1983 marked Paramount's entry into the education business with the setting up of the first purpose-built campus in Malaysia in Damansara Jaya under Kolej Damansara Utama Sdn Bhd (name was subsequently changed to 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 Damansara 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 Paramount and its subsidiary companies' (**the Group**) 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 (**KDUSS**).

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 was subsequently diluted to 4.27% following iCarnegie's restructuring exercise. The entire investment in iCarnegie was fully disposed of under a stock buy-back scheme on 24 June 2010.

On 28 June 2002, Paramount 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.

Following a review of its existing operations in Sibu, East Malaysia, KDU exited the market on September 2003.

In December 2003, Paramount ventured into China, through KISB, to establish a language training school that offers a range of English courses.

In line with Paramount's objective to divest non-core assets with a view to improving cash resources and strengthen 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 PPU, 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 and industrial property development. On 19 October 2007, Paramount through Jasarim Bina Sdn Bhd (**Jasarim**), acquired 5.201 acres of leasehold industrial land located in Petaling Jaya for the proposed development of office buildings. This was followed by the acquisition of two parcels of 99-year leasehold vacant industrial land measuring approximately 13.21 acres known as Lot 2 and Lot 4 through Supreme Essence Sdn Bhd on 22 January 2008 and the acquisition of another two parcels of 99-year leasehold vacant industrial land measuring approximately 9.45 acres known as Lot 7 and Lot 9 through Seleksi Megah Sdn Bhd on 5 February 2008, both located in Kota Damansara 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 Datuk Rohana Tan Sri Mahmood's disposal of her 15% equity interest in KDU, representing the remaining KDU shares not already owned by Paramount, to Paramount.

On 19 June 2009, KDU received an invitation from the Ministry of Higher Education (**MOHE**) to convert its Damansara Jaya campus licence to that of a university college. On 30 August 2010, the Damansara Jaya campus was upgraded to a university college and the name of the company was changed to KDU University College Sdn Bhd (**KDUUC**) to reflect its status.

In line with the Group's strategy to replenish its land bank to generate long term sustainable income and to implement the college upgrading and expansion plans, Paramount on 3 November 2009, entered into a conditional sale agreement to acquire a 21.7-acre freehold land in Shah Alam.

On 21 December 2009, Paramount undertook an asset rationalisation exercise involving the transfer of properties, shares and businesses among its wholly-owned subsidiary companies. To comply with MOHE's terms and conditions of becoming a university college, KDUUC divested its entire equity interests in KDUSS and Janahasil Sdn Bhd to Paramount and its Penang campus business operations to a new company, KDU College (PG) Sdn Bhd, held directly by Paramount. The Group also took the opportunity to simultaneously rationalise the ownership of the properties utilised by the educational services division to the respective operating units for better accountability resulting in operational efficiency and to facilitate any future restructuring of the educational services division.

On 24 December 2009, Paramount, through KDUSS, completed the acquisition of a 10-acre freehold agricultural land in Iskandar Development Region, Johor Darul Takzim.

On 4 January 2010, KDUUC welcomed the first batch of students from the School of Business and Law to a temporary branch campus located on Jasarim's Section 13 land. The branch was set up to meet the immediate needs of its existing Damansara Jaya campus and to grow student numbers that the new university college campus can readily accommodate upon completion.

On 1 June 2010, the Group, through Omni Assets Sdn Bhd (now known as Paramount Property (Cjaya) Sdn Bhd) added another 50 acres of freehold residential land located in Cyberjaya to its landbank.

On 11 November 2010, Paramount disposed of its entire investment in KISB, the holding company of KDU International Language Training School, which in turn operates the English Language Centre in Chongqing, China. Due to the difficult business environment and stringent regulatory requirements, the centre never lived up to the Group's expectations.

On 1 December 2010, Paramount through PGA disposed of its 20% equity investment in JIB to unlock the value of its investment in JIB. The disposal is also in line with the Group's objective to divest non-core assets with a view to improving cash resources and to seek alternative opportunities to enhance earnings.

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, PPU has earned an excellent reputation as a reliable and quality focused developer in Sungai Petani – an indisputable fact that has been reaffirmed as the recipient of 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 second consecutive year at the FIABCI-MALAYSIA, MALAYSIA PROPERTY AWARDS 2005, PPH was named the winner in 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 and provision of project management services. The division has also expanded its business operations to Penang, 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. That KDUUC had the distinction of winning the Silver Award for two consecutive years at the Putra Brand Awards is a true measure of our progress on the journey to excellence.

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
Dato' Haji Azlan bin Hashim*
DSNS, DSSA

Datuk Rohana Tan Sri Mahmood*
PGDK

Geh Cheng Hooi*

Quah Chek Tin*

Datuk Seri Michael Yam Kong Choy*
SMW, DSNS

* *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

Tricor Investor 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. UTILISATION OF PROCEEDS

As at 15 April 2011, the status of utilisation of proceeds arising from Paramount Global Assets Sdn Bhd's, a wholly-owned subsidiary company, disposal of its 20% equity interest in Jerneh Insurance Berhad, which was completed on 1 December 2010, was as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
Future expansion plans and general working capital requirements	90,306	–	90,306
Special dividend	36,194	36,194	–
Expenses related to the disposal	4,300	3,714	586
Total	130,800	39,908	90,892

2. EMPLOYEES' SHARE OPTION SCHEME

During the financial year, a total of 10,308,000 options were exercised.

3. NON-AUDIT FEES

The amount of non-audit fee paid to the external auditors by the Group and Company for the financial year is reflected in Note 8, Page 73 of the financial statements.

4. MATERIAL CONTRACTS

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

5. 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.
72 years of age – Malaysian

Dato' Taib, who is the Chairman of the Board of Directors 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 and, was also actively involved with several financial institutions including as Chairman of a commercial bank. Dato' Taib joined Paramount on 14 November 1994 and was appointed the Chairman on 20 July 2001.

Dato' Taib also serves as the Chairman of the Nomination and Remuneration Committees and is also a member of both the Audit and Board Risk Management Committees.

Dato' Taib attended all the 5 board meetings.

Dato' Teo Chiang Quan

Executive Deputy Chairman
Hon Doc Middlesex University, United Kingdom
62 years of age – Malaysian

Dato' Teo joined Paramount as a Director on 19 January 1977. He started to play an active role in the management of Paramount when he first served as Chief Executive of the Group's insurance division from 1981 to 1991. Under his stewardship, the insurance division grew from a company with a single branch to a respectable and well-capitalized insurance company with 11 branches. He was also instrumental in ensuring the successful merger of the Group's insurance operations with Jerneh Insurance Bhd (**JIB**), resulting in the Group holding a 20% equity interest in JIB, and its subsequent disposal at a record high, then, of a market price to book ratio of 2.2 times. 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 & Group Chief Executive Officer of Paramount and assumed the post of Executive Deputy Chairman.

Current directorship in a public company includes ECS ICT Berhad.

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 5 board meetings.

Ong Keng Siew

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

Ong's relationship with Paramount spans more than 30 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 the Managing Director & Chief Executive Officer of Paramount.

Ong attended all the 5 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
69 years of age – Malaysian

Dato' Azlan joined the Board of Paramount on 7 May 1982. Dato' Azlan began his career with the Malayan Railways in 1966 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 Deputy Chairman of AMMB Holdings Berhad.

Dato' Azlan is the Chairman of the Audit Committee and is also a member of both the Nomination and Remuneration Committees.

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

Dato' Azlan attended 3 out of 5 board meetings.

Datuk 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
56 years of age – Malaysian

Datuk Rohana Tan Sri Mahmood is the Chairman of Ethos Capital Sdn Bhd, a RM250 million private equity fund that invests in Asian companies, and is also the Chairman of Dijaya Corporation Berhad. Datuk Rohana has an extensive political and business network in Malaysia and the Asia Pacific Region. She is the President and Founding Member of the exclusive Kuala Lumpur Business Club, and a Member of Board Trustees, The Asia Society, New York. Datuk Rohana is a distinguished Fellow of the Institute of Strategic and International Studies Malaysia, member of the Malaysian Committee of the Council for Security Cooperation in the Asia Pacific, Founding Member and Member of Board of Trustees of Yayasan Inovasi Malaysia and Member of the National Information Technology Council. She is also the Founding Board Member of the Malaysian Strategic Research Centre, an independent policy think tank focused on national politics and economic issues under the Chairmanship of YBhg Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, the Prime Minister of Malaysia. Other non-profit affliliations include Chairman of the National Science Centre and Trustee of the Malaysian Youth Orchestra Foundation. Datuk Rohana is also actively involved in business, principally in the field of education. Datuk Rohana joined the Board on 28 July 1997.

Current directorship in a public company includes Dijaya Corporation Berhad.

Datuk Rohana attended 4 out of 5 board meetings.

Geh Cheng Hooi

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

Geh has carved a name for himself in the field of accounting and consulting. After qualifying as a Chartered Accountant, he worked for Price Waterhouse, London, before returning to Malaysia to join KPMG Peat Marwick in 1961. He was admitted as a partner in 1964 and retired as the senior partner of KPMG Peat Marwick in 1989. Geh was a Director of Paramount from 3 March 1998 to 7 March 2006. He was re-appointed as a Director of Paramount on 23 May 2006.

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

Current directorships in public companies include Lingui Developments Berhad, The Bank of Nova Scotia Berhad, Malayan Flour Mills Berhad, and Wawasan TKH Holdings Berhad.

Geh attended all 5 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
59 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 Genting Malaysia Berhad upon his retirement in 2006.

Quah is the Chairman of the Board Risk Management Committee and is also a member of the Audit Committee.

Current directorships in public companies include Genting Malaysia Berhad, Genting Plantations Berhad, ECS ICT Berhad and Batu Kawan Berhad

Quah attended all 5 board meetings.

Datuk Seri Michael Yam Kong Choy

Independent Non-Executive Director
Fellow of the Royal Institution of Chartered Surveyors
Fellow of the Chartered Institute of Building
57 years of age – Malaysian

Datuk Seri Michael Yam joined Paramount as a Director on 18 February 2010. He had an illustrious career spanning more than 30 years in the construction, real estate and corporate sectors, the last 12 years helming two public listed companies as the Managing Director and Chief Executive Officer. Datuk Seri Yam was voted the "CEO of the Year 2002" for Malaysia by American Express Corporate Services and Business Times.

Trained as a building engineer in the United Kingdom (UK) with various companies and the British Civil Service, Datuk Seri Yam is a Fellow of the Royal Institution of Chartered Surveyors and also qualified as a Fellow of the Chartered Institute of Building (CIOB) after his graduation in 1979 from the University of Westminster, London. He was actively involved in the development of hotels, resorts, shopping malls, golf courses, international schools, residential and mixed developments not only in Malaysia but also in Australia, UK and South Africa.

Datuk Seri Yam has been the Chairman of the Real Estate and Housing Developers' Association Malaysia since June 2010. He was appointed by the Government as a member of the Steering Committee for the transformation of Greater Kuala Lumpur/Klang Valley and also serves as a member of the Advisory Board of the City of Kuala Lumpur apart from being a director of Malaysia Property Incorporated, a Ministry of Finance initiative. Globally, Datuk Seri Yam is one of two Asians elected onto the Board of Trustees of the UK headquartered Chartered Institute of Building which sets standards for the management and implementation of the construction process.

Current directorships in public companies include Standard Chartered Bank Malaysia Berhad and CLAB Berhad.

Datuk Seri Yam attended all the 5 board meetings.

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

None of the Directors have been charged for any offence.

five-year group financial highlights

	Year 31 Dec 2010 RM'000	Year 31 Dec 2009 RM'000	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000
REVENUE	**432,251**	**404,909**	**398,761**	**300,078**	**367,328**
EARNINGS					
Operating profit	**169,036**	71,969	59,238	62,155	82,742
Finance costs	**(3,123)**	(2,432)	(2,418)	(2,599)	(5,470)
Share of profit of associates	**11,203**	9,795	3,157	8,784	5,103
Profit before tax	**177,116**	79,332	59,977	68,340	82,375
Income tax expense	**(28,916)**	(21,804)	(15,939)	(16,556)	(18,784)
Profit net of tax	**148,200**	**57,528**	**44,038**	**51,784**	**63,591**
Attributable to:					
Equity holders of the Company	**148,200**	57,528	41,993	49,295	61,867
Minority interest	**–**	–	2,045	2,489	1,724
	148,200	57,528	44,038	51,784	63,591
Retained profits brought forward	**337,793**	301,468	272,797	239,609	189,101
Effects of adopting FRS 139	**3,206**	–	–	–	–
	340,999	301,468	272,797	239,609	189,101
Net profit for the year attributable to equity holders of the Company	**148,200**	57,528	41,993	49,295	61,867
Foreign currency translation	–	–	1,057	(1,892)	258
Realisation of fair value adjustment reserve	**304**	–	–	–	–
Dividends	**(66,301)**	(21,203)	(14,379)	(14,215)	(11,617)
Retained profits carried forward	**423,202**	**337,793**	**301,468**	**272,797**	**239,609**
ASSETS EMPLOYED					
Property, plant and equipment	**213,411**	202,261	211,767	158,769	161,478
Land held for property development	**157,904**	170,976	208,181	140,379	163,416
Investment properties	**31,953**	15,006	14,039	14,871	15,856
Intangible asset	**15,674**	15,674	15,674	–	–
Investment in associates	**221**	54,264	47,259	44,090	38,999
Other investments	**485**	485	485	397	397
Deferred tax assets	**10,889**	4,934	2,006	1,097	1,998
Net current assets	**267,691**	160,303	81,412	135,907	79,762
Long term borrowings	**(47,758)**	(85,551)	(87,147)	(24,479)	(36,764)
Deferred tax liabilities	**(15,330)**	(13,866)	(11,228)	(10,444)	(8,982)
Net assets	**635,140**	**524,486**	**482,448**	**460,587**	**416,160**

	Year 31 Dec 2010 RM'000	Year 31 Dec 2009 RM'000	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000	Year 31 Dec 2006 RM'000
EQUITY					
Share capital	**120,647**	110,339	108,031	107,563	104,126
Capital reserves	**1,401**	3,967	4,044	4,668	2,317
Share premium	**89,890**	72,387	68,900	68,322	64,797
Retained profits	**423,202**	337,793	301,468	272,797	239,609
Equity attributable to equity holders of the Company	**635,140**	524,486	482,443	453,350	410,849
Minority interests	–	–	5	7,237	5,311
Total equity	**635,140**	**524,486**	**482,448**	**460,587**	**416,160**
FINANCIAL STATISTICS					
(Per ordinary share of RM1 each)					
Earnings before taxation (sen)	**151.60**	73.03	55.60	64.39	79.30
Earnings after taxation (sen)	**126.85**	52.96	38.93	46.45	59.56
Return on equity (%)	**28%**	12%	9%	12%	17%
Dividends gross (sen)	**75.0**	28.0	21.0	16.0	15.5
Dividend cover (times)	**2**	3	3	3	5
Net assets (RM)	**5.26**	4.75	4.47	4.21	3.95

letter to shareholders

On behalf of the Board of Directors, it gives us great pleasure to present the Forty-First Annual Report of Paramount Corporation Berhad (**Paramount** or **the Company**) group of companies (**the Group**).

Paramount recorded a stellar performance in 2010, from financial and operational standpoints, with annual revenue rising to an all time high level and the achievement of record-breaking profits. During the year, we disposed of the Group's 20% equity investment in Jerneh Insurance Berhad (**JIB**) for RM130.8 million at a record 2.2 times price to book ratio in the general insurance industry. The beneficiaries of our success were none other than our loyal shareholders who were rewarded with the highest dividend ever declared in Paramount's history within a year. Shareholders also benefited when Paramount's stock market valuation increased by 52% to RM4.50 per share as at 31 December 2010 from RM2.96 as at 31 December 2009. Over the years, investors are increasingly recognizing us for our consistently strong financial performance.

FINANCIAL PERFORMANCE

The Group's profit before tax for the year ended 31 December 2010 grew by 123% to RM177.1 million (2009: RM79.3 million) of which RM60.8 million was contributed by the gains from the disposal of JIB. Discounting the gains from the disposal of JIB, the Group's core businesses i.e. property development, construction and educational services contributed to 47% of the growth in profits. Net Profit for the year was RM148.2 million, an increase of 158% (2009: RM57.5 million) while Earnings Per Share was an impressive 126.9 sen, up 140% (2009: 53 sen). Revenue was RM432.3 million, an increase of 7% (2009: RM404.9 million). In line with the strong performance, shareholders' fund as at 31 December 2010 rose to RM635.1 million (2009: RM524.5 million) while Net Assets per share increased to RM5.26 (2009: RM4.75). Return on equity improved to 28% as at 31 December 2010 (2009: 12%). As a result of the healthy cash flow generated from operations and the sale of JIB, gearing was reduced to 0.09 times (2009: 0.17 times).

Property Division

Boosted by strong demand for residential homes due to continued growth in household income, improved consumer sentiments and the accommodative financing environment, the property development sector achieved robust sales to register a 92% increase in profit before tax to RM76.2 million (2009: RM39.7 million). Kemuning Utama registered a profit of RM49.8 million (2009: RM32.5 million) on the back of higher selling prices and improved margins. Surian Industrial Park registered a profit of RM18.0 million (2009: RM2.7 million) following higher progressive billings while Bandar Laguna Merbok recorded a profit of RM6.7 million (2009: RM5.5 million). The construction sector also registered a profit of RM9.1 million, an increase of 24% (2009: RM7.3 million) as a result of higher construction revenue and compensation on material price escalation from external projects. We are pleased to inform you that profit before tax for the property division increased by 81.5% to RM85.3 million (2009: RM47 million).

This was achieved on the back of higher revenue of RM333.3 million (2009: RM305 million). The property development sector registered a marginal increase in revenue to RM268.1 million (2009: RM262.2 million). Kemuning Utama's and Bandar Laguna Merbok's revenues were maintained at previous year's level of RM158 million and RM42 million, respectively, while Surian Industrial Park registered higher revenue of RM62.1 million (2009: RM36.9 million) due to advance stages of construction. The construction sector, with 65% of its contracts focused on in-house projects, registered a 50% increase in revenue (net of inter-company transactions) to RM65.2 million (2009: RM42.8 million) due to higher progressive billings from external contracts.

Educational Services Division

Competition in the field of tertiary education has intensified following an increase in capacity brought about by the establishment of new and large state-of-the-art campuses. Notwithstanding, the tertiary education sector, comprising our university college in Damansara Jaya and college in Penang, managed to record a modest growth in revenue to RM63.1 million during the year under review (2009: RM62.2 million). While the university college registered a marginally lower revenue of RM42.2 million (2009: RM43.5 million) this was ameliorated by the higher revenue of RM20.9 million recorded by the college in Penang (2009: RM18.7 million). Our primary and secondary school managed to maintain almost the same revenue of RM32.8 million as that of last year's (2009: RM33.3 million) despite the industry experiencing a migration of students to international schools following a reversion of the teaching of Mathematics and Science from English to Bahasa Malaysia. The post executive and professional development education sector recorded lower revenue of RM1.1 million (2009: RM1.7 million). The language centre in Chongqing, China, which was disposed of during the year, recorded a revenue of RM566,000 for the period from 1 January 2010 up to the date of its disposal on 11 November 2010. Overall, the educational services division recorded marginally lower revenue of RM97.6 million (2009: RM98.5 million).

Despite the marginally lower revenue, the educational services division registered a 9% increase in profit before tax to RM23.2 million (2009: RM21.3 million). The tertiary education sector recorded a marginally lower profit of RM15.6 million (2009: RM16.5 million) as a result of the university college registering a marginally lower profit of RM10.6 million (2009: RM11.4 million) arising from lower revenue and higher overheads. The college in Penang maintained its profits at previous year's level of RM5 million. The primary and secondary school continued to outperform to achieve a new record profit of RM8.7 million (2009: RM6.9 million). The post executive and professional development sector incurred higher losses of RM363,000 (2009: RM203,000) while the losses of the language centre up to the date of its disposal amounted to RM790,000.

Investment

The Group's share of profit from its 20% investment in JIB for the period from 1 January 2010 to 1 December 2010, being the date of the completion of the disposal, was RM9.66 million.

DIVIDENDS

An interim dividend of 15%, comprising 11%, tax exempt, and 4%, less 25% income tax, was paid to shareholders on 17 September 2010. This was followed by a special dividend of 40%, less 25% income tax, which was paid on 5 January 2011 to shareholders in line with a commitment made by the Company to shareholders to distribute approximately half the gains realized on the disposal of JIB.

After reviewing our operating cash flow and our strategy of investing in the business for long term growth, the Board is now declaring a final dividend of 20%, less 25% income tax, to be approved by shareholders at the forthcoming Annual General Meeting, and payable on 22 June 2011. This brings the total dividend payable for the year to a record 75%, the highest ever paid in the history of the Company. Discounting the special dividend of 40% paid on the non-operational gains, the total dividend declared for the year of 35% is 25% higher than that paid in the previous year, a reflection of the growth of the business and our commitment to reward shareholders (2009: 28%, less 25% income tax).

CORPORATE DEVELOPMENTS AND ACHIEVEMENTS

On 4 January 2010, KDU College welcomed its first batch of students from The School of Business and Law to its new branch campus located at Section 13, 76 Jalan Universiti, Petaling Jaya. The branch was set-up to meet the immediate needs of the existing Damansara Jaya campus, where development of new programmes were hampered by space constraints, and the need to grow student numbers to populate the new university campus when ready.

On 24 March 2010, at the inaugural Putra Brand Awards, a prestigious public's choice award by the Association of Accredited Advertising Agents Malaysia (4A's) and endorsed by MATRADE, KDU College was honoured with the Silver Award.

On 1 June 2010, Paramount, through its wholly-owned subsidiary company, Omni Assets Sdn Bhd, a shelf company acquired on 31 May 2010, entered into a conditional Sale Agreement with Cyberview Sdn Bhd, as the proprietor, and Setia Haruman Sdn Bhd, as the vendor, for the proposed acquisition of a piece of freehold residential land measuring in area approximately 50.1 acres identified as Block 17 within the Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan for a total cash consideration of RM78,423,681.60 only or RM36 per sq ft. The proposed acquisition is in line with the Group's strategy to replenish its land bank to generate long-term sustainable income.

KDU College's licence was upgraded to university college on 30 August 2010.

On 6 October 2010 Paramount, through its wholly owned subsidiary company, Paramount Global Assets Sdn Bhd, and Jerneh Asia Berhad entered into a conditional share purchase agreement with CIGNA International Holdings, Ltd (**ACE INA**) to dispose of its respective 20% and 80% equity interest in JIB to ACE INA for a total cash consideration of RM130.8 million and RM523.2 million, respectively. The disposal is in line with Paramount's objective of divesting non-core assets to enable the Group to streamline its operations and focus its resources on its existing core businesses of property development and educational services to enhance shareholders' return in the long term. The disposal also provided the opportunity for the Group to unlock the value of its investment in JIB. The disposal of JIB was completed on 1 December 2010.

On 11 November 2010, Paramount entered into an agreement with UPO Consultancy Services Sdn Bhd (**UPO**) to dispose of its entire investment of 1,579,000 ordinary shares of RM1.00 each in KDU International Sdn Bhd (**KISB**), a wholly owned subsidiary, to UPO for a cash consideration of RM1.00. KISB is the holding company of KDU International Language Training School (**KILTS**), a company established in Chongqing, China to operate a language centre offering English classes to children, working adults and the corporate sector and to recruit students for the tertiary education sector. KILTS has never contributed positively to the Group's revenue due to the difficult operating environment and stringent regulatory requirements that exist in China.

On 22 November 2010, KDU College Sdn Bhd's name was changed to KDU University College Sdn Bhd to better reflect its status and nature of operations.

On 16 December 2010, Omni Assets Sdn Bhd changed its name to Paramount Property (Cjaya) Sdn Bhd to reflect a common group identity.

To increase the share capital base of Paramount to a level that will better reflect the Group's current scale of operations whilst simultaneously rewarding our shareholders by enabling them to have a greater participation in the equity of the Company in terms of number of shares held, the Company on 24 February 2011 announced a proposed bonus issue of 48,258,779 new ordinary shares of RM1.00 each in Paramount to be credited as fully up on the basis of two new shares for every five existing shares held and a proposed subdivision of every one ordinary share of RM1.00 each after the proposed bonus issue into two ordinary shares of RM0.50 each. The Company also announced the proposed amendment to its Memorandum of Association to accommodate the proposed sub-division. The larger share capital base will also serve to improve the liquidity and marketability of our shares.

On 11 March 2011, KDU University College Sdn Bhd, for the second consecutive year, was honoured with the Silver Award at the Putra Brand Awards.

PROSPECTS

Paramount ended the year on a very firm footing that has not only placed us in a strong financial position but also, going forward, enable us to tap opportunities that may arise in the market.

Malaysia's healthy economic condition and the various initiatives to be implemented will continue to provide the positive sentiments beneficial for the Group's core businesses of property development and provision of educational services. In the property development sector, the Group will continue to launch properties that are suitably designed and priced taking into account market conditions. The lock-in sales achieved from the strong momentum seen throughout 2010 will enable the Group to continue with steady progressive billings.

Looking ahead, we are confident that the conversion of the college to university college status facilitating the offer for proprietary programmes and the establishment of an international school in the educational services division are the right platforms for ensuring sustainable growth.

Barring unforeseen circumstances, the Board is optimistic of our performance in 2011.

ACKNOWLEDGEMENTS

To all of our stakeholders – shareholders, customers, suppliers and partners – thank you for your continued support. Just as you have all played an integral role in our achievements and success, we hope that we too have played a small part in your success as well.

To each and every one of our more than 1,000 employees who helped make 2010 a very successful year for Paramount, we salute you for your magnificent performance. You came through with flying colours – a commendable feat that the Board truly appreciates. Thanks to your invaluable contributions, you have all been instrumental in helping Paramount grow in stature and recognition as a trusted brand.

However, ours is an ongoing journey where there is no finish line. Much more needs to be done. But together, we can face the future with confidence and optimism. Buoyed by a strategy that continues to deliver, supported by strong management teams in our operating businesses who demonstrate leadership as well as management skills, we are confident of growing from strength to strength.

Last but not least, to our fellow board directors, thank you for your continued guidance and wise counsel throughout the year.

Dato' Md Taib bin Abdul Hamid
Independent Non-Executive Chairman

Dato' Teo Chiang Quan
Executive Deputy Chairman

chief executive officer's review of operations

We have always been held in high esteem in the education and property development sectors as a trusted brand. By sticking to what we know best, we have earned our stripes by creating the "customer experience". While others focus on customer retention, our emphasis is on customer commitment and delight. By creating treasured havens. By nurturing numerous success stories. By being inclusive, moving from a product-centric to a people-centric approach. It's this emotional connection that has helped us win the hearts and minds of markets we serve. And when there is a connection, trust follows as evidenced by our continued growth and success in our fields of expertise resulting in, I am pleased to report, yet another record-breaking performance by the Group for the year under review.

PROPERTY DIVISION

Property Development

Buoyed by expansionary fiscal policies and relatively low interests to drive the economy that saw a strong demand for residential, commercial and industrial properties throughout 2010, the property development sector increased its property launches that came with a moderate price increase. Needless to say, the response was overwhelming – a total of 712 units of residential and commercial properties valued at RM301.3 million and the remaining two units of industrial properties from Surian Industrial Park valued at RM6.8 million were sold during the year. The robust sales was also aided by the Company's decision to extend its "5/95" incentive scheme offer or zero cost entry, introduced the previous year, to enable first time homeowners who do not have the means to place a down payment to purchase their first home.

Kemuning Utama, our flagship development in the Klang Valley, enjoyed brisk sales during the year. 99% of the properties launched were snapped up within a week paving the way for highly sought-after future launches. A total of 531 units were launched during the year, of which 523 units with a sales value of RM239.4 million were sold (2009: 380 units with a sales value of RM157.1 million). Up north, our property development in Sungai Petani, Bandar Laguna Merbok, saw an improvement in sales with a total of 173 units with a sales value of RM50.5 million sold (2009: 168 units with a sales value of RM41.7 million). Only 135 units were launched during the year as we are nearing the tail end of this development. Surian Industrial Park's remaining two units, brought forward from its launch in the previous year, were sold in the first quarter.

Spurred by the success of Surian Industrial Park, a high-end industrial property project, and given the fact that large tracts of land are becoming scare, and land prices escalating, the property development sector will embark on the development of high-end residential properties following the acquisition of a 50-acre land in Cyberjaya during the year. The property development sector will also venture into the development of high-rise properties as a responsible property developer that is committed to delivering quality yet affordable homes.

In The Edge Top Property Developers Award, an exercise to rank Malaysia's top property players for their quantitative and qualitative attributes – from a consumers' perspective - Paramount moved up the ranks to 11th place, from 14th place in the previous year. The ranking is testimony of the Company's increasing recognition for its consistently strong financial performance and reliability as a quality developer.

Construction

Our construction sector commenced 2010 with a reduced order book, comprising 60% in-house and 40% external projects, due to subdued operating conditions in the prior year. However, as the market recovered, the construction sector made concerted efforts and won new contract awards for construction works and provision of project management services from new as well as existing customers.

As a result of the good progress made on the contracts awarded, the construction sector recorded a good year on the back of growth in revenue and profit compared with the previous year.

By the end of the financial year, the construction sector had a healthy order book, comprising 50% in-house and 50% external projects. The latter is a result of a continuous and active effort to focus on undertaking external projects with a view to enhancing competitiveness. Leveraging on the sector's strengths - technical expertise, good performance delivery track record, strong balance sheet, sound safety record, that are of increasing importance to clients, and ability to build long term relationships with customers - the sector is well positioned to attract new business.

EDUCATIONAL SERVICES DIVISION

Primary and Secondary School

The primary and secondary school sector continued to grow from strength to strength on the back of record profits for the fifth consecutive year.

By the end of the 2010 academic year, student enrolment had increased to 2,270 from 2,246 the previous year. This was despite the increasing industry-wide migration of students to international schools following the Ministry of Education's announcement to revert the teaching of Mathematics and Science, from English to Bahasa Malaysia.

Our decision to build an international school, Sri KDU International School, on the existing school premise for secondary school level, in order to offer students the choice of either a national or international school education has paid off. The scheme was very well received, thus stemming the outflow of students wishing to pursue their education in an international school. Many parents saw the benefits of having their children enrolling for national curriculum education at primary level and upon completion, only then deciding the choice of curriculum for them to pursue at secondary level. Our ability to enable students to receive both national and international school education certainly supports our tagline, "Malaysian Hearts, Global Minds".

The following are some of the academic successes of the school this past year:

- Students continued to excel in national examinations with 62% scoring four A's and above in the UPSR examination, 45% scoring seven A's and above in the PMR examination and 47% scoring seven A's and above in the SPM examination.

- Sri KDU Alumni were gained acceptance to pursue their tertiary studies at the world's top universities, including reading Human Sciences at Oxford University, UK and Mathematics at Cambridge University, UK.

- For the 2nd year, a Sri KDU student won a scholarship to the prestigious PTPI ("People to People International") Youth Camp in Turkey. Only 10 scholarships worldwide are awarded to students who are not from any of the Middle East countries and the United States.

The construction of the international school is progressing well and Sri KDU International School will be completed in September 2011, as scheduled. The school is purpose-built to have the personalised learning spaces to support the ethos of personalised and independent learning. The design and architecture of the school mirrors award-winning consultant, Fielding Nair's, Personal Learning Community school design concept that is truly inspiring. The school building also incorporates a solar photovoltaic system as well as a rainwater harvesting system in support of a Go Green environment.

The international school's tagline "Tomorrow's Leaders – HERE and NOW" expounds on the importance we place on student leadership. Students will be encouraged to develop personal leadership skills, a precursor to assuming public leadership. Given the growing dynamics that exist in an ever changing global world, we offer an environment where students can take charge of their own lives, and be responsible and accountable for their decisions and actions as only then can they be well groomed to achieve their potential, both academic and personal.

The international school will conduct studies for Years 7 – 9 based on the British National Curriculum; Years 10 – 11 based on International General Certificate of Secondary Education and Years 12 – 13, based on International Baccalaureate Diploma Programme.

As such, approximately 40% of the teaching staff will comprise expatriates, predominantly British teachers from schools in the United Kingdom.

So far, preview days for the international school have met with resounding success, and we expect to meet our targeted enrolment for the first year of intake well before its opening date. With such encouraging response to the international school, we anticipate that this investment will contribute positively to profits within a short time frame.

Tertiary Education

Despite stiff competition in the tertiary education industry exacerbated by an increase in capacity brought about by the establishment of new and large state-of-the-art campuses by our competitors, the tertiary education sector managed to improve enrolment marginally. Average student population for the year was 5,163 students (2009: 5,150). This translated to a marginal growth in revenue but due to higher operating expenses, particularly staff costs, profits declined from the previous year.

In our ongoing commitment to provide quality education, the college, during the course of the year, introduced outcome-based education across the whole campus with a view to ensuring that active learning took place both inside and outside the classroom. All the academic programmes have a series of assessment that measure students' attitude, skills, knowledge and experience against industry benchmarks to assess their capability to be specialists in their chosen fields. Such active learning methods, coupled with the provision of excellent professional exposure and the development of both technical and soft skills have resulted in our students showing marked improvements. Our students also excelled in international competitions, winning many awards.

The college continually reviews its programmes with the objective of making them more industry driven and relevant. Academic departments work closely with industry to develop curriculum, sharing knowledge and transferring of skills. In response to industry's demand for relevant employability skills, a number of academic staff from the Faculty of Engineering were sent to Intel Penang for advanced VLSI Design training conducted by experts at Intel under the Intel-MDEC Advanced VLSI training programme. The knowledge and skills acquired by the staff were then incorporated into the curriculum to help prepare students to be job ready graduates. With industry-trained engineering staff and laboratories equipped with professional IC design software (Synopsis), students are assured of learning the latest skills in VLSI design.

In 2010, the Damansara Jaya campus saw the upgrading of its college status to university college by the Ministry of Higher Education on 30 August. On becoming a university college, much effort has been directed to improving the capacity and capability of the college to enable it to effectively function in its new role. The organization was restructured and that necessitated several key strategic hires in the areas of leadership, teaching and research, the elevation of some personnel and a systematic implementation of our development plan to raise the profile and capabilities of our academic staff. We also embarked on a campus wide initiative to align our employees to our focus of operating on the highest ethical standards and making decisions based, first and foremost, on the best interest of our students. Leveraging on our status as a university college, we developed a total of eight new proprietary programmes with the flexibility to offer 23 specializations. We are excited with the opportunities that will arise following this development and we look forward to serving more students as we continue to grow in the coming years.

Post Executive and Professional Development

The performance of the post executive and professional development sector, which focuses on meeting the needs of working adults looking to improve their skills and enhance their potential within the context of their careers, remained flat. Revenue declined year on year as competition intensified exacerbated by an increase in the number of providers. The HAAS Executive Series, which took off on a promising start following the tie up with a large conglomerate fell through. Due to viability and high costs, management did not pursue the programme due to the high risk of partners going directly to the providers. As a consequence of the lower revenue, the sector continued to incur a small loss for the year.

Overseas English Language Centre

The overseas English language centre in Chongqing, China was disposed of during the year to stem losses. Due to the difficult operating environment and the stringent regulatory requirements imposed by the Chinese authorities, this centre has not been able to contribute positively to the Group. The disposal will also enable management to focus on the businesses of the educational services division in Malaysia.

OUR PEOPLE – OUR TRUSTED ASSET

Today, we can look on with a deep sense of pride on being recognized as a trusted brand that is continuing in the hearts and minds of the markets we serve. While we are gratified by the all-important accolade, it goes without saying that we have got to where we are because of our people – past and present – who have played an important part in our success. Looking beyond the various operating units, the products and the services, I believe that it is the quality of our people that sets us apart. Collectively, they are our most compelling strength.

Over the last year, we continued to expand on the development of human capital – the lifeblood of any organisation. The various action plans implemented under the Group's Human Capital Strategy initiative was successfully completed at the end of the year. Our increased focus on recruitment, retention and development throughout the Group is based on identified management competencies that will help us to improve our performance appraisal processes, assess our current pool of talent and develop programmes that meet our future human resource needs. We have participated in remuneration surveys and used such findings as a guide to review staff salaries and grades of our people throughout the Group.

Recognizing that the quality of a company's management is a crucial factor in delivering performance to shareholders, we have also made a number of management appointments in the property and educational services division during the year.

I am particularly proud of how our Company has achieved this level of growth in 2010 – by adhering to our core values of being employee focused; by striving for excellence in our work; and by encouraging each individual to demonstrate integrity, respect for others, respect for diversity and social responsibility.

PROSPECTS AND OUTLOOK

It has been a great 12 months for Paramount and I believe the coming year will prove no less rewarding. We have the right strategy in place and it is being executed with skill and passion by a great management team.

In property, we will continue to focus on our core competency of property development to ensure that the design, delivery and marketing maximize returns on our ongoing development of existing projects. Over the past years, the Company identified and acquired land banks in strategic locations that can contribute to earnings growth. To offset the cost of escalating land prices as well as to provide better margins, we will expand our property product portfolio to build high-end residential homes and high rises. We will leverage on our skill base to participate in joint ventures, syndicates and co-development arrangements.

Bringing our years of history and achievements to bear on the challenges of a highly competitive educational services industry, we will continue to drive toward our strategic objectives and further improve the performance of our educational services division. We have upgraded our Damansara Jaya campus to university college status and established a range of proprietary programmes for offering. In a related diversification, we have established the international school for secondary level and invested significantly in human and technological resources that will enable us to seize opportunities in the market.

Our improved profitability from our property developments and the robust demand that we experienced during our product launches during 2010 will bolster our earnings in 2011 while the construction contracts procured will allow the Company to continue to register progressive billings in 2011.

As we strive to meet society's educational needs, we will continue to be guided by one constant: the success of our students. It is through the fulfillment of that commitment that we will grow and build on our educational services of the future.

Strong employment conditions and improving customer confidence combined with the Company's niche in each of its core businesses provides reason for us to remain optimistic. All of us at Paramount are proud of what we have accomplished this year – particularly our outstanding financial performance, dividend declaration and improvements in market capitalization. We will continue to display the same strong commitment in the year ahead that, we trust, will help create greater value for you, our shareholder.

Ong Keng Siew
Managing Director & Chief Executive Officer

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, more importantly, are not in conflict with the attainment of the Group's objectives.

CSR in the Environment

The nature of our business does have a bearing on the environment. Thus, we need to take a proactive and positive approach on environmental issues 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 waste is 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 practice as a minimum standard. We place utmost importance in conforming to and satisfying the regulations set by the Department of Environment.

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

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

CSR in the Workplace

Employees at every level are encouraged to make the fullest contribution to the Group's performance and the achievement of 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 through 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. Senior managers are selected to attend the post executive education programme at the Wharton Business School and all our senior managers are encouraged to attend the Management Development Programmes organised by our post executive and professional development sector.

- 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 add value to the communities in which we operate through various ongoing engagements that enhance the long term sustainability of our business. These include:

- 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 behaviour 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 regularly updated to ensure that they are readily available 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 Control are found on pages 23 to 26 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 Part 1 of the Malaysian Code of Corporate Governance and to the extent where applicable and practical Part 2 of the said Code.

DIRECTORS

As at the end of the financial year, the Board of Paramount has eight members comprising two executive directors and six non-executive directors, all of whom are independent. During the year, Datuk Seri Michael Yam Kong Choy was appointed as an Independent Non-Executive Director on 18 February 2010. 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 and members of the Audit Committee, Nomination Committee and Remuneration Committee comprise exclusively of Independent Non-Executive Directors, the Board believes that it is not necessary to nominate one individual to assume the role of a Senior Independent Director.

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

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

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

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

Directors	Attendance
Dato' Md Taib bin Abdul Hamid	5 out of 5
Dato' Teo Chiang Quan	5 out of 5
Ong Keng Siew	5 out of 5
Dato' Haji Azlan bin Hashim	3 out of 5
Datuk Rohana Tan Sri Mahmood	4 out of 5
Geh Cheng Hooi	5 out of 5
Quah Chek Tin	5 out of 5
Datuk Seri Michael Yam Kong Choy	5 out of 5

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

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

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

The Directors also keep abreast of developments in the business environment and new regulatory requirements through participation in conferences, seminars and training programmes organised by the regulatory bodies and other independent training providers.

During the financial year under review, the Directors had participated in the following programmes which they have individually or collectively considered relevant and useful in contributing to the effective discharge of their duties:

i) Recent Changes to the Financial Reporting Standards

ii) The 12th Malaysia Strategic Outlook Conference 2010

iii) Forum on Economic

iv) Developing High Impact Boards

v) Retirement Transformation Conference 2010 – Redefining Retirement for Malaysia

vi) Leadership Strategies to Influence Results

vii) 18th World Congress of Accountants 2010 – Accountants: Sustaining Value Creation

viii) The Financial Institution Directors' Education Program

ix) Deutsche Bank Private Wealth Management Seminar 2010 – The Road Ahead

x) Bursa Malaysia Evening Talks on Corporate Governance

xi) Going Forward : Risk & Reform – Implications for Audit Committee Oversight

xii) Securities Commission – Bursa Malaysia Corporate Governance Week

xiii) Corporate Governance and its development

xiv) Asian Forum on Corporate Social Responsibility

xv) Changes in the Financial Reporting Framework

xvi) Tax Seminar – The 2011 Budget

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 27 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.

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 also responsible for ensuring that the Company's Executive 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. The Remuneration Committee recommends to the Board the policy and framework for determining Directors' remuneration.

The determination of Directors' fees is a matter for the Board as a whole who has the ultimate responsibility of approving the remuneration of Directors.

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.

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

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

Directors	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	–	–	–	90	–
Dato' Teo Chiang Quan	960	760	–	50	78
Ong Keng Siew	618	386	–	50	41
Dato' Haji Azlan bin Hashim	–	–	–	80	–
Datuk Rohana Tan Sri Mahmood	–	–	–	60	–
Geh Cheng Hooi	–	–	–	70	–
Quah Chek Tin	–	–	–	60	–
Datuk Seri Yam Kong Choy	–	–	–	43	–

ACCOUNTABILITY AND AUDIT

Board Risk Management Committee

Risk assessment and management is an integral part of the decision making process at all levels of the Group. In an effort to strengthen its risk management processes and framework, a Board Risk Management Committee was formed during the year under review.

The Board Risk Management Committee comprises one executive director and three Independent Non-Executive Directors: Ong Keng Siew, Quah Chek Tin, Dato' Md Taib bin Abdul Hamid and Geh Cheng Hooi. Mr Quah chairs the Committee, which meets at least twice a year and additionally if required.

The Board Risk Management Committee is entrusted with the task of assisting the Board to fulfil its corporate governance, risk management and statutory responsibilities in order to manage the principal risks exposure of the Group. The Committee monitors the principal risks exposure of the Group and guides management on its risk appetite; recommends or advises on significant proposed changes to risk management policies and strategies; reviews together with management on significant risks and exposures that exist and assesses the steps that management has taken to mitigate such risks and reviews reports on compliance with risk management policies and recommends actions, where necessary.

Internal control

A detailed report on Internal Control, which has been reviewed by the external auditor, is contained in the Statement of Internal Control on page 30.

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 Letter to Shareholders and the Chief Executive Officer's 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.

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 Audit Committee set out on pages 27 to 29.

SHAREHOLDERS

The Company is committed to ongoing communications 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 present at the meeting.

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 2010.

MEMBERS AND MEETINGS

The Audit Committee comprises four Independent Non-Executive Directors.

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

Directors	Status	Attendance
Dato' Haji Azlan Bin Hashim (Chairman)	Independent Non-Executive Director/Accountant	3 out of 4 meetings
Geh Cheng Hooi	Independent Non-Executive Director/Accountant	4 out of 4 meetings
Quah Chek Tin	Independent Non-Executive Director/Accountant	4 out of 4 meetings
Dato' Md Taib Bin Abdul Hamid	Independent Non-Executive Director	4 out of 4 meetings

TERMS OF REFERENCE

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

Membership

The members shall be appointed by the Board and the committee shall consist of at least three (3) Non-Executive 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 its subsidiaries (**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 (**BMSB**)'s Listing Requirements, the committee shall promptly report such matter to BMSB.

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 auditors' 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 the Group;

j) To take cognisance of resignation of senior internal audit staff 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 include:

a) Financial Statements

    i) Reviewed the quarterly and year-end financial statements prior to Board's approval for release to BMSB and the press;

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

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

iv) Met with the external auditors twice during the year without the presence of executive Board members and management, to discuss any issues, if any, arising out of the interim and final audits, or any other matter the external auditors may wish to discuss;

v) Reviewed the external auditors audit fee and proposed the same to the Board for its approval; and

vi) Considered the intention of the external auditors, 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) Employee's Share Option Scheme

i) Reviewed the implementation of Paramount's Employee's Share Option Scheme (**ESOS**) during the year 2010 pursuant to BMSB's Listing Requirements. The scheme ended in August 2010.

INTERNAL AUDIT FUNCTION AND ACTIVITIES

a) Internal Audit Function

The internal audit function of Paramount is carried out in-house by the internal audit department. 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 risk-based 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 and the Board.

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.

b) Activities

For the year 2010, the internal audit department carried out audit assignments in accordance with the approved audit plan and audit reports were presented to the Audit Committee for deliberation. This includes follow-up review on the prompt implementation of audit recommendations, checks on related party transactions, and verification on employees' allocations under the Group's ESOS. The cost incurred for the internal audit department for the year was RM535,253.

statement on internal control

PREAMBLE

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

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

BOARD'S RESPONSIBILITY

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

The Board through the Audit Committee reviews and monitors as an on-going process, the adequacy and integrity of the internal control and management information systems. Such systems are designed to manage rather than to eliminate the risk of failure to achieve the 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 important process and acknowledges that it plays an integral part in achieving the Group's business objectives. The Board confirms the on-going implementation of an enterprise-wide risk management (**ERM**) programme for the Group which allows management to identify, assess, evaluate and manage risks of the Group and keeps abreast of its development. The ERM programme entails all strategic business units to document the controls and processes for managing risks.

Principal risks are highlighted to the Board Risk Management Committee and to the Board for deliberation on a quarterly basis and further assessment is made during the Board's 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.

The Executive Risk Management Committee (**ERMC**) assists the Board in its discharge of its risk management and control responsibilities. The ERMC's functions are to co-ordinate and monitor the development and implementation of the Group's risk management activities.

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 due professional care.

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 management 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 15 April 2011

SHARE CAPITAL

Authorised capital	:	RM200,000,000
Issued and fully paid-up	:	RM120,646,949
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	68	1.49	1,826	0.00
100 – 1,000	1,304	28.55	1,169,351	0.97
1,001 – 10,000	2,483	54.36	10,555,430	8.75
10,001 – 100,000	623	13.64	18,684,863	15.49
100,001 – 6,032,346 (*)	88	1.93	48,271,479	40.01
6,032,347 and above (**)	2	0.04	41,964,000	34.78
Total	**4,568**	**100.00**	**120,646,949**	**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	25.96
2. Southern Palm Industries Sdn Bhd	10,639,000	8.82
3. Southern Acids (M) Berhad	5,519,000	4.57
4. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG Singapore (PWM Asing)	4,821,750	4.00
5. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Azlan Bin Hashim (KLC)	4,000,000	3.32
6. Bunga Indah (M) Sdn Bhd	3,309,391	2.74
7. Southern Realty (M) Sdn Bhd	2,999,000	2.49
8. Angsana Sutera Sdn Bhd	1,924,000	1.59
9. Teo Chiang Quan	1,525,000	1.26
10. Kenanga Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Teo Pek Swan (6Q-31037)	1,190,000	0.99
11. Ong Keng Siew	1,113,000	0.92
12. Teh Wei Siong	1,040,000	0.86
13. HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Oh Kim Sun	1,006,000	0.83
14. Yayasan Kelantan Darulnaim	958,000	0.79
15. Glamour Partnership Sdn Bhd	868,700	0.72

Name of Shareholders	No. of Shareholdings	%
16. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Oh Kim Sun (M12)	747,900	0.62
17. Cheong Hon Keong	706,300	0.59
18. Goh Beng Choo	647,800	0.54
19. Cartaban Nominees (Tempatan) Sdn Bhd AXA Affin General Insurance Berhad	600,000	0.50
20. Goh Thong Beng	599,000	0.50
21. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Growth And Income Focus Trust (4892)	539,100	0.45
22. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)	453,000	0.38
23. Yeo Khee Huat	430,000	0.36
24. HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Teh Chee Tong	388,000	0.32
25. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Teh Chee Tong (8058971)	364,000	0.30
26. Yeo Khee Nam	349,000	0.29
27. Tay Lee Kong	337,500	0.28
28. Southern Edible Oil Industries (M) Sdn Bhd	333,000	0.28
29. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Agrobulk Holdings Sdn Bhd (M12)	329,600	0.27
30. Seah Mok Khoon	325,300	0.27

SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2011

Name of Shareholders	No. of Ordinary Shares of RM1.00 each Direct	Indirect		Percentage of Issued Share Capital %
Paramount Equities Sdn Bhd	31,325,000	–		25.96
Dato' Teo Chiang Quan	1,603,000	31,654,888	(1)	27.57
Southern Acids (M) Berhad	5,519,000	–		4.57
Southern Palm Industries Sdn Bhd	10,639,000	5,519,000	(2)	13.39
Southern Edible Oil Industries (M) Sdn Bhd	333,000	16,158,000	(3)	13.67
Southern Realty (M) Sdn Bhd	2,999,000	16,491,000	(4)	16.15
Banting Hock Hin Estate Co Sdn Bhd	184,000	19,490,000	(5)	16.31
Dato' Low Mong Hua	67,000	19,674,000	(6)	16.36

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 15 APRIL 2011

In Paramount Corporation Berhad:

	Direct		Indirect	
Name of Directors	**No. of Shareholdings**	**%**	**No. of Shareholdings**	**%**
Dato' Teo Chiang Quan	1,603,000	1.33	31,654,888	26.24
Dato' Haji Azlan bin Hashim	4,000,000	3.32	–	–
Ong Keng Siew	1,113,000	0.92	–	–
Dato' Md Taib bin Abdul Hamid	–	–	50,000	0.04
Datuk Seri Yam Kong Choy	35,000	0.03	–	–

In Related Corporations:

Paramount Corporation Limited

	Direct		Indirect	
Name of Director	**No. of Shareholdings**	**%**	**No. of Shareholdings**	**%**
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.

schedule of properties
held by the group

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2010 (RM'000)
28.04.2000 (2.12.2009)	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)	6 - 9 years	99 years lease commencing 02.11.2000	520,579	64,230
23.06.2006	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Agricultural land – 20,094,236 sq. ft. Development land – 1,316,811 sq. ft. (Held for future development)	–	Freehold	21,411,047	59,068
20.02.2008 (29.10.2009)	Lot 94, Section 13 Town of Petaling Jaya District of Petaling Selangor Darul Ehsan held under Title No. PN17345	Land with 3 single storey buildings (KDU University College – Section 13 branch campus)	45 years	99 years lease commencing 04.06.1964	225,680	45,944
13.11.2008 (28.2.2008)	Lot Nos. 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)	3 years	99 years lease commencing 19.01.2008	411,642	45,016
26.06.2003	Lots 1327-1329, 2190, 2849, 2850, 3010 & 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	5,291,670	43,709
21.04.1993 (10.12.2009)	No. 32, Jalan Anson 10400 Penang	Land with private institutional buildings comprising a 5-storey block and a 8-storey block (KDU College – Penang campus)	14 years	Freehold	86,046	28,934
23.06.2003	Lots 72113, 72114, 72117 & 72118 Seksyen 32 & 33, Shah Alam Mukim dan Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development (Kemuning Utama) (Under development)	–	Freehold	3,289,132	18,094

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2010 (RM'000)
13.06.2008	Lot PTD 153275 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Land approved for institution (vacant)	–	Freehold	435,600	12,743
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	1,469,202	9,878
19.12.1978 (10.12.2009)	43, Jalan SS22/41 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Land with private institutional college comprising a block of 5-storey and 2 blocks of 4-storey buildings (KDU University College – Damansara Jaya campus)	27 years	Freehold	116,078	7,842

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

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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 2010.

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 17 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 net of tax	148,200	56,399

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, other than the gain which arose from the disposal of investment in associate of RM60,839,000.

DIVIDENDS

The amounts of dividends paid by the Company since 31 December 2009 were as follows:

	RM'000
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:	
Final dividend of 9% less 25% taxation, on 117,482,000 ordinary shares, declared on 24 February 2010 and paid on 16 June 2010	7,930
Special dividend of 6% less 25% taxation, on 117,482,000 ordinary shares, declared on 24 February 2010 and paid on 16 June 2010	5,287
In respect of the financial year ended 31 December 2010:	
Interim dividend of 11% tax exempt, on 120,647,000 ordinary shares, declared on 19 August 2010 and paid on 17 September 2010	13,271
Interim dividend of 4% less 25% taxation, on 120,647,000 ordinary shares, declared on 19 August 2010 and paid on 17 September 2010	3,619
Special dividend of 40% less 25% taxation, on 120,647,000 ordinary shares, declared on 8 December 2010 and paid on 5 January 2011	36,194
	66,301

DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a final dividend of 20% less 25% taxation in respect of the financial year ended 31 December 2010 on 120,647,000 ordinary shares, amounting to a dividend payable of RM18,097,000 (15 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2011, and are payable on 22 June 2011.

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
Dato' Haji Azlan bin Hashim
Datuk Rohana Tan Sri Mahmood
Datuk Seri Yam Kong Choy
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 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS

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

	<---- Number of ordinary shares of RM1 each ---->			
	At 1 January 2010	Acquired	Sold	At 31 December 2010
The Company				
Direct interest:				
Dato' Teo Chiang Quan	1,122,000	481,000	–	1,603,000
Ong Keng Siew	612,000	501,000	–	1,113,000
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

DIRECTORS' INTERESTS (CONT'D)

	<---- Number of ordinary shares of HKD1 each ---->			
	At 1 January 2010	Acquired	Sold	At 31 December 2010
Paramount Corporation Limited				
Dato' Teo Chiang Quan*	1	–	–	1

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

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

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

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

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM110,339,000 to RM120,647,000 by way of the issuance of the following ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Options Scheme:

- 2,719,000 ordinary shares of RM1 each at the exercise price of RM2.01 per share;
- 199,000 ordinary shares of RM1 each at the exercise price of RM1.66 per share;
- 3,036,000 ordinary shares of RM1 each at the exercise price of RM2.20 per share;
- 278,000 ordinary shares of RM1 each at the exercise price of RM1.97 per share;
- 2,800,000 ordinary shares of RM1 each at the exercise price of RM3.07 per share; and
- 1,276,000 ordinary shares of RM1 each at the exercise price of RM3.06 per share.

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

EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The Paramount Corporation Berhad 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 33 to the financial statements.

EMPLOYEE SHARE OPTIONS SCHEME ("ESOS") (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 2010	Granted	Exercised	31 December 2010
The Company				
Granted in 2005 at an option price of RM2.01 per share				
Dato' Teo Chiang Quan	123,000	–	(123,000)	–
Ong Keng Siew	164,000	–	(164,000)	–
Granted in 2007 at an option price of RM2.20 per share				
Ong Keng Siew	87,000	–	(87,000)	–
Granted in 2009 at an option price of RM2.20 per share				
Dato' Teo Chiang Quan	250,000	–	(250,000)	–
Ong Keng Siew	250,000	–	(250,000)	–
Granted in 2010 at an option price of RM3.07 per share				
Dato' Teo Chiang Quan	–	108,000	(108,000)	–

As at 31 December 2010, there are no share options outstanding as the ESOS expired on 29 August 2010.

OTHER STATUTORY INFORMATION

(a) Before the income statements and statements of financial position 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.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 41 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 24 February 2011.

DATO' MD TAIB BIN ABDUL HAMID **ONG KENG SIEW**

statement by directors

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

We, Dato' Md Taib bin Abdul Hamid and Ong Keng Siew, 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 110 are 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 2010 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 42 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 February 2011.

DATO' MD TAIB BIN ABDUL HAMID **ONG KENG SIEW**

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 110 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 24 February 2011 **FOONG POH SENG**

Before me,

Commissioner for Oaths

KOH TWEE YONG@KOH TWEE SIEW
No. B357
69A, Jalan SS 21/37
Damansara Utama
47400 Petaling Jaya
Selangor Darul EhsanReport on the financial statements

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 statement of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flow 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 110.

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 judgement, 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 2010 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' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 17 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

The supplementary information set out in Note 42 on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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. 1210/05/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
24 February 2011

consolidated income statement

for the financial year ended 31 December 2010

	Note	2010 RM'000	2009 RM'000
Revenue	4	432,251	404,909
Other income		86,881	26,146
Property development costs	13(b)	(167,406)	(200,362)
Construction contract costs		(47,520)	(29,380)
Employee benefits expense	5	(69,378)	(65,176)
Depreciation and amortisation		(11,571)	(11,280)
Other expenses		(54,221)	(52,888)
Finance costs	7	(3,123)	(2,432)
Share of profit of associates		11,203	9,795
Profit before tax	8	177,116	79,332
Income tax expense	9	(28,916)	(21,804)
Profit net of tax		148,200	57,528
Earnings per share attributable to equity holders of the Company (sen)			
Basic	10 (a)	126.85	52.96
Diluted	10 (b)	N/A*	51.99

* Not applicable

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

consolidated statement of comprehensive income

for the financial year ended 31 December 2010

	2010 RM'000	2009 RM'000
Profit net of tax	148,200	57,528
Foreign currency translation	(278)	–
Total comprehensive income	147,922	57,528

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

consolidated statement of financial position

as at 31 December 2010

	Note	2010 RM'000	Restated 2009 RM'000	Restated As at 1.1.2009 RM'000
Non-current assets				
Property, plant and equipment	12	213,411	202,261	211,767
Land held for property development	13(a)	157,904	170,976	208,181
Investment properties	14	31,953	15,006	14,039
Intangible asset	16	15,674	15,674	15,674
Investments in associates	18	221	54,264	47,259
Other investments	19	485	485	485
Deferred tax assets	30	10,889	4,934	2,006
		430,537	463,600	499,411
Current assets				
Property development costs	13(b)	37,735	56,287	58,327
Trade receivables	20	68,744	84,986	52,782
Other receivables	21	79,750	19,603	11,857
Other current assets	22	7,142	3,926	6,383
Tax recoverable		7,163	4,099	3,055
Cash and cash equivalents	25	332,637	207,535	123,414
		533,171	376,436	255,818
Total assets		963,708	840,036	755,229
Current liabilities				
Borrowings	26	7,921	1,813	6,151
Trade payables	27	79,520	56,441	62,213
Other payables	28	94,888	52,857	47,569
Tax payable		698	3,730	3,581
Other current liabilities	29	82,453	101,292	54,892
		265,480	216,133	174,406
Net current assets		267,691	160,303	81,412
Non-current liabilities				
Borrowings	26	47,758	85,551	87,147
Deferred tax liabilities	30	15,330	13,866	11,228
		63,088	99,417	98,375
Total liabilities		328,568	315,550	272,781
Equity attributable to equity holders of the Company				
Share capital	31	120,647	110,339	108,031
Reserves		514,493	414,147	374,412
		635,140	524,486	482,443
Minority interest		–	–	5
Total equity		635,140	524,486	482,448
Total equity and liabilities		963,708	840,036	755,229

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

consolidated statement of changes in equity

for the financial year ended 31 December 2010

	<----Non-Distributable				---->	Distributable			
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Share option reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
At 1 January 2010	110,339	72,387	1,679	2,288	–	337,793	524,486	–	524,486
Effects of adopting FRS 139	–	–	–	–	304	3,206	3,510	–	3,510
	110,339	72,387	1,679	2,288	304	340,999	527,996	–	527,996
Total comprehensive income	–	–	(278)	–	–	148,200	147,922	–	147,922
Transactions with owners									
Dividends (Note 11)	–	–	–	–	–	(66,301)	(66,301)	–	(66,301)
Issue of ordinary shares pursuant to ESOS	10,308	17,503	–	(2,288)	–	–	25,523	–	25,523
Total transactions with owners	10,308	17,503	–	(2,288)	–	(66,301)	(40,778)	–	(40,778)
Realisation of fair value adjustment reserve on disposal of an associate	–	–	–	–	(304)	304	–	–	–
At 31 December 2010	120,647	89,890	1,401	–	–	423,202	635,140	–	635,140

	<----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 2009	108,031	68,900	1,679	2,365	301,468	482,443	5	482,448
Total comprehensive income	–	–	–	–	57,528	57,528	–	57,528
Transactions with owners								
Dividends (Note 11)	–	–	–	–	(21,203)	(21,203)	–	(21,203)
Acquisition of minority interest	–	–	–	–	–	–	(5)	(5)
Issue of ordinary shares pursuant to ESOS	2,308	3,487	–	(1,114)	–	4,681	–	4,681
Share options granted under ESOS	–	–	–	1,037	–	1,037	–	1,037
Total transactions with owners	2,308	3,487	–	(77)	(21,203)	(15,485)	(5)	(15,490)
At 31 December 2009	110,339	72,387	1,679	2,288	337,793	524,486	–	524,486

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

consolidated statement of cash flow

for the financial year ended 31 December 2010

	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit before tax	177,116	79,332
Adjustments for:		
Depreciation of property, plant and equipment	11,202	10,917
Depreciation of investment properties	369	363
Impairment for property, plant and equipment	–	92
Impairment for investment properties	–	1,637
Property, plant and equipment written off	22	227
Reversal of impairment for investment properties	–	(134)
Reversal of allowance of impairment of receivables	(24)	(941)
Gain on disposal of investment in associate	(60,839)	–
Gain on disposal of property, plant and equipment	(838)	(92)
Gain on disposal of other investment	(68)	–
(Gain)/loss on disposal of investment properties	(1,704)	39
Gain on disposal of land held for development	–	(5,027)
Share of profit of associates	(11,203)	(9,795)
Interest expense	3,123	2,432
Interest income	(3,462)	(2,104)
Operating profit before working capital changes	113,694	76,946
Increase in receivables	(47,965)	(36,552)
Decrease in development properties	18,552	60,735
Increase in payables	7,364	47,278
Cash from operations	91,645	148,407
Taxes paid	(39,502)	(22,989)
Interest paid	(3,123)	(3,790)
Net cash generated from operating activities	49,020	121,628

consolidated statement of cash flow

for the financial year ended 31 December 2010 (cont'd)

	2010 RM'000	2009 RM'000
Cash flows from investing activities		
Decrease/(increase) in land held for development	13,072	(16,690)
Dividends received from associates	2,097	2,790
Purchase of property, plant and equipment	(22,399)	(8,542)
Purchase of investment properties	(20,407)	(4,111)
Purchase of shares from minority interest	–	(15,236)
Proceeds from disposal of investment in associate	130,800	–
Proceeds from disposal of property, plant and equipment	863	92
Proceeds from disposal of investment properties	4,795	1,239
Proceeds from disposal of land held for development	–	23,303
Proceeds from disposal of other investment	68	–
Interest received	3,462	2,104
Net cash generated from/(used in) investing activities	112,351	(15,051)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	25,523	4,681
Dividends paid	(30,107)	(21,203)
Repayment of borrowings, net of drawdown	(31,685)	(5,849)
Net cash used in financing activities	(36,269)	(22,371)
Net increase in cash and cash equivalents	125,102	84,206
Cash and cash equivalents at beginning of year	207,535	123,329
Cash and cash equivalents at end of year (Note 25)	332,637	207,535

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

income statement

for the financial year ended 31 December 2010

	Note	2010 RM'000	2009 RM'000
Revenue	4	100,321	47,918
Other income		844	2,136
Employee benefits expense	5	(5,531)	(5,030)
Depreciation		(378)	(358)
Other expenses		(16,066)	(4,626)
Finance costs	7	(10,131)	(1,462)
Profit before tax	8	69,059	38,578
Income tax expense	9	(12,660)	(5,931)
Profit net of tax, representing total comprehensive income for the year		56,399	32,647

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

statement of financial position

as at 31 December 2010

	Note	2010 RM'000	2009 RM'000
Non-current assets			
Property, plant and equipment	12	692	471
Investment property	14	735	750
Investments in subsidiaries	17	362,809	364,308
Other investments	19	165	165
		364,401	365,694
Current assets			
Other receivables	21	34,791	3,899
Tax recoverable		2,791	1,365
Due from subsidiaries	24	74,323	91,103
Cash and cash equivalents	25	160,380	16,338
		272,285	112,705
Total assets		636,686	478,399
Current liabilities			
Other payables	28	42,318	2,824
Due to subsidiaries	24	298,423	195,241
		340,741	198,065
Net current liabilities		(68,456)	(85,360)
Non-current liabilities			
Deferred tax liabilities	30	23	33
Total liabilities		340,764	198,098
Equity			
Share capital	31	120,647	110,339
Reserves		175,275	169,962
		295,922	280,301
Total equity and liabilities		636,686	478,399

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

statement of changes in equity

for the financial year ended 31 December 2010

	<------ Non-Distributable		------>	Distributable	
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2010	110,339	72,387	2,288	95,287	280,301
Total comprehensive income	–	–	–	56,399	56,399
Transactions with owners					
Dividends (Note 11)	–	–	–	(66,301)	(66,301)
Issue of ordinary shares pursuant to ESOS	10,308	17,503	(2,288)	–	25,523
Total transactions with owners	10,308	17,503	(2,288)	(66,301)	(40,778)
At 31 December 2010	120,647	89,890	–	85,385	295,922
At 1 January 2009	108,031	68,900	2,365	83,843	263,139
Total comprehensive income	–	–	–	32,647	32,647
Transactions with owners					
Dividends (Note 11)	–	–	–	(21,203)	(21,203)
Issue of ordinary shares pursuant to ESOS	2,308	3,487	(1,114)	–	4,681
Share options granted under ESOS:					
Recognised in profit or loss	–	–	316	–	316
Included in investments in subsidiaries	–	–	721	–	721
Total transactions with owners	2,308	3,487	(77)	(21,203)	(15,485)
At 31 December 2009	110,339	72,387	2,288	95,287	280,301

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

statement of cash flow
for the financial year ended 31 December 2010

	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit before tax	69,059	38,578
Adjustments for:		
Depreciation of property, plant and equipment	363	358
Depreciation of investment properties	15	–
Write down of advances to subsidiaries	667	216
Impairment of investment in subsidiaries	12,234	–
Interest expense	10,131	1,462
Gain on disposal of property, plant and equipment	(225)	(11)
Dividend income	(89,661)	(40,881)
Interest income	(4,695)	(137)
Operating loss before working capital changes	(2,112)	(415)
Increase in receivables	(30,892)	(3,696)
Increase in payables	3,300	1,524
Changes in subsidiaries balances	119,295	35,302
Cash from operations	89,591	32,715
Interest paid	(10,131)	(1,462)
Net tax refund/(paid)	4	(179)
Net cash from operating activities	79,464	31,074
Cash flows from investing activities		
Interest received	4,695	137
Dividends received	75,561	35,469
Purchase of equity interest in subsidiaries	–	(1,000)
Subscription in ordinary shares of subsidiaries	(100)	(33,647)
Subscription in Non-cumulative Redeemable Convertible Preference Shares of subsidiaries	(40,635)	–
Redemption of Non-cumulative Redeemable Convertible Preference Shares by subsidiaries	30,000	–
Proceeds from disposal of property, plant and equipment	225	11
Purchase of property, plant and equipment	(584)	(10)
Transfer of investment property from a subsidiary	–	(750)
Net cash from investing activities	69,162	210
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	25,523	4,681
Dividends paid	(30,107)	(21,203)
Net cash used in financing activities	(4,584)	(16,522)
Net increase in cash and cash equivalents	144,042	14,762
Cash and cash equivalents at beginning of year	16,338	1,576
Cash and cash equivalents at end of year (Note 25)	160,380	16,338

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

notes to the financial statements
– 31 December 2010

1. CORPORATE INFORMATION

Paramount Corporation Berhad ("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 the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 17 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 24 February 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, except as disclosed in the notes to the financial statements.

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

2.2 Changes in accounting policies

The new and revised FRSs, Amendments to FRSs and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2010 did not give rise to any significant effects on the financial statements of the Group and of the Company except as discussed below:

FRS 7: Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8: Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 40 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 39).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects which mainly arose from the Group's share of the associate's FRS 139 opening reserve adjustments have been accounted for by adjusting the opening balance of reserves as at 1 January 2010. Comparatives are not restated.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated 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 represented prepaid land lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects to the consolidated statement of financial positions as at 31 December 2010 arising from the above change in accounting policy:

	Group 2010 RM'000
Increase/(decrease) in:	
Property, plant and equipment	61,825
Investment properties	810
Prepaid land lease payments	(62,635)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Amendments to FRS 117 Leases (cont'd)

The following comparatives have been restated:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Consolidated statement of financial position			
31 December 2009			
Property, plant and equipment	139,675	62,586	202,261
Investment properties	14,142	864	15,006
Prepaid land lease payments	63,450	(63,450)	–
1 January 2009			
Property, plant and equipment	150,018	61,749	211,767
Investment properties	13,121	918	14,039
Prepaid land lease payments	62,667	(62,667)	–

2.3 Standards issued but not yet effective

The directors expect that the new FRSs, Amendments to FRSs and Interpretations which are issued but not yet effective for the financial year ended 31 December 2010 will not have any material impact on the financial statements of the Group and the Company in the period of initial application, except as discussed below.

IC Interpretation 15 Agreement for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. 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 for 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, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred. Freehold land are measured at cost or revalued amount (the fair value at the date of the revaluation) less any accumulated impairment losses. The freehold land of the Group has not been revalued since they were first revalued in 1980. The directors have not adopted a policy of regular revaluations for the freehold land and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, the freehold land continue to be stated at their 1980 valuation.

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

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Longterm leasehold land and buildings are depreciated over the remaining period of their respective leases ranging from 30 to 99 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings: 50 years
Plant, equipment, furniture, fixtures and motor vehicles: 3 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9. Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated. Leasehold land and building are depreciated over the remaining period of their leases of 30 years.

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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.10 Land held for property development and property development costs

(a) 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.

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.

(b) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Land held for property development and property development costs (cont'd)

(b) Property development costs (cont'd)

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 other current assets whereas the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within other current liabilities.

2.11 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition.

The Group's financial assets include trade and other receivable and cash and cash equivalents. All financial assets of the Group are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration is recognised in profit or loss.

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of financial assets (cont'd)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in the economic conditions.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits at call.

2.16 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.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group's financial liabilities include trade and other payables and borrowings. All financial liabilities of the Group are classified as other financial liabilities.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial liabilities (cont'd)

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Leases (cont'd)

(a) As lessee (cont'd)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22.

2.22 Revenue

Revenue is recognised to the extend that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.10(b).

(b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.11.

(c) Revenue from educational fees

Revenue from educational fees is recognised on a straight-line basis over the duration of the course.

(d) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(e) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(f) Dividend income

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

(g) Membership fees

Revenue from annual membership fees is recognised on a straight-line basis.

(h) Management fees

Management fees are recognised when services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.24 Employee benefits

(a) Defined contribution plans

The Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) 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 reporting 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.

2.25 Foreign currencies

(a) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Foreign currencies (cont'd)

(b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss 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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.

2.26 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows:

(a) Construction costs and property development

The Group recognises construction and property development 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.

(b) Impairment of goodwill

Goodwill is tested for impairment annually. This requires an estimation of the value in use of the cash generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 16.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

4. REVENUE

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Sale of properties	267,455	261,615	–	–
Construction contracts	65,238	42,746	–	–
Educational fees	97,642	98,475	–	–
Membership fee	621	628	–	–
Interest income from:				
– Deposits with licensed bank	620	137	552	137
– Advances to subsidiaries	–	–	4,143	–
Dividends from subsidiaries	–	–	89,661	40,881
Management fees from subsidiaries	–	–	5,960	6,900
Rental income	675	1,308	5	–
	432,251	404,909	100,321	47,918

5. EMPLOYEE BENEFITS EXPENSE

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Wages and salaries	60,373	55,048	4,760	3,647
Contributions to defined contribution plan	6,592	6,267	505	409
Other benefits	2,413	3,861	266	974
	69,378	65,176	5,531	5,030

6. DIRECTORS' REMUNERATION

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Executive:				
Salaries	1,580	1,533	790	742
Fees	100	80	100	80
Bonus and other benefits	1,146	934	590	557
Defined contribution plan	327	272	166	132
Executive directors' remuneration excluding benefits-in-kind	3,153	2,819	1,646	1,511
Estimated monetary value of benefits-in-kind	119	155	41	74
	3,272	2,974	1,687	1,585
Non-executive:				
Fees	403	290	383	272
	3,675	3,264	2,070	1,857

6. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Directors of subsidiaries				
Executive:				
Salaries	1,113	1,205	–	–
Bonus and other benefits	535	557	–	–
Defined contribution plan	195	197	–	–
Executive directors' remuneration excluding benefits-in-kind	1,843	1,959	–	–
Estimated monetary value of benefits-in-kind	133	83	–	–
	1,976	2,042	–	–
Non-executive:				
Fees	26	33	–	–
Estimated monetary value of benefits-in-kind	19	18	–	–
	45	51	–	
	2,021	2,093	–	–
Total	5,696	5,357	2,070	1,857

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	
	2010	**2009**
Executive directors:		
RM1,100,001 – RM1,200,000	–	1
RM1,200,001 – RM1,300,000	1	–
RM1,700,001 – RM1,800,000	–	1
RM2,000,001 – RM2,100,000	1	–
Non-executive directors:		
Below RM50,000	1	1
RM50,000 – RM100,000	5	4

7. FINANCE COSTS

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Interest expense on:				
Bank borrowings	3,123	2,432	–	1
Advances from subsidiaries	–	–	10,131	1,461
	3,123	2,432	10,131	1,462

8. PROFIT BEFORE TAX

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-executive directors' remuneration (Note 6)	448	341	383	272
Auditors' remuneration				
– Statutory audit	268	255	60	53
– Other services	21	101	15	67
Operating lease:				
– minimum lease payments for premises	3,094	2,641	539	494
– minimum lease payments for equipment	213	217	–	–
Direct operating expenses of investment properties	128	662	–	–
Impairment of:				
– investment in subsidiaries	–	–	12,234	–
– property, plant and equipment	–	92	–	–
– investment properties	–	1,637	–	–
Reversal of provision of impairment for investment properties	–	(134)	–	–
Depreciation of:				
– property, plant and equipment	11,202	10,917	363	358
– investment properties	369	363	15	–
Property, plant and equipment written off	22	227	–	–
(Gain)/loss on disposal of:				
– investment in associate	(60,839)	–	–	–
– other investment	(68)	–	–	–
– property, plant and equipment	(838)	(92)	(225)	(11)
– investment properties	(1,704)	39	–	–
– land held for development	–	(5,027)	–	–
Write down of advances to subsidiaries	–	–	667	216
Reversal of allowance for impairment of trade and other receivables	(24)	(941)	–	–
Bad debts recovered	–	(1,258)	–	–
Interest income from deposits with licensed bank	(3,462)	(2,104)	–	–
Rental income	(3,779)	(3,419)	–	–
Net foreign exchange (gain)/loss:				
– realised	(867)	(569)	–	–
– unrealised	(497)	218	–	–

9. INCOME TAX EXPENSE

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current income tax:				
Malaysian income tax	33,474	22,375	12,689	5,881
(Over)/under provision in prior years	(67)	(281)	(19)	17
	33,407	22,094	12,670	5,898
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	(3,521)	45	(10)	(71)
(Over)/under provision in prior years	(970)	(335)	–	104
	(4,491)	(290)	(10)	33
Total income tax expense	28,916	21,804	12,660	5,931

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

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

A reconciliation of tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	2010 RM'000	2009 RM'000
Group		
Profit before tax	177,116	79,332
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	44,279	19,833
Different tax rates in other countries	14	(1)
Effect of share of profits of associate	(2,801)	(2,448)
Income not subject to tax	(15,418)	(55)
Expenses not deductible for tax purposes	3,414	4,286
Utilisation of previously unrecognised tax losses	(338)	–
Deferred tax assets not recognised in respect of unutilised tax losses and unabsorbed capital allowances	803	805
Over provision of deferred tax in prior year	(970)	(335)
Over provision of tax expense in prior year	(67)	(281)
Income tax expense	28,916	21,804

9. INCOME TAX EXPENSE (CONT'D)

	2010 RM'000	2009 RM'000
Company		
Profit before tax	69,059	38,578
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	17,265	9,645
Income not subject to tax	(8,315)	(5,339)
Expenses not deductible for tax purposes	3,729	1,504
Under provision of deferred tax in prior years	–	104
(Over)/under provision of tax expense in prior years	(19)	17
Income tax expense	12,660	5,931

10. EARNINGS PER SHARE

(a) Basic

	Group	
	2010	2009
Profit attributable to ordinary equity holders of the Company (RM'000)	148,200	57,528
Weighted average number of ordinary shares in issue ('000)	116,833	108,622
Basic earnings per share (sen)	126.85	52.96

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and 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 2009
Profit attributable to ordinary equity holders of the Company (RM'000)	57,528
Weighted average number of ordinary shares in issue ('000)	108,622
Effect of dilution: share options ('000)	2,028
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	110,650
Diluted earnings per share (sen)	51.99

As at 31 December 2010, the Group has no potential ordinary shares in issue and therefore, diluted earnings per share has not been presented.

11. DIVIDENDS

	Amount		Net dividends paid/payable per ordinary share	
	2010 RM'000	**2009 RM'000**	**2010 Sen**	**2009 Sen**
Recognised during the year:				
For the financial year ended 31 December 2010				
Interim dividend of 11.0% tax exempt	13,271	–	11.00	–
Special dividend of 4.0% less 25% taxation	3,619	–	3.00	–
Special dividend of 40.0% less 25% taxation	36,194	–	30.00	–
For the financial year ended 31 December 2009				
Interim dividend of 8.0% less 25% taxation	–	6,563	–	6.00
Special dividend of 5.0% less 25% taxation	–	4,102	–	3.75
Final dividend of 9.0% less 25% taxation	7,930	–	6.75	–
Special dividend of 6.0% less 25% taxation	5,287	–	4.50	–
For the financial year ended 31 December 2008				
Interim dividend of 8.0% less 25% taxation	–	6,485	–	6.00
Special dividend of 5.0% less 25% taxation	–	4,053	–	3.75
	66,301	21,203	55.25	19.50

At the forthcoming Annual General Meeting, a final dividend of 20% less 25% taxation in respect of the financial year ended 31 December 2010 on 120,647,000 ordinary shares, amounting to a dividend payable of RM18,097,000 (15 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as appropriation of retained earnings in the financial year ending 31 December 2011, and are payable on 22 June 2011.

12. 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 2009			
As previously stated	143,210	81,138	224,348
Effect of adopting the amendments to FRS 117	64,292	–	64,292
As restated	207,502	81,138	288,640
Additions	510	8,032	8,542
Interest capitalised	1,358	–	1,358
Adjustments	(325)	–	(325)
Disposals	–	(464)	(464)
Transfer to land held for development (Note 13a)	(7,845)	–	(7,845)
Write-off	–	(2,260)	(2,260)
At 31 December 2009 and 1 January 2010	201,200	86,446	287,646
Additions	13,812	8,587	22,399
Disposals	–	(2,422)	(2,422)
Write-off	–	(335)	(335)
At 31 December 2010	215,012	92,276	307,288
Representing:			
At cost	213,030	92,276	305,306
At valuation	1,982	–	1,982
At 31 December 2010	215,012	92,276	307,288

12. 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			
Accumulated depreciation and impairment			
At 1 January 2009			
As previously stated	13,973	60,357	74,330
Effect of adopting the amendments to FRS 117	2,543	–	2,543
As restated	16,516	60,357	76,873
Depreciation charge for the year	2,621	8,296	10,917
Impairment charge for the year	–	92	92
Disposals	–	(464)	(464)
Write-off	–	(2,033)	(2,033)
At 31 December 2009 and 1 January 2010	19,137	66,248	85,385
Depreciation charge for the year	2,622	8,580	11,202
Disposals	–	(2,397)	(2,397)
Write-off	–	(313)	(313)
At 31 December 2010	21,759	72,118	93,877
Net carrying amount			
At 31 December 2010			
At cost	191,271	20,158	211,429
At valuation	1,982	–	1,982
	193,253	20,158	213,411
At 31 December 2009			
At cost (as restated)	180,081	20,198	200,279
At valuation	1,982	–	1,982
	182,063	20,198	202,261

12. 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	Capital work-in progress RM'000	Total RM'000
Group					
Cost or valuation					
At 1 January 2009					
At cost:					
As previously stated	34,899	55,628	50,701	–	141,228
Effect of adopting the amendments to FRS 117	–	64,292	–	–	64,292
As restated	34,899	119,920	50,701	–	205,520
At valuation	1,982	–	–-	–	1,982
	36,881	119,920	50,701	–	207,502
Additions	–	510	–	–	510
Interest capitalised	–	1,358	–	–	1,358
Adjustments	(325)	–	–	–	(325)
Transfers to land held for development (Note 13a)	(7,845)	–	–	–	(7,845)
At 31 December 2009 and 1 January 2010	28,711	121,788	50,701	–	201,200
Additions	376	161	61	13,214	13,812
At 31 December 2010	29,087	121,949	50,762	13,214	215,012
At 31 December 2010					
At cost	27,105	121,949	50,762	13,214	213,030
At valuation	1,982	–	–	–	1,982
	29,087	121,949	50,762	13,214	215,012
At 31 December 2009					
At cost (as restated)	26,729	121,788	50,701	–	199,218
At valuation	1,982	–	–	–	1,982
	28,711	121,788	50,701	–	201,200

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

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

	Freehold land RM'000	Long term leasehold land and building RM'000	Freehold building RM'000	Capital work-in progress RM'000	Total RM'000
Group (cont'd)					
Accumulated depreciation					
At 1 January 2009					
As previously stated	–	2,782	11,191	–	13,973
Effect of adopting the amendments to FRS 117	–	2,543	–	–	2,543
As restated	–	5,325	11,191	–	16,516
Depreciation charge for the year	–	1,608	1,013	–	2,621
At 31 December 2009 and 1 January 2010	–	6,933	12,204	–	19,137
Depreciation charge for the year	–	1,608	1,014	–	2,622
At 31 December 2010	–	8,541	13,218	–	21,759
Net carrying amount					
At 31 December 2010					
At cost	27,105	113,408	37,544	13,214	191,271
At valuation	1,982	–	–	–	1,982
	29,087	113,408	37,544	13,214	193,253
At 31 December 2009					
At cost	26,729	114,855	38,497	–	180,081
At valuation	1,982	–	–	–	1,982
	28,711	114,855	38,497	–	182,063

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

Company

	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000
Cost	
At 1 January 2009	3,992
Additions	10
Disposals	(55)
Write-off	(617)
At 31 December 2009 and 1 January 2010	3,330
Additions	584
Disposals	(444)
At 31 December 2010	3,470
Accumulated depreciation	
At 1 January 2009	3,173
Depreciation charge for the year	358
Disposals	(55)
Write-off	(617)
At 31 December 2009 and 1 January 2010	2,859
Depreciation charge for the year	363
Disposals	(444)
At 31 December 2010	2,778
Net carrying amount	
At 31 December 2010	692
At 31 December 2009	471

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

(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 2010 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 2010 would be RM35,000 (2009: RM35,000).

(b) Included in the cost of the property, plant and equipment of the Group and the Company are fully depreciated assets amounting to RM48,666,000 (2009: RM47,159,000) and RM1,552,000 (2009: RM1,794,000) respectively which are still in use.

(c) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 26) are as follows:

	Group	
	2010 RM'000	2009 RM'000
Freehold land and building	–	32,088
Long term leasehold land and buildings	109,208	114,855
	109,208	146,943

(d) Included in leasehold land and buildings is interest capitalised amounting to RM3,062,000 (2009: RM3,062,000).

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group	
	2010 RM'000	2009 RM'000
Freehold land		
At 1 January	81,852	93,516
Additions	–	315
Transfer from property, plant and equipment (Note 12)	–	5,079
Disposals	–	(11,237)
Transfer to property development costs (Note 13(b))	(17,561)	(5,821)
At 31 December	64,291	81,852
Leasehold land		
At 1 January	43,991	72,510
Additions	1,027	2,539
Transfer to property development costs (Note 13(b))	–	(31,058)
At 31 December	45,018	43,991
Development costs		
At 1 January	45,133	42,155
Costs incurred during the financial year	21,713	13,836
Transfer from property, plant and equipment (Note 12)	–	2,766
Disposals	–	(7,039)
Transfer to property development costs (Note 13(b))	(18,251)	(6,585)
At 31 December	48,595	45,133
Carrying amount at 31 December	157,904	170,976

(b) Property development costs, at cost

	2010 RM'000	2009 RM'000
Freehold land		
At 1 January	167,846	163,911
Reversal of completed projects	(3,563)	(1,886)
Transfer from land held for property development (Note 13(a))	17,561	5,821
At 31 December	181,844	167,846

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

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

	Group	
	2010 RM'000	2009 RM'000
Leasehold land		
At 1 January	31,058	–
Transfer from land held for property development	–	31,058
At 31 December	31,058	31,058
Cumulative property development costs		
At 1 January	1,110,575	967,515
Cost incurred during the year	113,042	154,858
Transfer from land held for property development	18,251	6,585
Reversal of completed projects	(37,689)	(18,383)
At 31 December	1,204,179	1,110,575
Cumulative costs recognised in income statement		
At 1 January	(1,253,192)	(1,073,099)
Recognised during the financial year	(167,406)	(200,362)
Reversal of completed projects	41,252	20,269
At 31 December	(1,379,346)	(1,253,192)
Property development costs at 31 December	37,735	56,287

In the previous financial year, the leasehold land of the Group with the carrying amount of RM43,991,000 was pledged as securities for borrowings as disclosed in Note 26.

Included in property development costs is interest capitalised amounting to RM2,839,000 (2009: RM2,007,000).

14. INVESTMENT PROPERTIES

	Group		
	Freehold land RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost			
At 1 January 2009			
As previously stated	5,937	10,715	16,652
Effect of adopting the amendments to FRS 117	–	1,520	1,520
As restated	5,937	12,235	18,172
Additions	–	4,111	4,111
Disposals	–	(1,594)	(1,594)
At 31 December 2009 and 1 January 2010	5,937	14,752	20,689
Additions	–	20,407	20,407
Disposals	–	(3,131)	(3,131)
At 31 December 2010	5,937	32,028	37,965
Accumulated depreciation and impairment losses			
At 1 January 2009			
As previously stated	–	3,531	3,531
Effect of adopting the amendments to FRS 117	–	602	602
As restated	–	4,133	4,133
Depreciation charge for the year	–	363	363
Impairment charge for the year	1,637	–	1,637
Disposal	–	(316)	(316)
Impairment loss reversed in income statement	–	(134)	(134)
At 31 December 2009 and 1 January 2010	1,637	4,046	5,683
Depreciation charge for the year	–	369	369
Disposal	–	(40)	(40)
At 31 December 2010	1,637	4,375	6,012
Analysed as:			
Accumulated depreciation	–	4,375	4,375
Impairment losses	1,637	–	1,637
	1,637	4,375	6,012
Net carrying amount			
At 31 December 2010	4,300	27,653	31,953
At 31 December 2009	4,300	10,706	15,006
Market Value			
At 31 December 2010	4,300	29,515	33,815

14. INVESTMENT PROPERTIES (CONT'D)

	Company Building RM'000
Cost	
At 1 January 2009	–
Transferred from a subsidiary	750
At 31 December 2009 and 31 December 2010	750
Accumulated depreciation	
At 31 December 2009 and 1 January 2010	–
Depreciation charged during the year	15
At 31 December 2010	15
Net carrying amount	
At 31 December 2010	735
At 31 December 2009	750
Market value	
At 31 December 2010	750

(a) The market value of the investment properties were appraised by an accredited independent professional valuer with recent experience in the location and category of properties valued. The valuation is based on an open market basis.

(b) In the prior year, there was no depreciation charge on the building of the Company as it was transferred from a subsidiary on 31 December 2009.

(c) In the prior year, the impairment loss of RM1,637,000 was due to the write down of the freehold land to its market value as assessed by an independent professional valuer.

15. PREPAID LAND LEASE PAYMENTS

	Group 2010 RM'000	Group 2009 RM'000
Long term leasehold land		
Cost:		
At 1 January		
As previously stated	67,680	65,812
Effects of adopting the amendments of FRS 117	(67,680)	(65,812)
As restated	–	–
Accumulated depreciation		
At 1 January		
As previously stated	4,230	3,145
Effects of adopting the amendments of FRS 117	(4,230)	(3,145)
As restated	–	–
Net carrying amount	–	–

16. INTANGIBLE ASSET

	Group 2010 RM'000	Group 2009 RM'000
Goodwill		
At 31 December	15,674	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 five year period.

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 rate of 11% (2009: 11%) used is pre-tax and reflect specific risks relating to the industry.

(b) Growth rate

The growth rate of 12% (2009: 10%) used is based on the long term average growth rate for the industry.

(c) Budgeted gross margin

Gross margin are based on average values achieved in the three years preceding the start of the budget period.

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.

17. INVESTMENTS IN SUBSIDIARIES

	Company 2010 RM'000	2009 RM'000
Unquoted shares, at cost	230,049	233,912
Investment in Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	190,825	150,190
Less: Redemption of NCRCPS	(30,000)	–
Less: Accumulated impairment losses	(28,065)	(19,794)
	362,809	364,308

During the year, certain subsidiaries of the Group redeemed a total of 6,000 NCRCPS of RM1 each at a premium of RM4,999 per share.

The salient terms of the NCRCPS subscribed are summarised below:

(i) Preferential non-cumulative dividends are payable at a rate to be mutually agreed and are payable on a date determined by the issuer subject to availability of profits.

(ii) The NCRCPS are redeemable at the issuer’s option at any time out of profits or out of fresh issue of shares.

(iii) The NCRCPS are convertible at the issuer's option at any time into ordinary shares of RM1 each in the issuer. Conversion rate is on the basis of 1 NCRCPS for 1 new ordinary share of RM1 in the issuer.

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective interest 2010 %	2009 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia				
Berkeley Sdn. Bhd.	100	100	RM2,138	Investment holding
Berkeley Maju Sdn. Bhd.	100	100	RM1,000	Inactive
Paramount Engineering & Construction Sdn. Bhd.	100	100	RM5,000	Building and engineering contractor
Paramount Construction Sdn. Bhd.	100	100	RM750	Building and engineering contractor
Paramount Property Construction Sdn. Bhd. (Previously known as Paramount Building Materials Sdn. Bhd.)	100	100	RM5,000	Building and engineering contractor
Paramount Projects Sdn. Bhd.	100	100	RM1,000	Building and engineering contractor and project management and property development

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Effective interest 2010 %	Effective interest 2009 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia				
Current Connection Sdn. Bhd.	100	100	RM500	Inactive
KDU University College Sdn. Bhd. (Previously known as KDU College Sdn. Bhd.)	100	100	RM15,000	Educational services
Janahasil Sdn. Bhd.	100	100	RM1,000	Inactive
KDU Smart School Sdn. Bhd.	100	100	RM20,000	Educational services
KDU International Sdn. Bhd.	–	100	RM1,579	Investment holding
Paramount Property Holdings Sdn. Bhd.	100	100	RM10,000	Inactive
Paramount Property (Utara) Sdn. Bhd.	100	100	RM5,000	Property development
Kelab Bandar Laguna Merbok Sdn. Bhd.	100	100	*	Operator of club house
Paramount Global Assets Sdn. Bhd.	100	100	RM35,360	Inactive
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	RM5,000	Property development
Seleksi Megah Sdn. Bhd.	100	100	RM5,000	Inactive
Jasarim Bina Sdn. Bhd.	100	100	RM5,000	Property investment
Supreme Essence Sdn. Bhd.	100	100	RM5,000	Property development
Broad Projects Sdn. Bhd.	100	100	RM100	Investment holding
KDU College (PJ) Sdn. Bhd. (Previously known as Agolden Project Sdn. Bhd.)	100	100	RM5,000	Inactive
KDU College (PG) Sdn. Bhd. (Previously known as Macro Victory Sdn. Bhd.)	100	100	RM5,000	Educational services

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Effective interest 2010 %	Effective interest 2009 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia				
Paramount Property (Glenmarie) Sdn. Bhd. (Previously known as Instant Fusion Sdn. Bhd.)	100	100	*	Inactive
Paramount Property (Cjaya) Sdn. Bhd. (Previously known as Omni Assets Sdn. Bhd.)	100	–	RM100	Inactive
Incorporated in Hong Kong				
** Paramount Corporation Limited	100	100	#HK$1,000	Investment holding
Incorporated in People's Republic of China				
** KDU International Language Training School Limited	–	100	#RMB18,200	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

On 11 November 2010, the Company entered into a Sale and Purchase Agreement (SPA) with UPO Consultancy Services Sdn Bhd (UPO) for the disposal of the Company's entire investment of 1,579,000 ordinary shares of RM1.00 each in KDU International Sdn Bhd (KISB) representing 100% of the issued and fully paid-up share capital in KISB to UPO for a cash sale consideration of RM1. KISB is the holding company of KDU International Language Training School Limited, a company incorporated in People's Republic of China. The disposal does not have a material impact to the Group.

18. INVESTMENTS IN ASSOCIATES

	Group 2010 RM'000	Group 2009 RM'000
Unquoted shares, at cost	12	22,264
Share of post-acquisition reserves	209	32,000
	221	54,264

18. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information of the associates are as follows:

	Group 2010 RM'000	Group 2009 RM'000
Assets and liabilities		
Non-current assets	–	357,043
Current assets	1,531	385,232
Total assets	1,531	742,275
Current liabilities	978	344,803
Total liabilities	978	344,803
Results		
Revenue	443,133	488,494
Profit for the year	52,157	43,841

Details of the associates are as follows:

Name of associates	Effective interest 2010 %	Effective interest 2009 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia				
Jerneh Insurance Berhad*	–	20	RM100,000	General insurance business
Kane Paramount Sdn. Bhd.*	40	40	RM30	Building and engineering contractor

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

On 7 October 2010, Paramount Global Assets Sdn Bhd, a wholly owned subsidiary of the Company, entered into a conditional share purchase agreement with ACE INA International Holdings, Ltd for the disposal of its entire 20% equity interest in Jerneh Insurance Berhad for a total cash consideration of RM130.8 million. The disposal was completed on 1 December 2010 and the gain arising from the disposal amounted to RM60,839,000, after deducting incidental expenses of RM3,627,000.

19. OTHER INVESTMENTS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Unquoted shares, at cost	–	11,402	–	–
Less: Accumulated impairment losses	–	(11,402)	–	–
Club memberships, at cost	485	485	165	165
	485	485	165	165

During the year, the Group disposed fully its investment in unquoted shares for a cash consideration of RM68,000.

20. TRADE RECEIVABLES

	Group 2010 RM'000	Group 2009 RM'000
Third parties	61,404	77,410
Retention sums on contracts	8,132	8,348
	69,536	85,758
Less: Allowance for impairment	(792)	(772)
Trade receivables, net	68,744	84,986

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2009: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2010 RM'000	Group 2009 RM'000
Neither past due nor impaired	35,726	37,052
1 to 30 days past due not impaired	4,177	16,853
31 to 60 days past due not impaired	1,797	10,395
61 to 90 days past due not impaired	3,831	5,411
91 to 120 days past due not impaired	15,081	6,927
	24,886	39,586
Impaired	792	772
	61,404	77,410

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The receivables that are past due but not impaired are unsecured in nature.

20. TRADE RECEIVABLES (CONT'D)

Receivables that are impaired

The Group's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2010 RM'000	2009 RM'000
Trade receivables – nominal amount	792	772
Less: Allowance for impairment	(792)	(772)
	–	–

Movement in allowance accounts:

	Group	
	2010 RM'000	2009 RM'000
At 1 January	772	2,138
Addition during the year	117	92
Reversal for the year	(89)	(1,318)
Written off	(8)	(140)
At 31 December	792	772

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

21. OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits	78,211	13,648	34,784	3,894
Sundry receivables	1,772	6,240	7	5
	79,983	19,888	34,791	3,899
Less: Allowance for impairment	(233)	(285)	–	–
Other receivables, net	79,750	19,603	34,791	3,899
Add: Trade receivables	68,744	84,986	–	–
Due from subsidiaries	–	–	74,323	91,103
Cash and cash equivalents	332,637	207,535	160,380	16,338
Total loans and receivables	481,131	312,124	269,494	111,340

Included in deposits for the Group and the Company for the current year is deposit paid for the purchase of land amounting to RM70,229,000 (2009: RM6,238,000) and RM33,636,000 (2009: RM3,364,000) respectively.

21. OTHER RECEIVABLES (CONT'D)

Movement in allowance accounts:

	Group 2010 RM'000	Group 2009 RM'000
At 1 January	285	–
Addition during the year	–	285
Reversal during the year	(52)	–
At 31 December	233	285

22. OTHER CURRENT ASSETS

	Group 2010 RM'000	Group 2009 RM'000
Prepaid expenses	3,110	807
Accrued billings in respect of property development costs	2,794	3,011
Due from customers on contracts (Note 23)	1,238	108
	7,142	3,926

23. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group 2010 RM'000	Group 2009 RM'000
Construction contract costs incurred to date	1,454,801	1,286,730
Attributable profits	145,874	127,228
	1,600,675	1,413,958
Less: Progress billings	(1,612,098)	(1,441,864)
	(11,423)	(27,906)
Due from customers on contracts (Note 22)	1,238	108
Due to customers on contracts (Note 29)	(12,661)	(28,014)
	(11,423)	(27,906)

24. DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, repayable on demand and bear interest at prevailing base lending rate of 6.05% (2009: 5.55%) per annum.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	68,507	61,216	122	551
Deposits with licensed banks	264,130	146,319	160,258	15,787
Cash and cash equivalents	332,637	207,535	160,380	16,338

Included in cash and bank balances of the Group are amounts of RM62,382,000 (2009: RM55,511,000) 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 (2009: RM170,000) are pledged as security for bank guarantee facilities granted by the banks.

Deposits with licensed banks are made for varying periods of between 1 day and 12 months depending on the immediate cash requirements of the Group and Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2010 for the Group and the Company were 1.00% to 3.00% (2009: 0.90% to 2.98%) and 1.92% to 3.00% (2009: 1.80% to 2.98%) respectively.

Deposits with licensed banks are placed with or entered into with reputable financial institutions.

26. BORROWINGS

	Group	
	2010 RM'000	2009 RM'000
Current		
Secured:		
Term loans		
– Fixed rate loan	4,500	–
– Floating rate loan	3,421	1,813
	7,921	1,813
Non-current		
Secured:		
Term loans		
– Fixed rate loan	29,500	34,000
– Floating rate loan	18,258	51,551
	47,758	85,551
Total	55,679	87,364

26. BORROWINGS (CONT'D)

As at reporting date, the effective interest rates for the borrowings, were as follows:

	2010	2009
Term loans:		
– Fixed rates	6%	6%
– Floating rates	5.4% – 6.2%	5.7% – 6.56%

The maturities of the term loans as at 31 December 2010 are as follows:

	Group	
	2010 RM'000	2009 RM'000
Within one year	7,921	1,813
More than 1 year and less than 2 years	14,460	19,707
More than 2 years and less than 5 years	33,298	63,344
More than 5 years	–	2,500
	55,679	87,364

The term loans of the Group are secured by the following:

(i) Fixed charge and deposit of land titles over the leasehold lands and buildings of the Group as disclosed in Note 12; and

(ii) Corporate guarantee by the Company.

27. TRADE PAYABLES

	Group	
	2010 RM'000	2009 RM'000
Trade payables	66,442	43,652
Retention sums on contracts	13,078	12,789
	79,520	56,441

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2009: 30 to 90 days).

28. OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sundry payables	41,630	39,921	6,124	2,824
Dividends payable	36,194	–	36,194	–
Tenants deposits	1,152	330	–	–
Refundable deposits	15,912	12,606	–	–
	94,888	52,857	42,318	2,824
Add: Trade payables	79,520	56,441	–	–
Due to subsidiaries	–	–	298,423	195,241
Borrowings	55,679	87,364	–	–
Total financial liabilities carries at amortised cost	230,087	196,662	340,741	198,065

Sundry payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2009: 30 to 90 days).

29. OTHER CURRENT LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
Progress billings in respect of property development costs	47,739	53,151
Due to customer on contracts (Note 23)	12,661	28,014
Tuition fees paid in advance	22,053	20,127
	82,453	101,292

30. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
At 1 January	8,932	9,222
Recognised in the income statement (Note 9)	(4,491)	(290)
At 31 December	4,441	8,932
Presented after appropriate offsetting as follows:		
Deferred tax assets	(10,889)	(4,934)
Deferred tax liabilities	15,330	13,866
	4,441	8,932

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

	At 1 January 2010 RM'000	Recognised in the income statement RM'000	At 31 December 2010 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	14,407	1,139	15,546
Others	(1,892)	(4,520)	(6,412)
	12,515	(3,381)	9,134
Deferred tax assets of the Group:			
Property, plant and equipment	(221)	(352)	(573)
Unutilised tax losses and unabsorbed capital allowances	(1,050)	(137)	(1,187)
Others	(2,312)	(621)	(2,933)
	(3,583)	(1,110)	(4,693)
	8,932	(4,491)	4,441

	At 1 January 2009 RM'000	Recognised in the income statement RM'000	At 31 December 2009 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	13,208	1,199	14,407
Others	(1,354)	(538)	(1,892)
	11,854	661	12,515
Deferred tax assets of the Group:			
Property, plant and equipment	(127)	(94)	(221)
Unutilised tax losses and unabsorbed capital allowances	(1,887)	837	(1,050)
Others	(618)	(1,694)	(2,312)
	(2,632)	(951)	(3,583)
	9,222	(290)	8,932

	Company	
	2010 RM'000	2009 RM'000
At 1 January	33	–
Recognised in the income statement (Note 9)	(10)	33
At 31 December	23	33

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

	At 1 January 2010 RM'000	Recognised in the income statement RM'000	At 31 December 2010 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	72	(26)	46
Deferred tax assets of the Company:			
Others	(39)	16	(23)
	33	(10)	23

	At 1 January 2009 RM'000	Recognised in the income statement RM'000	At 31 December 2009 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	92	(20)	72
Deferred tax assets of the Company:			
Unused tax losses and unabsorbed capital allowances	(92)	92	–
Others	–	(39)	(39)
	–	33	33

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unutilised tax losses	22,163	20,316	–	–
Unabsorbed capital allowances	1,651	286	–	–
	23,814	20,602	–	–

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, 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 because it is not probable that they may be used to offset taxable profits of other subsidiaries of the Group.

31. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 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	110,339	108,031	110,339	108,031
Ordinary shares issued pursuant to ESOS (Note 33)	10,308	2,308	10,308	2,308
At 31 December	120,647	110,339	120,647	110,339

32. 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 2010 and 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM21,394,000 (2009: RM74,424,000) out of its retained earnings. If the balance of the retained earnings were to be distributed as dividends, the Company may distribute such dividend under the single tier system.

33. 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 at the ESOS Committee's discretion, or at par value of the shares whichever is higher.

33. EMPLOYEE BENEFITS (CONT'D)

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

(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.

The terms of share options outstanding at 31 December 2010 are as follows:

			Number of options over ordinary shares of RM1 each				
Grant date	Expiry date	Exercise price RM	At 1 January 2010 '000	Granted '000	Exercised '000	Lapsed '000	At 31 December 2010 '000
15 September 2005	28 August 2010	2.01	3,041	–	(2,719)	(322)	–
15 September 2006	28 August 2010	1.66	247	–	(199)	(48)	–
15 September 2007	28 August 2010	2.20	855	–	(777)	(78)	–
15 September 2008	28 August 2010	1.97	340	–	(278)	(62)	–
15 September 2009	28 August 2010	2.20	2,375	–	(2,259)	(116)	–
1 April 2010	28 August 2010	3.07	–	2,905	(2,800)	(105)	–
18 June 2010	28 August 2010	3.06	–	1,276	(1,276)	–	–

33. EMPLOYEE BENEFITS (CONT'D)

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

As disclosed in Note 31, options exercised during the financial year resulted in the issuance of 10,308,000 (2009: 2,308,000) ordinary shares at an average price of RM2.48 (2009: RM2.03) each. The related weighted average share price at the date of exercise was RM4.11 (2009: RM2.49).

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 assumptions are as follows:

Weighted average share price (RM)	2.48
Expected volatility (%)	35.0%
Expected life (years)	0.95
Risk free rate (%)	2.1%
Expected dividend yield (%)	6.9%

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.

The ESOS expired on 29 August 2010.

34. 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 reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Future minimum rentals payments:				
Not later than 1 year	2,459	2,587	572	572
Later than 1 year and not later than 5 years	1,915	4,001	525	1,097
	4,374	6,588	1,097	1,669

The lease payments recognised in income statements during the financial year are disclosed in Note 8.

34. 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 reporting date but not recognised as receivables, are as follows:

	Group	
	2010 RM'000	2009 RM'000
Not later than 1 year	100	796
Later than 1 year and not later than 5 years	–	715
	100	1,511

35. COMMITMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Capital expenditure				
Approved and contracted for:				
– Property, plant and equipment	15,863	56,148	–	56,148
– Investment property	–	1,155	–	–
– Land held for property development	70,581	–	–	–
	86,444	57,303	–	56,148
Approved but not contracted for:				
– Property, plant and equipment	11,973	–	–	–
	98,417	57,303	–	56,148

On 1 June 2010, Paramount Property (Cjaya) Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement (SPA) with Cyberview Sdn Bhd as a proprietor and Setia Haruman Sdn Bhd as a vendor, for the proposed acquisition of a piece of freehold residential land measuring in area approximately 50.01 acres identified as Block 17 within the Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan for a total cash consideration of RM78,424,000 on the terms and conditions as contained in the SPA. The Foreign Investment Committee has approved the sale. The acquisition is pending the issuance of a separate title from the Land Office. As at 31 December 2010, deposits of RM7,843,000 has been paid to the vendor.

36. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Purchases of computers and peripherals from ECS KU Sdn. Bhd., a wholly-owned subsidiary of ECS ICT Berhad, a company in which Dato' Teo Chiang Quan, a director of the Company, has substantial interests	1,059	1,045	36	24
Insurance premium charged by Jerneh Insurance Berhad, an associate	1,146	1,216	355	321
Sale of property to Bright Fusion Sdn. Bhd., a company in which Dato' Teo Chiang Quan has substantial interests	–	3,159	–	–
Sale of property to Dato' Liew Yin Chew, Mr. Chuan Yeong Ming, Ms. Tay Lee Kong and others, of whom the former three persons are directors of subsidiaries	–	3,660	–	–
Sale of properties to Dato' Teo Chiang Quan	–	2,055	–	–
Sale of properties to Dato' Liew Yin Chew, Mr. Lim Hong Kheng, Datin Teh Geok Lian and Dr Chia Chee Fen, directors of subsidiaries	1,573	–	–	–
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan has financial interest	579	519	579	519
Transfer of investment property from a subsidiary, Paramount Property Holding Sdn. Bhd.	–	–	–	750

(b) Compensation of key management personnel

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term employee benefits	6,712	6,075	3,051	2,669
Defined contribution plan	880	637	332	269
	7,592	6,712	3,383	2,938

36. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel (cont'd)

Included in key management personnel are directors' remuneration as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive	3,153	2,819	1,646	1,511
Non-executive	403	290	383	272
Directors of subsidiaries				
Executive	1,843	1,959	–	–
Non-executive	26	33	–	–
	5,425	5,101	2,029	1,783

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	'000	**'000**	**'000**	**'000**
At 1 January	2,208	3,025	1,396	1,565
Granted	2,044	930	900	676
Exercised	(4,252)	(1,747)	(2,296)	(845)
At 31 December	–	2,208	–	1,396

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 33).

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	2010		2009	
	RM'000	**RM'000**	**RM'000**	**RM'000**
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Group				
Fixed rate term loan	34,000	32,027	34,000	32,860

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with reputable financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:-

- The carrying amount of each class of financial assets recognised in the statements of financial position
- A nominal amount of RM67,860,000 (2009: RM111,573,000) relating to guarantee extended in support of banking and other credit facilities granted to subsidiaries
- A nominal amount of RM2,250,000 (2009: RM2,250,000) relating to performance guarantees extended to developers for contracts awarded to a subsidiary

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	2010		2009	
	RM'000	% of total	RM'000	% of total
Group				
Property development	17,560	29%	30,801	40%
Construction	42,006	68%	45,340	58%
Education	1,838	3%	1,248	2%
Other	–	0%	21	0%
	61,404	100%	77,410	100%

At the reporting date, approximately:

– 27% (2009: 22%) of the Group's trade receivables was due from a major customer which is creditworthy.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with several banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2010 RM'000		
	On demand or within one year	One to five years	Total
Group			
Financial liabilities:			
Trade and other payables	174,408	–	174,408
Borrowings	11,045	58,875	69,920
Total undiscounted financial liabilities	185,453	58,875	244,328
Company			
Financial liabilities:			
Other payables	42,318	–	42,318
Due to subsidiaries	316,478	–	316,478
Total undiscounted financial liabilities	358,796	–	358,796

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their floating rate borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

At the reporting date, the Group does not have significant interest risk exposure.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in accordance to changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using debt to equity ratio, which is total debts divided by total equity and ensure compliance with debt covenants requirements.

The debt to equity ratio as at 31 December 2010 and 31 December 2009 are as follows:

	Group	
	2010	**2009**
Total debts (RM'000)	55,679	87,364
Equity attributable to the owners of the parent, representing total equity (RM'000)	635,140	524,486
Debts to equity ratio	9%	17%

40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Property development – the development of residential and commercial properties;
(ii) Construction – the construction of buildings and provision for engineering services;
(iii) Education – the operation of private educational institutions; and
(iv) Investment and others – investment holding, property investment, and provision of Group-level corporate services

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

40. SEGMENTAL INFORMATION (CONT'D)

	Property development 2010 RM'000	Property development 2009 RM'000	Construction 2010 RM'000	Construction 2009 RM'000	Education 2010 RM'000	Education 2009 RM'000	Investment and others 2010 RM'000	Investment and others 2009 RM'000	Adjustments and eliminations 2010 RM'000	Adjustments and eliminations 2009 RM'000	Note	Per consolidated financial statements 2010 RM'000	Per consolidated financial statements 2009 RM'000
Revenue :													
External customers	268,076	262,242	65,238	42,746	97,642	98,476	1,295	1,445	–	–		432,251	404,909
Inter-segment sales	–	–	119,380	99,712	–	–	98,573	57,955	(217,953)	(157,667)	A	–	–
Total revenue	268,076	262,242	184,618	142,458	97,642	98,476	99,868	59,400	(217,953)	(157,667)		432,251	404,909
Results:													
Interest income	2,918	1,327	222	95	4,743	1,132	5,452	46	(9,873)	(496)	A	3,462	2,104
Interest expense	435	–	565	99	4,955	87	12,351	3,708	(15,183)	(1,462)	A	3,123	2,432
Gain on disposal of an associate	–	–	–	–	–	–	60,829	–	–	–		60,829	–
Depreciation and amortisation	1,382	1,419	763	676	8,496	6,186	930	3,000	–	–		11,571	11,281
Share of results of associates	–	–	1,543	2,053	–	–	9,660	7,742	–	–		11,203	9,795
Segment profit/(loss)	76,175	39,725	9,089	7,322	23,216	21,315	142,462	51,635	(73,826)	(40,665)	B	177,116	79,332
Assets:													
Investment in associates	–	–	221	25	–	–	–	54,239	–	–		221	54,264
Additions to non-current assets	24,712	17,017	19,636	4,202	19,286	7,268	1,912	1,889	–	–	C	65,546	30,376
Segment assets	395,540	427,119	108,219	101,178	327,896	313,183	601,795	351,252	(469,742)	(352,696)	D	963,708	840,036
Segment liabilities	105,092	135,904	80,457	76,118	145,383	145,172	375,716	290,471	(378,080)	(332,115)	E	328,568	315,550

A Inter-segment revenues and expenses are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2010 RM'000	2009 RM'000
Intersegment dividends	(86,727)	(40,881)
Impairment of a subsidiary	12,234	–
Write off of amount due from subsidiaries	667	216
	(73,826)	(40,665)

40. SEGMENTAL INFORMATION (CONT'D)

C Additions to non-current assets consist of:

	2010 RM'000	2009 RM'000
Property, plant and equipment	22,399	9,575
Land held for property development	22,740	16,690
Investment properties	20,407	4,111
	65,546	30,376

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010 RM'000	2009 RM'000
Investment in associates	221	54,264
Inter-segment assets	(412,060)	(348,557)
Unrealised gains from inter-segment transactions	(57,903)	(58,403)
	(469,742)	(352,696)

E Inter-segment liabilities are eliminated on consolidation.

The revenue and non-current assets of the Group based on geographical location of customers and assets are attributed to Malaysia.

As at 31 December 2010 and 2009, there are no revenue from one major customer which exceed 10% of the total Group's revenue.

41. EVENTS OCCURING AFTER THE REPORTING DATE

On 24 February 2011, the Company proposed the following:

(i) Bonus issue of 48,258,779 new ordinary shares of RM1 each in the Company ("PCB shares") to be credited as fully paid-up on the basis of 2 new PCB shares for every 5 existing PCB shares held on an entitlement date to be determined ("Proposed Bonus Issue");

(ii) Subdivision of every 1 ordinary share of RM1 each in the Company after the Proposed Bonus Issue into 2 ordinary shares of RM0.50 each in the Company ("Proposed Subdivision"); and

(iii) Amendment to the Memorandum of Association of the Company to reflect the Proposed Subdivision.

(Collectively referred to as the "Proposals")

The Proposals are subject to and conditional upon approvals from the relevant authorities and shareholders of the Company.

The Proposals are expected to be completed by second quarter of 2011.

42. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries		
– Realised	572,250	85,407
– Unrealised	(3,342)	(23)
	568,908	85,384
Total share of retained earnings from associate		
– Realised	209	–
Less: Consolidation adjustments	(145,915)	–
Retained earnings as per financial statements	423,202	85,384

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PARAMOUNT®
CORPORATION BERHAD
(8578-A)

proxy form

I/We ____
(name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. ____________________ (New) ____________________ (Old)

of ____
(full address)

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

____
(name of proxy as per NRIC, in capital letters)

NRIC No. ____________________ (New) ____________________ (Old) of

____
(full address)

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Forty-First Annual General Meeting of the Company to be held at Zamrud Room, Ground Floor, The Saujana Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 1 June 2011 at 10.00 a.m. and at any adjournment thereof.

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

		For	Against
Resolution 1	Reports and Financial Statements		
Resolution 2	Final Dividend		
Re-election and re-appointment of Directors:			
Resolution 3	YBhg Datuk Rohana Tan Sri Mahmood		
Resolution 4	Mr Ong Keng Siew		
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 ____________________ 2011.

CDS ACCOUNT NO.

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
60 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
Tel : 03-7712 3333 Fax : 03-7712 3322
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