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

The figures are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR YEAR ENDED 31 DECEMBER 2014

	3 Months Ended 31 December		12 Months Ended 31 December	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Revenue	**157,656**	135,443	**510,043**	512,073
Operating profit	**14,716**	20,931	**81,228**	73,557
Interest expense	**(3)**	(244)	**(273)**	(1,095)
Interest income	**1,875**	637	**5,074**	2,846
Share of loss of associate	**(35)**	(11)	**(273)**	(212)
Profit before tax	**16,553**	21,313	**85,756**	75,096
Taxation	**(6,455)**	(6,957)	**(21,670)**	(21,593)
Profit for the period	**10,098**	14,356	**64,086**	53,503
Profit attributable to:				
Ordinary equity holders of the Company	**10,098**	14,356	**62,474**	53,503
Holder of private debt securities of the Company	**-**	-	**1,612**	-
	10,098	14,356	**64,086**	53,503
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	**2.39**	3.99	**16.17**	14.83
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.

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

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2014

	3 Months Ended 31 December		**12 Months Ended 31 December**	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Profit for the period	**10,098**	14,356	**64,086**	53,503
Other comprehensive income	**16**	(350)	**(123)**	(1,006)
Total comprehensive income for the period	**10,114**	14,006	**63,963**	52,497
Total comprehensive income attributable to:				
Ordinary equity holders of the Company	**10,114**	14,006	**62,351**	52,497
Holder of private debt securities of the Company	**0**	0	**1,612**	0
	10,114	14,006	**63,963**	52,497

The Condensed Consolidated Statement of Comprehensive Income 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 December 2014

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	As at 31/12/2014	As at 31/12/2013
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	434,848	317,491
Land held for property development	530,440	457,634
Investment properties	108,583	61,118
Intangible asset	15,674	15,674
Investment in associates	8,084	8,604
Other investments	340	342
Deferred tax assets	13,477	9,774
	1,111,446	870,637
Current assets		
Property development costs	149,814	131,628
Inventories	399	1,732
Trade receivables	82,004	105,382
Other receivables	28,746	22,325
Other current assets	68,757	17,777
Tax recoverable	8,585	4,818
Other investments	270	1,530
Cash and cash equivalents	192,270	110,544
	530,845	395,736
Assets held for sale	9,900	35,956
	540,745	431,692
Total assets	1,652,191	1,302,329
Current liabilities		
Borrowings	112,821	41,402
Trade payables	109,821	109,335
Other payables	105,176	77,746
Tax payable	5,391	3,195
Other current liabilities	76,788	49,132
	409,997	280,810
Net current assets	130,748	150,882
Non-current liabilities		
Borrowings	272,270	276,344
Deferred tax liabilities	18,080	18,077
	290,350	294,421
Total liabilities	700,347	575,231
Equity		
Share capital	211,132	168,906
Reserves	640,925	558,192
Private debt securities	99,787	0
Total equity	951,844	727,098
Total equity and liabilities	1,652,191	1,302,329
Net assets (NA) per share (RM)	2.02	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.

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

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2014

		<-------Non Distributable------>		Distributable	Private	
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	debt securities RM'000	Total Equity RM'000
As at 1 January 2014	168,906	41,631	(1,006)	517,567	-	727,098
Total comprehensive income	-	-	(123)	62,474	1,612	63,963
Transactions with owners						
Issuance of private debt securities						
- Issuance of private debt securities	-	-	-	-	100,000	100,000
- Private debt securities expenses	-	-	-	-	(213)	(213)
Issuance of ordinary shares						
- Rights issue	42,226	50,672	-	-	-	92,898
- Rights issue expenses	-	(1,154)	-	-	-	(1,154)
Private debt securities distribution	-	-	-	-	(1,612)	(1,612)
Dividends	-	-	-	(29,136)	-	(29,136)
Total transactions with owners	**42,226**	**49,518**	**-**	**(29,136)**	**98,175**	**160,783**
As at 31 December 2014	**211,132**	**91,149**	**(1,129)**	**550,905**	**99,787**	**951,844**
As at 1 January 2013	168,906	41,631	-	489,400	-	699,937
Total comprehensive income	-	-	(1,006)	53,503	-	52,497
Transactions with owners						
Dividends	-	-	-	(25,336)	-	(25,336)
As at 31 December 2013	**168,906**	**41,631**	**(1,006)**	**517,567**	**-**	**727,098**

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.

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

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2014

	12 Months Ended	
	31/12/2014	31/12/2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**85,756**	75,096
Adjustment for:		
Non-cash items	**18,559**	14,269
Non-operating items	**(23,353)**	(1,848)
Operating profit before working capital changes	**80,962**	87,517
Increase in receivables	**(34,454)**	(15,881)
(Increase)/decrease in development properties	**(14,318)**	23,556
Decrease/(increase) in inventories	**1,333**	(1,732)
Increase in payables	**55,643**	20,161
Cash generated from operations	**89,166**	113,621
Taxes paid	**(26,941)**	(22,152)
Interest paid	**(16,609)**	(12,915)
Net cash generated from operating activities	**45,616**	78,554
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	**(39,414)**	(55,453)
Purchase of property, plant and equipment	**(170,361)**	(68,674)
Purchase of investment properties	**(32,328)**	(8,921)
Proceeds from disposal of property, plant and equipment	**934**	922
Proceeds from disposal of investment properties	**5,000**	-
Proceeds from disposal of assets held for sale	**37,815**	957
Movement in other investment	**1,262**	(1,313)
Interest received	**5,074**	2,846
Net cash used in investing activities	**(192,018)**	(129,636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(29,136)**	(25,336)
Proceeds from borrowings	**43,303**	31,303
Issuance of Islamic Medium Term Notes - Net	**65,538**	55,534
Proceeds from Rights issue	**92,898**	-
Payment of Rights issue related expenses	**(1,154)**	-
Proceeds from issuance of PDS	**100,000**	-
Payment of PDS related expenses	**(213)**	-
PDS distribution	**(1,612)**	-
Repayment of borrowings	**(41,496)**	(21,786)
Net cash generated from financing activities	**228,128**	39,715
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**81,726**	(11,367)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**110,544**	121,911
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**192,270**	110,544

	31/12/2014	31/12/2013
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	**91,381**	45,816
Fixed deposits	**100,889**	64,728
	192,270	110,544
Cash and bank balances held in HDA accounts	**38,263**	30,646

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

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 FRS, Amendments to FRS and IC Interpretations which are issued but not yet effective for the financial year ended 31 December 2014 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

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's 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 2013, 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").

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 four years. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company fall within the definition of Transitioning Entities and have opted to defer the adoption of the new MFRS Framework. 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 2017. 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.

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 the following:

(a) **RM200.0 Million PDS Programme**

(i) On 6 February 2014, the Company issued RM50.0 million in nominal value of Private Debt Securities (PDS) pursuant to the PDS Programme; and

(ii) On 1 October 2014, the Company issued another RM50.0 million in nominal value of 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.

A7. Debt and equity securities (cont'd)

(b) **RM350.0 Million Sukuk Programme**

(i) On 23 June 2014, KDU University College Sdn Bhd (KDU), a wholly owned subsidiary of the Company, issued RM21.6 million in nominal value of Sukuk Ijarah, due on 26 June 2020 under the Sukuk Programme.

(ii) On 3 October 2014, KDU issued RM28.89 million in nominal value of Sukuk Ijarah, due on 26 June 2020 under the Sukuk Programme.

(iii) On 29 December 2014, KDU issued RM15.0 million in nominal value of Sukuk Ijarah, due on 26 June 2020 under the Sukuk Programme.

(iv) On 26 January 2015, KDU redeemed RM21.6 million in nominal value of Sukuk Ijarah that were issued under the Sukuk Programme on 23 June 2014.

A7. Debt and equity securities (Cont'd)

(c) **Renounceable rights issue of 84,452,864 new ordinary shares of RM0.50 each in Paramount Corporation Berhad (Paramount) (Rights Shares) at an issue price of RM1.10 per Rights Shares on the basis of one (1) Rights Share for every four (4) existing ordinary shares of RM0.50 each held in Paramount on 8 July 2014 (Rights Issue)**

On 14 April 2014, the Company announced to undertake a rights issue to its entitled shareholders on the basis of one (1) Rights Share for every four (4) existing ordinary shares of RM0.50 each held in Paramount.

Bursa Malaysia Securities Berhad granted its approval for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities on 14 May 2014. The shareholders of the Company approved the Rights Issue at the Company's extraordinary general meeting held on 9 June 2014.

On 10 June 2014, the Company announced that the 84,452,864 Rights Share will be issued at an issue price of RM1.10 per Rights Share to raise gross proceeds of RM92.9 million. The entitlement date for the Rights Issue was on 8 July 2014.

The Rights Issue exercise was completed on 8 August 2014.

A8. Dividends paid

	12 months ended	
	31/12/2014	**31/12/2013**
	RM'000	**RM'000**
Final dividends 2013 - 5.50 sen single tier (2012 - 5.00 sen single tier)	18,580	16,891
Interim dividends 2014 - 2.50 sen single tier (2013 - 2.50 sen single tier)	10,556	8,445
	29,136	25,336

A9. Profit before tax

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

	3 months ended 31 December		12 months ended 31 December	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation of:				
- Property, plant and equipment	3,083	3,307	12,385	13,458
- Investment properties	7	84	28	335
Additions of allowance for impairment of trade and other receivables	149	(101)	255	184
Impairment of asset held for sale	3,793	0	3,793	0
Bad debts written off	280	164	280	164
Gain on disposal of:				
- Property, plant and equipment	(51)	(295)	(420)	(343)
- Investment properties	0	0	(1,269)	0
- Assets held for sale	0	(9)	(14,283)	(155)
Reversal of allowance for impairment of trade and other receivables	(40)	(268)	(104)	(268)
Net derivative (gain)/loss on interest rate swap	(241)	(100)	(4)	(100)
Net foreign exchange (gain)/loss	29	273	(437)	(346)

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	308,162	218,533	61,458	45,641
Construction	369,172	313,537	6,856	5,153
Education	131,152	124,658	24,604	27,808
Investment & others	58,597	34,169	41,704	18,144
	867,083	690,897	134,622	96,746
Inter-segment elimination	(357,040)	(178,824)	(48,866)	(21,650)
	510,043	512,073	85,756	75,096

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 A7(b)(iv) and B6(b).

A13. Changes in composition of the Group

(i) On 27 January 2014, the Company acquired a company, Seamless Cartel Sdn Bhd with an issued and paid up share capital of RM2, which subsequently changed its name to Paramount Property (PW) Sdn Bhd.

(ii) On 15 December 2014, the Company incorporated a new subsidiary named as Paramount Construction (PG) Sdn Bhd (PCPG) under the Companies Act, 1965 by subscribing for 99 ordinary shares of RM1.00 each in PCPG representing 99% of the total issued and paid-up share capital of PCPG.

(iii) On 31 December 2014, the Company acquired a company, Lagun Pertiwi 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 December 2014 were as follows:

	RM'000
Approved and contracted for:-	
Investment properties	53,982
Land held for development	10,635
	64,617
Approved but not contracted for:-	
Investment properties	11,764
Land held for development	222,836
	234,600
	299,217

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	45,801	170,361

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 Datoô Teo Chiang Quan, a director of the Company, has substantial interests	544
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of DatoôTeo Chiang Quan has substantial interest	622
Interior design contract charges paid to Damansara Uptown Interiors Sdn Bhd, a company in which a brother of DatoôTeo Chiang Quan has substantial interest	2,543
Sale of property to Ms Eunice Teo Wan Tien, the daughter of Dato' Teo Chiang Quan	850
Sale of property to Mr Ooi Hun Peng, a director of subsidiary	620
	5,179

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

4Q2014 vs 4Q2013

Group revenue for 4Q2014 increased by 16% to RM157.7 million (4Q2013: RM135.4 million) due to the higher progressive billings registered by the property development segment. Profit before tax **(PBT)**, however, decreased by 22% to RM16.6 million (4Q2013: RM21.3 million) due to lower PBT recorded by both the Property and Education Divisions.

Within the Property Division (comprising property development and construction segments), revenue from property development improved by 93% to RM113.1 million (4Q2013: RM58.6 million) due to the higher progressive billings registered from the Utropolis in Glenmarie, Shah Alam and Sekitar26 Business in Shah Alam developments. Revenue from construction decreased marginally by 4% to RM92.9 million (4Q2013: RM96.8 million) as it winds down its external projects to focus on internal projects. The revenue from construction after eliminating the internal construction projects decreased by 77% to RM10.1 million (4Q2013: RM43.4 million).

As a result of the higher revenue, PBT for property development increased by 33% to RM18.0 million (4Q2013: RM13.5 million). A loss before tax (**LBT**) of RM4.4 million (4Q2013: PBT RM2.3 million) was recorded by construction mainly due to a net provision of RM3.8 million on impairment of investment properties.

Revenue for the Education Division (comprising the primary & secondary school and the tertiary education segments) improved marginally by 3% to RM34.1 million (4Q2013: RM33.1 million).

PBT for the education division, decreased by 38% to RM5.4 million (4Q2013: RM8.7 million) due to a higher LBT recorded by KDU University College.

2014 vs 2013

Group revenue for 2014 of RM510 million was maintained at about previous year's level (2013: RM512.1 million). For the same period, PBT increased by 14% to RM85.8 million (2013: RM75.1 million) due to higher PBT recorded by the Property Division.

Within the Property Division, revenue from property development increased by 41% to RM308.2 million (2013: RM218.5 million) due to the higher progressive billings registered from the Sejati Residences in Cyberjaya, Utropolis and Sekitar26 Business developments. The construction activities on these multiple development project boosted the performance of the construction segment increasing revenue by 18% to RM369.2 million (2013: RM313.5 million). Revenue from construction after eliminating revenue from the internal construction projects decreased by 59% to RM68.6 million (2013: RM167.3 million).

PBT for property development increased by 35% to RM61.5 million (2013: RM45.6 million) attributable to higher progressive billings and a gain of RM7.3 million recorded on the disposal of a 6-acre land in Bandar Laguna Merbok earmarked for the development of "Kip-Mart", a wet and dry hypermarket. The presence of this hypermarket will add vibrancy to the development and support the Group's strategy of investing and reinvesting in the communities that we build. PBT for construction increased by 33% to RM6.9 million (2013: RM5.2 million) due to higher progressive billings.

Revenue for the education division increased by 5% to RM131.2 million (2013: RM124.7 million) due to higher revenue registered by the primary and secondary school segment.

PBT for the education division decreased by 12% to RM24.6 million (2013: RM27.8 million) due to the higher losses incurred by KDU University College.

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

For 4Q2014, Group PBT decreased by 19% to RM16.6 million (3Q2014: RM20.6 million).

B3. Prospects

The property market is expected to remain challenging throughout 2015 due to the banks' stringent lending guidelines, the uncertainties of the impact of GST when it kicks in on 1 April and concerns over increase in interest rates, all of which are likely to sway consumer sentiment.

However, with Malaysia's economic underpinnings driven by a relatively young population in a stable job market environment, quality properties in good locations are expected to be snapped up by astute long-term investors. Premised on this, the Property Division is confident of delivering a satisfactory performance in 2015. The Group has planned launches from both its existing and new development projects that will provide a wide array of products, mostly in the mid-priced property segment, to cater for this target market. Additionally, an unbilled sales of RM440 million in 2014 brought forward will immediately bolster Group revenue and profit. In the Klang Valley, there will be new launches from Sejati Residences in Cyberjaya and Utropolis in Glenmarie, Shah Alam while in the Northern region, the new launches will be from the Bukit Banyan development and the remaining phase of the tail end of the Bandar Laguna Merbok development. The division also plans to unveil its new development projects in Section 13, Petaling Jaya and Batu Kawan, Penang in the fourth quarter of 2015.

The Education Division also continues to operate in a competitive environment as competitors cast a wider net to entice a more discerning and informed target market through extremely aggressive marketing campaigns. This is expected to have an adverse impact on enrolments and fees, going forward.

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. The school has continually added facilities to increase capacity to meet overwhelming demand. The tertiary education sector's new KDUUC Utropolis campus in Glenmarie, which opened for enrolment in January 2015, and the various initiatives that were put in place last year, has attracted a lot of attention, and consequentially, positive enrolments.

In view of the foregoing and barring any unforeseen circumstances, the Group is expected to deliver another good set of results for 2015.

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
Income tax	9,844	25,370
Deferred tax	(3,389)	(3,700)
	6,455	21,670

The effective tax rate for the financial year was slightly higher than the statutory income tax rate in Malaysia due to the losses of certain subsidiaries that were not available for full set off against taxable profits of other subsidiaries and certain expenses which were not deductible for tax purposes.

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. The purchase was completed on 24 July 2014.

(b) On 2 January 2015, the Company entered into a conditional Sale and Purchase Agreement (SPA) with NCT United Development Sdn Bhd for the proposed acquisition of 12 contiguous parcels of freehold land measuring in total area approximately 237.2727 acres all situated within the Mukim of Dengkil, District of Sepang, State of Selangor at a total cash consideration of RM227,383,174.00 upon such terms and conditions as contained in the SPA.

(c) The status of utilisation of proceeds arising from the Rights Issue as disclosed in A7(c) as at 23 February 2015 were as follow:

	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
(i)	Repayment of existing bank borrowings	40,000	40,000	0
(ii)	Working capital purposes	50,968	50,968	0
(iii)	Defray Rights Issue related expenses	1,930	1,154	776
	Total	92,898	92,122	776

B7. Borrowings and debts securities

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

	RM'000
Short-term borrowings (Secured)	
Current portion of long term loans	112,821
Long-term borrowings (Secured)	
Term loans	172,186
Islamic Medium Term Notes	100,084
	272,270

B8. Realised and unrealised profits

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

	31/12/2014 RM'000	**31/12/2013 RM'000**
Total retained profits of the Company and its subsidiaries		
- Realised	759,666	655,250
- Unrealised	(6,001)	(9,495)
	753,665	645,755
Total share of loss from associate		
- Realised	(524)	(201)
Less: Consolidation adjustments	(202,236)	(127,987)
Total Group retained profits	550,905	517,567

B9. Derivative financial instrument

The outstanding interest rate swap contracts as at 31 December 2014 were as follows:

	Contract amount	Net Fair value Assets/ (Liabilities)
	RM'000	RM'000
Interest rate swap*		
- More than 3 years	119,700	105

The net fair value of interest swap is presented after appropriate offsetting as follow:

	RM'000
Derivative asset from interest rate swap	210
Derivative liability from interest rate swap	(105)
	105

* 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	241	4

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

Reason for gain: The floating interest rate has moved favourably for the Group from the last measurement date.

B11. Changes in material litigation

As at 23 February 2015, 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

(i) A proposed single tier final dividend of 5.00 sen, for the financial year ended 31 December 2014 has been recommended by the directors;
(ii) Amount per share - single tier 5.00 sen;
(iii) Previous corresponding period - a single tier final dividend of 5.50 sen per share;

The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting to be held on a date to be announced.

The total dividend for the current financial year to date is 7.50 sen per share, single tier. (2013: 8.00 sen per share, single tier)

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)	10,098	62,474
Issued ordinary shares at beginning of year ('000)	337,812	337,812
Effect of Rights issue ('000)	84,452	48,517
Weighted average number of ordinary shares ('000)	422,264	386,329
Basic EPS (sen)	2.39	16.17

(b) Diluted EPS

Not applicable to the Group.