THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your shares in Paramount Corporation Berhad ("**Paramount**" or the "**Company**"), you should at once hand this Abridged Prospectus, together with the Notice of Provisional Allotment ("**NPA**") and the Rights Subscription Form ("**RSF**") to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue (as defined herein) should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This Abridged Prospectus, together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken to ensure that the Rights Issue complies with laws of any countries or jurisdictions other than the laws of Malaysia. The distribution of this Abridged Prospectus, together with the NPA and the RSF, may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions or in respect of certain persons under the relevant laws of those jurisdictions. This Abridged Prospectus, together with the NPA and the RSF, does not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdiction other than Malaysia or to any person to whom it would be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, this Abridged Prospectus, together with the NPA and the RSF, has not been and will not be despatched to shareholders with a registered address outside Malaysia ("**Foreign Shareholders**"), unless they have provided an address in Malaysia for the service of this Abridged Prospectus, together with the NPA and the RSF, by the entitlement date as set out below. However, nothing shall preclude Foreign Shareholders from collecting this Abridged Prospectus, together with the NPA and the RSF, in person, at the office of our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to this Rights Issue. Our Company and Hong Leong Investment Bank Berhad ("**HLIB**") shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the entitled shareholders and/or their renouncee(s) and/or their transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents of these documents.

Approval for this Rights Issue has been obtained from our shareholders at the Extraordinary General Meeting held on 9 June 2014. Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") via its letter dated 14 May 2014 for the listing of and quotation for the Rights Shares (as defined herein) on the Main Market of Bursa Securities.

Admission to the Official List of Bursa Securities for the listing of and quotation for the Rights Shares are in no way reflective of the merits of the Rights Issue. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

Our Board of Directors ("**Board**") has seen and approved all the documentation relating to this Rights Issue including this Abridged Prospectus together with the NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted would make any statements in these documents false or misleading.

HLIB, being the Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 5 HEREIN.

PARAMOUNT®
CORPORATION BERHAD
(8578-A)

(Company No. 8578-A)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF 84,452,864 NEW ORDINARY SHARES OF RM0.50 EACH IN PARAMOUNT ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.10 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN PARAMOUNT AS AT 5.00 P.M. ON 8 JULY 2014

Adviser and Underwriter

HongLeong Investment Bank

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	:	Tuesday, 8 July 2014 at 5.00 p.m.
Last date and time for the sale of provisionally allotted Rights Shares	:	Wednesday, 16 July 2014 at 5.00 p.m.
Last date and time for the transfer of provisionally allotted Rights Shares	:	Monday, 21 July 2014 at 4.00 p.m.
Last date and time for acceptance and payment	:	Thursday, 24 July 2014 at 5.00 p.m.*
Last date and time for excess application and payment	:	Thursday, 24 July 2014 at 5.00 p.m.*

* or such later date and time as our Board and Adviser may decide and announce not less than 2 Market Days (as defined in this Abridged Prospectus) before the stipulated date and time.

This Abridged Prospectus is dated 8 July 2014

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT 2007.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS & SERVICES ACT 2007 (SUCH AS OUR DIRECTORS AND ADVISERS) ARE RESPONSIBLE.

THE DISTRIBUTION OF THIS ABRIDGED PROSPECTUS TOGETHER WITH THE NPA AND RSF (COLLECTIVELY KNOWN AS THE "DOCUMENTS") IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

ALL TERMS USED ARE AS DEFINED IN THE "DEFINITIONS" PAGE OF THIS ABRIDGED PROSPECTUS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

"Act"	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
"AUD"	:	Australian Dollar
"Board"	:	Board of Directors of Paramount
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CDS"		Central Depository System
"CDS Account(s)"	:	Securities account(s) established by Bursa Depository for a depositor for the recording of deposits and dealings in such securities by the depositor
"Corporate Exercises"	:	The Rights Issue, increase in the authorised share capital of our Company from RM200,000,000 comprising 400,000,000 Paramount Shares to RM500,000,000 comprising 1,000,000,000 Paramount Shares and amendments to the Memorandum and Articles of Association of Paramount, collectively
"Documents"	:	This Abridged Prospectus and the accompanying NPA and RSF, collectively
"EGM"	:	Extraordinary general meeting
"Entitled Shareholders"	:	Shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date
"Entitlement Date"	:	A date on which our shareholders must be registered in our Record of Depositors in order to be entitled to the Rights Issue, being 5.00 p.m. on Tuesday, 8 July 2014
"EPS"	:	Earnings per share
"Excess Application"	:	Applications for additional Rights Shares in excess of an Entitled Shareholder's entitlement under the Rights Issue as set out in Section 10.6 of this Abridged Prospectus
"Excess Rights Shares"	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable)
"Foreign Entitled Shareholders"	:	Entitled Shareholders having their registered address outside Malaysia as set out in Bursa Depository's records
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending, as the case may be
"HLIB", "Adviser" or "Underwriter"	:	Hong Leong Investment Bank Berhad

DEFINITIONS

"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"LPD"	:	10 June 2014, being the latest practicable date prior to the date of this Abridged Prospectus
"LTIP"	:	Long term incentive plan of up to 10% of the issued and paid-up share capital of our Company at any time during the seven (7) years from the date on which the LTIP takes effect for selected employees and Executive Directors of our Group
"Market Day"	:	Any day on which Bursa Securities is open for trading in securities
"NA"	:	Net assets
"NCRCPS"	:	Non-cumulative redeemable convertible preference shares of RM1.00 each
"NPA"	:	Notice of provisional allotment in relation to the Rights Issue
"Paramount" or "Company"	:	Paramount Corporation Berhad
"Paramount Shares" or "Shares"	:	Ordinary shares of RM0.50 each in our Company
"PAT"	:	Profit after tax
"PATMI"	:	Profit after tax and minority interests
"PBT"	:	Profit before tax
"Provisional Rights Shares"	:	Rights Shares provisionally allotted to the Entitled Shareholders
"Record of Depositors"	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
"Rights Issue"	:	Renounceable rights issue of 84,452,864 Rights Shares at an issue price of RM1.10 per Rights Share on the basis of one (1) Rights Share for every four (4) existing Paramount Shares held by the Entitled Shareholders on the Entitlement Date
"Rights Shares"	:	New Paramount Shares to be issued pursuant to the Rights Issue, and "**Rights Share**" shall be construed accordingly
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"RSF"	:	Rights subscription form in relation to the Rights Issue
"Rules of Bursa Depository"	:	The rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
"SC"	:	Securities Commission Malaysia
"Share Registrar"	:	Tricor Investor Services Sdn Bhd

DEFINITIONS

"SICDA"	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
"TERP"	:	Theoretical ex-rights price
"Undertakings"	:	Irrevocable and unconditional written undertakings from Paramount Equities Sdn Bhd and Dato' Teo Chiang Quan, being the major shareholders of our Company, to subscribe in full for their respective entitlements under the Rights Issue
"Underwriting Agreement"	:	Underwriting agreement dated 24 June 2014 between our Company and the Underwriter in relation to the Rights Issue
"VWAMP"	:	Volume-weighted average market price

All references to "**our Company**" in this Abridged Prospectus are to Paramount, and references to "**our Group**" are to our Company, our subsidiaries and associated companies, collectively. References to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company and, where the context requires otherwise, our Group.

All references to "**you**" in this Abridged Prospectus are to our Entitled Shareholders and/or where the context otherwise requires, their renouncee(s) and/or transferee(s).

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day or date in this Abridged Prospectus shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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CORPORATE DIRECTORY

OUR BOARD

Name *(Designation)*	Address	Nationality	Occupation
Dato' Md Taib bin Abdul Hamid *(Chairman and Independent Non-Executive Director)*	6 Lorong 14/37D 46100 Petaling Jaya Selangor Darul Ehsan	Malaysian	Director
Dato' Teo Chiang Quan *(Executive Deputy Chairman)*	No. 7 Jalan Rosa Idamansara Changkat Semantan Bukit Damansara 50490 Kuala Lumpur Wilayah Persekutuan	Malaysian	Director
Ong Keng Siew *(Non-Independent Non-Executive Director)*	9 Lorong PJU 3/28F Sunway Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	Director
Dato' Haji Azlan bin Hashim *(Independent Non-Executive Director)*	No. 35 Persiaran Duta 50480 Kuala Lumpur Wilayah Persekutuan	Malaysian	Director
Datuk Seri Michael Yam Kong Choy *(Senior Independent Non-Executive Director)*	AB-10-01, 10 Mont' Kiara 4 Jalan Kiara 1, Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan	Malaysian	Director
Dato' Rohana Tan Sri Mahmood *(Independent Non-Executive Director)*	No. 8 Jalan Semantan Dua Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan	Malaysian	Director
Quah Chek Tin *(Independent Non-Executive Director)*	7 Jalan USJ 17/7B 47630 Subang Jaya Selangor Darul Ehsan	Malaysian	Director

AUDIT COMMITTEE

Name	Designation	Directorship
Quah Chek Tin	Chairman	Independent Non-Executive Director
Dato' Md Taib bin Abdul Hamid	Member	Chairman and Independent Non-Executive Director
Ong Keng Siew	Member	Non-Independent Non-Executive Director

CORPORATE DIRECTORY

COMPANY SECRETARIES	:	Tay Lee Kong (MAICSA 772833) 76, Lengkok Aminuddin Baki Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan Ng Wai Peng (MAICSA 7014112) No.1 Jalan USJ 2/4G 47600 Subang Jaya Selangor Darul Ehsan
REGISTERED OFFICE AND CORPORATE OFFICE	:	Level 8, Uptown 1 1, Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Tel no: (603) 7712 3333 Fax no: (603) 7712 3322 E-mail: info@pcb.my Website: www.pcb.my
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel no: (603) 7495 8000 Fax no: (603) 2095 5332
SHARE REGISTRAR	:	Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Tel no: (603) 2264 3883 Fax no: (603) 2282 1886
PRINCIPAL BANKERS		AmBank (M) Berhad Level 18, Menara Dion Jalan Sultan Ismail 50250 Kuala Lumpur Tel no: (603) 2026 3939 Fax no: (603) 2026 6855 Bank Islam Malaysia Berhad Level 32, Menara Bank Islam No. 22, Jalan Perak 50450 Kuala Lumpur Tel no: (603) 2088 8000 Fax no: (603) 2088 8028

CORPORATE DIRECTORY

PRINCIPAL BANKERS	:	CIMB Bank Berhad 17th Floor Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel no: (603) 2261 8888 Fax no: (603) 2261 8889 Hong Leong Bank Berhad Level 5, Wisma Hong Leong 18 Jalan Perak 50450 Kuala Lumpur Tel no: (603) 2180 8888 Fax no: (603) 2715 8697 Malayan Banking Berhad Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel no: (603) 2070 8833 Fax no: (603) 2070 2611 OCBC Bank (Malaysia) Berhad Menara OCBC 18 Jalan Tun Perak 50050 Kuala Lumpur Tel no: (603) 2034 5034 Fax no: (603) 2698 4363 RHB Bank Berhad Level 7, Tower Two & Three RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel no: (603) 9280 6894 Fax no: (603) 9287 4246
SOLICITORS FOR THE RIGHTS ISSUE	:	Adnan Sundra & Low Level 11, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel no: (603) 2070 0466 Fax no: (603) 2078 3382
ADVISER AND UNDERWRITER	:	Hong Leong Investment Bank Berhad Level 23, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel no: (603) 2168 1168 Fax no: (603) 2164 8880
STOCK EXCHANGE LISTED	:	Main Market of Bursa Securities

PARAMOUNT®
CORPORATION BERHAD
(8578-A)

(Company No. 8578-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 8, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

8 July 2014

Board of Directors:

Dato' Md Taib bin Abdul Hamid	*(Chairman and Independent Non-Executive Director)*
Dato' Teo Chiang Quan	*(Executive Deputy Chairman)*
Ong Keng Siew	*(Non-Independent Non-Executive Director)*
Dato' Haji Azlan bin Hashim	*(Independent Non-Executive Director)*
Datuk Seri Michael Yam Kong Choy	*(Senior Independent Non-Executive Director)*
Dato' Rohana Tan Sri Mahmood	*(Independent Non-Executive Director)*
Quah Chek Tin	*(Independent Non-Executive Director)*

To: Our shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF 84,452,864 RIGHTS SHARES AT AN ISSUE PRICE OF RM1.10 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING PARAMOUNT SHARES HELD IN PARAMOUNT AS AT 5.00 P.M. ON 8 JULY 2014

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1. INTRODUCTION

On 14 April 2014, HLIB had announced, on behalf of our Board, that our Company proposed to undertake, *inter alia*, the Rights Issue.

Subsequently, on 14 May 2014, HLIB had announced, on behalf of our Board, that Bursa Securities had, via its letter dated 14 May 2014, given its approval for the listing of and quotation for the Rights Shares to be issued pursuant to the Rights Issue.

The approval of Bursa Securities is subject to, *inter alia*, the following conditions:

	Conditions	Status of compliance
(i)	Our Company and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue;	Noted.
(ii)	Our Company and HLIB to inform Bursa Securities upon the completion of the Rights Issue; and	To be complied.
(iii)	Our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed.	To be complied.

Our shareholders had, at our EGM held on 9 June 2014, approved, *inter alia*, the Rights Issue. A certified true extract of the ordinary resolution pertaining to the Rights Issue passed at the said EGM is set out in Appendix I of this Abridged Prospectus.

On 10 June 2014, HLIB announced on behalf of our Board that the issue price of the Rights Shares has been fixed at RM1.10 per Rights Share.

On 24 June 2014, HLIB announced on behalf of our Board that the Entitlement Date for the Rights Issue had been fixed at 5.00 p.m. on 8 July 2014.

The official listing of and quotation for the Rights Shares to be issued pursuant to the Rights Issue will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of our Entitled Shareholders and/or their renouncee(s) and/or transferee(s) are ready for crediting and notices of allotment have been despatched to them.

No person is authorised to give any information or make any representation not contained in the Documents in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us and/or HLIB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. RIGHTS ISSUE AND OTHER CORPORATE EXERCISES

2.1 Details of the Rights Issue

The Rights Issue entails a renounceable rights issue of 84,452,864 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Paramount Shares held by the Entitled Shareholders on the Entitlement Date at the issue price of RM1.10 per Rights Share.

As at the LPD, there are up to 33,781,145 Shares to be issued under our Company's LTIP. Our Company will not be awarding any LTIP Shares until after the Entitlement Date for the Rights Issue. As such, the Rights Issue will involve the issuance of 84,452,864 Rights Shares based on the existing issued and paid-up share capital of our Company as at the LPD, of RM168,905,728 comprising 337,811,456 Paramount Shares.

The Rights Issue is renounceable in full or in part. Accordingly, you can subscribe for and/or renounce and/or transfer your entitlements for the Rights Shares in full or in part.

Shareholders whose names appear in our Record of Depositors as at the Entitlement Date are entitled to participate in the Rights Issue. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus, together with the NPA and RSF.

Any Rights Shares which are not taken up or not validly taken up shall be made available for excess applications by the other Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) in a fair and equitable manner and on a basis as set out in Section 10.6 of this Abridged Prospectus.

The Rights Shares will be provisionally allotted to the Entitled Shareholders. Any fractional entitlements under the Rights Issue will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit or expedient and in the best interest of our Company.

Any dealings in the Rights Shares, which are prescribed securities under the CDS, will be subject to the provisions of the SICDA and the Rules of Bursa Depository. Accordingly, upon issuance and allotment by our Company, the Rights Shares will be credited directly into your and/or your renouncee(s)' and/or transferee(s)' respective CDS Accounts. No physical certificates will be issued to you and/or your renouncee(s) and/or transferee(s).

As an Entitled Shareholder, you will find enclosed with this Abridged Prospectus an NPA setting out the number of Provisional Rights Shares which you are entitled to subscribe for and an RSF which is to be used for the acceptance of the Provisional Rights Shares and for the Excess Application, should you wish to do so.

YOU SHOULD READ THIS ABRIDGED PROSPECTUS IN ITS ENTIRETY BEFORE MAKING A DECISION.

2.2 Basis of determining the issue price of the Rights Shares

On 10 June 2014, HLIB had, on behalf of our Board announced that the issue price of the Rights Shares has been fixed by our Board at RM1.10 each. This represents a discount of approximately 28.10% to the TERP of Paramount Shares of RM1.53, based on the five (5)-day VWAMP of Paramount Shares up to and including 10 June 2014 of RM1.64, being the price-fixing date for the Rights Shares.

The issue price was determined by our Board after taking into consideration, amongst others, the aforementioned TERP of Paramount Shares, the funding requirements of our Group and share price of our Company.

2.3 Ranking of the Rights Shares

The Rights Shares shall, upon issue and allotment, rank *pari passu* in all respects with the then existing Paramount Shares in issue, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is prior to the date of allotment of the Rights Shares.

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3. UTILISATION OF PROCEEDS

Based on the issue price of RM1.10 per Rights Share, the Rights Issue is expected to raise gross proceeds of approximately RM92.90 million. The gross proceeds are expected to be utilised in the following manner:

Details of utilisation		Estimated timeframe for utilisation of proceeds from the date of listing of Rights Shares	RM'000
(i)	Repayment of existing bank borrowings	Within 6 months	40,000
(ii)	Working capital purposes	Within 12 months	50,968
(iii)	Defray estimated expenses in relation to the Corporate Exercises	Within 3 months	1,930
			92,898

The details of the utilisation of proceeds are as follows:

(i) Repayment of existing bank borrowings

As at the LPD, the total bank borrowings of our Group stood at approximately RM335.05 million. Our Board intends to utilise RM40.00 million of the proceeds raised from the Rights Issue to pare down the existing bank borrowings of our Group. Based on the estimated cost of borrowings of 4.75% per annum, such repayment is expected to result in annual interest savings of approximately RM1.90 million. Any surplus to or shortfall from the amount allocated for the repayment of bank borrowings and estimated expenses will be adjusted accordingly from/to the portion being earmarked for the working capital of our Company.

(ii) Working capital purposes

The working capital amount of approximately RM50.97 million is expected to be utilised for our Group's day-to-day operations to support our existing business operations which include development costs (which are further elaborated below), payment of payables, utilities, management, employees, marketing and other operating expenses for our Group's development projects, namely, Paramount Utropolis, Sekitar26 Business, Bukit Banyan and Sejati Residences.

In view of the large scale of these abovementioned development projects with a combined gross development value of approximately RM3.7 billion as well as the fact that most of these projects are in the early stages of their development, these projects will be financed using a combination of equity and debt. At this juncture, our Board intends to utilise the proceeds to part finance the early stages of development costs, which may include the costs to be incurred for earth works, piling, infrastructure works, consultancy fees and advertising and promotional expenses.

Please refer to Section 5.1.1 and 6.4 for further details of these development projects.

(iii) Defray estimated expenses in relation to the Corporate Exercises

The estimated expenses relating to the Corporate Exercises of approximately RM1.93 million comprise, amongst others, the professional fees, underwriting fees, fees payable to the relevant authorities, printing costs of the circular and abridged prospectus to be despatched to the shareholders of our Company and other miscellaneous expenses.

4. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue is undertaken to raise funds for the purposes as stated in Section 3 above which are expected to contribute positively to the future performance of our Group.

After due consideration of the various fund raising methods available to our Company, our Board is of the view that the Rights Issue is currently the most appropriate avenue of fund raising after taking into consideration, amongst others, the following factors:

(i) to achieve an optimal capital structure of our Group with equity financing via the Rights Issue;

(ii) to enable our Company to raise funds without incurring interest cost compared to bank borrowings thereby reducing our Group's exposure to interest rate fluctuations, which in turn will enable our Group to manage its cash flows more efficiently; and

(iii) to provide you with an opportunity to further increase your equity participation in our Company, and thereafter in the prospects and potential future growth of our Group at a discount to the prevailing market price.

5. RISK FACTORS

You should carefully consider, in addition to other information contained in this Abridged Prospectus, the following key risk factors before subscribing for or investing in the Rights Issue.

5.1 Risks relating to our business

5.1.1 Competition risk

We are exposed to competition risks in both our core businesses of property development and provision of education services.

Our existing development projects, currently in the Klang Valley, Selangor and Sungei Petani, Kedah face competition from various property developers. This competition stems not only from the need to identify and purchase strategically-located and reasonably-priced landbanks, but also in the employment of skilled labour as well as the purchase of building materials for project development. The success of a property development project depends on, amongst others, the location, pricing, accessibility, infrastructure and amenities, quality of the development as well as the reliability and reputation of the property developer. Failure by us to secure strategically-located landbanks for future development, competitively pricing our properties or ensuring that our properties meet or exceed customers' expectations may have a bearing on our ability to sell such properties.

Our Group will continue to take measures to remain competitive in the property development industry by providing quality development and competitive pricing as well as actively exploring opportunities to differentiate ourselves from our competitors. Our Paramount Utropolis project in Glenmarie, Shah Alam, a 21.71-acre integrated development anchored by our new 10-acre flagship KDU University College campus, has provided the opportunities to integrate our property and education businesses together. Our Group will continue to look for synergies between these two businesses in the Klang Valley and northern region. In doing so, we are able to apply our university metropolis concept on integrated developments to distinguish our product offerings from those of our competitors and also explore opportunities to cross-sell to our buyers in both geographic areas and across our two business divisions.

Please refer to Section 6.4 for more details of our upcoming projects.

Our education division comprises the primary and secondary school sectors, tertiary education and post-graduate executive education. Accelerated openings of new private and international schools in the Klang Valley in recent years, coupled with the anticipated openings of new schools over the next 2 years will likely lead to over-capacity and price-cutting amongst industry players in the near future.

To mitigate competition risk in the education industry, our Group will continuously enhance our reputation for quality education and continue to develop comprehensive product offerings to cater to the needs of diverse students. Our tertiary education unit is also focusing on developing new industry-driven programmes to enhance our graduates' employability and relevance in the workforce. Notwithstanding the foregoing, there is no assurance that our Group will be able to effectively distinguish our offerings from competing education providers and that we will be successful in our endeavours to boost student enrolment in light of the increasing competition.

5.1.2 Dependence on regulatory approvals from the authorities

Property developers including our Group are subject to various regulatory approvals particularly in respect of approvals for development plans and conversion of land usage. There is no assurance that any delay in obtaining these approvals may not have an adverse impact on the timing of launching our property development projects and thereby affecting our future profitability.

To minimise the occurrence of such delays, our Group conducts independent studies on the nature and background of landbanks to be acquired to ensure that the lands are suitable for development. We also ensure that we comply with procedural and documentation requirements in relation to the applications for necessary approvals. In addition, we will monitor the progress of such applications by progressively liaising with the relevant authorities.

For our education division, we are subject to extensive regulation by governmental regulatory agencies and professional bodies such as the Ministry of Education and the Malaysian Qualifications Agency. Any changes in applicable laws, regulations, standards and policies of the governmental regulatory agencies and professional bodies could have a material adverse effect on our registration, licenses, accreditations, operations and business costs.

Our Group seeks to mitigate this risk by engaging with the relevant authorities, participating in industry-led activities to keep abreast of any regulatory changes to the education industry and closely monitoring the government's plans in respect of long-term economic and development policies.

5.1.3 Changes in market demand

Market demand for types of properties may change as buyers' preferences change or when areas become more developed as part of our country's continual urbanisation process. If we are unable to respond to these changes, buyers might choose to purchase properties from our competitors instead of us and we would experience a low take-up rate for our new launches.

Currently in the Central Region, our major project, Paramount Utropolis in Glenmarie, Shah Alam offers affordable serviced apartments, lifestyle suites and small office/home office units while in the Northern Region, our developments such as Bandar Laguna Merbok and Bukit Banyan offer secured residential properties. Our Group has decided on these types of properties as they are well suited to the demand in their respective geographical regions. While we have received positive responses to these developments, there is no assurance that we will always be able to successfully respond to the rapidly changing market demand and meet buyers' need. In this regard, our Group shall endeavour to conduct market studies from time to time to gauge market preferences which should enable our Group to respond to changes in market demand in a timely manner.

For our education division, unforeseen trends and demands in the global economy may change the type of skills expected of a graduate. If we are unable to respond to these changes in a timely manner, our programmes could become irrelevant and less attractive to students which would result in a decline of student enrolments, and in turn affect our business and financial conditions.

Our Group seeks to mitigate this risk by continuously engaging with industries and involving industries in the development of programmes and curriculum to cater to the latest market demand.

To cater to the diverse preferences of students, our Group has set up an international school in 2011 under our Sri KDU brand. As such, our primary and secondary education units currently offer both national and international curriculum. While this has equipped our Group to cater to students' preferences, there is no assurance that market trends will not change in the future and that our education division will be able to successfully adapt to such trends. In such an event, the profitability of our education business may be adversely affected. Nonetheless, our Group will continuously monitor the changes in demand for international education and will endeavour to cater to the shifting preferences for education as they arise.

5.1.4 Dependence on contractors

Our property development businesses are substantially dependent on the support of third party contractors to ensure the timely completion of building works as per their contractual timeline. Any unsatisfactory performance or unanticipated delay due to inability to supply sufficient labour or shortage of supplies of construction materials may have an adverse effect on the operations and profitability of our Group.

Our Group seeks to mitigate this risk by being stringent in the selection process of contractors such that only contractors with proven track record and adequate financial resources are engaged to undertake construction works in our development projects. Moreover, our Group is not dependent on any single third party contractor as we engage the services of different contractors for the development of our projects.

5.1.5 Project completion risk

The timely completion of our property development projects depends on many external factors, including, amongst others, obtaining the necessary approvals as scheduled, securing adequate construction materials throughout the development timeframe, satisfactory performance by third-party contractors appointed to complete the various segments of our development projects and weather conditions.

For the past two (2) years up to the date of this Abridged Prospectus, our Group has not encountered any material delay in project completion that has resulted in claims for liquidated and ascertained damages by our customers which have materially and adversely affected our Group's performance and profitability.

Nonetheless, there can be no assurance that there will not be any delays in the completion of our property development projects. Any prolonged delay in the completion of a property development project may adversely affect our Group's property business, financial condition, results of operations and prospects. Our Group will continue to closely monitor the progress of our property development projects and endeavour to promptly rectify issues, if any, so as to ensure that the performance of our Group is not adversely affected.

5.1.6 Construction costs overrun

The property development industry is inherently exposed to fluctuations in construction costs. These costs may fluctuate in tandem with changes in the availability of building materials such as cement and steel bars, availability of labour and/or skilled workers as well as the price of oil. Any significant and unexpected increase in the cost of building materials and/or labour may adversely affect our Group's profit margins in the event that our Group is unable to pass on the increase in construction costs to our customers.

For the past two (2) years up to the date of this Abridged Prospectus, our Group has not experienced and does not anticipate, in the immediate future, any significant and unexpected increase in construction costs for our existing development projects that may materially and adversely affect our Group's performance and profitability.

Notwithstanding the above, our Group has taken reasonable steps to address the possibility of the increase in construction costs by setting contingency provisions in our project budgeting and locking in the prices of construction materials by placing early orders with our suppliers. However, there is no assurance that unforeseeable material increase in construction costs in relation to our development projects will not have any material impact on our financial performance in the future.

5.1.7 Dependence on key personnel

The performance and success of our Group depends to a significant extent on the skills, abilities, experience and competencies of our Directors and key management personnel. There can be no assurance that the loss of any of these persons without suitable and timely replacement would not affect the operations and financial performance of our business, financial conditions, results of operations and prospects.

In order to mitigate the risk, our Group has an effective human resource management and development programme to attract and retain qualified and competent staff through competitive remuneration packages (which include the LTIP), training and professional development.

5.2 Risks relating to the Rights Issue

5.2.1 Market price of Paramount Shares

A variety of factors could cause the market price of Paramount Shares to fluctuate, including announcements of developments relating to our Group's business, fluctuations in our operating/financial results or revenue levels and change in regulatory requirements or market conditions. In addition, external factors such as economic, political and industry conditions, volatility of equity markets, movements in interest rates and prevailing market sentiments/liquidity could also adversely affect the market price of Paramount Shares. There can be no assurance that the market price of the Rights Shares will be traded above the TERP after the completion of the Rights Issue.

5.2.2 Delay in or abortion of the Rights Issue

The Rights Issue is exposed to the risk that it may be delayed or aborted on the occurrence of any one or more of the following events:

(i) *force majeure* events or material adverse change of events/circumstances which are beyond the control of our Company arising prior or during the implementation of the Rights Issue; and/or

(ii) Paramount Equities Sdn Bhd and/or Dato' Teo Chiang Quan may not fulfill or be able to fulfil their Undertakings to subscribe in full for their entitlements under the Rights Issue as at the Entitlement Date as set out in Section 8 of this Abridged Prospectus; and/or

(iii) the Underwriter exercising its rights pursuant to the Underwriting Agreement to terminate the Underwriting Agreement and withdraw its commitment to underwrite its portion of the Rights Shares.

Notwithstanding the risks, we will exercise our best endeavor to ensure that the Rights Issue is successfully implemented. However, there can be no assurance that the above events will not occur, and cause the delay in or abortion of the Rights Issue. In the event the Rights Issue is aborted, all the subscription/application monies for the Rights Shares will be refunded without interest to the subscribing Entitled Shareholders and/or their renouncee(s) (if applicable).

In the event that the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) and the Rights Issue is subsequently aborted or terminated, a return of subscription monies to all holders of the Rights Shares would only be achievable by way of cancellation of our share capital as provided for under the Act and its related rules. Such cancellation requires the sanction of our shareholders by way of a special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaysia) and the confirmation of the High Court of Malaysia. In such an event, there can be no assurance that such monies can be returned within a short period of time or at all.

5.2.3 Capital market risk

The performance of our local bourse is affected by a number of factors, amongst them are the general economic climate of Malaysia, the Southeast Asia region and the rest of the world, the performance of the global capital markets and investors' sentiments. These factors contribute to the volatility of trading volumes on Bursa Securities.

5.3 Forward-looking statements

This Abridged Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Abridged Prospectus, including without limitation, those regarding our financial position, business strategies, plans and projections of our management for our future operations, are forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will', "would", "should", "could", "may" and "might". However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, *inter-alia*, general economic and business conditions, competitions, the impact of new laws and regulations affecting us and the industry, changes in interest rates and changes in foreign exchange rates.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

6.1 The Malaysian economy

The Malaysian economy registered a higher growth of 6.2% in the first quarter of 2014 (fourth quarter of 2013: 5.1%). Growth was driven by a stronger expansion in domestic demand and a turnaround in net exports. Private sector activity remained the main driver of growth in the first quarter, with sustained strong growth in both consumption and investment activities. Real exports of goods and services grew at a faster pace while real imports of goods and services were sustained, resulting in a positive growth in net exports. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 0.8% (fourth quarter of 2013: 1.9%).

Private consumption growth remained strong at 7.1% (fourth quarter of 2013: 7.4%) in the first quarter, supported by stable employment conditions and continued wage growth. Growth in public consumption increased to 11.2% (fourth quarter of 2013: 5.2%), reflecting higher government spending on supplies and services. Gross fixed capital formation grew by 6.3% (fourth quarter of 2013: 6.5%), driven by robust private sector capital spending amidst a decline in public investment growth. Growth in private investment remained strong at 14.1% (fourth quarter of 2013: 16.6%), underpinned by capital spending in the manufacturing and services sectors. Public investment declined by 6.4% (fourth quarter of 2013: -1.4%) due to a contraction in capital spending by both the Federal Government and public enterprises. By type of assets, investment activity was driven mainly by robust spending on structures (14.7%; fourth quarter of 2013: 9.6%), which more than offset the decline in machinery and equipment investment (-1.8%; fourth quarter of 2013: +2.7%).

Going forward, recovery in the global economy is expected to continue. International trade will be supported by the continued recovery in the advanced economies. In Asia, while domestic demand is expected to moderate, it will continue to underpin the overall performance of these economies, with additional support coming from the improving external conditions.

For the Malaysian economy, growth will remain anchored by domestic demand, with additional support from the improvement in the external environment. Exports will continue to benefit from the recovery in the advanced economies while private domestic demand is expected to remain the key driver of the overall growth. Going forward, the Malaysian economy is therefore expected to remain on a steady growth path.

(Source: Quarterly Bulletin, First Quarter 2014, Bank Negara Malaysia)

6.2 Outlook of the property development industry

The Malaysian property market recorded a moderate growth which saw a contraction of 10.9% in volume but with a marginal increase of 6.7% in value in 2013. The market moved by - 8.1% (first quarter); 4.4% (second quarter); 0.3% (third quarter) and 4.1% (fourth quarter) against gross domestic product growth of 4.1% (first quarter), 4.4% (second quarter), 5.0% (third quarter) and 5.1% (fourth quarter). The year registered 381,130 transactions worth RM152.37 billion against 2012 which recorded 427,520 transactions and RM142.84 billion in volume and worth respectively.

Market activities softened across the board with all sub-sectors recorded decreases in the transaction activity. The commercial sub-sector led with 16.5% followed by the industrial sub-sector (15.7%), agricultural sub-sector (12.4%), residential sub-sector (9.7%) and development land by (6.8%). By market share, residential sub-sector continued to dominate with 64.6% and trailed by agricultural (18.5%), commercial (9.0%), development land (5.6%) and industrial sub-sectors (2.2%).

In terms of value, with exception to development land and agricultural sub-sectors which declined by 8.8% and 7.0% respectively, all other sub-sectors sustained growth albeit at a smaller pace. Commercial, residential and industrial sub-sectors grew by 28.0%, 6.3% and 2.7% respectively. Seven states saw higher value of transaction preceded by Selangor (30.5%) and trailed by Johor (19.8%), Wilayah Persekutuan ("**W.P.**") Kuala Lumpur (13.1%), Pulau Pinang (8.9%), Perak (5.6%), Sarawak (3.7%) and Negeri Sembilan (3.6%). Other states registered lower value of transaction between 0.2% and 3.1%.

States performances softened across the board with exception of Johor and Perlis which increased by 7.1% and 5.9% respectively. Five states registered double digit contraction led by Putrajaya (39.4%) and followed by Kuala Lumpur (33.2%), Kelantan (24.6%), Pulau Pinang (21.4%), Sabah (17.4%) and Selangor (15.1%). Kedah, Negeri Sembilan, Melaka, Terengganu and Pahang recorded a notable drop of 8.6%, 5.0%, 3.4%, 3.7% and 2.3% respectively.

The residential sub-sector continued to spearhead the property market activities, taking up 64.6% share in volume and 47.3% in value. The year registered 246,225 residential property transactions worth RM72.06 billion which recorded contraction of 9.7% and an increase in value of 6.3% respectively.

In terms of volume, most states recorded downturn in market activity except Johor which recorded growth of 16.6%. W.P Putrajaya topped the list and shrunk by 41.7%. Kelantan came out second with a drop of 34.6% after achieving 93.6% growth last year. Other states that declined were W.P. Kuala Lumpur (-34.4%), W.P Labuan (-33.9%), Pulau Pinang (-23.9%) and Selangor (-14.3%).

In terms of market share, Selangor outnumbered other states, contributing 26.1% (64,269 transactions) of the national residential transactions. Johor came next at 13.7% (33,651 transactions), Perak at 11.4% (28,123 transactions), Pulau Pinang at 7.2% (17,700 transactions) and Kedah at 6.0% (14,844 transactions).

In terms of value, with exception to W.P. Kuala Lumpur which contracted at 9.7%, other major states recorded growth. Johor recorded highest growth of 63.2% while Selangor recorded a small growth of 2.8% and Pulau Pinang with no growth. Meanwhile, the other state which registered the highest growth was Perlis which growth shot up by 80.7% from previous year of 19.2% whilst the highest drop was W.P. Labuan which registered a decline of 26.4%.

Prevailing low interest rate environment with the base lending rate of commercial banks sustaining at 6.53% and weighted average lending rate at 5.4% continued to support the domestic property market. Bank Negara Malaysia's pre-emptive strategies to preserve household sector resilience through the application of 70% loan-to-value ratio on third housing loans onwards as well as guidelines on responsible funding, had gradually impacted the housing market.

The market performance of commercial sub-sector subdued with lower volume of transaction. The year registered 34,298 transactions worth RM35.56 billion. The shop sub-sector contributed the most at 58.9% (20,185 transactions) of the volume and 39.7% (RM14.11 billion) of the value of transactions. Compared to the year before, the shop's market activity however, softened in the review period.

Across the country, five states recorded growth whilst twelve declined. W.P, Putrajaya, W.P. Labuan, Johor, Kedah and Pahang grew by 42.1%, 36.1%, 9.8%, 2.2% and 1.3% respectively. States that contracted were Kelantan (-49.6%), W.P. Kuala Lumpur (-36.1%), Sabah (-27.1%), Selangor (-26.9%), Perlis (-24.0%), Sarawak (-23.1%), Pulau Pinang (-20.7%), Melaka (-14.7%), Terengganu (-9.4%), Perak (-7.4%) and Negeri Sembilan (-7.2%).

In terms of market share, Selangor with 7,083 transactions (20.7%) led the market activity. This was followed by Johor with 5,083 transactions (14.8%) and W.P. Kuala Lumpur with 4,213 transactions (12.3%). In terms of value, Johor led with the highest at RM11.23 billion, trailed by Selangor (RM8.12 billion) and W.P. Kuala Lumpur (RM6.53 billion).

The industrial sub-sector remained the least active market, contributing 2.2% and 8.1% of the total market share in volume and value respectively. The review period recorded 8,418 transactions worth RM12.33 billion. The volume decreased by 15.7% (2012: 9,984 transactions) whilst value increased moderately at 2.7% (2012: RM12.00 billion).

Selangor continued to be the country's largest contributor in industrial transactions with 2,681 units, followed by Johor (1,214) and Perak (1,082). Two states recorded double digit growth; Perak (10.5%) and Kedah (67.7%). Thirteen states saw double digit reduction; Kelantan (-91.5%), W.P. Putrajaya (-50.0%), Pahang (-39.6), Perlis (-36.4%), W.P. Kuala Lumpur (-29.9%), Sabah (-26.8%), Terengganu (-26.7%), Melaka (-24.5%), Pulau Pinang (-24.2%), Sarawak (-19.3%), Negeri Sembilan (-16.0%), Selangor (-13.0%) and W.P. Labuan (-12.0%). Johor decreased moderately by 6.8%.

The property market activity is expected to be driven largely by the residential sector. Affordable housing is foreseen to remain in focus in the coming years. In the commercial property sub-sector, the outlook for shopping complex and purpose built office is expected to be challenging with increasing supply of space and slower take-up rate. The performance of shopping complexes is expected to be moderated in tandem with the bleak Business Condition Index and Consumer Sentiment Index. In the industrial sub-sector, there are emerging signs of improvement. More investments are expected to flow into the country in 2014 given the number of on-going and upcoming projects such as the West Coast Highway and Double-Tracking project, the Petroliam Nasional Berhad projects in Sabah and Johor and the development under the Regional Economic Corridors Projects. Considering all the concerted efforts taken by the government to stimulate the national economy which would have direct or indirect impact on the property sectors, the property market on the whole is expected to remain resilient in the coming year.

(Source: Press Release dated 22 April 2014 on Malaysian Property Market 2013, Valuation & Property Services Department, Ministry of Finance)

6.3 Outlook of the education industry

Education plays a key role in the development of human capital by equipping them, particularly the youth with skills to meet the needs of a rapidly changing environment. In this regard, greater emphasis will be placed on building Malaysia's human capital, productivity and capacity for knowledge absorption and utilisation.

The government continues to focus on human capital development with emphasis on skills and training in order to create knowledgeable, creative and innovative human capital. In line with the current situation where graduates are still facing employability problems, the National Graduate Employability Blueprint ("**GEB**") 2012-2017 was launched on 4 December 2012 to strengthen the implementation of the Graduate Employability Programme. The Blueprint will serve as a guide to help higher education institutions in developing human capital strategies to meet the demands of the industries in line with the dynamic changing landscape of the country. A Graduate Employability Taskforce was established to monitor the implementation and effectiveness of the GEB. As of August 2013, RM36.5 million has been disbursed for the implementation of 54 graduate employability programmes which benefited more than 19,300 diploma and degree graduates.

(Source: Economic Report 2013-2014)

Under the Economic Transformation Programme ("**ETP**"), one of the entry point projects aims to position Malaysia as a destination of choice for parents seeking foreign education for their children. At the same time, it will allow Malaysia to benefit from the foreign exchange income earned from international school student spending.

International schools have been growing at a rate of 10 percent over the past five years, driven by growth in the expatriate population as well as the relaxation of the cap on the number of Malaysian students per international school. There are currently 81 international schools, with 29 new licenses approved in 2012. This has surpassed the Government's target of 87 international schools in Malaysia by 2020. Looking ahead, this demand is expected to further increase due to the Greater Kuala Lumpur National Key Economic Area's target of increasing the expatriate and returning diaspora population from 100,000 to 500,000 by 2020.

Increasingly, Malaysian families are sending their children abroad for primary and secondary education. Reasons for this range from business interests abroad to the higher job mobility such an education is perceived to result in. As an illustration, approximately 15,000 Malaysian students study in Singaporean schools.

To meet this demand, the Ministry of Education ("**MoE**") will encourage local providers by removing the barriers to expansion of international schools. Should domestic providers not be able to meet demand, the MoE will also identify prestigious foreign school providers and encourage them to set up locally.

The MoE has already identified 10 providers that are willing to commit to an expansion programme starting from 2011. The MoE will set up a team responsible for tracking the progress of expansion and running marketing campaigns to engage new local and international providers. The MoE will also provide international school operators with support on the issue of land acquisition and soft loans. Finally, the MoE will work in collaboration with the Ministry of Human Resources, the Ministry of Tourism, Malaysia External Trade Development Corporation and Wisma Putra on marketing Malaysia as a destination of choice for private basic education.

(Source: ETP website and ETP Handbook Chapter 14)

6.4 Prospects of our Group

The Budget 2014 announcement to abolish rebates, developer interest-bearing schemes ("**DIBS**") and the increase in real property gains tax has cooled down the property market. Banning DIBS has put the pressure of high acquisition cost on genuine buyers including first time buyers. The banking sector has also tightened the lines of credit, offering lower margins of housing loans to safeguard the banking institution. Similarly, the increase in foreign ownership threshold from RM500,000 to RM1 million may be detrimental to the promotion of property acquisition by foreigners. In view of these current developments, our management is of the view that prospective property investors are currently holding off on property purchases.

In the near term, we expect these various measures taken by the government to discourage excessive speculative buying in order to stem property prices from spiraling to have a dampening effect on the property market. However, these corrective measures will ensure a more stable and sustainable property market in the mid to long term.

With carried forward lock-in sales of RM415.0 million as at 31 December 2013 boosted by the coming onstream of new developments in 2012 and 2013 – namely Bukit Banyan, a 520-acre gated and guarded mixed development in Sungai Petani, Kedah, Sejati Residences, a 50-acre high-end residential development in Cyberjaya, Selangor, Paramount Utropolis, a 11.71-acre integrated development at Glenmarie, Shah Alam, Selangor and Sekitar26 Business, a 13.2-acre industrial development at Section 26, Shah Alam, Selangor – the property development division is confident of its performance going forward, despite the challenges of the marketplace.

We are planning our way forward carefully to navigate these challenges, whilst continuing to build on our successes of recent years such as our award winning Bandar Laguna Merbok, a 476.9-acre mixed development in Sungei Petani, Kedah, the over-whelming response to our Kemuning Utama, a 524.7-acre mixed development in Shah Alam, Selangor, with a 99% take-up rate of its launches since the project was launched in 2004, and the 100% take-up rate at Phase 1 of our Paramount Utropolis which was launched in May 2013. We also continue to find opportunities to replicate our Paramount Utropolis integrated development concept in more markets, and building on the strong brand name and reputation for quality and value we have in the northern region.

We are also working hard on developing concepts for our current landbank of 744.7 acres (total estimated gross development value of RM7.0 billion) that will capture the market's imagination and translate into strong sales.

The property division will also continue to source for strategically located development land while exploring joint venture opportunities to enhance its performance and provide sustainable growth in an increasingly competitive landscape.

The construction segment, after completing the balance of two external projects in 2014, namely, the Bayan City project, which comprises three blocks of 28-storey integrated commercial and residential development at Bayan Baru, Penang and the Melaka Straits Hospital and Nursing College project at Kledeng, Melaka, will switch its focus on in-house projects. These in-house projects include the new Bukit Banyan, Sejati Residences, Paramount Utropolis and Sekitar26 Business developments as well as existing developments such as Bandar Laguna Merbok and Kemuning Utama, all of which are nearing tail end. With increased activities in the new developments, the construction segment is expected to record higher progressive billings moving forward.

While competition is intensifying in the education industry, we are confident that the diverse product offering of our Sri KDU private and international schools will enable our Group to weather the challenges in the education industry and pave the way for us to enter more market centres. We are also actively seeking opportunities to expand our footprint either through land acquisitions or joint ventures with developers.

In line with its planned elevation to university college status, KDU College Penang is in the process of developing many more new and industry-driven programmes. Its focus is to provide students with more options and opportunities to either pursue a degree locally or transfer to universities abroad after completing one to two year(s) of diploma/degree studies locally. This will open up more flexible study pathways to a large percentage of students.

KDU College Penang is also working towards the building of its new campus at Batu Kawan, Penang, which will be Penang's first university metropolis. The move is to transform KDU Penang into a vibrant and sustainable green campus for studying, recreation and self-development.

In the Klang Valley, KDU University College continues to operate in an extremely competitive market. However, the upcoming move to its new purpose-built campus at Paramount Utropolis will offer new opportunities to reposition itself in the eyes of today's students and their parents, and we are working hard to make the most of this.

7. EFFECTS OF THE RIGHTS ISSUE

The pro forma effects of the Rights Issue on the share capital, NA per share, gearing, earnings, EPS and the substantial shareholders' shareholdings in our Company are shown below:

7.1 Issued and paid-up share capital

The pro forma effects of the Rights Issue on the issued and paid-up share capital of our Company are as follows:

	No. of Shares ('000)	Share capital RM'000
Issued and paid-up share capital as at the LPD	337,812	168,906
Rights Shares to be issued pursuant to the Rights Issue	84,453	42,226
Enlarged issued and paid-up share capital	**422,265**	**211,132**

7.2 NA per share and gearing

For illustrative purposes, the pro forma effects of the Rights Issue on the consolidated NA and gearing ratio of our Group based on the audited consolidated statement of financial position of our Group as at 31 December 2013 are shown below:

	Audited as at 31 December 2013 RM'000	**After the Rights Issue RM'000**
Share capital	168,906	211,132
Reserves	558,192	(1)606,934
Shareholders' funds/ NA	**727,098**	**818,066**
No. of Paramount Shares in issue ('000)	337,812	422,265
NA per Share (RM)	2.15	1.94
Total borrowings (RM'000)	317,746	(2)277,746
Gearing ratio (times)	0.44	0.34

Notes:

(1) Less estimated expenses of approximately RM1.93 million in relation to the Corporate Exercises.

(2) Assuming the repayment of bank borrowings of RM40.00 million derived from the proceeds of the Rights Issue.

7.3 Earnings and EPS

The Rights Issue is not expected to have any material effect on the consolidated earnings of our Group for the FYE 31 December 2014 as the Rights Issue is only expected to be completed by the third quarter of 2014 whilst the proceeds to be raised from the Rights Issue is expected to be utilised within 12 months from the date of the listing of the Rights Shares. However, the EPS of our Group may be diluted as a result of the increase in the number of Paramount Shares in issue upon completion of the Rights Issue.

The actual impact of the Rights Issue on the future earnings of our Group will depend on the level of returns derived from the utilisation of proceeds as set out in Section 3 above. Notwithstanding the above, as part of the proceeds to be raised from the Rights Issue will be utilised to repay our Group's bank borrowings, this will result in an annual interest savings of approximately RM1.90 million to our Group, based on the estimated cost of borrowings of 4.75% per annum.

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8. SHAREHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

The Rights Issue will be undertaken on a full subscription basis.

Our Company has procured written irrevocable undertakings from two (2) of our major shareholders, namely Paramount Equities Sdn Bhd and Dato' Teo Chiang Quan, to subscribe in full for their respective entitlements under the Rights Issue.

The details of the Undertakings are set out below:

	Shareholdings as at the LPD		Entitlements under the Rights Issue		Total	
Major shareholders	**No. of Shares**	**[1]%**	**No. of Shares**	**%**	**No. of Shares**	**[2]%**
Paramount Equities Sdn Bhd	88,144,000	26.09	22,036,000	26.09	110,180,000	26.09
Dato' Teo Chiang Quan	4,488,400	1.33	1,122,100	1.33	5,610,500	1.33

Notes:

(1) Based on 337,811,456 Paramount Shares in issue as at the LPD.

(2) Based on the enlarged number of 422,264,320 Paramount Shares in issue after the Rights Issue.

Accordingly, Paramount Equities Sdn Bhd and Dato' Teo Chiang Quan have confirmed vide their letters dated 14 May 2014 that they have sufficient financial resources to subscribe for their respective Rights Shares entitlements under the Rights Issue. Based on the documentary evidence provided by Paramount Equities Sdn Bhd and Dato' Teo Chiang Quan, HLIB, as the Adviser in relation to the Rights Issue has confirmed and verified that they have sufficient financial resources to subscribe for their respective Rights Shares entitlements under the Rights Issue.

Our Company had on 24 June 2014 entered into the Underwriting Agreement to underwrite the remaining 61,294,764 of the Rights Shares ("**Underwritten Shares**") for which no irrevocable written undertaking to subscribe has been obtained from other shareholders. The details of the underwriting are set out below:

	No. of Rights Shares	**%**
Total number of Rights Shares to be issued	84,452,864	100.00
Less: Rights Shares pursuant to the Undertakings	23,158,100	27.42
Balance Rights Shares underwritten by the Underwriter	**61,294,764**	**72.58**

The underwriting commission payable to the Underwriter is 0.75% of the value of the Underwritten Shares. The underwriting commission and all other costs in relation to the Underwriting Agreement will be fully borne by our Company.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the amount to be raised from the Rights Issue, funds generated from our operations and banking facilities available, our Group will have sufficient working capital to meet our current core business requirements due within a period of twelve (12) months from the date of issuance of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM335.05 million, all of which are denominated in local currency, interest-bearing and comprise the following:

	RM '000
Short term borrowings (payable within 12 months)	76,300
Long term borrowings (payable after 12 months)	258,750
	335,050

There has not been any default on payments of either interest and/or principal sums by our Group in respect of any borrowings throughout the past one (1) financial year and for the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, our Board confirms that there are no contingent liabilities incurred or known to be incurred by our Group which upon being enforceable, may have a material adverse impact on the financial results or position of our Group.

9.4 Material commitments

Save as disclosed below, as at the LPD, our Board confirms that there are no other material commitments incurred or known to be incurred by our Group that has not been provided for, where upon being enforceable, may have a material adverse impact on the financial results or position of our Group:

	RM '000
Investment properties:	
Authorised and contracted for	84,686
Authorised and not contracted for	31,916
	116,602
Property, plant and equipment:	
Authorised and contracted for	150,607
Authorised and not contracted for	29,660
	180,267
Land held for property development:	
Authorised and contracted for	38,928
Authorised and not contracted for	20,344
	59,272

The material commitments are expected to be funded through internally-generated funds and/or bank borrowings.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION

10.1 General

The Provisional Rights Shares are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in such Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renouncee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Rights Shares.

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue.

If you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Rights Shares provisionally allotted to you, as well as to apply for Excess Rights Shares if you choose to do so.

10.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares (whether in full or in part) is **Thursday, 24 July 2014** at **5.00 p.m.**, or such extended date and time as may be decided and announced by our Board and Adviser at their absolute discretion not less than two (2) Market Days before the stipulated date and time.

10.3 Procedures for acceptance and payment

ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES TO YOU AS AN ENTITLED SHAREHOLDER MUST BE MADE ON THE RSF ENCLOSED WITH THIS ABRIDGED PROSPECTUS AND MUST BE COMPLETED IN ACCORDANCE WITH THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. ACCEPTANCES WHICH DO NOT CONFORM TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES, EXCESS APPLICATION FOR THE RIGHTS ISSUE AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

You and/or your renouncee(s) and/or transferee(s) (if applicable) accepting the Provisional Rights Shares are required to complete Parts I(a) and II of the RSF in accordance with the notes and instructions provided therein. Each completed RSF together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to our Share Registrar at the following address:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel no: (603) 2264 3883
Fax no: (603) 2282 1886

so as to arrive **not later than 5.00 p.m. on Thursday, 24 July 2014**, being the last date and time for acceptance and payment, or such later date and time as may be decided and announced by our Board and Adviser at their absolute discretion not less than two (2) Market Days before the stipulated date and time.

One (1) RSF can only be used for acceptance of Provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for separate CDS Account(s). The Rights Shares subscribed by you in accordance with the procedures set out in the RSF will be credited into the respective CDS Accounts where the Provisional Rights Shares are standing to the credit.

A reply envelope is enclosed with this Abridged Prospectus. In order to facilitate the processing of the RSF by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You should take note that a trading board lot for the Rights Shares will comprise of 100 Paramount Shares. The minimum number of Rights Shares that can be accepted is one (1) Rights Share. Fractions of the shares (if any) arising from the Rights Issue will be disregarded and dealt by our Board as they may deem fit.

If acceptance and payment for the Provisional Rights Shares (whether in full or in part) is not received by our Share Registrar by 5.00 p.m. on Thursday, 24 July 2014, being the last date and time for acceptance and payment, or such later date and time as may be decided and announced by our Board and Adviser at their absolute discretion not less than two (2) Market Days before the stipulated date and time, you will be deemed to have declined the Provisional Rights Shares made to you and it will be cancelled. Such Rights Shares not taken up will be allotted to the applicants applying for Excess Rights Shares, if the Rights Shares are not fully taken up by such applicants in the manner as set out in Section 10.6 of this Abridged Prospectus.

If you lose, misplace or for any other reasons require another copy of the Abridged Prospectus and/or the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com or our Share Registrar at the address stated above or our Registered Office.

Each completed RSF must be accompanied by remittance in RM for the full and exact amount payable for the Rights Shares accepted, in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia crossed "**ACCOUNT PAYEE ONLY**" and made payable to "**PARAMOUNT RIGHTS ACCOUNT**" and endorsed on the reverse side with the name and CDS Account of the applicant in block letters to be received by our Share Registrar.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

YOU SHOULD NOTE THAT THE RSF SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

10.4 Procedures for sale or transfer of Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons for the period up to the last date and time for sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

Should you wish to sell or transfer all or part of your entitlement to one (1) or more person(s), you may do so through your stockbrokers without first having to request for a split of the Provisional Rights Shares standing to the credit of your CDS Account. You may sell such entitlement on Bursa Securities or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository, both for the period up to the last date and time for the sale or transfer of the Provisional Rights Shares.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES, YOU NEED NOT DELIVER ANY DOCUMENT INCLUDING THE RSF, TO ANY STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT THERE ARE SUFFICIENT PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(a) and II of the RSF. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

10.5 Procedures for acceptance by renouncee(s) and/or transferee(s)

Renouncees or transferees who wish to accept the Provisional Rights Shares must obtain a copy of the RSF from their stockbrokers, Bursa Securities' website at http://www.bursamalaysia.com, our Share Registrar or our Registered Office.

Please complete the RSF in accordance with the notes and instructions printed therein and submit the same together with the remittance to our Share Registrar at the above-stated address.

As a renouncee or transferee, the procedures for acceptance, payment, selling and transferring of the Provisional Rights Shares are the same as that applicable to the Entitled Shareholders as set out in Sections 10.3 and 10.4 of this Abridged Prospectus.

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND RSF CAREFULLY.

10.6 Procedures for application for Excess Rights Shares

If you are an Entitled Shareholder, you and/or your renouncee(s) and/or transferee(s) (if applicable) may apply for Excess Rights Shares in addition to your Provisional Rights Shares. If you wish to do so, please complete Part I(b) of the RSF (in addition to Parts I(a) and II) and forward it (together with a **separate remittance** for the full amount payable in respect of the Excess Rights Shares applied for) using the envelope provided (at your own risk) to our Share Registrar at the address set out above, so as to arrive **not later than 5.00 p.m. on Thursday, 24 July 2014**, being the last date and time for excess application and payment, or such extended date and time as may be decided and announced by our Board and Adviser at their absolute discretion not less than two (2) Market Days before the stipulated date and time.

Payment for the Excess Rights Shares applied for should be made in the same manner as described in Section 10.3 above, except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia should be made payable to "**PARAMOUNT EXCESS RIGHTS ACCOUNT**" crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with the name and CDS Account of the applicant in block letters to be received by our Share Registrar.

It is the intention of our Board to allot the Excess Rights Shares, if any, in a fair and equitable manner and in the following priority:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares applied for; and

(iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares applied for.

Nevertheless our Board reserves the right to allot the Excess Rights Shares applied for under Part I(b) of the RSF in such manner as our Board deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in (i) to (iv) above is achieved.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND FORWARDED BY ORDINARY POST TO THEM AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE RIGHTS ISSUE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

YOU SHOULD NOTE THAT THE RSF SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT PROVIDING ANY REASONS.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, WILL BE REFUNDED WITHOUT INTEREST WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

10.7 Form of issuance

Bursa Securities has already prescribed the Paramount Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the said securities.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected.

No physical share certificate shall be issued to successful applicants of the Rights Issue. Instead, the Rights Shares will be credited directly into their respective CDS Accounts.

Any person who intends to subscribe for the Rights Shares as a renouncee(s) and/or transferee(s) by purchasing the provisional allotment of Rights Shares from an Entitled Shareholder will have his Rights Shares credited directly as prescribed securities into his CDS Account.

If you have multiple CDS Accounts into which the Provisional Rights Shares have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares. Separate RSF(s) must be used for separate CDS Account(s). The Rights Shares, if allotted to the successful applicants, will be credited directly as prescribed securities into their respective CDS Account.

10.8 Procedures for part acceptance

You can accept part of your Provisional Rights Shares. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares which you are accepting and Part II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.3 of this Abridged Prospectus.

The portion of the Provisional Rights Shares that have not been accepted shall be allotted to the applicants applying for Excess Rights Shares.

10.9 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any country or jurisdiction other than Malaysia. The Rights Issue to which the Documents relate is only available to Entitled Shareholders receiving the Documents electronically or otherwise within Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed in any country or jurisdiction other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so.

HLIB, our Company and our Directors and officers (collectively, the "**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject. Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) shall solely be responsible to seek advice as to the laws of the countries or jurisdictions to which they are or may be subject. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

If you are a Foreign Entitled Shareholder who does not have a registered address in Malaysia, our Company will not make or be bound to make any enquiry as to whether you have an address or an address for service in Malaysia if not otherwise stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

Accordingly, the Documents has not been (and will not be) sent to the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against the Parties in respect of their rights and entitlements under the Rights Issue. Such Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing any of the forms in the Documents, the Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties that:

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which those Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are or may be subject to;

(ii) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation;

(iii) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) are aware that the Provisional Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the Parties and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and

(vi) Foreign Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations.

No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by the other Entitled Shareholders. You and/or your renouncee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renouncee(s)'s and/or transferee(s)'s entitlement under the Rights Issue or to any net proceeds thereof.

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11. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions as set out in the Documents.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
PARAMOUNT CORPORATION BERHAD

DATO' MD TAIB BIN ABDUL HAMID
Chairman

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 9 JUNE 2014

PARAMOUNT CORPORATION BERHAD
(Company No. 8578-A)
(Incorporated in Malaysia)

EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF PARAMOUNT CORPORATION BERHAD ("PARAMOUNT" OR "THE COMPANY") HELD AT SAUJANA BALLROOM, THE SAUJANA HOTEL KUALA LUMPUR, SAUJANA RESORT, JALAN LAPANGAN TERBANG SAAS, 40150 SHAH ALAM, SELANGOR DARUL EHSAN ON 9 JUNE 2014

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 84,452,864 NEW ORDINARY SHARES OF RM0.50 EACH IN PARAMOUNT ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN PARAMOUNT ("PARAMOUNT SHARES") ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE")

It was Resolved:

THAT, subject to the approvals of all relevant authorities for the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Malaysia Securities Berhad being obtained and the passing of Ordinary Resolution 2 and Special Resolution 1, the Board of Directors of Paramount ("**Board**") be and is hereby authorised to provisionally allot by way of a renounceable rights issue of 84,452,864 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Paramount Shares held by the shareholders of the Company whose names appear on the Record of Depositors of the Company at a later date to be determined by the Board;

THAT any fractional entitlements under the Proposed Rights Issue will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deem fit or expedient and in the best interest of the Company;

THAT any Rights Shares which are not taken up or not validly taken up shall be made available for excess application and the Board be and is hereby authorised to allocate the excess Rights Shares in a fair and equitable manner;

THAT the Board be and is hereby authorised to utilise the proceeds to be derived from the Proposed Rights Issue as set out in Section 3 of the Circular to Shareholders of the Company dated 16 May 2014 and the Board be authorised to revise the utilisation of proceeds from the Proposed Rights Issue in such manner as the Board shall in its absolute discretion deem fit and in the best interest of the Company;

THAT the Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Paramount Shares in issue, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is prior to the date of allotment of the Rights Shares;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue.

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 9 JUNE 2014

ORDINARY RESOLUTION 2

PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY FROM RM200,000,000 COMPRISING 400,000,000 PARAMOUNT SHARES TO RM500,000,000 COMPRISING 1,000,000,000 PARAMOUNT SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

It was Resolved:

THAT, subject to the passing of Special Resolution 1, the authorised share capital of the Company be increased from RM200,000,000 divided into 400,000,000 ordinary shares of RM0.50 each to RM500,000,000 divided into 1,000,000,000 ordinary shares of RM0.50 each;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Increase in Authorised Share Capital with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Increase in Authorised Share Capital.

SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF PARAMOUNT ("PROPOSED AMENDMENTS")

It was Resolved:

THAT, subject to the passing of Ordinary Resolution 2, the Memorandum and Articles of Association of the Company shall be amended as follows:

Existing	Proposed Amendments
<u>**Memorandum of Association**</u>	
Clause 5	**Clause 5**
The share capital of the Company is **RM200,000,000.00** only divided into **400,000,000** ordinary shares of RM0.50 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.	The share capital of the Company is **RM500,000,000.00** only divided into **1,000,000,000** ordinary shares of RM0.50 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.
<u>**Articles of Association**</u>	
Article 3	**Article 3**
The authorised share capital of the Company is **RM200,000,000.00** divided into **400,000,000** ordinary shares of RM0.50 each.	The authorised share capital of the Company is **RM500,000,000.00** divided into **1,000,000,000** ordinary shares of RM0.50 each.

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 9 JUNE 2014

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Amendments with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Amendments.

CERTIFIED TRUE COPY

....	....
DATO' TEO CHIANG QUAN	TAY LEE KONG
DIRECTOR	SECRETARY
	(MAICSA 772833)

Dated: 9 June 2014

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated on 15 April 1969 in Malaysia under the Act as a public company limited by shares under the name of Malaysia Rice Industries Berhad. Our Company obtained listing on the Official List of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) on 15 July 1971. On 29 December 1980, our Company assumed its present name.

The principal activities of our Company are investment holding and the provision of management services to its subsidiaries. The principal activities of our subsidiaries and associated company are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

2.1 Authorised, issued and paid-up share capital

The authorised and issued and paid-up share capital of our Company as at the LPD are as follows:

	No. of Shares	Par value (RM)	Total (RM)
Authorised			
Ordinary shares	1,000,000,000	0.50	500,000,000
Issued and fully paid-up			
Ordinary shares	337,811,456	0.50	168,905,728

2.2 Changes in issued and paid-up share capital

The changes in our Company's issued and paid-up share capital for the past three (3) years up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Par value	Type of issue / Consideration	Total (cumulative) issued and paid-up share capital
		RM		RM
23 June 2011	48,258,779	1.00	Bonus issue	168,905,728
24 June 2011	168,905,728	0.50	Share split	168,905,728

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3. SUBSTANTIAL SHAREHOLDERS

For illustrative purposes only, the pro forma effects of the Rights Issue on the shareholding structure of our substantial shareholders are as follows:

Substantial shareholders	Existing as at the LPD				After the Rights Issue *			
	<---Direct--->		<---Indirect--->		<----Direct---->		<---Indirect--->	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Paramount Equities Sdn Bhd	88,144	26.09	-	-	110,180	26.09	-	-
Dato' Teo Chiang Quan	4,488	1.33	(1)88,826	26.29	5,611	1.33	(1)111,033	26.29
Southern Palm Industries Sdn Bhd	29,789	8.82	(2)15,453	4.57	37,237	8.82	(2)19,317	4.57
Southern Edible Oil Industries (M) Sdn Bhd	932	0.28	(3)45,242	13.39	1,166	0.28	(3)56,553	13.39
Southern Realty (Malaya) Sdn Bhd	8,397	2.49	(4)46,175	13.67	10,497	2.49	(4)57,719	13.67
Banting Hock Hin Estate Co Sdn Bhd	515	0.15	(5)54,572	16.15	644	0.15	(5)68,215	16.15
Dato' Low Mong Hua (deceased)	-	-	(6)55,087	16.31	-	-	(6)68,859	16.31

Notes:

* *Assuming all Rights Shares are fully subscribed by the Entitled Shareholders.*

(1) *By virtue of his deemed interest in Paramount Equities Sdn Bhd and the shareholdings of his family members.*

(2) *By virtue of its deemed interest in Southern Acids (M) Berhad ("**Southern Acids**").*

(3) *By virtue of its deemed interest in Southern Palm Industries Sdn Bhd ("**Southern Palm**") and Southern Acids.*

(4) *By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd ("**Southern Edible Oil**"), Southern Palm and Southern Acids.*

(5) *By virtue of its deemed interest in Southern Realty (Malaya) Sdn Bhd ("**Southern Realty**"), Southern Edible Oil, Southern Palm and Southern Acids.*

(6) *By virtue of the deceased's deemed interest in Banting Hock Hin Estate Co Sdn Bhd, Southern Realty, Southern Edible Oil, Southern Palm and Southern Acids.*

INFORMATION ON OUR COMPANY

4. DIRECTORS

The particulars of our Directors as at the LPD are as follows:

Name *(Designation)*	Address	Nationality	Age	Occupation
Dato' Md Taib bin Abdul Hamid *(Chairman and Independent Non-Executive Director)*	6 Lorong 14/37D 46100 Petaling Jaya Selangor Darul Ehsan	Malaysian	75	Director
Dato' Teo Chiang Quan *(Executive Deputy Chairman)*	No. 7 Jalan Rosa, Idamansara Changkat Semantan Bukit Damansara 50490 Kuala Lumpur Wilayah Persekutuan	Malaysian	65	Director
Ong Keng Siew *(Non-Independent Non-Executive Director)*	9 Lorong PJU 3/28F Sunway Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Malaysian	58	Director
Dato' Haji Azlan bin Hashim *(Independent Non-Executive Director)*	No. 35 Persiaran Duta 50480 Kuala Lumpur Wilayah Persekutuan	Malaysian	72	Director
Datuk Seri Michael Yam Kong Choy *(Senior Independent Non-Executive Director)*	AB-10-01, 10 Mont' Kiara 4 Jalan Kiara 1, Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan	Malaysian	60	Director
Dato' Rohana Tan Sri Mahmood *(Independent Non-Executive Director)*	No. 8 Jalan Semantan Dua Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan	Malaysian	59	Director
Quah Chek Tin *(Independent Non-Executive Director)*	7 Jalan USJ 17/7B 47630 Subang Jaya Selangor Darul Ehsan	Malaysian	62	Director

INFORMATION ON OUR COMPANY

For illustration purposes only, based on our Company's Register of Directors as at the LPD, the effects of the Rights Issue on the shareholdings of our Directors are as follows:

	Existing as at the LPD				After the Rights Issue *			
	<---Direct--->		<---Indirect--->		<----Direct---->		<---Indirect--->	
Directors	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Dato' Md Taib bin Abdul Hamid	-	-	(1)140	0.04	-	-	(1)175	0.04
Dato' Teo Chiang Quan	4,488	1.33	(2)88,826	26.29	5,611	1.33	(2)111,033	26.29
Ong Keng Siew	3,116	0.92	-	-	3,896	0.92	-	-
Dato' Haji Azlan bin Hashim	-	-	-	-	-	-	-	-
Datuk Seri Michael Yam Kong Choy	108	0.03	-	-	135	0.03	-	-
Dato' Rohana Tan Sri Mahmood	-	-	-	-	-	-	-	-
Quah Chek Tin	-	-	-	-	-	-	-	-

Notes:

* *Assuming all Rights Shares are fully subscribed by the Entitled Shareholders.*

(1) *By virtue of his deemed interest in Thamass Sdn Bhd.*

(2) *By virtue of his deemed interest in Paramount Equities Sdn Bhd and the shareholdings of his family members.*

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5. SUBSIDIARIES AND ASSOCIATED COMPANY

The subsidiaries and associated company of our Company as at the LPD are as follows:

Company	Date / Place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest %	Principal activities
Subsidiary companies				
Berkeley Sdn Bhd	13 January 1964 / Malaysia	5,009,211 (RM5,000,000 ordinary shares & RM9,211 NCRCPS)	100.00	Investment holding and property development
Berkeley Maju Sdn Bhd	3 May 1976 / Malaysia	1,000,000	100.00	Inactive
Paramount Engineering & Construction Sdn Bhd	27 March 1991 / Malaysia	5,000,000	100.00	Building and engineering contractor
Paramount Construction Sdn Bhd	30 September 1993 / Malaysia	750,000	100.00	Building and engineering contractor
Paramount Property Construction Sdn Bhd	7 February 1994 / Malaysia	5,000,000	100.00	Building and engineering contractor
Seleksi Megah Sdn Bhd	27 September 2002 / Malaysia	5,008,096 (RM5,000,000 ordinary shares & RM8,096 NCRCPS)	100.00	Inactive
Paramount Projects Sdn Bhd	17 January 1985 / Malaysia	1,000,200 (RM1,000,000 ordinary shares & RM200 NCRCPS)	100.00	Building and engineering contractor and project management and property development
Paramount Property (Shah Alam) Sdn Bhd	21 December 1989 / Malaysia	5,004,100 (RM5,000,000 ordinary shares & RM4,100 NCRCPS)	100.00	Property development
KDU University College Sdn Bhd	19 October 1981 / Malaysia	15,006,800 (RM15,000,000 ordinary shares & RM6,800 NCRCPS)	100.00	Educational services

INFORMATION ON OUR COMPANY

Company	Date / Place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest	Principal activities
			%	
Janahasil Sdn Bhd	12 September 1994 / Malaysia	1,000,678 (RM1,000,000 ordinary shares & RM678 NCRCPS)	100.00	Property investment
KDU Smart School Sdn Bhd	15 August 2001 / Malaysia	20,000,360 (RM20,000,000 ordinary shares & RM360 NCRCPS)	100.00	Educational services
Paramount Property Holdings Sdn Bhd	1 August 1961 / Malaysia	10,000,000	100.00	Inactive
Paramount Property (Utara) Sdn Bhd	11 June 1976 / Malaysia	5,000,000	100.00	Property development
Kelab Bandar Laguna Merbok Sdn Bhd	20 June 2001 / Malaysia	2	100.00	Operator of club house
Paramount Global Assets Sdn Bhd	4 November 1976 / Malaysia	35,360,000	100.00	Inactive
Paramount Utropolis Retail Sdn Bhd *(formerly known as Paramount Electronics Industries Sdn Bhd)*	4 July 1995 / Malaysia	5,003,100 (RM5,000,000 ordinary shares & RM3,100 NCRCPS)	100.00	Property investment and management
KDU Management Development Centre Sdn Bhd	28 June 2002 / Malaysia	10,000,000	100.00	Management and educational services
Paramount Property Development Sdn Bhd	30 July 2002 / Malaysia	5,012,400 (RM5,000,000 ordinary shares & RM12,400 NCRCPS)	100.00	Property development
Jasarim Bina Sdn Bhd	24 September 2002 / Malaysia	5,000,000	100.00	Property investment
Supreme Essence Sdn Bhd	1 October 2007 / Malaysia	5,000,000	100.00	In the process of winding up

INFORMATION ON OUR COMPANY

Company	Date / Place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest %	Principal activities
Broad Projects Sdn Bhd	26 November 2007 / Malaysia	100,741 (RM100,000 ordinary shares & RM741 NCRCPS)	100.00	Investment holding and car park operator
KDU College (PJ) Sdn Bhd	20 November 2009 / Malaysia	5,007,980 (RM5,000,000 ordinary shares & RM7,980 NCRCPS)	100.00	Educational services
KDU College (PG) Sdn Bhd	17 November 2009 / Malaysia	5,008,000 (RM5,000,000 ordinary shares & RM8,000 NCRCPS)	100.00	Educational services
Paramount Property (Glenmarie) Sdn Bhd	1 September 2009 / Malaysia	5,004,000 (RM5,000,000 ordinary shares & RM4,000 NCRCPS)	100.00	Property development
Paramount Property (Cjaya) Sdn Bhd	19 March 2010 / Malaysia	5,008,000 (RM5,000,000 ordinary shares & RM8,000 NCRCPS)	100.00	Property development
Utropolis Sdn Bhd	25 July 2012 / Malaysia	1,000	100.00	Inactive
Paramount Property (PG) Sdn Bhd	15 March 2013 / Malaysia	5,102 (RM2 ordinary shares & RM5,100 NCRCPS)	100.00	Inactive
Carp Legacy Sdn Bhd	15 August 2013 / Malaysia	2	100.00	Inactive
Paramount Global Investments Pty Ltd	10 June 2011 / Australia	AUD2	100.00	Investment holding
Paramount Investments & Properties Pty Ltd	10 May 2011 / Australia	AUD2	100.00	Investment holding

INFORMATION ON OUR COMPANY

Company	Date / Place of incorporation	Issued and paid-up share capital RM (unless stated otherwise)	Effective equity interest %	Principal activities
Paramount Property (PW) Sdn Bhd *(formerly known as Seamless Cartel Sdn Bhd)*	2 August 2013 / Malaysia	2	100.00	Inactive
Associated companies				
Kane Paramount Sdn Bhd	12 March 2008 / Malaysia	30,000	40.00	In the process of winding-up
VIP Paramount Pty Ltd	10 May 2011 / Australia	AUD2	50.00	Trustee
VIP Paramount Unit Trust	1 August 2011 / Australia	AUD6,000,000	50.00	Inactive

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6. PROFIT AND DIVIDEND RECORD

Our profit and dividend record based on our audited consolidated financial statements for the last three (3) FYEs 31 December 2011, 31 December 2012 and 31 December 2013 and the unaudited consolidated interim financial statements for the three (3)-month FPE 31 March 2014 are set out below:

	Audited FYE 31 December			Unaudited three (3)-month FPE 31 March
	2011	2012	2013	2014
	RM '000	RM '000	RM '000	RM '000
Revenue	473,844	450,048	512,073	98,775
Cost of sales	(245,695)	(247,901)	(295,321)	(48,476)
Gross profit	228,149	202,147	216,752	50,299
Other income	32,306	34,061	30,052	20,995
Employee benefits expense	(78,343)	(86,485)	(92,684)	(25,070)
Depreciation and amortisation	(13,160)	(14,491)	(13,793)	(3,138)
Other expenses	(55,703)	(56,030)	(63,924)	(19,085)
Profits from operating activities	113,249	79,202	76,403	24,001
Finance costs	(3,121)	(2,938)	(1,095)	(155)
Share of results of an associate	222	(17)	(212)	(24)
PBT	110,350	76,247	75,096	23,822
Income tax expense	(38,593)	(19,793)	(21,593)	(4,262)
PAT	71,757	56,454	53,503	19,560
Earnings before interest, taxation, depreciation and amortisation	122,977	90,690	87,727	26,033
PAT attributable to:				
Equity holders of the Company (PATMI)	71,757	56,454	53,503	19,560
Weighted average number of Shares in issue ('000):	337,812	337,812	337,812	337,812
EPS (sen):				
- Basic	21.24	16.71	15.84	5.79
Dividend per share declared (sen)	10.0	8.0	8.0	-
Profit margin:				
Gross profit margin (%)	48.15	44.92	42.33	50.92
Net profit margin (PATMI) (%)	15.14	12.54	10.45	19.80

Commentary on financial performance:

FYE 31 December 2011

For the FYE 31 December 2011, our Group recorded revenue of RM473.84 million, representing an increase of RM41.59 million or 9.62% from RM432.25 million for the FYE 31 December 2010. The increase in revenue was mainly due to the higher revenue generated by the construction segment of the property division as a result of securing new external contracts and the education division due to a new income stream from a new international school.

Even though our Group recorded an increase in revenue for the FYE 31 December 2011, our Group recorded a lower PBT of RM110.35 million, representing a decrease of RM66.77 million or 37.70% from RM177.12 million for the FYE 31 December 2010. The higher PBT for the FYE 31 December 2010 was due to the inclusion of a RM60.84 million gain recorded following the disposal of our Group's 20.00% equity interest in Jerneh Insurance Berhad ("**JIB**") and share of profits in JIB of RM9.66 million recognised up to 1 December 2010, being the date of completion of the disposal. Barring this one-off gain, PBT for the FYE 31 December 2010 would have been only RM116.28 million and the decrease in PBT for the FYE 31 December 2011 would have been RM5.93 million or 5.10%. This marginal decrease of 5.10% in PBT for the FYE 31 December 2011 was mainly due to a decrease in PBT for the construction segment as most of the newly procured external contracts were in the early stages of construction.

FYE 31 December 2012

For the FYE 31 December 2012, our Group recorded revenue of RM450.05 million, representing a decrease of RM23.79 million or 5.02% from RM473.84 million for the FYE 31 December 2011. The decrease in revenue was due to lower progressive billings in the property development segment of the property division stemming from the near completion of the Kemuning Utama development and the completion of the Surian Industrial Park development in the FYE 31 December 2011.

Our Group recorded a decrease in PBT of RM34.10 million or 30.90% from RM110.35 million for the FYE 31 December 2011 to RM76.25 million for the FYE 31 December 2012 mainly due to lower PBT in the property development and construction segment. In the property development segment, PBT decreased due to lower revenue and margins with the latter stemming from a high composition in sales of low medium cost apartments at Kemuning Utama. The construction segment's decline in PBT was due to lower gross profit margins from external projects that bore the brunt of escalating construction costs.

FYE 31 December 2013

For the FYE 31 December 2013, our Group recorded revenue of RM512.07 million, representing an increase of RM62.02 million or 13.78% from RM450.05 million for the FYE 31 December 2012. This increase in revenue was mainly due to higher contributions from both the property and education divisions. Revenue from our property development segment increased due to contribution from new developments in the Central region, namely, Sejati Residences in Cyberjaya, Paramount Utropolis in Glenmarie and Sekitar26 Business in Shah Alam, as well as higher progressive billings from the Bukit Banyan development in Sungai Petani. Revenue for the construction segment also increased due to higher progressive billings from two new in-house development projects and external projects which are near completion. Our education division also registered an increase in revenue due to strong student enrolment at our Sri KDU primary and secondary schools.

Even though our Group registered an increase in revenue for the FYE 31 December 2013, PBT decreased by RM1.15 million or 1.51% from RM76.25 for the FYE 31 December 2012 to RM75.10 million for the FYE 31 December 2013. The decrease in PBT was due to lower contributions from both the property and education divisions. The property development segment recorded a lower PBT in the FYE 31 December 2013 due to a high composition in sales of lower margin products from Kemuning Utama and lower progressive billings from new start-ups. PBT in the education division declined as well due to higher loss before tax suffered by KDU University College stemming mainly from lower than expected student enrolment and higher operating costs.

Unaudited three (3)-month FPE 31 March 2014

For the three (3)-month FPE 31 March 2014, our Group recorded revenue of RM98.78 million, representing a decrease of RM11.70 million or 10.59% from RM110.48 million for the corresponding period of the preceding financial year. The decline in revenue was due to lower revenue recorded by our construction segment as our Group shifted our focus from external construction projects to internal construction projects. For the three (3)-month FPE 31 March 2014, gross profit margin increased by 5.9% from 45.0% in the corresponding period of the preceding financial year to 50.9% also due to lower revenue from external construction projects which have lower gross profit margins compared to our property development segment and education division.

Even though our Group recorded a decrease in revenue for the three (3)-month FPE 31 March 2014, our Group recorded a higher PBT of RM23.82 million, representing an increase of RM3.37 million or 16.48% from 20.45 million for the corresponding period in the preceding financial year. The increase in PBT was due to gains on disposal of lands for both the property development and construction segments. The property development segment recorded a gain of RM7.30 million on the disposal of a 6.1-acre land in Bandar Laguna Merbok and the construction segment recorded a gain of RM5.70 million on the disposal of a 26-acre land in Bukit Beruntung.

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7. HISTORICAL SHARE PRICES

The monthly high and low prices of Paramount Shares traded on the Main Market of Bursa Securities for the past twelve (12) months are set out below:

	High RM	Low RM
2013		
July	1.71	1.53
August	1.62	1.45
September	1.54	1.50
October	1.60	1.50
November	1.59	1.52
December	1.54	1.48
2014		
January	1.53	1.47
February	1.61	1.47
March	1.68	1.50
April	1.75	1.64
May	1.68	1.48
June	1.65	1.54

Last transacted market price of Paramount Shares on 11 April 2014, being the last trading day prior to the date of announcement of, amongst others, the Rights Issue	RM1.71
Last transacted market price of Paramount Shares on the LPD	RM1.65
Last transacted market price of Paramount Shares on 3 July 2014, being the last trading day prior to the ex-date for the Rights Issue	RM1.61

(Source: Bloomberg)

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PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON

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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF PARAMOUNT CORPORATION BERHAD AS AT 31 DECEMBER 2013
(Prepared for inclusion in the Abridged Prospectus to be dated 8 July 2014)

26 June 2014

The Board of Directors
Paramount Corporation Berhad
Level 8, Uptown 1
1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF PARAMOUNT CORPORATION BERHAD ("PARAMOUNT" OR THE "COMPANY") AS AT 31 DECEMBER 2013 IN RELATION TO THE RENOUNCEABLE RIGHTS ISSUE OF 84,452,864 NEW ORDINARY SHARES OF RM0.50 EACH IN THE COMPANY ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM1.10 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF RM0.50 EACH HELD IN THE COMPANY ("PARAMOUNT SHARES") AS AT 5.00P.M. ON 8 JULY 2014 ("PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION") ("RIGHTS ISSUE")

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statement of Financial Position prepared by the directors of the Company ("**Directors**"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position is specified in the Prospectus Guidelines issued by Securities Commission Malaysia ("**SC**") and the notes set out in Appendix A (collectively known as "**Applicable Criteria**") to this letter.

The Pro Forma Consolidated Statement of Financial Position has been compiled by the Directors to illustrate the impact of the event or transaction set out in Appendix A on the Company's financial position as at 31 December 2013 as if the event or transaction had taken place at 31 December 2013. As part of this process, information about the financial position has been extracted by the Directors from the financial statements for the year ended 31 December 2013, on which an audit report has been published.

The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis of the Applicable Criteria.

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Our responsibilities

Our responsibility is to express an opinion as required by SC, about whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position.

The purpose of the Pro Forma Consolidated Statement of Financial Position which will be included in the Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of Pro Forma Consolidated Statement of Financial Position provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Consolidated Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro Forma Consolidated Statement of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

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Our responsibilities (cont'd.)

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

Opinion

In our opinion, the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the Applicable Criteria, as set out in the notes to the Pro Forma Consolidated Statement of Financial Position as at 31 December 2013 in Appendix A.

Other matters

This letter is issued for the sole purpose of complying with the Prospectus Guidelines issued by the SC in connection with the Rights Issue. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Rights Issue described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Rights Issue.

Yours faithfully

Ernst & Young
Ernst & Young
AF: 0039
Chartered Accountants

Tan Shium Jye
No. 2991/05/16(J)
Chartered Accountant

APPENDIX A

Paramount Corporation Berhad
Pro Forma Consolidated Statement of Financial Position as at 31 December 2013

	Paramount Group As at 31.12.2013 (Audited) RM'000	Adjustment RM'000	After the Rights Issue RM'000
Assets			
Non-current assets			
Property, plant and equipment	317,491	-	317,491
Land held for property development	457,634	-	457,634
Investment properties	61,118	-	61,118
Intangible asset	15,674	-	15,674
Investments in associates	8,604	-	8,604
Other investments	342	-	342
Deferred tax assets	9,774	-	9,774
	870,637	-	870,637
Current assets			
Property development costs	131,628	-	131,628
Inventories	1,732	-	1,732
Trade receivables	105,382	-	105,382
Other receivables	22,325	-	22,325
Other current assets	17,777	-	17,777
Tax recoverable	4,818	-	4,818
Other investments	1,530	-	1,530
Cash and cash equivalents	110,544	50,968	161,512
	395,736	50,968	446,704
Assets held for sale	35,956	-	35,956
	431,692	50,968	482,660
Total assets	1,302,329	50,968	1,353,297
Current liabilities			
Borrowings	41,402	(40,000)	1,402
Trade payables	109,335	-	109,335
Other payables	77,746	-	77,746
Tax payable	3,195	-	3,195
Other current liabilities	49,132	-	49,132
	280,810	(40,000)	240,810
Net current assets	150,882	90,968	241,850
Non-current liabilities			
Borrowings	276,344	-	276,344
Deferred tax liabilities	18,077	-	18,077
	294,421	-	294,421
Total liabilities	575,231	(40,000)	535,231
Equity			
Share capital	168,906	42,226	211,132
Reserves	558,192	48,742	606,934
Total equity	727,098	90,968	818,066
Total equity and liabilities	1,302,329	50,968	1,353,297
Net Assets per share (RM)	2.15		1.94

Ernst & Young (AF: 0039)
Chartered Accountants, Kuala Lumpur
For identification purposes only

APPENDIX A

Paramount Corporation Berhad
Notes to the Pro Forma Consolidated Statement of Financial Position as at 31 December 2013

1. Basis of preparation

The Pro Forma Consolidated Statement of Financial Position, for which the Directors of Paramount Corporation Berhad ("**Paramount**") are solely responsible, have been prepared for illustrative purposes, based on the audited consolidated statement of financial position of Paramount and its subsidiaries (collectively known as "**Paramount Group**" or the "**Group**") as at 31 December 2013 to show the effects of the renounceable rights issue of 84,452,864 new ordinary shares of RM0.50 each in Paramount ("**Rights Shares**") at an issue price of RM1.10 per Rights Share on the basis of one (1) Rights Share for every four (4) existing ordinary shares of RM0.50 each held in Paramount ("**Shares**") as at 5.00p.m. on 8 July 2014 ("**Entitlement Date**") ("**Rights Issue**") as if these transactions were completed as at 31 December 2013, and should be read in conjunction with the notes below:

The Pro Forma Consolidated Statement of Financial Position has been prepared using the audited financial statements of Paramount Group as at 31 December 2013 which are prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the audited financial statements and the accounting policies of the Paramount Group for the financial year ended 31 December 2013.

2. Adjustments to the audited consolidated statement of financial position

Issuance of Rights Shares pursuant to the Rights Issue

The Rights Issue entails the issuance of 84,452,864 Rights Shares on the basis of one (1) Right Share for every four (4) existing Shares held on the Entitlement Date. The Rights Shares will be offered at an issue price of RM1.10 per Rights Share, and is expected to raise gross proceeds of RM92,898,150. The estimated expenses of RM1,930,000 relating to the rights issue are net off against the share premium account.

The pro forma incorporates the effects of the Rights Issue which increases the share capital by RM42,226,432 after the issue of the Rights Shares. The difference between the issue price and par value of the Rights Shares, net off estimated expenses of RM1,930,000 will increase the share premium by RM48,741,718. The net proceeds from the Rights Issue after considering the intended utilisation of proceeds will increase the cash and cash equivalents by RM50,968,150. The proceeds are intended to be utilised as follows:

	RM
Repayment of existing bank borrowings	40,000,000
Working capital purposes	50,968,150
Estimated expenses in relation to the Rights Issue	1,930,000
	92,898,150

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Chartered Accountants, Kuala Lumpur
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PARAMOUNT CORPORATION BERHAD
(8578-A)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2013

Paramount Corporation Berhad
(Incorporated in Malaysia)

Contents

Paramount Corporation Berhad
(Incorporated in Malaysia)

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 2013.

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	53,503	19,648

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

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

Dividends

The amounts of dividends declared by the Company since 31 December 2012 were as follows:

	RM'000
In respect of the financial year ended 31 December 2012 as reported in the directors' report of that year:	
Final single tier dividend of 5.0 sen, on 337,812,000 ordinary shares, declared on 28 February 2013 and paid on 27 June 2013	16,891
In respect of the financial year ended 31 December 2013:	
Interim single tier dividend of 2.5 sen, on 337,812,000 ordinary shares, declared on 22 August 2013 and paid on 26 September 2013	8,445
	25,336

Paramount Corporation Berhad
(Incorporated in Malaysia)

Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final single tier dividend of 5.5 sen, in respect of the financial year ended 31 December 2013 on 337,812,000 ordinary shares, amounting to a dividend payable of RM18,580,000 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 2014, and are payable on 27 June 2014.

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
Dato' Rohana Tan Sri Mahmood
Datuk Seri Yam Kong Choy
Quah Chek Tin
Geh Cheng Hooi (retired on 10 June 2013)

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors 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.

Paramount Corporation Berhad
(Incorporated in Malaysia)

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 RM0.50 each----->			
	At 1 January 2013	**Acquired**	**Sold**	**At 31 December 2013**
The Company				
Direct Interest				
Dato' Teo Chiang Quan	4,488,400	-	-	4,488,400
Ong Keng Siew	3,116,400	-	-	3,116,400
Datuk Seri Yam Kong Choy	108,000	-	-	108,000
Deemed Interest				
Dato' Teo Chiang Quan	88,826,300	-	-	88,826,300
Dato' Md Taib bin Abdul Hamid	140,000	-	-	140,000

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.

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.

Paramount Corporation Berhad
(Incorporated in Malaysia)

Other statutory information (cont'd.)

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

Subsequent events

Details of subsequent events are disclosed in Note 42 to the financial statements.

Paramount Corporation Berhad
(Incorporated in Malaysia)

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 27 February 2014.

Dato' Md Taib bin Abdul Hamid

Dato' Teo Chiang Quan

Paramount Corporation Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Md Taib bin Abdul Hamid and Dato' Teo Chiang Quan, being two of the directors of Paramount Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 93 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2013 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 43 to the financial statements, on page 94 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 27 February 2014.

Dato' Md Taib bin Abdul Hamid

Dato' Teo Chiang Quan

Statutory declaration
Pursuant to Section 169(16) of the Companies Act, 1965

I, Foong Poh Seng, being the officer primarily responsible for the financial management of Paramount Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 94 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 Kuala Lumpur in Federal Territory on 27 February 2014

Foong Poh Seng

Before me,

PESURUHJAYA SUMPAH
W493
LEE CHIN HIN
MALAYSIA

149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

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Independent auditors' report to the members of
Paramount Corporation Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Paramount Corporation Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows 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 10 to 93.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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.

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Independent auditors' report to the members of Paramount Corporation Berhad (cont'd.) (Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows of the Group and of the Company for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia ("Act"), 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 have been properly kept in accordance with the provisions of the Act.

(b) 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.

(c) 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 43 on page 94 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.

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Independent auditors' report to the members of
Paramount Corporation Berhad (cont'd.)
(Incorporated in Malaysia)

Other matters (cont'd.)

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
Ernst & Young
AF: 0039
Chartered Accountants

Tan Shium Jye
No. 2991/05/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 February 2014

Paramount Corporation Berhad
(Incorporated in Malaysia)

Consolidated income statement
For the financial year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000
Revenue	4	512,073	450,048
Other income		30,052	34,061
Property development costs	13(b)	(145,274)	(131,272)
Construction contract costs		(150,047)	(116,629)
Employee benefits expense	5	(92,684)	(86,485)
Depreciation and amortisation		(13,793)	(14,491)
Other expenses		(63,924)	(56,030)
Finance costs	7	(1,095)	(2,938)
Share of loss of associates		(212)	(17)
Profit before tax	8	75,096	76,247
Income tax expense	9	(21,593)	(19,793)
Profit net of tax		53,503	56,454
Basic earnings per share attributable to equity holders of the Company (sen)	10(a)	15.84	16.71

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

Paramount Corporation Berhad
(Incorporated in Malaysia)

Consolidated statement of comprehensive income
For the financial year ended 31 December 2013

	2013 RM'000	2012 RM'000
Profit net of tax	53,503	56,454
Foreign currency translation	(1,006)	(79)
Total comprehensive income	52,497	56,375

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

Paramount Corporation Berhad
(Incorporated in Malaysia)

Consolidated statement of financial position as at 31 December 2013

	Note	2013 RM'000	2012 RM'000
Non-current assets			
Property, plant and equipment	12	317,491	315,293
Land held for property development	13(a)	457,634	515,608
Investment properties	14	61,118	19,630
Intangible asset	16	15,674	15,674
Investments in associates	18	8,604	9,565
Other investments	19	342	342
Deferred tax assets	31	9,774	11,763
		870,637	887,875
Current assets			
Property development costs	13(b)	131,628	29,828
Inventories	20	1,732	-
Trade receivables	21	105,382	101,752
Other receivables	22	22,325	15,438
Other current assets	23	17,777	12,542
Tax recoverable		4,818	5,249
Other investments	19	1,530	217
Cash and cash equivalents	26	110,544	121,911
		395,736	286,937
Assets held for sale	15	35,956	17,458
		431,692	304,395
Total assets		1,302,329	1,192,270
Current liabilities			
Borrowings	27	41,402	14,460
Trade payables	28	109,335	79,137
Other payables	29	77,746	76,290
Tax payable		3,195	4,115
Other current liabilities	30	49,132	59,960
		280,810	233,962
Net current assets		150,882	70,433
Non-current liabilities			
Borrowings	27	276,344	238,235
Deferred tax liabilities	31	18,077	20,136
		294,421	258,371
Total liabilities		575,231	492,333

Paramount Corporation Berhad
(Incorporated in Malaysia)

Consolidated statement of financial position as at 31 December 2013 (cont'd.)

	Note	2013 RM'000	2012 RM'000
Equity			
Share capital	32	168,906	168,906
Reserves		558,192	531,031
Total equity		727,098	699,937
Total equity and liabilities		1,302,329	1,192,270

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

Paramount Corporation Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the financial year ended 31 December 2013

	<------Non-distributable------>			Distributable	
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2013	168,906	41,631	-	489,400	699,937
Total comprehensive income	-	-	(1,006)	53,503	52,497
Transaction with owners					
Dividends (Note 11)	-	-	-	(25,336)	(25,336)
At 31 December 2013	168,906	41,631	(1,006)	517,567	727,098

Paramount Corporation Berhad
(Incorporated in Malaysia)

Consolidated statement of changes in equity
For the financial year ended 31 December 2013 (cont'd.)

	<------Non-distributable------>			Distributable	
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2012	168,906	41,631	1,480	459,971	671,988
Total comprehensive income	-	-	(79)	56,454	56,375
Realised upon deregistration of a subsidiary	-	-	(1,401)	-	(1,401)
Transaction with owners					
Dividends (Note 11)	-	-	-	(27,025)	(27,025)
At 31 December 2012	168,906	41,631	-	489,400	699,937

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

Paramount Corporation Berhad
(Incorporated in Malaysia)

Consolidated statement of cash flows
For the financial year ended 31 December 2013

	2013 RM'000	2012 RM'000
Cash flows from operating activities		
Profit before tax	75,096	76,247
Adjustments for:		
Depreciation of property, plant and equipment	13,458	14,176
Depreciation of investment properties	335	315
Property, plant and equipment written off	128	17
Additions of allowance for impairment of receivables	184	16
Reversal of allowance for impairment of receivables	(268)	(141)
Bad debts written off	164	83
Gain on deregistration of a subsidiary	-	(1,401)
Gain on disposal of property, plant and equipment	(343)	(479)
Gain on disposal of assets held for sale	(155)	(356)
Unrealised foreign exchange loss/(gain)	557	(171)
Share of loss of associates	212	17
Net derivative gain from interest rate swap	(100)	-
Interest expense	1,095	2,938
Interest income	(2,846)	(4,481)
Operating profit before working capital changes	87,517	86,780
(Increase)/decrease in receivables	(15,881)	61,224
Decrease/(increase) in development properties	23,556	(4,302)
Increase in inventories	(1,732)	-
Increase in payables	20,161	18,718
Cash generated from operations	113,621	162,420
Taxes paid	(22,152)	(23,405)
Interest paid	(12,915)	(9,601)
Net cash generated from operating activities	78,554	129,414
Cash flows from investing activities		
Increase in land held for development	(55,453)	(276,997)
Dividends received from associates	-	402
Purchase of property, plant and equipment	(68,674)	(25,189)
Purchase of investment properties	(8,921)	(7,309)
Proceeds from disposal of property, plant and equipment	922	758
Proceeds from disposal of asset held for sale	957	698
Increase in other investment	(1,313)	(217)
Interest received	2,846	4,481
Net cash used in investing activities	(129,636)	(303,373)

Paramount Corporation Berhad
(Incorporated in Malaysia)

Consolidated statement of cash flows
For the financial year ended 31 December 2013 (cont'd.)

	2013 RM'000	2012 RM'000
Cash flows from financing activities		
Dividends paid	(25,336)	(27,025)
Proceeds from issuance of iMTN	57,000	-
Payment of iMTN related services	(1,466)	-
Drawdown of term loan	31,303	131,397
Repayment of borrowings	(21,786)	(14,700)
Net cash generated from financing activities	39,715	89,672
Net decrease in cash and cash equivalents	(11,367)	(84,287)
Cash and cash equivalents at beginning of year	121,911	206,198
Cash and cash equivalents at end of year (Note 26)	110,544	121,911

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

Paramount Corporation Berhad
(Incorporated in Malaysia)

Income statement
For the financial year ended 31 December 2013

	Note	2013 RM'000	2012 RM'000
Revenue	4	36,356	195,179
Other income		12	212
Employee benefits expense	5	(7,799)	(6,965)
Depreciation		(570)	(613)
Other expenses		(3,099)	(4,205)
Finance costs	7	(3,047)	(5,854)
Profit before tax	8	21,853	177,754
Income tax expense	9	(2,205)	(6,149)
Profit net of tax, representing total comprehensive income for the year		19,648	171,605

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

Paramount Corporation Berhad
(Incorporated in Malaysia)

Statement of financial position as at 31 December 2013

	Note	2013 RM'000	2012 RM'000
Non-current assets			
Property, plant and equipment	12	1,115	1,199
Investment properties	14	690	705
Investments in subsidiaries	17	586,934	450,362
Other investments	19	165	165
Deferred tax assets	31	14	-
		588,918	452,431
Current assets			
Other receivables	22	5,372	264
Tax recoverable		1,091	1,774
Due from subsidiaries	25	61,456	147,734
Cash and cash equivalents	26	43,359	37,136
		111,278	186,908
Total assets		700,196	639,339
Current liabilities			
Other payables	29	3,288	3,260
Due to subsidiaries	25	113,536	46,971
		116,824	50,231
Net current (liabilities)/assets		(5,546)	136,677
Non-current liabilities			
Deferred tax liabilities	31	-	48
Total liabilities		116,824	50,279
Equity			
Share capital	32	168,906	168,906
Reserves		414,466	420,154
		583,372	589,060
Total equity and liabilities		700,196	639,339

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

Paramount Corporation Berhad
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 December 2013

	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings (Note 33) RM'000	Total equity RM'000
At 1 January 2013	168,906	41,631	378,523	589,060
Total comprehensive income	-	-	19,648	19,648
Transaction with owners				
Dividends (Note 11)	-	-	(25,336)	(25,336)
At 31 December 2013	168,906	41,631	372,835	583,372
At 1 January 2012	168,906	41,631	233,943	444,480
Total comprehensive income	-	-	171,605	171,605
Transaction with owners				
Dividends (Note 11)	-	-	(27,025)	(27,025)
At 31 December 2012	168,906	41,631	378,523	589,060

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

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Statement of cash flows
For the financial year ended 31 December 2013

	2013 RM'000	2012 RM'000
Cash flows from operating activities		
Profit before tax	21,853	177,754
Adjustments for:		
Depreciation of property, plant and equipment	555	598
Depreciation of investment properties	15	15
Property, plant and equipment written off	-	7
Impairment of investment in subsidiaries	-	900
Interest expense	3,047	5,854
Gain on disposal of property, plant and equipment	-	(44)
Dividend income	(21,017)	(181,391)
Interest income	(5,711)	(5,434)
Operating loss before working capital changes	(1,258)	(1,741)
(Increase)/decrease in receivables	(5,108)	43,252
Increase in payables	28	1,012
Changes in subsidiaries balances	152,843	(188,529)
Cash generated from/(used in) operations	146,505	(146,006)
Interest paid	(3,047)	(5,854)
Net tax refunded	167	487
Net cash generated from/(used in) operating activities	143,625	(151,373)
Cash flows from investing activities		
Interest received	5,711	5,434
Dividends received	19,266	173,050
Subscription of ordinary shares in subsidiaries	-	(10,200)
Subscription of Non-cumulative Redeemable Convertible Preference Shares in subsidiaries	(138,072)	(30,500)
Redemption of Non-cumulative Redeemable Convertible Preference Shares by subsidiaries	1,500	48,085
Proceeds from disposal of property, plant and equipment	-	263
Purchase of property, plant and equipment	(471)	(418)
Net cash (used in)/generated from investing activities	(112,066)	185,714
Cash flows from financing activity		
Dividends paid, representing net cash used in financing activity	(25,336)	(27,025)
Net increase in cash and cash equivalents	6,223	7,316
Cash and cash equivalents at beginning of year	37,136	29,820
Cash and cash equivalents at end of year (Note 26)	43,359	37,136

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

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Notes to the financial statements - 31 December 2013

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 Market 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. 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 27 February 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of 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 FRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2013 did not have any significant effects on the financial statements of the Company, except for those discussed below:

FRS 12 *Disclosure of Interests in Other Entities*

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

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

2.2 Changes in accounting policies (cont'd.)

FRS 13 *Fair Value Measurement*

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materiality impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

2.3 Standards issued but not yet effective

The directors expect that the adoption of the new FRS, Amendments to FRS and IC Interpretations which are issued but not yet effective for the financial year ended 31 December 2013 will not have any material impact on the financial statements of the Group and the Company in the period of initial application, other than as disclosed below:

FRS 9 *Financial Instruments*

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2012, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for three years. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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

2.3 Standards issued but not yet effective (cont'd.)

Malaysian Financial Reporting Standards ("MFRS Framework") (cont'd.)

The Group and the Company fall within the definition of Transitioning Entities and accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. 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.)

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

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.

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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 Investment in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

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

2.6 Investment in associates (cont'd.)

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition, the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

After application of the equity method, the Group applies FRS 139 *Financial Instruments: Recognition and Measurement* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates 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. 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 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.

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

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is 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 and leasehold buildings: 50 years
Plant, equipment, furniture, fixtures and motor vehicles : 3 to 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 profit or loss in the year the asset is derecognised.

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

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 an 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.

Investment property under construction (IPUC) is measured at fair value (when the fair value is reliably determinable). When assessing whether the fair value of IPUC can be determined reliably the company considers, among other things:

(a) Is the asset being constructed in a developed liquid market?

(b) Has a construction contract with the contractor been signed?

(c) Have the required building and letting permits been obtained?

(d) What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

IPUC are not depreciated as these assets are not yet available for use.

2.10 Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held for sale, the assets are measured in accordance to Note 2.8 and Note 2.9. Thereafter, on initial classification as held for sale, the assets are measured at the lower of carrying amount and fair value less cost to sell. Any differences are charged to profit or loss.

Assets once classified as held for sale are not depreciated.

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

2.10 Assets held for sale (cont'd.)

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

An asset held for sale is derecognised upon disposal and any gain or loss on derecognition is included in profit or loss in the year it is derecognised.

2.11 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 to the estimated total property development costs.

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

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

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

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

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

(b) Property development costs (cont'd.)

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.

2.12 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.

2.13 Inventories

Inventories are stated at lower of cost and net realisable value. Inventories of completed properties comprise cost of land and the relevant development expenditure.

2.14 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.

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

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

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")).

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.

2.15 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.

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

2.15 Financial assets (cont'd.)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

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 received is recognised in profit or loss.

2.16 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.)

2.16 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.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, deposits with licensed banks and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.18 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 profit or loss.

2.19 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 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.

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

2.19 Financial liabilities (cont'd.)

i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as fair value through profit or loss.

ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

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.

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.

For other financial liabilities, 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.

2.20 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.

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

2.20 Borrowing costs (cont'd.)

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.

2.21 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.

2.22 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.

2.23 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.

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.

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

2.23 Leases (cont'd.)

(a) As lessee (cont'd.)

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 2.24(d).

2.24 Revenue and other income recognition

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

(a) Sale of development properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.11(b).

(b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.12.

(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.

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

2.24 Revenue and other income recognition (cont'd.)

(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 over the term of the membership.

(h) Management fees

Management fees are recognised when services are rendered.

2.25 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:

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

2.25 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

- 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.

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.

2.26 Employee benefits

Defined contribution plans

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

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

2.27 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each Company in the Group are measured using the currency of the primary economic environment in which the Company 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.

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 profit or loss.

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

2.27 Foreign currencies (cont'd.)

(c) Foreign operations (cont'd.)

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.

2.28 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.

2.29 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.

2.30 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 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

2.31 Fair value measurement

The Group measures financial instruments, such as, derivative at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 38.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.31 Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The management and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Classification between investment properties and property, plant and equipment

The Group and the Company have developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group and the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3.2 Key sources of estimation uncertainty

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

(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 of construction or property development costs incurred for work performed to date to the estimated total construction or property development costs.

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

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3. Significant accounting estimates and judgements

3.2 Key sources of estimation uncertainty (cont'd.)

(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 unutilised tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the unutilised tax losses, unabsorbed capital allowances and other temporary differences 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		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of properties	217,804	206,522	-	-
Construction contracts	167,283	130,896	-	-
Educational fees	124,658	110,482	-	-
Membership fee	729	606	-	-
Interest income from:				
- Deposits with licensed banks	1,551	1,494	1,416	1,323
- Advances to subsidiaries	-	-	4,295	4,111
Dividends from subsidiaries	-	-	21,017	181,391
Management fees from subsidiaries	-	-	9,580	8,306
Rental income	48	48	48	48
	512,073	450,048	36,356	195,179

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5. Employee benefits expense

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages and salaries	79,114	72,552	6,015	5,396
Contributions to defined contribution plan	9,021	8,409	709	629
Other benefits	6,430	5,524	1,075	940
	94,565	86,485	7,799	6,965
Less: Amount included in costs of construction contracts (Note 24)	(1,881)	-	-	-
	92,684	86,485	7,799	6,965

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM2,029,000 (2012: RM2,538,000) and RM1,321,000 (2012: RM1,717,000) respectively.

On 17 April 2013, the shareholders approved the establishment of a long term incentive plan ("LTIP") of up to 10% of the issued and paid up share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the LTIP for eligible employees and executive directors of the Group. The approved LTIP comprises the restricted share incentive plan and performance-based share incentive plan. As at 31 December 2013, the Group did not award any share incentive pursuant to the LTIP.

6. Directors' remuneration

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive:				
Salaries	1,140	1,437	761	850
Fees	60	100	60	100
Bonus and other benefits	618	769	365	623
Defined contribution plan	211	232	135	144
Executive directors' remuneration excluding benefits-in-kind	2,029	2,538	1,321	1,717
Estimated monetary value of benefits-in-kind	318	137	232	23
	2,347	2,675	1,553	1,740

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6. Directors' remuneration (cont'd.)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Non-executive:				
Fees	525	448	505	428
	2,872	3,123	2,058	2,168

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	
	2013	**2012**
Executive directors:		
RM750,001 - RM800,000	-	1
RM1,900,001 - RM1,950,000	-	1
RM2,300,001 - RM2,350,000	1	-
Non-executive directors:		
RM50,000 - RM100,000	6	6
RM100,001 - RM150,000	1	-

7. Finance costs

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense on:				
- Term loans	11,975	9,096	-	-
- iMTN	920	-	-	-
- Other borrowings	20	505	-	-
- Advances from subsidiaries	-	-	3,047	5,854
	12,915	9,601	3,047	5,854
Less: Interest expense capitalised in:				
- Investment properties	(1,254)	-	-	-
- Capital work-in-progress	(920)	-	-	-
- Land held for property development	(6,667)	(5,647)	-	-
- Property development costs	(2,979)	(1,016)	-	-
	1,095	2,938	3,047	5,854

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8. Profit before tax

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

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-executive directors' remuneration (Note 6)	525	448	505	428
Auditors' remuneration				
- statutory audit	333	296	85	75
- other services	-	111	-	5
Operating lease:				
- minimum lease payments for premises	3,998	3,500	603	574
- minimum lease payments for equipment	781	688	-	-
Direct operating expenses of investment properties	14	55	-	-
Impairment of investment in subsidiaries	-	-	-	900
Depreciation of:				
- property, plant and equipment	13,458	14,176	555	598
- investment properties	335	315	15	15
Property, plant and equipment written off	128	17	-	7
Gain on disposal of:				
- assets held for sale	(155)	(356)	-	-
- property, plant and equipment	(343)	(479)	-	(44)
Gain on deregistration of a subsidiary	-	(1,401)	-	-
Additions of allowance for impairment of receivables	184	16	-	-
Reversal of allowance for impairment of receivables	(268)	(141)	-	-
Bad debts written off	164	83	-	-
Interest income from:				
- deposits with licensed banks	(2,846)	(4,481)	(1,416)	(1,323)
- advances to subsidiaries	-	-	(4,295)	(4,111)
Rental income	(5,221)	(5,046)	-	-
Net foreign exchange (gain)/loss:				
- realised	(903)	(1,340)	-	-
- unrealised	557	(171)	-	-
Net derivative gain on interest rate swaps	(100)	-	-	-

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8. Profit before tax (cont'd.)

During the financial year, the Group recognised a net gain of RM100,000 arising from fair value changes of interest rate swaps. The fair value changes are attributable to changes in interest rate curves. The method and assumptions applied in determining the fair value of interest rate swaps are disclosed in Note 38.

9. Income tax expense

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current income tax:				
Malaysian income tax	22,498	21,431	2,278	8,226
Over provision in prior years	(835)	(2,388)	(11)	(2,054)
	21,663	19,043	2,267	6,172
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	460	1,055	(52)	(23)
Over provision in prior years	(530)	(305)	(10)	-
	(70)	750	(62)	(23)
Income tax expense	21,593	19,793	2,205	6,149

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 December 2013 has reflected these changes.

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

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9. Income tax expense (cont'd.)

A reconciliation of tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	2013 RM'000	2012 RM'000
Group		
Profit before tax	75,096	76,247
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	18,774	19,062
Effect of share of loss of associates	53	4
Income not subject to tax	(353)	(483)
Effect of changes in tax rates on opening balance of deferred tax	(760)	-
Expenses not deductible for tax purposes	3,197	3,679
Utilisation of previously unrecognised tax losses	(24)	(49)
Deferred tax assets recognised	(66)	-
Deferred tax assets not recognised in respect of unutilised tax losses and unabsorbed capital allowances	2,137	273
Over provision of deferred tax in prior year	(530)	(305)
Over provision of tax expense in prior year	(835)	(2,388)
Income tax expense	21,593	19,793
Company		
Profit before tax	21,853	177,754
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	5,463	44,439
Income not subject to tax	(3,507)	(37,060)
Expenses not deductible for tax purposes	270	824
Over provision of deferred tax in prior years	(10)	-
Over provision of tax expense in prior years	(11)	(2,054)
Income tax expense	2,205	6,149

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10. Earnings per share

(a) Basic

	Group 2013	Group 2012
Profit attributable to ordinary equity holders of the Company (RM'000)	53,503	56,454
Weighted average number of ordinary shares in issue ('000)	337,812	337,812
Basic earnings per share (sen)	15.84	16.71

(b) Diluted

The Group has no potential ordinary shares in issue and therefore, diluted earnings per share has not been presented.

11. Dividends

	Amount 2013 RM'000	Amount 2012 RM'000	Net dividends paid per ordinary share 2013 Sen	Net dividends paid per ordinary share 2012 Sen
Recognised during the year:				
For the financial year ended 31 December 2013				
Interim single tier dividend of 2.5 sen	8,445	-	2.5	-
For the financial year ended 31 December 2012				
Interim single tier dividend of 3.0 sen	-	10,134	-	3.0
Final single tier dividend of 5.0 sen	16,891	-	5.0	-
For the financial year ended 31 December 2011				
Final single tier dividend of 5.0 sen	-	16,891	-	5.0
	25,336	27,025	7.5	8.0

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11. Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final single tier dividend of 5.5 sen, in respect of the financial year ended 31 December 2013 on 337,812,000 ordinary shares, amounting to a dividend payable of RM18,580,000 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 2014, and are payable on 27 June 2014.

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 2012	269,333	109,769	379,102
Additions	12,655	12,534	25,189
Transfer from investment properties (Note 14)	538	579	1,117
Transfer from/(to) other receivables	29,413	(289)	29,124
Disposals	-	(1,903)	(1,903)
Write-offs	-	(375)	(375)
At 31 December 2012 and 1 January 2013	311,939	120,315	432,254
Additions	63,072	6,522	69,594
Transfer to assets held for sale (Note 15)	(15,000)	-	(15,000)
Transfer to land held for development (Note 13)	(2,283)	-	(2,283)
Transfer to investment properties (Note 14)	(35,948)	-	(35,948)
Disposals	(538)	(1,613)	(2,151)
Write-offs	-	(1,549)	(1,549)
At 31 December 2013	321,242	123,675	444,917
At 31 December 2013			
At cost	319,260	123,675	442,935
At valuation	1,982	-	1,982
	321,242	123,675	444,917
At 31 December 2012			
At cost	309,957	120,315	430,272
At valuation	1,982	-	1,982
	311,939	120,315	432,254

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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 (cont'd.)			
Accumulated depreciation and impairment			
At 1 January 2012	24,956	79,900	104,856
Depreciation charge for the year	3,373	10,803	14,176
Transfer to other receivables	-	(89)	(89)
Disposals	-	(1,624)	(1,624)
Write-off	-	(358)	(358)
At 31 December 2012 and 1 January 2013	28,329	88,632	116,961
Depreciation charge for the year	3,374	10,084	13,458
Disposals	(17)	(1,555)	(1,572)
Write-off	-	(1,421)	(1,421)
At 31 December 2013	31,686	95,740	127,426
Net carrying amount			
At 31 December 2013			
At cost	287,574	27,935	315,509
At valuation	1,982	-	1,982
	289,556	27,935	317,491
At 31 December 2012			
At cost	281,628	31,683	313,311
At valuation	1,982	-	1,982
	283,610	31,683	315,293

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

*** Land and Building**

Group	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
Cost or valuation					
At 1 January 2012	66,278	152,280	50,775	-	269,333
Additions	1,526	35	724	10,370	12,655
Transfer from investment properties	-	-	538	-	538
Transfer from other receivables	-	-	-	29,413	29,413
At 31 December 2012 and 1 January 2013	67,804	152,315	52,037	39,783	311,939
Additions	-	408	-	62,664	63,072
Transfer to investment properties (Note 14)	(35,948)	-	-	-	(35,948)
Transfer to assets held for sale (Note 15)	(15,000)	-	-	-	(15,000)
Transfer to land held for development (Note 13)	(2,283)	-	-	-	(2,283)
Disposal	-	-	(538)	-	(538)
At 31 December 2013	14,573	152,723	51,499	102,447	321,242
At 31 December 2013					
At cost	12,591	152,723	51,499	102,447	319,260
At valuation	1,982	-	-	-	1,982
	14,573	152,723	51,499	102,447	321,242
At 31 December 2012					
At cost	65,822	152,315	52,037	39,783	309,957
At valuation	1,982	-	-	-	1,982
	67,804	152,315	52,037	39,783	311,939

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

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

Group (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
Accumulated depreciation					
At 1 January 2012	-	10,247	14,709	-	24,956
Depreciation charge for the year	-	1,862	1,511	-	3,373
At 31 December 2012 and 1 January 2013	-	12,109	16,220	-	28,329
Depreciation charge for the year	-	1,863	1,511	-	3,374
Disposal	-	-	(17)	-	(17)
At 31 December 2013	-	13,972	17,714	-	31,686
Net carrying amount					
At 31 December 2013					
At cost	12,591	138,751	33,785	102,447	287,574
At valuation	1,982	-	-	-	1,982
	14,573	138,751	33,785	102,447	289,556
At 31 December 2012					
At cost	65,822	140,206	35,817	39,783	281,628
At valuation	1,982	-	-	-	1,982
	67,804	140,206	35,817	39,783	283,610

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

Company	**Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000**
Cost	
At 1 January 2012	4,578
Additions	418
Disposals	(390)
Write-off	(95)
At 31 December 2012 and 1 January 2013	4,511
Additions	471
Write-off	(688)
At 31 December 2013	4,294
Accumulated depreciation	
At 1 January 2012	2,973
Depreciation charge for the year	598
Disposals	(171)
Write-off	(88)
At 31 December 2012 and 1 January 2013	3,312
Depreciation charge for the year	555
Write-off	(688)
At 31 December 2013	3,179
Net carrying amount	
At 31 December 2013	1,115
At 31 December 2012	1,199

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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 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 2013 would be RM35,000 (2012: RM35,000).

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

	Group	
	2013 RM'000	2012 RM'000
Freehold land and building	-	36,651
Capital work in progress	102,447	-
Long term leasehold land and buildings	43,582	135,454
	146,029	172,105

(c) The Group's capital work-in-progress includes borrowing costs capitalised arising from borrowings drawndown specifically for the purpose of the construction of the building. During the financial year, the borrowing costs capitalised as cost of capital work-in-progress amounted to RM920,000 (2012: RM nil).

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13. Land held for property development and property development costs

(a) Land held for property development

	Group 2013 RM'000	Group 2012 RM'000
Freehold land		
At 1 January	374,566	131,880
Additions	26,087	247,333
Transfer from property, plant and equipment (Note 12)	2,283	-
Transfer to property development costs (Note 13(b))	(83,941)	(4,647)
At 31 December	318,995	374,566
Leasehold land		
At 1 January	39,734	45,018
Reclassification to development costs	-	(5,284)
At 31 December	39,734	39,734
Development costs		
At 1 January	101,308	56,066
Costs incurred during the financial year	36,033	63,980
Reclassification from leasehold land	-	5,284
Transfer to property development costs (Note 13(b))	(38,436)	(24,022)
At 31 December	98,905	101,308
Carrying amount at 31 December	457,634	515,608

(b) Property development costs, at cost

	Group 2013 RM'000	Group 2012 RM'000
Freehold land		
At 1 January	101,663	100,001
Reversal of completed projects	(2,500)	(2,985)
Transfer from land held for property development (Note 13(a))	83,941	4,647
Transfer to inventories (Note 20)	(113)	-
At 31 December	182,991	101,663
Leasehold land		
At 1 January/31 December	31,058	31,058

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

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
Cumulative property development costs		
At 1 January	1,004,593	896,698
Cost incurred during the year	126,429	107,921
Transfer from land held for property development (Note 13(a))	38,436	24,022
Transfer to inventories (Note 20)	(1,619)	-
Reversal of completed projects	(33,443)	(24,048)
At 31 December	1,134,396	1,004,593
Cumulative costs recognised in income statement		
At 1 January	(1,107,486)	(1,003,247)
Recognised during the financial year	(145,274)	(131,272)
Reversal of completed projects	35,943	27,033
At 31 December	(1,216,817)	(1,107,486)
Property development costs at 31 December	131,628	29,828

The freehold land held for property development with carrying value of RM280,451,000 (2012: RM339,803,000) has been pledged as security for term loans as disclosed in Note 27.

The Group's land held for property development and property development cost include borrowing costs arising from borrowings drawndown specifically for the purpose of the construction of the projects. During the financial year, the borrowing costs capitalised amounted to RM9,646,000 (2012: RM6,663,000).

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14. Investment properties

	Group				
	Freehold buildings RM'000	Freehold land RM'000	Leasehold land and buildings RM'000	Investment properties under construction RM'000	Total RM'000
Cost					
At 1 January 2012	3,556	7,743	8,867	-	20,166
Additions	-	7,309	-	-	7,309
Transfer to property, plant and equipment (Note 12)	(1,143)	-	-	-	(1,143)
At 31 December 2012 and 1 January 2013	2,413	15,052	8,867	-	26,332
Additions	-	2,295	-	7,880	10,175
Transfer from property, plant and equipment (Note 12)	-	35,948	-	-	35,948
Transfer to assets held for sale (Note 15)	-	(5,937)	-	-	(5,937)
At 31 December 2013	2,413	47,358	8,867	7,880	66,518
Accumulated depreciation and impairment losses					
At 1 January 2012	254	1,637	4,522	-	6,413
Depreciation charge for the year	8	-	307	-	315
Transfer to property, plant and equipment (Note 12)	(26)	-	-	-	(26)
At 31 December 2012 and 1 January 2013	236	1,637	4,829	-	6,702
Depreciation charge for the year	28	-	307	-	335
Transfer to assets held for sale (Note 15)	-	(1,637)	-	-	(1,637)
At 31 December 2013	264	-	5,136	-	5,400
Net carrying amount					
At 31 December 2013	2,149	47,358	3,731	7,880	61,118
At 31 December 2012	2,177	13,415	4,038	-	19,630
Fair value					
At 31 December 2013	5,950	51,381	5,500	*	62,831
At 31 December 2012	5,950	19,075	5,500	-	30,525

* The fair value of the investment properties under construction is not presented as it cannot be determined reliably.

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14. Investment properties (cont'd.)

	Company Building RM'000
Cost	
At 1 January 2012/31 December 2013	750
Accumulated depreciation	
At 1 January 2012	30
Depreciation charged for the year	15
At 31 December 2012 and 1 January 2013	45
Depreciation charged for the year	15
At 31 December 2013	60
Net carrying amount	
At 31 December 2013	690
At 31 December 2012	705
Fair value	
At 31 December 2012/31 December 2013	1,500

The freehold land of the Group with carrying value of RM33,000,000 (2012: RM nil) has been pledged as security for term loans as disclosed in Note 27.

The fair value of the investment properties of the Group and of the Company disclosed were estimated by the directors based on internal appraisal of fair values of comparable properties. Details of valuation techniques and inputs used are disclosed in Note 38.

The Group's investment properties under construction includes borrowing costs arising from borrowings drawndown specifically for the purpose of the construction of the investment properties. During the financial year, the borrowing costs capitalised amounted to RM1,254,000 (2012: Nil).

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15. Assets held for sale

Assets held for sale represent property, plant and equipment and investment properties owned by the Group and are carried at cost.

	RM'000
Group	
Carrying amount	
At 1 January 2012	17,800
Additions	1,325
Disposals	(1,667)
At 31 December 2012 and 1 January 2013	17,458
Transfer from property, plant and equipment (Note 12)	15,000
Transfer from investment properties (Note 14)	4,300
Disposals	(802)
At 31 December 2013	35,956

As at year end, RM16,656,000 pertains to real properties held for sale which remain unsold as a result of government measures relating to the real property market. The Group has taken necessary actions and these real properties are being actively marketed at a price that is reasonable, given the change in circumstances.

16. Intangible asset

	Group	
	2013	2012
	RM'000	RM'000
Goodwill	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 years period.

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16. Intangible asset (cont'd.)

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% (2012: 11%) used is pre-tax and reflects specific risks relating to the industry.

(b) Growth rate

The growth rate of 12% (2012: 12%) used is based on the long term average growth rate for the industry.

(c) Budgeted gross margin

The gross margin is 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 value of the unit to materially exceed its recoverable amount.

17. Investments in subsidiaries

	Company	
	2013	**2012**
	RM'000	**RM'000**
Unquoted shares, at cost	248,012	248,012
Investment in Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	383,237	293,250
Less: Redemption of NCRCPS	(1,500)	(48,085)
Less: Accumulated impairment losses	(42,815)	(42,815)
	586,934	450,362

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.

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17. Investments in subsidiaries (cont'd.)

(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 2013 %	Effective interest 2012 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia				
Berkeley Sdn. Bhd.	100	100	RM5,000	Investment holding and property development
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.	100	100	RM5,000	Building and engineering contractor
Seleksi Megah Sdn. Bhd.	100	100	RM5,000	Inactive
Paramount Projects Sdn. Bhd.	100	100	RM1,000	Building and engineering contractor and project management and property development
Paramount Property (Shah Alam) Sdn. Bhd.	100	100	RM5,000	Property development
KDU University College Sdn. Bhd.	100	100	RM15,000	Educational services
Janahasil Sdn. Bhd.	100	100	RM1,000	Property investment
KDU Smart School Sdn. Bhd.	100	100	RM20,000	Educational services
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

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17. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Effective interest 2013 %	Effective interest 2012 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia (cont'd.)				
Paramount Global Assets Sdn. Bhd.	100	100	RM35,360	Inactive
Paramount Electronics Industries Sdn. Bhd.	100	100	RM5,000	Property investment and management
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
Jasarim Bina Sdn. Bhd.	100	100	RM5,000	Property investment
Supreme Essence Sdn. Bhd.	100	100	RM5,000	In the process of winding up
Broad Projects Sdn. Bhd.	100	100	RM100	Investment holding and car park operator
KDU College (PJ) Sdn. Bhd.	100	100	RM5,000	Educational services
KDU College (PG) Sdn. Bhd.	100	100	RM5,000	Educational services
Paramount Property (Glenmarie) Sdn. Bhd.	100	100	RM5,000	Property development
Paramount Property (Cjaya) Sdn. Bhd.	100	100	RM5,000	Property development
Utropolis Sdn. Bhd. (formerly known as Fabulous Knowledge Sdn. Bhd.)	100	100	RM1	Inactive
Paramount Property (PG) Sdn. Bhd. (formerly known as Pearl Cove Development Sdn. Bhd.)	100	-	*	Inactive
Carp Legacy Sdn. Bhd.	100	-	*	Inactive

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17. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Effective interest 2013 %	Effective interest 2012 %	Paid-up capital '000	Principal activities
Incorporated in Commonwealth of Australia				
Paramount Global Investments Pty Ltd	100	100	**	Investment holding
Paramount Investments & Properties Pty Ltd	100	100	**	Investment holding

* Paid-up capital of RM2
** Paid-up capital of AUD2
AUD Represents currency denoted in Australian Dollars

(i) On 21 March 2013, the Company acquired a shelf company, Paramount Property (PG) Sdn. Bhd. (formerly known as Pearl Cove Development Sdn. Bhd.) with an issued and paid-up share capital of RM2.

(ii) On 26 September 2013, Supreme Essence Sdn. Bhd. ("SESB"), a wholly-owned subsidiary company of the Company, has been placed under Members' Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. The winding-up of SESB did not have any material impact to the financial statements of the Group.

(iii) On 4 December 2013, the Company acquired a shelf company, Carp Legacy Sdn. Bhd. with an issued and paid-up share capital of RM2.

18. Investments in associates

	Group 2013 RM'000	Group 2012 RM'000
Unquoted shares, at cost	9,680	9,680
Share of post-acquisition reserves	(1,076)	(115)
	8,604	9,565

The summarised financial information of associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

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18. Investments in associates (cont'd.)

	Group 2013 RM'000	Group 2012 RM'000
Assets and liabilities		
Current assets, representing total assets	25,216	27,719
Current liabilities, representing total liabilities	7,977	8,559
Results		
Revenue	108	49
Loss for the year	(424)	(64)

During the year, the share of post-acquisition reserves includes the effect of foreign currency translation losses of RM748,000 (2012: RM128,000).

Details of the associate are as follows:

Name of associate	Effective Interest 2013 %	Effective Interest 2012 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia				
Kane Paramount Sdn. Bhd.*	40	40	RM30	In the process of winding up
Incorporated in Commonwealth of Australia				
VIP Paramount Pty Ltd*	50	50	**	Trustee
VIP Paramount Unit Trust*	50	50	AUD6,000	Inactive

* Equity accounted based on management financial statements. The financial year end of the associates is coterminous with the financial year end of the Group.
** Paid-up capital of AUD2
AUD Represents currency denoted in Australian Dollars

On 26 September 2013, Kane Paramount Sdn. Bhd. ("KPSB") has been placed under Members' Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. The winding-up of KPSB did not have any material impact to the financial statements of the Group.

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19. Other investments

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Club memberships, at cost	485	485	165	165
Less: Accumulated impairment losses	(143)	(143)	-	-
	342	342	165	165
Current:				
Proceeds Account	30	-	-	-
Finance Service Reserve Account ("FSRA")	1,277	-	-	-
Other deposits with licensed banks	223	217	-	-
	1,530	217	-	-
	1,872	559	165	165

Pursuant to the Sukuk Programme as disclosed in Note 27, KDU University College Sdn. Bhd. ("KDUUC"), a wholly owned subsidiary of the Group shall maintain a Proceeds Account and a Finance Service Reserve Account.

The Proceeds Account shall be maintained and operated solely by KDUUC while there is no occurrence of an event of default. Upon occurrence of an event of default, and if not remedied within the remedy period, the account shall be operated solely by the security agent appointed by the lenders ("Security Agent").

The Proceeds Account shall capture all proceeds from the issuance of the Sukuk Programme, proceeds from the operations of KDUUC and any shareholder's contribution and/or advances remitted to KDUUC.

The FSRA shall be operated solely by the Security Agent. KDUUC shall maintain an amount equivalent to the aggregate Sukuk Profit distribution payments under the Sukuk Programme for the next six months in the FSRA at all times.

As at the reporting date, the balances in the Proceeds Account and FSRA are placed in short term deposits for varying periods of between five months and twelve months and earn interest of 2.95% to 3.30% per annum. Both the Proceeds Account and FSRA are secured against the Sukuk Programme as disclosed in Note 27.

Other deposits with licensed banks relates to deposit pledged as security for bank guarantee facility granted by a licensed bank. It is placed for a period of 12 months (2012: 12 months) and earns interest of 2.95% (2012: 2.95%) per annum.

20. Inventories

	Group 2013 RM'000	Group 2012 RM'000
At cost		
Completed properties (Note 13(b))	1,732	-

21. Trade receivables

	Group 2013 RM'000	Group 2012 RM'000
Third parties	72,117	69,532
Retention sums on contracts	33,620	32,714
	105,737	102,246
Less: Allowance for impairment	(355)	(494)
Trade receivables, net	105,382	101,752

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2012: 30 to 90 days) 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 2013 RM'000	Group 2012 RM'000
Neither past due nor impaired	94,521	81,835
1 to 30 days past due not impaired	2,882	3,783
31 to 60 days past due not impaired	2,356	12,547
61 to 90 days past due not impaired	847	2,857
91 to 120 days past due not impaired	80	115
More than 121 days past due not impaired	4,696	615
	10,861	19,917
Impaired	355	494
	105,737	102,246

21. Trade receivables (cont'd.)

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.

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 2013 RM'000	Group 2012 RM'000
Trade receivables - nominal amount	355	494
Less: Allowance for impairment	(355)	(494)
	-	-

Movement in allowance accounts:

	Group 2013 RM'000	Group 2012 RM'000
At 1 January	494	840
Addition during the year	112	16
Reversal for the year	-	(140)
Written off	(251)	(222)
At 31 December	355	494

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.

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22. Other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits	14,579	7,976	5,318	211
Sundry receivables	7,680	7,741	54	53
Derivative asset from interest rate swap	149	-	-	-
	22,408	15,717	5,372	264
Less: Allowance for impairment	(83)	(279)	-	-
Other receivables, net	22,325	15,438	5,372	264

Included in deposits for the Group and the Company for the financial year is an earnest deposit paid for the purchase of land amounting to RM5,000,000.

The Company uses interest rate swap to hedge cash flow interest rate risk arising from a floating rate term loan. The nominal amount for the interest rate swap is RM62,700,000. The interest rate swap receives floating interest equal to Kuala Lumpur Interbank Offered Rate ("KLIBOR"), pays a fixed rate of interest of 3.75% per annum, and matures on 30 September 2019.

Movement in allowance accounts:

	Group	
	2013	**2012**
	RM'000	**RM'000**
At 1 January	279	280
Addition during the year	72	-
Reversal during the year	(268)	(1)
At 31 December	83	279

23. Other current assets

	Group	
	2013	**2012**
	RM'000	**RM'000**
Prepaid expenses	3,042	1,829
Accrued billings in respect of property development costs	9,577	8,194
Due from customers on contracts (Note 24)	5,158	2,519
	17,777	12,542

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24. Due from/(to) customers on contracts

	Group 2013 RM'000	Group 2012 RM'000
Construction contract costs incurred to date	1,405,530	1,315,742
Less: Reversal for completed projects	(160,975)	(125,649)
Construction contract costs incurred to date for contracts in progress	1,244,555	1,190,093
Attributable profits	90,147	103,308
Less: Reversal for completed projects	(17,665)	(15,714)
Attributable profits to date for contracts in progress	72,482	87,594
	1,317,037	1,277,687
Less: Progress billings	(1,503,741)	(1,427,851)
Add: Reversal for completed projects	178,640	141,363
Progress billings to date for contracts in progress	(1,325,101)	(1,286,488)
	(8,064)	(8,801)
Due from customers on contracts (Note 23)	5,158	2,519
Due to customers on contracts (Note 30)	(13,222)	(11,320)
	(8,064)	(8,801)

The costs incurred to date on construction contracts of the Group include employee benefits expense of RM1,881,000 (2012: RM nil) incurred during the financial year.

25. Due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, repayable on demand and bear interest of 4.50% (2012: 4.50% to 6.60%) per annum.

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26. Cash and cash equivalents

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and at banks	45,816	28,722	1,141	81
Deposits with licensed banks	64,728	93,189	42,218	37,055
Cash and cash equivalents	110,544	121,911	43,359	37,136

Included in cash and cash equivalents of the Group are amounts of RM30,646,000 (2012: RM18,399,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which are restricted from use in other operations.

Included in cash on hand and at banks of the Group and of the Company are interest bearing bank balances amounting to RM41,790,000 (2012: RM24,832,000) and RM1,096,000 (2012: RM nil) which bear interest ranging from 1.5% to 2.5% (2012: 1.5% to 2.5%) per annum.

Deposits with licensed banks are made for varying periods of between 1 day and 3 months (2012: 1 day to 3 months) depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2013 for the Group and the Company were 1.50% to 3.20% (2012: 0.06% to 3.15%) and 1.50% to 3.20% (2012: 3.00% to 3.12%) respectively.

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

27. Borrowings

	Group	
	2013	**2012**
	RM'000	**RM'000**
Current		
Secured:		
Term loans		
- Fixed rate	9,000	9,000
- Floating rate	32,402	5,460
	41,402	14,460

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27. Borrowings (cont'd.)

	Group 2013 RM'000	Group 2012 RM'000
Non-current		
Secured:		
Term loans		
- Fixed rate	2,500	11,500
- Floating rate	218,298	226,735
Islamic Medium Term Notes (iMTN) - Floating rate	55,546	-
	276,344	238,235
Total	317,746	252,695

On 31 January 2013, KDUUC received approval from the Securities Commission in Malaysia for the issuance of up to RM350,000,000 iMTN pursuant to an iMTN Programme ("Sukuk Programme"). On 28 June 2013 and 20 December 2013, KDUUC issued RM39,000,000 and RM18,000,000 of iMTN respectively.

The Sukuk Programme bears interest ("Sukuk Profit") at the prevailing cost of funds of the iMTN holder ("Cost of Funds") plus 0.75% per annum for the first four years since the first drawdown date and Cost of Funds plus 1.00% per annum from the fifth year up to the seventh year. The average effective Sukuk Profit rate is 4.34% per annum during the financial year.

The Sukuk Programme is secured by the following:

(i) First legal charge over the capital work-in-progress as disclosed in Note 12(b);

(ii) A debenture incorporating a fixed and floating charge on the assets of KDUUC both present and future;

(iii) A legal assignment of all relevant takaful/insurance policies taken up by KDUUC in respect of the capital work-in-progress and the endorsement of the security agent appointed by the lenders as loss payee;

(iv) A legal charge and assignment of the Proceeds Account and FSRA as disclosed in Note 19; and

(v) Assignment of all construction contracts and performance bonds (if any) taken out over the construction of the capital work-in-progress as disclosed in Note 12(b).

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27. Borrowings (cont'd.)

The effective interest rates of the term loans as at 31 December 2013 and 31 December 2012 are as follows:

	2013	2012
Term loans:		
- Fixed rates	6%	6%
- Floating rates	4.4% - 4.8%	4.3% - 6.6%

The management of the interest rate risk of the Group is disclosed in Note 39(c).

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 and land held for property development of the Group as disclosed in Notes 12(b) and 13(b) respectively; and

(ii) Corporate guarantee by the Company.

The maturities of the borrowings as at 31 December 2013 and 31 December 2012 are as follows:

	Group	
	2013 RM'000	2012 RM'000
Within one year	41,402	14,460
More than 1 year and less than 2 years	44,306	14,188
More than 2 years and less than 5 years	167,087	178,114
More than 5 years	64,951	45,933
	317,746	252,695

28. Trade payables

	Group	
	2013 RM'000	2012 RM'000
Trade payables	86,674	62,954
Retention sums on contracts	22,661	16,183
	109,335	79,137

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2012: 30 to 90 days).

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29. Other payables

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Sundry payables	50,824	54,091	3,272	3,244
Tenants deposits	955	937	16	16
Refundable deposits	23,537	21,262	-	-
Earnest deposits received	2,381	-	-	-
Derivative liability from interest rate swap	49	-	-	-
	77,746	76,290	3,288	3,260

Sundry payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2012: 30 to 90 days).

The Company uses interest rate swap to hedge cash flow interest rate risk arising from a floating rate term loan .The nominal amount for the interest rate swap entered into during the financial year is RM39,000,000. The interest rate swap receives floating interest equal to the KLIBOR, pays a fixed rate of interest of 3.98% per annum, and matures on 30 June 2018.

30. Other current liabilities

	Group 2013 RM'000	Group 2012 RM'000
Progress billings in respect of property development costs	5,928	21,442
Due to customers on contracts (Note 24)	13,222	11,320
Tuition fees received in advance	29,982	27,198
	49,132	59,960

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31. Deferred tax (assets)/liabilities

	Group 2013 RM'000	Group 2012 RM'000
At 1 January	8,373	7,623
Recognised in the income statement (Note 9)	(70)	750
At 31 December	8,303	8,373
Presented after appropriate offsetting as follows:		
Deferred tax assets	(9,774)	(11,763)
Deferred tax liabilities	18,077	20,136
	8,303	8,373

	At 1 January 2013 RM'000	Recognised in the income statement RM'000	At 31 December 2013 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	25,000	(2,003)	22,997
Deferred tax assets of the Group:			
Unutilised tax losses and unabsorbed capital allowances	(1,692)	(236)	(1,928)
Others	(14,935)	2,169	(12,766)
	(16,627)	1,933	(14,694)
	8,373	(70)	8,303

	At 1 January 2012 RM'000	Recognised in the income statement RM'000	At 31 December 2012 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	21,680	3,320	25,000
Deferred tax assets of the Group:			
Unutilised tax losses and unabsorbed capital allowances	(684)	(1,008)	(1,692)
Others	(13,373)	(1,562)	(14,935)
	(14,057)	(2,570)	(16,627)
	7,623	750	8,373

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31. Deferred tax (assets)/liabilities (cont'd.)

	Company 2013 RM'000	Company 2012 RM'000
At 1 January	48	71
Recognised in the income statement (Note 9)	(62)	(23)
At 31 December	(14)	48

	At 1 January 2013 RM'000	Recognised in the income statement RM'000	At 31 December 2013 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	48	(62)	(14)

	At 1 January 2012 RM'000	Recognised in the income statement RM'000	At 31 December 2012 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	71	(23)	48

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

	Group 2013 RM'000	Group 2012 RM'000
Unutilised tax losses	19,633	16,872
Unabsorbed capital allowances	10,026	5,657
Other deductible temporary differences	1,059	-
	30,718	22,529

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences 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.

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32. Share capital

	Number of ordinary shares		Amounts	
	2013	2012	2013	2012
	'000	'000	RM'000	RM'000
Authorised share capital				
At 1 January/31 December	400,000	400,000	200,000	200,000
Issued and fully paid				
At 1 January/31 December	337,812	337,812	168,906	168,906

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

33. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2013 and 31 December 2012 under the single tier system.

34. Operating lease arrangements

(a) The Group and the Company as lessee

The Group and the 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.

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Future minimum lease payments:				
Not later than 1 year	3,389	3,638	617	617
Later than 1 year and not later than 5 years	1,273	4,077	565	1,182
Later than 5 years	-	30	-	-
	4,662	7,745	1,182	1,799

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34. Operating lease arrangements (cont'd.)

(a) The Group and Company as lessee (cont'd.)

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

(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.

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	
	2013	**2012**
	RM'000	**RM'000**
Not later than 1 year	394	423
Later than 1 year and not later than 5 years	264	403
	658	826

35. Commitments

	Group	
	2013	**2012**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
- Property, plant and equipment	129,589	20,491
- Investment properties	83,050	-
Approved but not contracted for:		
- Property, plant and equipment	92,369	261,394
- Investment properties	17,013	-
	322,021	281,885

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 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	412	157	27	54
Sale of properties to Dato' Teo Chiang Quan	3,023	1,460	-	-
Sale of a property to the spouse of Dato' Teo Chiang Quan	577	-	-	-
Sale of properties to Mr. Benjamin Teo Jong Hian, the son of Dato' Teo Chiang Quan	3,019	-	-	-
Sale of properties to Mr. Ong Chien Junn, son of Mr Ong Keng Siew, a director of the Company	1,106	374	-	-
Sale of a property to Mr Wang Chong Hwa, a director of a subsidiary	1,016	-	-	-
Sale of a property to the spouse of Mr Wang Chong Hwa	-	384	-	-
Sale of properties to Datin Teh Geok Lian, a director of a subsidiary	551	-	-	-
Sale of properties to Ms Tay Lee Kong and Ms Chua Put Moy, directors of a subsidiary	-	750	-	-
Sale of properties to Dato' Liew Yin Chew and Mr Foong Poh Seng, directors of a subsidiary	1,103	762	-	-

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36. Related party disclosures (cont'd.)

(a) Sale and purchase of goods and services (cont'd.)

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan, has financial interest	617	576	617	576

(b) Compensation of key management personnel

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

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Short term employee benefits	10,119	9,332	4,588	4,846
Defined contribution plan	1,007	934	407	441
	11,126	10,266	4,995	5,287

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company.

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

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Directors of the Company				
Executive	2,347	2,675	1,553	1,740
Non-executive	525	448	505	428
	2,872	3,123	2,058	2,168

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37. Classification of financial instruments

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables	21	105,382	101,752	-	-
Other receivables	*	22,176	15,438	5,372	264
Amount due from subsidiaries		-	-	61,456	147,734
Other investment	*	1,530	217	-	-
Cash and cash equivalents	26	110,544	121,911	43,359	37,136
Total loans and receivables		239,632	239,318	110,187	185,134
Derivative asset, included in other receivables, representing total financial asset at fair value through profit or loss	22	149	-	-	-
Trade payables	28	109,335	79,137	-	-
Other payables	*	64,427	64,924	1,877	1,940
Amount due to subsidiaries		-	-	113,536	46,971
Borrowings	*	319,200	252,695	-	-
Total financial liabilities carried at amortised cost		492,962	396,756	115,413	48,911
Derivative liability, included in other payables, representing total financial liability at fair value through profit or loss	29	49	-	-	-

* These balances exclude non-financial instruments balances which are not within the scope of FRS 139, *Financial Instruments: Recognition and Measurement.*

38. Fair value of assets and liabilities

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2013 are as follows:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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38. Fair value of assets and liabilities (cont'd.)

The Group and the Company have no assets and liabilities measured at fair value other than disclosed below:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2013				
Group				
Investment properties	-	-	62,831	62,831
Derivative				
Interest rate swap - assets	-	149	-	149
Interest rate swap - liabilities	-	(49)	-	(49)
Company				
Investment properties	-	-	1,500	1,500
31 December 2012				
Group				
Investment properties	-	-	30,525	30,525
Company				
Investment properties	-	-	1,500	1,500

During the year, there were no transfers between Level 1, Level 2 and Level 3 of the fair value heirarchy.

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The valuation technique applied is swap model, using present value calculation. The model incorporates various inputs including credit quality of counterparties and interest rate curves.

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38. Fair value of assets and liabilities (cont'd.)

Level 3 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 3 of the fair value hierarchy:

Investment properties

The valuation of investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

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

	2013		2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Fixed rate term loan	11,500	10,643	20,500	18,427

B. Determination of fair value

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

The carrying amounts of current financial assets and liabilities are reasonable approximations 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.

39. 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.

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39. Financial risk management objectives and policies (cont'd.)

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 the 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 licensed banks.

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.

<u>Exposure to credit risk</u>

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 RM353,750,000 (2012: RM293,728,000) relating to guarantee extended in support of banking and other credit facilities granted to subsidiaries.
- A nominal amount of RM2,250,000 (2012: RM2,250,000) relating to performance guarantees extended to developers for contracts awarded to a subsidiary.

39. 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 trade receivables at the reporting date are as follows:

	2013		2012	
	RM'000	% of total	RM'000	% of total
Group				
Property development	23,932	23%	28,027	28%
Construction	81,106	77%	73,429	72%
Education	344	*	296	*
	105,382	100%	101,752	100%

* Represents 0.32% (2012: 0.29%).

As at 31 December 2013, approximately 27% (2012: 21%) of the Group's trade receivables is due from a major customer.

(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.

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39. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

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.

	2013 RM'000			
	On demand or within one year	One to five years	More than five years	Total
Group				
Financial liabilities:				
Trade and other payables	173,811	-	-	173,811
Borrowings	55,968	234,380	78,746	369,094
Total undiscounted financial liabilities	229,779	234,380	78,746	542,905
Company				
Financial liabilities:				
Other payables	1,877	-	-	1,877
Due to subsidiaries	118,645	-	-	118,645
Total undiscounted financial liabilities	120,522	-	-	120,522

	2012 RM'000			
	On demand or within one year	One to five years	More than five years	Total
Group				
Financial liabilities:				
Trade and other payables	144,061	-	-	144,061
Borrowings	21,110	232,507	18,051	271,668
Total undiscounted financial liabilities	165,171	232,507	18,051	415,729
Company				
Financial liabilities:				
Other payables	1,940	-	-	1,940
Due to subsidiaries	49,085	-	-	49,085
Total undiscounted financial liabilities	51,025	-	-	51,025

39. 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 financial instruments will fluctuate because of changes in market interest rates.

The Group'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. To manage this mix in a cost-efficient manner, the Group enters into interest rate swap to effectively convert its floating rate term loan to a fixed rate term loan.

Sensitivity analysis for interest rate risk

At the reporting date, if the cost of funds of the related lenders or banks has been 50 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been RM1,030,000 (2012: RM1,161,000) higher/lower arising merely as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market.

40. 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.

		Group	
	Note	2013	2012
Total debts (RM'000)	27	317,746	252,695
Total equity (RM'000)		727,098	699,937
Debts to equity ratio		44%	36%

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41. 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.

Transfer prices between operating segments took place at terms agreed between the parties.

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41. Segmental information (cont'd.)

	Property development		Construction		Education		Investment and others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue :													
External customers	218,533	207,128	167,283	130,896	124,658	110,482	1,599	1,542	-	-		512,073	450,048
Inter-segment sales	-	-	146,254	90,175	-	-	32,570	213,617	(178,824)	(303,792)	A	-	-
Total revenue	218,533	207,128	313,537	221,071	124,658	110,482	34,169	215,159	(178,824)	(303,792)		512,073	450,048
Results:													
Interest income	1,220	4,016	305	191	876	3,302	1,516	7	(1,071)	(6,022)	A	2,846	1,494
Interest expense	-	13	310	62	268	994	3,984	6,004	(3,467)	(4,135)	A	1,095	2,938
Depreciation and amortisation	1,413	1,343	1,262	1,182	9,280	10,111	1,838	1,855	-	-		13,793	14,491
Share of results of associates	-	-	-	-	-	-	(212)	(17)	-	-		(212)	(17)
Segment profit	45,641	54,576	5,153	519	27,808	28,323	18,144	182,172	(21,650)	(189,343)	B	75,096	76,247
Assets:													
Investment in associates	-	-	62	62	-	-	8,542	9,503	-	-		8,604	9,565
Additions to non-current assets	65,195	314,838	601	2,228	67,722	18,931	8,371	7,814	-	-	C	141,889	343,811
Segment assets	781,253	709,365	162,010	132,174	384,251	298,431	210,980	297,516	(236,165)	(245,216)	D	1,302,329	1,192,270
Segment liabilities	367,672	414,677	112,915	87,911	161,719	100,533	156,711	87,523	(223,786)	(198,311)	E	575,231	492,333

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41. Segment information (cont'd.)

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

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

	2013 RM'000	2012 RM'000
Inter-segment dividends	(17,355)	(199,891)
Inter-segment interests	(4,295)	(4,638)
Impairment of subsidiaries	-	15,186
	(21,650)	(189,343)

C Additions to non-current assets consist of:

	2013 RM'000	2012 RM'000
Property, plant and equipment	69,594	25,189
Land held for property development	62,120	311,313
Investment properties	10,175	7,309
	141,889	343,811

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

	2013 RM'000	2012 RM'000
Investment in associates	(961)	(546)
Inter-segment assets	(178,170)	(187,428)
Unrealised gains from inter-segment transactions	(57,034)	(57,242)
	(236,165)	(245,216)

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 2013 and 2012, there is no revenue concentration from a single customer that exceeds 10% of the total Group's revenue.

Paramount Corporation Berhad
(Incorporated in Malaysia)

42. Events Occurring After The Reporting Date

(i) On 27 January 2014, the Company acquired 100% equity interest in Seamless Cartel Sdn. Bhd. ("SCSB"), a shelf company with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each and an issued and paid-up share capital of RM2 each comprising two ordinary shares of RM1 each.

(ii) On 22 January 2013, the Company received approval from Securities Commission Malaysia ("SC") to establish a Private Debt Securities ("PDS") Programme to issue perpetual bonds of up to RM200,000,000.

On 6 February 2014, the Company has made the first PDS issuance of RM50,000,000. The PDS has the first call date on the 5th anniversary of the issue date.

Paramount Corporation Berhad
(Incorporated in Malaysia)

43. 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 2013 and 2012 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		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	655,250	625,330	372,821	378,571
- Unrealised	(9,495)	(8,095)	14	(48)
	645,755	617,235	372,835	378,523
Total share of retained earnings from associates				
- Realised	(201)	11	-	-
Less: Consolidation adjustments	(127,987)	(127,846)	-	-
Retained earnings as per financial statements	517,567	489,400	372,835	378,523

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH FPE 31 MARCH 2014

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2014

The figures are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 31 MARCH 2014

	3 Months Ended 31 March		3 Months Ended 31 March	
	2014	2013	**2014**	2013
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**98,775**	110,480	**98,775**	110,480
Operating profit	**22,919**	20,316	**22,919**	20,316
Interest expense	**(155)**	(389)	**(155)**	(389)
Interest income	**1,082**	634	**1,082**	634
Share of loss of associate	**(24)**	(113)	**(24)**	(113)
Profit before tax	**23,822**	20,448	**23,822**	20,448
Taxation	**(4,262)**	(5,701)	**(4,262)**	(5,701)
Profit for the period	**19,560**	14,747	**19,560**	14,747
Total profit attributable to:				
Owners of the Parent	**19,560**	14,747	**19,560**	14,747
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	**5.79**	4.37	**5.79**	4.37
Diluted EPS	**N/A**	N/A	**N/A**	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2013.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH FPE 31 MARCH 2014

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2014

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 31 MARCH 2014

	3 Months Ended 31 March		3 Months Ended 31 March	
	2014	2013	**2014**	2013
	RM'000	RM'000	**RM'000**	RM'000
Profit for the period	**19,560**	14,747	**19,560**	14,747
Other comprehensive income	**255**	(33)	**255**	(33)
Total comprehensive income for the period	**19,815**	14,714	**19,815**	14,714
Total comprehensive income attributable to:				
Owners of the Parent	**19,815**	14,714	**19,815**	14,714

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2013.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH FPE 31 MARCH 2014

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2014

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	As at 31/3/2014	As at 31/12/2013
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	292,741	317,491
Land held for property development	504,601	457,634
Investment properties	58,896	61,118
Intangible asset	15,674	15,674
Investment in associates	8,835	8,604
Other investments	342	342
Deferred tax assets	9,978	9,774
	891,067	870,637
Current assets		
Property development costs	135,192	131,628
Inventories	1,732	1,732
Trade receivables	100,414	105,382
Other receivables	40,450	22,325
Other current assets	16,273	17,777
Tax recoverable	9,533	4,818
Other investment	1,530	1,530
Cash and cash equivalents	157,755	110,544
	462,879	395,736
Assets held for sale	30,639	35,956
	493,518	431,692
Total assets	1,384,585	1,302,329
Current liabilities		
Borrowings	49,787	41,402
Trade payables	81,564	109,335
Other payables	77,158	77,746
Tax payable	3,647	3,195
Other current liabilities	66,360	49,132
	278,516	280,810
Net current assets	215,002	150,882
Non-current liabilities		
Borrowings	291,366	276,344
Deferred tax liabilities	18,003	18,077
	309,369	294,421
Total liabilities	587,885	575,231
Equity attributable to equity holders of the Company		
Share capital	168,906	168,906
Reserves	578,007	558,192
	746,913	727,098
Non-controlling interests		
Private debt securities	49,787	0
Total equity	796,700	727,098
Total equity and liabilities	1,384,585	1,302,329
Net assets (NA) per share (RM)	2.21	2.15

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2013.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH FPE 31 MARCH 2014

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2014

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 MARCH 2014

	<------Attributable to equity holders of the Company------>					Non-controlling interests	
		<---Non Distributable--->		Distributable			
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Private debt securities RM'000	Total Equity RM'000
As at 1 January 2014	168,906	41,631	(1,006)	517,567	727,098	-	727,098
Total comprehensive income	-	-	255	19,560	19,815	-	19,815
Issuance of private debt securities	-	-	-	-	-	49,787	49,787
As at 31 March 2014	**168,906**	**41,631**	**(751)**	**537,127**	**746,913**	**49,787**	**796,700**
As at 1 January 2013	168,906	41,631	-	489,400	699,937	-	699,937
Total comprehensive income	-	-	(33)	14,747	14,714	-	14,714
As at 31 March 2013	**168,906**	**41,631**	**(33)**	**504,147**	**714,651**	**-**	**714,651**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2013.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF OUR GROUP FOR THE THREE (3)-MONTH FPE 31 MARCH 2014

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2014

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 31 MARCH 2014

	3 Months Ended	
	31/3/2014	31/3/2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**23,822**	20,448
Adjustment for:		
Non-cash items	**3,138**	3,439
Non-operating items	**(13,869)**	228
Operating profit before working capital changes	**13,091**	24,115
Decrease/(increase) in receivables	**10,436**	(14,839)
(Increase)/decrease in development properties	**(2,368)**	480
Decrease in payables	**(21,843)**	(22,000)
Cash used in operations	**(684)**	(12,244)
Taxes paid	**(8,803)**	(3,802)
Interest paid	**(3,022)**	(2,684)
Net cash used in operating activities	**(12,509)**	(18,730)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	**(1,755)**	(2,808)
Purchase of property, plant and equipment	**(21,921)**	(7,502)
Purchase of investment properties	**(1,516)**	-
Proceeds from disposal of assets held for sale	**10,636**	-
Interest received	**1,082**	275
Net cash used in investing activities	**(13,474)**	(10,035)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	**30,057**	31,303
Proceeds from issuance of PDS	**50,000**	-
Payment of PDS related expenses	**(213)**	-
Repayment of borrowings	**(6,650)**	(15,048)
Net cash generated from financing activities	**73,194**	16,255
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**47,211**	(12,510)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**110,544**	122,128
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**157,755**	109,618

	31/3/2014	31/3/2013
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	**57,979**	13,480
Fixed deposits	**99,776**	96,138
	157,755	109,618
Cash and bank balances held in HDA accounts	**34,959**	9,041

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2013.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2014

The figures are unaudited

PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

A2. Changes in accounting policies

The new and revised FRSs, Amendments to FRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2014 did not have any significant effects on the financial statements of the Group.

Standards issued but not yet effective

The directors expect that the adoption of the new FRSs, Amendments to FRSs and Interpretations which are issued but not yet effective for the financial year ending 31 December 2014 will not have any material impact on the financial statements of the Group in the period of initial application, other than as disclosed below:

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

A2. Changes in accounting policies (cont'd)
Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for three years. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the definition of Transitioning Entities and accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2013 was not subject to any qualification.

A4. Seasonal or cyclical factors

The operations of the Group were not materially affected by any factor of a seasonal or cyclical nature.

A5. Exceptional or unusual items

Save for items disclosed in Note A9, there were no items of an exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year to date.

A6. Changes in estimates of amounts reported previously

There were no significant changes in estimates in prior periods that have materially affected the current quarter and financial year to date results.

A7. Debt and equity securities

There were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year to date, except, on 6 February 2014, the Company made the first issuance of RM50.0 million in nominal value of Private Debt Securities (PDS) pursuant to the PDS Programme. The PDS are perpetual in nature and are redeemable at the option of the Company on the 5th anniversary of the issue date.

A8. Dividends paid

There was no dividend paid during the current quarter and financial year to date.

A9. Profit before tax

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

	3 months ended 31 March		3 months ended 31 March	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation of:				
- Property, plant and equipment	3,131	3,354	3,131	3,354
- Investment properties	7	84	7	84
Additions of allowance for impairment of trade and other receivables	16	120	16	120
Bad debts written off	22	0	22	0
Gain on disposal of:				
- Assets held for sale	(12,929)	0	(12,929)	0
Reversal of allowance for impairment of trade and other receivables	(40)	(76)	(40)	(76)
Net derivative loss on interest rate swap	225	0	225	0
Net foreign exchange (gain)/loss	(250)	(627)	(250)	(627)

Save for the items disclosed in the Income Statement and the note above, other items pursuant to Appendix 9B Note16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

A10. Segment reporting for the current financial year to date

	Revenue		Profit before tax	
Analysis by Business Segment	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property development	47,615	45,718	12,572	11,270
Construction	74,552	52,710	5,939	(157)
Education	32,302	30,715	7,264	10,060
Investment & others	4,842	4,698	753	413
	159,311	133,841	26,528	21,586
Inter-segment elimination	(60,536)	(23,361)	(2,706)	(1,138)
	98,775	110,480	23,822	20,448

A11. Carrying amount of revalued assets

The valuations of property, plant and equipment and investment properties have been brought forward without amendments from the financial statements for the financial year ended 31 December 2013.

A12. Subsequent events

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial report except as disclosed in Note B6(b).

A13. Changes in composition of the Group

On 27 January 2014, the Company acquired a company, Seamless Cartel Sdn. Bhd. with an issued and paid up share capital of RM2.

A14. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities of the Group since the last annual reporting date.

A15. Capital commitment

The amount of commitments not provided for in the interim financial statements as at 31 March 2014 is as follows:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	149,346
Investment properties	83,050
Land held for development	38,928
Approved but not contracted for:-	
Property, plant & equipment	62,955
Investment properties	17,013
	351,292

A16. Capital expenditure

The major additions and disposals to the property, plant and equipment during the current quarter and financial year to date were as follows:

	Current Quarter RM'000	Financial Year-to-date RM'000
Property, plant and equipment		
Additions	21,921	21,921

A17. Related party transactions

	Financial Year-to-date RM'000
Purchase of computers and peripherals from ECS ICT Bhd and its subsidiaries, a group of companies in which Dato' Teo Chiang Quan, a director of the Company, has substantial interests	39
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan has substantial interest	154
Sale of property to Mr Ooi Hun Peng, a director of subsidiary	620
	813

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

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

1Q14 vs 1Q13

Group revenue for 1Q14 decreased by 11% to RM98.8 million (1Q13: RM110.5 million), due to lower revenue recorded by the construction division, as it winds down its external construction projects to focus on internal construction projects and property development. Profit before tax (PBT), however, increased by 17% to RM23.8 million (1Q13: RM20.4 million) due to higher PBT recorded by the property division.

Within the Property Division, revenue for the property development segment improved marginally by 4% to RM47.6 million (1Q13:RM45.7 million) while the construction segment improved by 41% to RM74.5 million (1Q13: RM52.7 million). This was mainly due to higher progressive billings from newly launched projects, namely Sejati Residences in Cyberjaya, Utropolis in Glenmarie, Shah Alam and Sekitar26 Business in Shah Alam while construction activities on these multiple development projects boosted the performance of the construction segment.

The property development segment recorded a higher PBT of 12% to RM12.6 million (1Q13: RM11.3 million) while the construction segment recorded a PBT of RM5.9 million against a loss before tax of RM157,000 in 1Q13, both attributable to gains on disposal of lands. The property development segment recorded a gain of RM7.3 million on the disposal of a 6.1-acre land in Bandar Laguna Merbok earmarked for the development of "Kip-Mart", a wet and dry hypermarket, to add vibrancy to the development and support our strategy of investing and reinvesting in the communities we build. The construction segment recorded a gain of RM5.7 million on the disposal of a 26-acre land in Bukit Beruntung, a contra-property, which the Group found not feasible for development.

The education division recorded marginally higher revenue of 5% to RM32.3 million for 1Q14 (1Q13: RM30.7 million) mainly due to higher revenue from the primary and secondary school segment arising from higher student enrolment.

PBT for the education division, however, declined by 28% to RM7.3 million (1Q13: RM10.1 million). The lower PBT was mainly due to the higher LBT registered by the University College due to higher operating costs. The college in Penang as well as the primary and secondary school segments also recorded lower PBT due to higher operating costs.

B2. Material changes in Profit Before Tax for the quarter reported on as compared with the immediate preceding quarter

For 1Q14, Group PBT increased by 12% to RM23.8 million (4Q13: RM21.3 million).

B3. Prospects

With strong carried forward lock-in sales and the scheduled launches from Bukit Banyan, Sejati Residences, Paramount Utropolis and Sekitar26 Business of primarily affordable products in the remaining part of year, the property development segment should continue to perform well.

Increased activities from these new developments will also benefit the construction segment, which has switched its focus to internal construction projects and property development.

The education division continues to operate in a challenging environment. Issues arising from the implementation of the Education Malaysia Global Services (EMGS) remain unresolved, while the primary and secondary school sector continue to be inundated with new players and capacity issues.

Despite these challenges, the primary and secondary school with its strong value proposition and brand name will continue to perform well and drive the performance of the education division.

On the tertiary education side, the several initiatives implemented over the past few months to establish a clear value proposition and differentiation has started to bear fruits allowing the University College to improve its competitiveness and expand enrolment in the first quarter of the year. Much more, however, needs to be done, which will increase operating costs and dent margins over the short term but will improve the sustainability of the University College over the long term. Overall, the education division is expected to perform satisfactorily for the rest of the year.

Overall, barring any unforeseen circumstances, the Group will continue to perform well.

B4. Profit forecast or profit guarantee

There were no profit forecast or profit guarantee for the current quarter and financial year to date.

B5. Taxation

The taxation charge included the following:

	Current Quarter RM'000	Financial Year-to-date RM'000
Current year provision	4,074	4,074
Deferred tax	188	188
	4,262	4,262

The effective tax rate for the financial year was lower than the statutory income tax rate in Malaysia due to the gain of RM12.9 million on disposal of lands which was not subject to tax.

B6. Corporate proposal

(a) On 25 March 2014, the Company entered into a Purchase and Development Agreement (the PDA) with Penang Development Corporation for the proposed acquisition of a piece of freehold land measuring in total area approximately 30.7 acres situated at Batu Kawan, Mukim 13, District of Seberang Perai Selatan, State of Penang at a total cash consideration of RM67,007,594.40 only upon such terms and conditions as contained in the PDA; and

(b) On 14 April, 2014, the Company proposed:

(i) Renounceable rights issue of 84,452,864 new ordinary shares of RM0.50 each in the Company on the basis of one (1) Rights Share for every four (4) existing ordinary shares of RM0.50 each held in the Company on an entitlement date to be determined later;

(ii) Proposed increase in the authorised share capital of the Company from RM200,000,000 comprising 400,000,000 shares to RM500,000,000 comprising 1,000,000,000 shares; and

(iii) Proposed amendments to the Memorandum and Articles of Association of the Company.

B7. Borrowings and debts securities

The Group's borrowings and debts securities as at 31 March 2014 were as follows:

	RM'000
Short-term borrowings (Secured)	
Current portion of long term loans	49,787
Long-term borrowings (Secured)	
Term loans	235,820
Islamic Medium Term Notes	55,546
	291,366

B8. Realised and unrealised profits

The breakdown of retained profits as at 31 March 2014 and 31 March 2013 on a group basis, into realised and unrealised profits, is as follows:

	31/3/2014 RM'000	31/3/2013 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	738,603	640,428
- Unrealised	(8,916)	(7,066)
	729,687	633,362
Total share of retained profits/(loss) from associate		
- Realised	(225)	(119)
Less: Consolidation adjustments	(192,335)	(129,096)
Total Group retained profits	537,127	504,147

B9. Derivative financial instrument

The outstanding interest rate swap contracts as at 31 March 2014 are as follows:

	Contract amount RM'000	Fair value Assets/ (Liabilities) RM'000
Interest rate swap*		
- More than 3 years	62,700	154
- More than 3 years	57,000	(279)

* The contracts effectively swapped the Group's floating interest rate to fixed interest rate to hedge against interest rate fluctuation.

B10. Fair value gain/(loss)

	Current Quarter RM'000	Financial Year-to-date RM'000
Interest rate swap	(225)	(225)

Basis of fair value measurement: The differences between floating and fixed interest rates.

Reason for gain/(loss): The floating interest rate has moved unfavourably against the Group from the last measurement date.

B11. Changes in material litigation

As at 28 May 2014, there were no changes in material litigation, including the status of pending litigation since the last annual reporting date of 31 December 2013.

B12. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2014.

B13. Earnings per share

(a) Basic EPS

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Current Quarter	Financial Year-to-date
Profit for the period (RM'000)	19,560	19,560
Weighted average number of ordinary shares ('000)	337,812	337,812
Basic EPS (sen)	5.79	5.79

(b) Diluted EPS

Not applicable to the Group.

DIRECTORS' REPORT

PARAMOUNT®
CORPORATION BERHAD
(8578-A)

Registered Office

Level 8, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Date: 30 June 2014

To: **The Entitled Shareholders of Paramount Corporation Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of Paramount Corporation Berhad ("**Paramount**") ("**Board**"), I report after due enquiry that during the period from 31 December 2013 (being the date to which the last audited financial statements of Paramount and its subsidiaries and its associated companies ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the issue date of this Abridged Prospectus), that:

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Group;

(v) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums for any borrowings of the Group; and

(vi) save as disclosed in the Abridged Prospectus, since the last audited financial statements of the Group, there have been no material changes in the published reserves or any unusual factor affecting the profits of the Group.

Yours faithfully,
For and on behalf of the Board of Directors of
PARAMOUNT CORPORATION BERHAD

DATO' MD TAIB BIN ABDUL HAMID
Chairman/Independent Non-Executive Director

FURTHER INFORMATION

1. SHARE CAPITAL

No securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.

Save for the Entitled Shareholders who will be provisionally allotted the Rights Shares under the Rights Issue, no person has been or would be entitled to be granted an option to subscribe for any of our securities as at the LPD.

2. ARTICLES OF ASSOCIATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:

Article 94

The fees of the Directors shall from time to time be determined by the Company in general meeting. Unless otherwise directed by the resolution by which it is voted, any such fees shall be divided amongst the Directors as they may agree, or, failing agreement, equally. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. The Directors shall also be entitled to be repaid all travelling and hotel expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from meetings of Directors or general meetings or which he may otherwise incur on or about the business of the Company. If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged. Provided that no non-executive Director shall be remunerated by a commission on or percentage of profits or turnover and no Directors (non-executive or executive) shall be remunerated by a commission on or percentage of turnover and that nothing herein shall prejudice the power of the Directors to appoint any of their number to be the employee or agent of the Company at such remuneration upon such terms as they think fit provided that such remuneration shall not include a commission on or percentage of turnover.

Article 98

The remuneration of the Group Chief Executive Officer, Group Managing Director and the Group Executive Director and the Group Executive Directors may be payable by way of salary or commission or participation in profits of the Company or of any other company in which the Company is interested, or by any or all of those modes, or otherwise as may be thought expedient but shall not include a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.

3. CONSENTS

Our Adviser and Underwriter, Principal Bankers, Share Registrar and Solicitors for the Rights Issue have given and have not subsequently withdrawn their written consents for the inclusion of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

FURTHER INFORMATION

Ernst and Young, our Auditors and Reporting Accountants, has given and has not subsequently withdrawn its written consent for the inclusion of its name, our pro forma consolidated statement of financial position as at 31 December 2013 together with the Reporting Accountants' letter thereon and Auditors' report relating to our audited consolidated financial statements for the FYE 31 December 2013, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consent for the inclusion of its name as the source of historical share prices of our Company, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

4. MATERIAL CONTRACTS

Save as disclosed below, we confirm that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years immediately preceding the date of issuance of this Abridged Prospectus:

(i) the purchase and development agreement dated 25 March 2014 entered into between the Company and Penang Development Corporation for (a) the purchase by the Company of two (2) parcels of land known individually as the UC Land measuring approximately 10.4004 acres and the mixed development land measuring approximately 20.3103 acres and both pieces measuring approximately 30 acres in aggregate, situated in Batu Kawan and (b) the Company undertaking and completing (i) the development and operation of a university college campus which shall consist of approximately 150,000 square feet ("**sq ft**") of built up area; and (ii) a mixed development consisting of serviced apartments, retail and office facilities with a total minimum built up area of approximately 500,000 sq ft for a total cash consideration of RM67,007,594.40; and

(ii) the Underwriting Agreement.

5. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and to the best knowledge of our Board, there are no proceedings pending or threatened against our Group and no facts that are likely to give rise to any such proceedings, which may materially and adversely affect the financial position or business of our Group.

6. GENERAL

(i) None of our Directors has any existing or service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payments or compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

(ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(a) material information including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group;

(b) known trends, demands, commitments, events or uncertainties that will result in or are likely to materially increase or decrease our Group's liquidity;

(c) material commitments for capital expenditure;

(d) unusual, infrequent events or transactions or significant economic changes that materially affect the amount of reported income from our operations; and

(e) known trends or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's revenues or operating income.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Level 8, Uptown 1, 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of twelve (12) months from the date of issuance of this Abridged Prospectus:

(i) our Memorandum and Articles of Association;

(ii) our audited consolidated financial statements for the past two (2) FYEs 31 December 2012 and 31 December 2013 and unaudited consolidated interim financial statements for the three (3)-month FPE 31 March 2014;

(iii) the pro forma consolidated statement of financial position of our Group as at 31 December 2013 together with the Reporting Accountants' report as set out in Appendix III of this Abridged Prospectus;

(iv) the Directors' Report as set out in Appendix VI of this Abridged Prospectus;

(v) the material contracts referred to in Section 4 of this Appendix;

(vi) the consent letters referred to in Section 3 of this Appendix;

(vii) the letters in relation to the Undertakings from Paramount Equities Sdn Bhd and Dato' Teo Chiang Quan as referred to in Section 8 of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

Our Board has seen and approved all the documentation relating to the Rights Issue including the Documents. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in the Documents false or misleading.

HLIB, being the Adviser for the Rights Issue, acknowledge that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.