Paramount Corporation Berhad (8578-A)
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47400 Petaling Jaya, Selangor Darul Ehsan
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PARAMOUNT
CORPORATION BERHAD
(8578-A)

Extending our reach

Annual Report 2011

Understanding the market pulse has always been one of our key strengths as evidenced by our ability to consistently deliver innovative products. Our continued success in extending our reach as a leader in our fields of expertise, gained on the back of a complete mastery of the senses, has helped make Paramount a trusted brand. It's a recognition that we truly value and one that inspires us to go the distance in ensuring total customer satisfaction.

CONTENTS

NOTICE OF
FORTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY-SECOND ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT BALLROOM I, MAIN WING, TROPICANA GOLF & COUNTRY RESORT BERHAD, JALAN KELAB TROPICANA, 47410 PETALING JAYA, SELANGOR DARUL EHSAN ON WEDNESDAY, 6 JUNE 2012 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES:

AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To approve the declaration of a single tier final dividend of 5 sen per share in respect of the year ended 31 December 2011. **(Resolution 2)**

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

   (a) Mr Quah Chek Tin **(Resolution 3)**

   (b) YBhg Datuk Seri Michael Yam Kong Choy **(Resolution 4)**

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

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

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

   (c) "That YBhg Dato' Haji Azlan bin Hashim, a Director who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **(Resolution 7)**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

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

Authority to Directors to issue shares

"That, subject to the Companies Act, 1965, Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other Governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued share capital of the Company for the time being." **(Resolution 9)**

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders, a single tier final dividend of 5 sen per share in respect of the year ended 31 December 2011, will be paid on 28 June 2012 to shareholders whose names appear in the Record of Depositors on 13 June 2012.

A depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the depositor's securities account before 4.00 p.m. on 13 June 2012 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

TAY LEE KONG
Secretary

Petaling Jaya
Selangor Darul Ehsan
15 May 2012

NOTES

Record of Depositors

In respect of deposited securities, only members whose names appear in the Record of Depositors on 29 May 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the Forty-Second Annual General Meeting (**AGM**).

Appointment of Proxy

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds shares in the Company for multiple beneficial owners in one securities account (**omnibus account**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the above meeting.

Explanatory Notes on Special Business

The Ordinary Resolution proposed under item 6, if passed, will renew the powers given to the Directors at the last AGM, authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM.

As at the date of this notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the Forty-First AGM held on 1 June 2011, which will lapse at the conclusion of the Forty-Second AGM.

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

GROUP
CORPORATE STRUCTURE

PROPERTY DEVELOPMENT

- **100%** Berkeley Sdn Bhd
- **100%** Broad Projects Sdn Bhd
  - **100%** Supreme Essence Sdn Bhd
- **100%** Current Connection Sdn Bhd
- **100%** Paramount Property (Cjaya) Sdn Bhd
- **100%** Paramount Property Development Sdn Bhd
- **100%** Paramount Property (Glenmarie) Sdn Bhd
- **100%** Paramount Property (Utara) Sdn Bhd
  - **100%** Kelab Bandar Laguna Merbok Sdn Bhd
- **100%** Seleksi Megah Sdn Bhd

CONSTRUCTION & CIVIL ENGINEERING

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

OTHERS

- **100%** Berkeley Maju Sdn Bhd
- **100%** Janahasil Sdn Bhd
- **100%** Jasarim Bina Sdn Bhd
- **100%** Paramount Corporation Limited
- **100%** Paramount Electronics Industries Sdn Bhd
- **100%** Paramount Global Assets Sdn Bhd
- **100%** Paramount Global Investments Pty Ltd
  - **100%** Paramount Investments & Properties Pty Ltd
    - **50%** VIP Paramount Pty Ltd
- **100%** Paramount Property Holdings Sdn Bhd

EDUCATION

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

CORPORATE PROFILE

VISION

To be an innovative market leader in our businesses that benefit society

MISSION

To provide superior products and services that exceed our customers' expectations

To recognise our employees as our single most important asset and encourage them to realise their full potential in a caring and conducive environment

To enhance shareholders' value by growing our businesses

CORE VALUES

Excellence
We will be single-minded in our quest to be the best in our core businesses

Integrity and Transparency
We will maintain the highest standards of integrity, and continue to remain transparent in all facets of our operations

Goodwill
We will attach equal importance to building both human values and business values

Community
We are a responsible corporate citizen, sensitive to the needs of the community

Environment
We are committed to protecting the environment

Paramount Corporation Berhad (**Paramount**) was incorporated on 15 April 1969 as a public limited company under the name of Malaysia Rice Industries Berhad. It was then principally involved in the business of rice milling.

In 1971, Paramount successfully obtained listing on the Official Lists of Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) and Stock Exchange of Singapore Ltd (**SES**).

In 1978, Paramount was restructured into a property development company following the acquisition of a real estate company, Perumahan Berjaya Sdn Bhd (now known as Paramount Property Holdings Sdn Bhd (**PPH**)). As part of the Company's diversification plans, Paramount also acquired an oil palm estate in Perak in 1980.

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

In 1981, Paramount acquired a 49% equity interest in Nanyang Insurance Company Berhad (**NIC**), whose principal activity was the underwriting of general insurance business.

The following year, Paramount acquired four more property development companies, Patani Jaya Sdn Bhd (now known as Paramount Property (Utara) Sdn Bhd (**PPU**)), Berkeley Sdn Bhd, Berkeley Maju Sdn Bhd and Maju Gading Development Sdn Bhd (name was subsequently changed to KDU International Sdn Bhd (**KISB**)).

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

In 1984, Paramount ceased its rice milling operations.

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

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

Spurred by the success of the Damansara Jaya campus, KDU opened a branch campus in Penang in July 1991.

NIC became a subsidiary of Paramount in 1993, and changed its name to Paramount Assurance Berhad (**PAB**) to reflect a common group identity.

Having established a reputation as a quality and reliable developer in Sungai Petani, PPU increased its land bank in this Northern Growth Triangle with the acquisition of 476.98 acres of freehold agricultural land in November 1994.

In October 1996, Paramount acquired Berlian Sakti Sdn Bhd (now known as Paramount Engineering & Construction Sdn Bhd), one of the major contractors for Paramount and its subsidiary companies (**the Group**)'s past and present development projects. This alliance was created to reap synergistic benefits for both companies. The same year, KDU further expanded its business by entering into a joint venture to set up a campus in Sibu, East Malaysia.

In 1997, Paramount divested 15% of its investment in KDU to comply with the Ministry of Education's requirements on bumiputra equity.

In line with Bank Negara Malaysia's directive on the merger of insurance companies, PAB's general insurance operation merged with that of Jerneh Insurance Berhad (**JIB**) in December 1999, resulting in PAB holding a 20% equity in JIB. PAB then changed its name to Paramount Global Assets Sdn Bhd (**PGA**) to reflect the current nature of its business.

In October 2001, KDU expanded its education business by moving downstream to set up a private primary and secondary school, Sekolah Sri KDU, under KDU Smart School Sdn Bhd (**KDUSS**).

Paramount through PGA, took up a 20.31% equity in iCarnegie, Inc (**iCarnegie**) in June 2002, an associated company of Carnegie Technology Education (**CTE**). CTE is, in turn, a wholly-owned subsidiary of Carnegie Mellon University. The Group's investment in iCarnegie was subsequently diluted to 4.27% following iCarnegie's restructuring exercise. The entire investment in iCarnegie was fully disposed of under a stock buy-back scheme on 24 June 2010.

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

The Gift of Foresight

Foresight is the art of seeing what others cannot. Foresight comes from experience and knowledge, the same values that have helped Paramount grow from strength to strength.

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

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

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

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

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

In 2007, Paramount made a strategic decision to venture into commercial and industrial property development, and on 19 October 2007, Paramount through Jasarim Bina Sdn Bhd (**Jasarim**), acquired 5.201 acres of leasehold industrial land located in Petaling Jaya for the proposed development of office buildings. This was followed by the acquisition of two parcels of 99-year leasehold vacant industrial land measuring approximately 13.21 acres known as Lot 2 and Lot 4 through Supreme Essence Sdn Bhd on 22 January 2008 and the acquisition of another two parcels of 99-year leasehold vacant industrial land measuring approximately 9.45 acres known as Lot 7 and Lot 9 through Seleksi Megah Sdn Bhd on 5 February 2008, both located in Kota Damansara for the development of semi-detached showroom cum industrial buildings.

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

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

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

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

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

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

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

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

On 10 June 2011, Paramount incorporated a new subsidiary company, Paramount Global Investments Pty Ltd (**PGI**), in the Commonwealth of Australia. PGI then acquired a shelf company, Paramount Investments & Properties Pty Ltd (**PIP**), in Australia. PIP then entered into a 50-50 joint venture with VIP Rockbank Pty Ltd to establish VIP Paramount Pty Ltd, a company, and VIP Paramount Unit Trust, a unit trust managed by VIP Rockbank Pty Ltd, both established in Australia. The joint venture companies have acquired and will develop a 54.22-acre land known as Crown Allotments 4A and 4B, Leakes Road, Rockbank, Victoria, Australia.

In response to the growing preference for international school, KDUSS expanded its operation to set up an international secondary school in September 2011.

On 2 December 2011, Paramount through Berkeley Sdn Bhd, completed the acquisition of nine parcels of contiguous freehold commercial land totaling 29.16 acres in the centre of Klang Town for the development of an integrated commercial hub.

On 1 February 2012, Paramount through Paramount Property (Glenmarie) Sdn Bhd and KDUUC, completed the acquisition of 11.7 acres of freehold commercial land and 10.0 acres of institutional land in Glenmarie, Shah Alam, respectively.

To further bolster its land bank, the Group through Current Connection Sdn Bhd, entered into an agreement on 12 March 2012 to acquire 30 acres of freehold industrial land strategically located in Shah Alam's Hicom Industrial Park.

Over the years, Paramount has been pursuing a vision of value creation for its customers, shareholders, business partners and employees. Today, this vision has shaped Paramount into a progressive and successful group of companies. Paramount now focuses on 3 core businesses, i.e. property, construction and education, in order to capitalise on the Group's resources and expertise.

Paramount's property development arm, PPU, has earned an excellent reputation as a reliable and quality focused developer in Sungai Petani – an indisputable fact that has been reaffirmed as the recipient of the prestigious 12th FIABCI Property Award of Distinction 2004, RESIDENTIAL DEVELOPMENT CATEGORY.

Kemuning Utama, the Group's maiden property development in the Klang Valley, has experienced overwhelming success since the project took off. Paramount achieved another major milestone when for the second consecutive year at the FIABCI-MALAYSIA, MALAYSIA PROPERTY AWARDS 2005, PPH was named the winner in the Specialised Project category for the first purpose-built private smart primary and secondary school, Sekolah Sri KDU. Sekolah Sri KDU was also named the first runner-up in the Specialised Category of FIABCI International Prix d'Excellence 2006. Leveraging on its proven track record, Paramount will continue to grow its land bank in high growth areas in the Klang Valley, Penang and Johor.

Paramount's construction division has successfully diversified into infrastructure development such as public roads and highways as well as high-rise commercial properties and provision of project management services. The division has also expanded its business operations, and its primary focus is on Penang and Klang Valley.

Having established the vertical integration of the education division into primary and secondary school, tertiary and post executive education, Paramount will continue to strengthen its position in the education sector into a hallmark of educational excellence in Malaysia. That KDUUC had the distinction of winning the Silver Award for two consecutive years at the Putra Brand Awards is a true measure of our progress on the journey to excellence.

Paramount embraces the future with a firm commitment to further growth by building on the Group's strengths and success to further expand existing core businesses in order to provide good returns on investment for shareholders and enhance revenue from business operations. Quality management, strong corporate values, business dynamism and focused core businesses will continue to steer Paramount into the future. Management will continue to evaluate the Group's performance to capitalise on its strengths and resources, and to take advantage of business opportunities in a rapidly changing market. Backed by these strategies, Paramount's competitive position will see the Group embarking on an exciting journey of unfolding challenges in the future.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Dato' Md Taib bin Abdul Hamid*
DSDK

Executive Deputy Chairman
Dato' Teo Chiang Quan
DPTJ

Managing Director & Chief Executive Officer
Ong Keng Siew

Senior Independent Non-Executive Director
Dato' Haji Azlan bin Hashim*
DSNS, DSSA
Mobile : 012 6398578
Email : ahashim@pcb.com.my

Members

Datuk Rohana Tan Sri Mahmood*
PGDK

Geh Cheng Hooi*

Quah Chek Tin*

Datuk Seri Michael Yam Kong Choy*
SMW, DSNS

* *Independent Non-Executive Directors*

SECRETARY

Tay Lee Kong
(MAICSA 772833)

REGISTERED OFFICE

Level 8, Uptown 1
1, Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Telephone : 03-7712 3333
Facsimile : 03-7712 3322
Email : info@pcb.com.my
Website : www.pcb.com.my

REGISTRAR

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

AUDITORS

Ernst & Young, Chartered Accountants

PRINCIPAL BANKERS

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

OTHER INFORMATION

required by the listing requirements of bursa malaysia securities berhad

1. UTILISATION OF PROCEEDS

As at 13 April 2012, the status of utilisation of proceeds arising from Paramount Global Assets Sdn Bhd's, a wholly-owned subsidiary company, disposal of its 20% equity interest in Jerneh Insurance Berhad, which was completed on 1 December 2010, was as follow:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
Future expansion plans and general working capital requirements	90,306	83,058	7,248
Special dividend	36,194	36,194	–
Expenses related to the disposal	4,300	4,300	–
Total	**130,800**	**123,552**	**7,248**

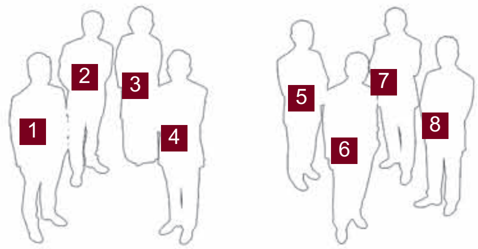
2. NON-AUDIT FEES

The amount of non-audit fee paid to the external auditors by the Group and Company for the financial year is reflected in Note 8, page 84 of the financial statements.

3. MATERIAL CONTRACTS

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

BOARD OF **DIRECTORS**



1. Dato' Teo Chiang Quan
2. Ong Keng Siew
3. Datuk Rohana Tan Sri Mahmood
4. Dato' Md Taib Bin Abdul Hamid
5. Geh Cheng Hooi
6. Dato' Haji Azlan Bin Hashim
7. Quah Chek Tin
8. Datuk Seri Michael Yam Kong Choy

BOARD OF DIRECTORS' PROFILE

DATO' MD TAIB BIN ABDUL HAMID

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

Dato' Taib, who is the Chairman of the Board of Directors of Paramount Corporation Berhad (**Paramount**), brings to the Group a wealth of experience gained through an impressive career spanning both the private and public sectors. He first served with Bank Negara Malaysia from 1960 to 1975. Following this, he was the Executive Director of a commercial bank and, was also actively involved with several financial institutions including as Chairman of a commercial bank. Dato' Taib joined Paramount on 14 November 1994 and was appointed the Chairman on 20 July 2001.

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

Dato' Taib attended all the 4 board meetings.

DATO' TEO CHIANG QUAN

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

Dato' Teo joined Paramount as a Director on 19 January 1977. He started to play an active role in the management of Paramount when he first served as Chief Executive of the Group's insurance division from 1981 to 1991. Under his stewardship, the insurance division grew from a company with a single branch to a respectable and well-capitalised insurance company with 11 branches. He was also instrumental in ensuring the successful merger of the Group's insurance operations with Jerneh Insurance Bhd (**JIB**), resulting in the Group holding a 20% equity interest in JIB, and its subsequent disposal at a record high, then, of a market price to book ratio of 2.2 times. In 1989, Dato' Teo assumed the position of Group Managing Director & Group Chief Executive Officer of Paramount and has since then transformed Paramount into a reputable and financially sound diversified group. He is widely acknowledged as the driving force behind the Group's growth and success in its core businesses of education and property development.

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

Current directorship in a public company includes ECS ICT Berhad.

Dato' Teo is a substantial shareholder of Paramount. The details of his interest in Paramount is reflected in the analysis of shareholdings on pages 45 to 47.

Dato' Teo attended all the 4 board meetings.

ONG KENG SIEW

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

Ong's relationship with Paramount spans more than 30 years. He joined the Group as an Accountant in 1981. His meteoric rise to the top began in 1984 when he was promoted to the position of Finance and Administration Manager and five years later, he was appointed General Manager overseeing the operations of the property division. He was invited to join the Board on 14 November 1994 and in 1997, assumed the position of Deputy Group Managing Director & Deputy Group Chief Executive Officer.

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

Ong attended all the 4 board meetings.

DATO' HAJI AZLAN BIN HASHIM

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

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

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

Other directorships in public companies include AMMB Holdings Berhad, Kesas Holdings Berhad, Metrod Holdings Berhad, Sapura Industrial Berhad and Global Carriers Berhad.

Dato' Azlan attended all the 4 board meetings.

DATUK ROHANA TAN SRI MAHMOOD

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

Datuk Rohana Tan Sri Mahmood joined the Board on 28 July 1997. Datuk Rohana has an extensive political and business network in Malaysia and the Asia Pacific Region. Datuk Rohana is the Chairman of Ethos Capital Sdn Bhd, a Malaysian private equity fund which has a proven track record since 2007 and also the Chairman of Dijaya Corporation Berhad. She is the President Emeritus and Founding Member of the Kuala Lumpur Business Club, and a Member of Board Trustees, The Asia Society, New York. Datuk Rohana is a Distinguished Fellow of the Institute of Strategic and International Studies Malaysia, member of the Malaysian Committee of the Council for Security Cooperation in the Asia Pacific, and Founding Member and Member of Board of Trustees of Yayasan Inovasi Malaysia. She is also the Founding Board Member of the Malaysian Strategic Research Centre, an independent policy think tank focused on national politics and economic issues under the Chairmanship of YBhg Datuk Seri Mohd Najib bin Tun Haji Abdul Razak, the Prime Minister of Malaysia. In addition, she also sits on the Board of various private companies.

Datuk Rohana also serves on the Board Risk Management Committee.

Current directorships in a public company includes Dijaya Corporation Berhad and AMMB Holdings Berhad.

Datuk Rohana attended all the 4 board meetings.

GEH CHENG HOOI

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

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

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

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

Geh attended 3 out of 4 board meetings.

QUAH CHEK TIN

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

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

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

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

Quah attended all the 4 board meetings.

DATUK SERI MICHAEL YAM KONG CHOY

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

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

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

Datuk Seri Yam has been the President of the Real Estate and Housing Developers’ Association, Malaysia since June 2010. He was appointed by the Government as a member of the Steering Committee for the transformation of Greater Kuala Lumpur/Klang Valley and also serves as a member of the Advisory Board of the City of Kuala Lumpur. Globally, Datuk Seri Yam is one of two Asians elected onto the Board of Trustees of the UK headquartered Chartered Institute of Building which sets standards for education and the management of building and construction.

Datuk Seri Yam also serves on the Board Risk Management Committee.

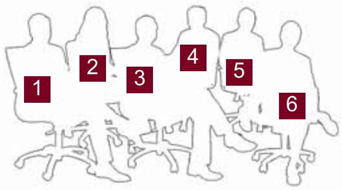
Current directorships in public companies include Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad, CLAB Berhad and MoF Initiative Malaysia Property Incorporated.

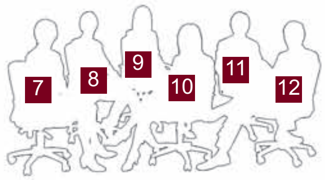
Datuk Seri Yam attended all the 4 board meetings.

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

None of the Directors have been charged for any offence.

SENIOR
MANAGEMENT





1. Dato' Teo Chiang Quan
   Executive Deputy Chairman
2. Tay Lee Kong
   Corporate Affairs Director
3. Ong Keng Siew
   Managing Director &
   Chief Executive Officer
4. Foong Poh Seng
   Group Financial Controller
5. Eugene Yeoh Oon Hock
   Group IT Manager
6. Dato' Liew Yin Chew
   Chief Executive Officer,
   Property Division
7. Patricia Chua Put Moy
   Chief Executive Officer,
   Tertiary Education
   – Petaling Jaya
8. Dr Chong Beng Keok
   Chief Executive Officer,
   Tertiary Education
   – Penang
9. Tan Shu-Tze
   Chief Talent Officer
10. Datin Teh Geok Lian
    Chief Executive Officer,
    Education Division
11. Oh Keng Kooi
    Audit Director
12. Chuan Yeong Ming
    Chief Executive Officer,
    Construction

LETTER TO
SHAREHOLDERS

“Notwithstanding the challenges faced in 2011, we continued to make significant progress on many fronts given our string of achievements that were due to the dedication and hard work of our employees.”

DEAR SHAREHOLDERS,

WE ARE PLEASED TO REPORT THAT PARAMOUNT CORPORATION BERHAD AND ITS SUBSIDIARY COMPANIES (THE GROUP) ACHIEVED A HIGHLY SATISFACTORY SET OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011. AGAINST AN ECONOMIC BACKDROP THAT BECAME INCREASINGLY UNCERTAIN, OUR CORE BUSINESSES PERFORMED WELL ATTRIBUTED TO THE STRONG FORWARD LOCK-IN SALES AT THE BEGINNING OF 2011 AND A NEW STREAM OF INCOME ARISING FROM BUSINESS EXPANSION. EQUALLY IMPORTANT WAS THE TIMELY IMPLEMENTATION OF COST AND PRODUCTIVITY INITIATIVES THAT HELPED SUPPORT CONTINUED EARNINGS IN THIS TIME OF UNCERTAINTY WHILE SETTING THE STAGE FOR LONG-TERM SUSTAINABLE GROWTH.

FINANCIAL PERFORMANCE

On the whole, the Group's financial performance for 2011 was in line with expectations. Group revenue grew by 10% for 2011 to RM473.8 million (2010: RM432.2 million). Profit before tax (**PBT**), however, stood at RM110.4 million, a decrease of 38% from the previous year's record-breaking performance (2010: RM177.1 million), which included a one-off gain of RM60.8 million on the sale of the Group's 20% equity interest in Jerneh Insurance Berhad (**JIB**) and a share of profits in JIB amounting to RM9.7 million recognized up to the date of completion of the sale. In the absence of this gain, PBT for 2010 would have been RM116.3 million. If a like-for-like comparison were to be applied, there would have been a mere 5% marginal decrease in PBT for 2011.

It should be noted that the following financial performance indicators should not be viewed in the context of like-for-like comparisons due to the one-off gain explained earlier. Net Profit for the year was RM71.8 million (2010: RM148.2 million), a decrease of 52%, while Earnings Per Share was 21.24 sen, down 53% (2010: 45.30 sen, which has been restated to account for the effects of the bonus issue and share split in accordance with Financial Reporting Standards 135 – Earnings per share). Return on equity was lower at 11% as at 31 December 2011 (2010: 28%).

Shareholders' fund increased to RM672.0 million as at 31 December 2011 (2010: RM635.1 million) equating to a Net Assets per share of RM1.99 based on the enlarged shares in issue of 337,811,456 after the bonus issue and share split (2010: RM5.26 based on the shares in issue of 120,646,949 before the bonus issue and share split).

Net debt to equity ratio remained healthy at 0.2 times despite additional borrowings procured to finance the purchase of land (2010: 0.09 times).

Property Division

The property division comprising property development and construction continued to be the main source of revenue and earnings for the Group contributing 78% and 80%, respectively, of the Group's total turnover and PBT for 2011. The division recorded yet another year of solid performance in 2011, with revenue amounting to RM370.7 million (2010: RM333.3 million) and a PBT of RM87.8 million (2010: RM85.3 million).

Revenue for property development decreased by 8% to RM247.1 million in 2011 (2010: RM268.1 million) primarily due to lower progressive billings from the Surian Industrial Park project, which recorded a lower revenue of RM20.3 million (2010: RM62.1 milion), as it was completed in June, 2011. The lower progressive billings from the Surian Industrial Park project were, however, mitigated by higher percentage of works undertaken on the Bandar Laguna Merbok and Kemuning Utama projects. The Bandar Laguna Merbok project recorded a marginally higher revenue of RM45.7 million (2010: RM42 million) while the Kemuning Utama project's revenue rose to RM180.6 million (2010: RM158.3 million).

Despite the lower revenue, PBT for property development increased by 9% to RM83.1 million (2010: RM76.2 million) as a result of higher profit margins achieved on the Bandar Laguna Merbok and Kemuning Utama projects that were primarily driven by an increase in average sale prices achieved, sales of more high end products, project costs savings and the recording of a non-recurring gain of RM1.3 million from the sale of a vacant land for the development of a private hospital on the Bandar Laguna Merbok project. The PBT's for both the Bandar Laguna Merbok and Kemuning Utama projects increased to RM11.8 million (2010: RM6.7 million) and RM60.1 million (2010: RM49.8 million), respectively, while the PBT for Surian Industrial Park decreased to RM11.2 million (2010: RM18 million).

Revenue for construction increased by 25% to RM230.2 million in 2011 (2010: RM184.6 million) as a result of new external contracts that were secured during the year under review. PBT for construction, however, decreased by 48% to RM4.7 million (2010: RM9.1 million), as most of the newly procured external contracts were in the early stages of construction. Additionally, the higher PBT in 2010 was primarily due to a share of profits of RM1.5 million from an associated company and a compensation of RM2.5 million by an external developer for escalation in raw material prices.

Education Division

2011 had been a mixed year in terms of performance for the education division, comprising primary and secondary school education, tertiary education and post executive education. While the primary and secondary school had a highly successful year, boosted by a new stream of income – a new international school, the University College in Petaling Jaya suffered a set back in its performance due to lower student enrolment and higher operating costs. The College in Penang, on the other hand, managed to turn in an improved performance.

Overall, the education division managed to record a marginal 2% increase in revenue to RM99.8 million (2010: RM97.6 million) and 4% increase in PBT to RM24.1 million (2010: RM23.2 million).

Revenue from tertiary education, comprising the University College campus in Damansara Jaya, its temporary campus in Section 13 and the College in Penang, declined marginally by 5% to RM60 million (2010: RM63.1 million). The University College had a disappointing year with revenue declining by 9% to RM38.5 million (2010: RM42.2 million). On the brighter side, it was to a certain extent ameliorated by the Penang College's performance, that saw a marginal increase in revenue by 3% to RM21.5 million (2010: RM20.9 million).

Revenue from the primary and secondary school comprising the national primary and secondary school, the secondary international school and the International Baccalaureate Diploma programme surged by18% to RM38.8 million (2010: RM32.8 million). This marks our sixth consecutive year of strong enrollment, revenue and profitability growth.

The executive education and professional development registered a decline in revenue by 9% to RM1 million (2010: RM1.1 million).

As a consequence of lower revenue and higher operating costs, the University College's PBT dropped by 70% to RM3.2 million (2010: RM10.6 million). However, PBT for the Penang College improved by 14% to RM5.7 million (2010: RM5 million) to ameliorate the overall decline in PBT for tertiary education by 43% to RM8.9 million (2010: RM15.6 million).

The primary and secondary school registered an impressive increase in PBT by 76% to RM15.3 million (2010: RM8.7 million).

The executive education and professional development posted a small loss before tax of RM69,000 (2010: RM363,000).

DIVIDENDS

The Board is recommending a single tier final dividend of 5 sen per share to be approved by shareholders at our forthcoming Annual General Meeting scheduled to be held on 6 June 2012. If approved, the dividend will be paid on 28 June 2012. This brings the total dividend for the year to 10 sen per share (2010: 20 sen per share, less tax at 25%, 11 sen per share, less tax at 25%, and 4 sen, tax exempt, and, to reward loyal shareholders on the successful disposal of the Group's 20% equity investment in JIB, a special dividend of 40 sen, less tax at 25%), which, comparatively, will surpass our target of distributing 40% of our earnings in dividends to shareholders.

Listening to what markets want

It pays to listen. At Paramount, we have also learned to listen with the heart, to truly understand the needs of markets we serve.

CORPORATE DEVELOPMENTS AND ACHIEVEMENTS

We are pleased to advise that the bonus issue of 48,258,779 new ordinary shares of RM1 each credited as fully paid up on the basis of two new shares for every five existing shares held and the sub-division of every one ordinary share of RM1 each after the bonus issue into two ordinary shares of RM0.50 each, announced on 24 February 2011, were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 24 June 2011. The bonus issue exercise was undertaken to both reward our shareholders for their continued confidence and trust in us, and to increase Paramount's issued and paid up share capital to 337,811,456 shares of RM0.50 each to better reflect the Group's current scale of operations. The liquidity and marketability of Paramount's shares have also improved as reflected in the number of shareholders since the listing, which has increased from 4,855 to 5,933.

During the year under review, we increased our land bank following the acquisition of nine parcels of contiguous freehold commercial land totaling 29.16 acres in the center of Klang town on 29 April 2011 and a 30-acre freehold industrial land in Shah Alam's Hicom Industrial Park on 12 March 2012.

The acquisition transaction for the parcels of land in Klang from FK Realty Sdn Bhd for a total cash consideration of RM110 million, was completed on 2 December 2011. Plans for the development of an integrated commercial hub are currently in progress.

We expect to complete the transaction to acquire the land in Shah Alam, that is strategically located along Persiaran Kuala Selangor, from Spansion (Kuala Lumpur) Sdn Bhd for a total cash consideration of RM125 million in June 2012.

On 10 June 2011, Paramount incorporated a new subsidiary company, Paramount Global Investments Pty Ltd (**PGI**), in the Commonwealth of Australia with an issued and paid-up ordinary share capital of AUD2 comprising two ordinary shares. PGI then acquired a shelf company, Paramount Investments & Properties Pty Ltd (**PIP**), a company incorporated in the Commonwealth of Australia, with an issued and paid-up ordinary share capital of AUD2 comprising two ordinary shares.

PIP then entered into a 50-50 joint venture with VIP Rockbank Pty Ltd to establish VIP Paramount Pty Ltd, a company, and VIP Paramount Unit Trust, a unit trust managed by VIP Rockbank Pty Ltd, both established in the Commonwealth of Australia.

Under the joint venture, Paramount subscribed for one ordinary share representing 50% of the issued and paid-up ordinary share capital of VIP Paramount Pty Ltd for a total cash consideration of AUD1 only and 3,000,000 units representing 50% interest in VIP Paramount Unit Trust granted initially at AUD1 per unit for a total cash consideration of AUD3,000,000 only. The joint venture companies have acquired and will develop a 54.22-acre land known as Crown Allotments 4A and 4B Leakes Road, Rockbank, Victoria, Australia.

On 1 February 2012, we completed the acquisition of the 21.7 acres of freehold land forming part of the land held under Master Title Geran 48178, Lot 1179, Mukim Damansara, Daerah Petaling, Negeri Selangor at the final adjusted purchase price RM62,712,153.90 paving the way for the execution of plans for a mixed development project and the new University College campus.

The Group was the proud recipient of a number of awards during the year under review. Paramount was named a finalist in the KPMG Shareholder Value Award 2011, Property and Construction category. This programme is an annual recognition of Malaysia's top companies in terms of shareholder value creation, and it is designed to promote corporate excellence through enhancing levels of disclosure and by setting exemplary industry best practices.

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

In May 2011, Paramount Property Development Sdn Bhd received the BCI Asia Top 10 Awards at the annual BCI Asia Awards for the property category. BCI Asia provides an overview of the regional building and construction industry by recognising top architects and developers having the greatest impact on the built environment in Southeast Asia.

In October 2011, Paramount Property Development Sdn Bhd was awarded the Silver prize in the Employer of Choice category at the Malaysia HR Awards 2011. This national event, organized by the Malaysian Institute of Human Resource, encourages the recognition and importance of human resource in various areas: the achievement of business Key Performance Indicators, as a resource and asset to achieve growth, creating good corporate citizenship, and as a conduit that fosters talent, creativity and innovation in value creation.

In 2011, KDU College (PG) Sdn Bhd was accorded the 5-star rating in the Malaysia Quality Evaluation System (MyQuest) audit organised by the Ministry of Higher Education. This prestigious rating is widely recognised by many, especially students, as the benchmark when selecting an institution of higher learning as it fulfills a number of criteria in key performance areas. The Penang campus also celebrated its 20th Anniversary during the year. We are especially proud that over a 20 year period, our Penang campus has produced 13,000 graduates.

The annual Malaysia Corporate Governance index ranking, undertaken by Minority Shareholder Watchdog Group, which is meant to create awareness and encourage best corporate governance practices among public listed companies, ranked Paramount 50th out of the top 100 companies in 2011. The rankings are based on compliance with corporate governance best practices, quality of disclosures, financial sustainability and corporate responsibility initiatives. The Board, management and staff of Paramount are proud of this ranking.

PROSPECTS

The Group's lock-in sales brought forward, new launches from existing development projects and the scheduled commencement of three new development projects will help underpin the Group's property development sales for 2012. Bukit Banyan in the Northern Region was launched on 15 April 2012 and thus far, more than 50% of the units have been taken up. The Sejati Residences in Cyberjaya and Glenmarie in Shah Alam that were initially scheduled to be launched in 2011, were deferred to the second half of 2012 due to delays in approvals. Although these deferments will inevitably have a negative impact on the performance of the property development sector in 2012, the Group, going forward, is confident that these projects will drive sales and be strong profit generators.

The Group remains optimistic with regard to its new development schemes despite head winds precipitated by continued global economic uncertainty. In this respect, the property development division will seek to continuously add value to its products in ensuring total customer satisfaction.

As in the past, the construction sector continues to operate in an intensely competitive environment. Given the challenges of rising construction costs – escalating raw material prices and shortage of skilled labour – the sector is faced with the difficult task of maintaining good profit margins. Hence, we still remain highly selective in tendering for external projects and will actively pursue fee based construction projects. With our strong financial standing, competency and reputation in the construction industry as well as our ability to deliver quality products on time, we will also actively pursue joint venture development activities with landowners.

Despite the fact that the education industry remains extremely competitive, further compounded by an increase in capacity and price-cutting that has resulted in lower margins, the performance of the education division is expected to remain stable. The upgrading of the Damansara Jaya campus to university college status and the development of proprietary programmes together with significant investments in upgrading both the tertiary campus facilities as well as human and technological resources will enable us to remain competitive and achieve growth. With the expansion into the international school business, the primary and secondary school education sector has helped position us well to tap new opportunities in response to an increasing shift in customer preference.

In summary, the Group's results for 2012 are expected to be lower than those of 2011. The Group is, however, confident of leveraging on its strong fundamentals – strong management, proven experience and expertise, quality products, strong brand presence and healthy cash flow and strong balance sheet – in overcoming challenges and turning them into opportunities, going forward.

ACKNOWLEDGEMENTS

Notwithstanding the challenges faced in 2011, we continued to make significant progress on many fronts that are mainly attributable to the dedication and hard work of our employees. It just goes to show that investing in cutting-edge technology or state-of-the-art facilities will not help you achieve success if you don't have the right people. And therein lies the secret to our success. On behalf of the Board, we would like to take this opportunity to thank the management and staff for helping us to register a highly satisfactory set of results.

Over the years, we have always been well supported by our associates and strategic partners who in no small measure have helped us grow from strength to strength in our core businesses. Indeed, we owe a debt of gratitude to all our sub-contractors, suppliers, twinning and industry partners.

We are also gratified by the confidence and trust that our shareholders continue to place in us. We will always remain committed to enhancing shareholder value.

Lastly, we wish to thank our fellow Board members for their wise counsel, insights and active participation in all Board deliberations and policy decisions.

DATO' MD TAIB BIN ABDUL HAMID
Independent Non-Executive Chairman

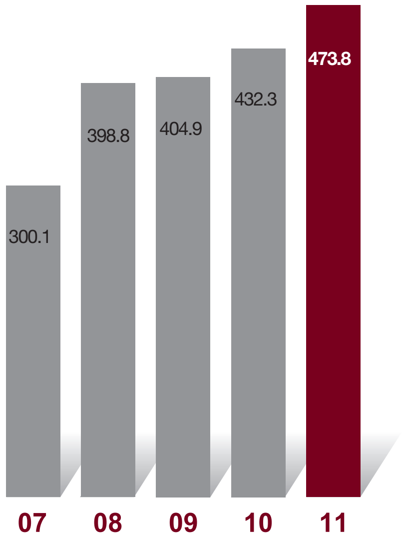
DATO' TEO CHIANG QUAN
Executive Deputy Chairman

FIVE-YEAR GROUP
FINANCIAL HIGHLIGHTS

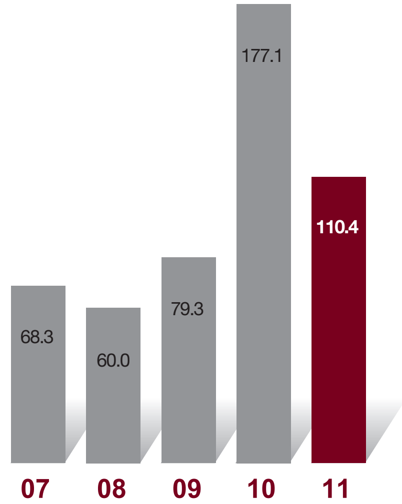
	Year 31 Dec 2011 RM'000	Year 31 Dec 2010 RM'000	Year 31 Dec 2009 RM'000	Year 31 Dec 2008 RM'000	Year 31 Dec 2007 RM'000
Revenue	**473,844**	432,251	404,909	398,761	300,078
Profit before tax	**110,350**	177,116	79,332	59,977	68,340
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**122,977**	188,348	90,940	71,780	79,960
Profit after tax	**71,757**	148,200	57,528	44,038	51,784
Attributable to:					
Equity holders of the Company	**71,757**	148,200	57,528	41,993	49,295
Minority interest	**–**	–	–	2,045	2,489
	71,757	148,200	57,528	44,038	51,784
Total assets	**1,030,411**	963,708	840,036	755,229	663,135
Total liabilities	**358,423**	328,568	315,550	272,781	202,548
Total borrowings	**135,998**	55,679	87,364	93,298	29,870
Shareholders' equity	**671,988**	635,140	524,486	482,443	453,350
FINANCIAL INDICATORS					
Interest cover (times)	**36**	58	34	26	27
Earnings per share (sen)#	**21.24**	45.30	18.91	13.90	16.59
Net assets per share (RM)#	**1.99**	1.88	1.70	1.59	1.53
Gross dividend per share (sen)	**10.0**	75.0	28.0	21.0	16.0
Return on equity (%)	**11**	28	12	10	12
Return on total assets (%)	**7**	15	7	6	8
Gross gearing ratio (%)	**20**	9	17	19	7

The comparatives are restated following the bonus issue and share split during the financial year.

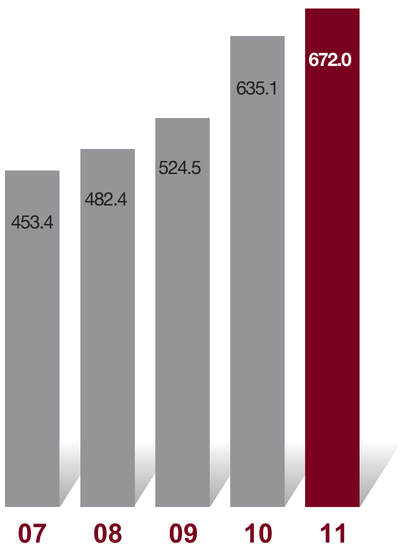
REVENUE
(RM'MILLION)



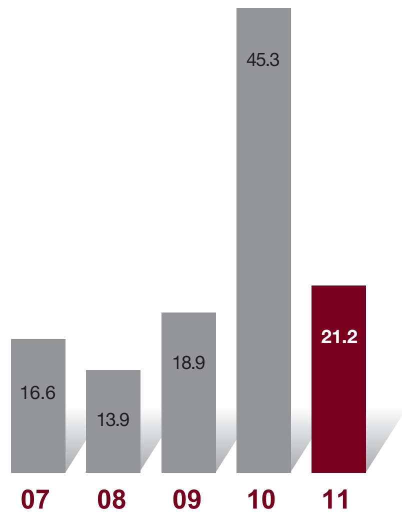
PROFIT BEFORE TAX
(RM'MILLION)



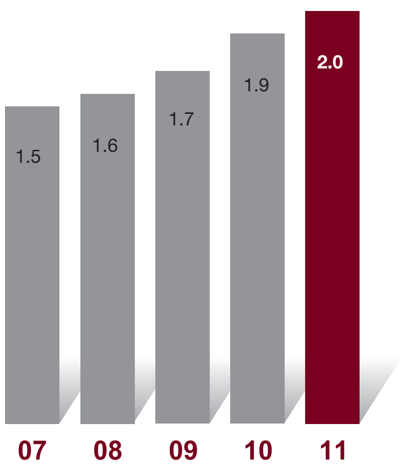
SHAREHOLDERS' EQUITY
(RM'MILLION)



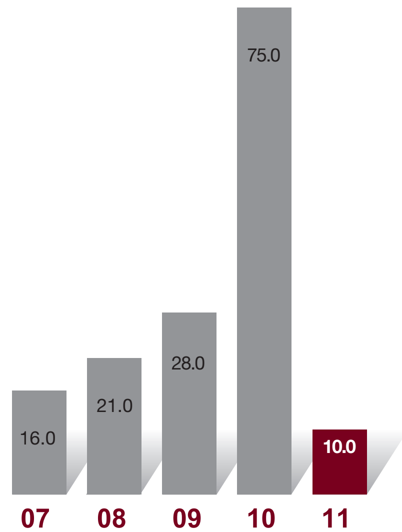
EARNINGS PER SHARE
(SEN)



NET ASSETS PER SHARE
(RM)



GROSS DIVIDEND PER SHARE
(SEN)



CHIEF EXECUTIVE OFFICER'S
REVIEW OF OPERATIONS

"Beyond the marketplace, we strive to make a clear and lasting difference in the workplace as well. We see our employees as an extended family where each and every person is treated with utmost respect and dignity, their efforts recognised and their performance, rewarded."

THE THEME FOR PARAMOUNT'S 2011 ANNUAL REPORT – EXTENDING OUR REACH – IS BOTH TIMELY AND APPROPRIATE AS IT MIRRORS OUR SUCCESS ON SEVERAL FRONTS, IN INITIATING AND ACHIEVING STRATEGIES THAT SAW US EXPANDING, BOTH IN PRODUCT OFFERINGS AS WELL AS IN CUSTOMER BASE. AND WE ACHIEVED IT BY GOING BACK TO BASICS, ADHERING TO A TIME-TESTED PRINCIPLE – GIVE CUSTOMERS WHAT THEY TRULY WANT AND THEY WILL COME BACK FOR MORE OF THE SAME. HERE'S A SNAPSHOT OF WHAT WE UNDERTOOK THAT ENDEARED US TO MARKETS WE SERVE – WE EXPANDED THE PRIMARY AND SECONDARY SCHOOL BUSINESS TO THE INTERNATIONAL SECONDARY SCHOOL, THE UNIVERSITY COLLEGE INTRODUCED AFFORDABLE PROPRIETARY PROGRAMMES AND ESTABLISHED A NEW SCHOOL IN GAME DEVELOPMENT. OUR PROPERTY DEVELOPMENT VENTURED INTO HIGH-RISE, AFFORDABLE CONDOMINIUMS THAT ARE PARTIALLY FITTED OUT IN VARYING SIZES TO SUIT THE DIFFERENT NEEDS OF THE MARKETS. I BELIEVE THAT BY EXTENDING OUR REACH IN QUALITY, DELIVERY AND SERVICE, WE WILL CONTINUE TO MAINTAIN STRONG CUSTOMER SATISFACTION THAT IS KEY TO SUSTAINABLE GROWTH.

PROPERTY DIVISION

Property Development

In the absence of new projects coming on-stream during the year and existing projects namely Surian Industrial Park, which was completed during the year, and Kemuning Utama and Bandar Laguna Merbok nearing completion, the property development sector recorded lower sales of 335 units of landed properties with a sales value of RM139.2 million and 553 units of low medium cost apartments with a sales value of RM51.4 million (2010: 712 units of landed properties with a total sales value of RM301.3 million). The scheduled launching of two new projects had to be deferred due to protracted delays in obtaining approvals from the authorities.

Kemuning Utama, our flagship development project in the Klang Valley, which took off in 2005, launched its final phase comprising 133 units of landed properties with a total sales value of RM72.3 million, which were fully taken up, and 596 units of low medium cost apartments with a total sales value of RM55.4 million, of which 553 units with a total sales value of RM51.4 million were taken up. Total sales recorded by Kemuning Utama during the year was 688 units with a sales value of RM123 million (2010: 523 units of landed properties with a total sales value of RM239.5 million).

In the Northern region, Bandar Laguna Merbok recorded improved sales of 200 units with a sales value of RM67.1 million (2010: 173 units with a sales value of RM51 million) on the back of a wider array of product offerings and increase in sales of more higher valued products. During the year, this project launched 75 units of commercial properties and 140 units of residential properties with a sales value of RM33.2 million and RM33.6 million, respectively.

During the year, Certificates of Completion & Compliance were issued for a total of 382 units to purchasers of these two projects.

The 38 industrial cum showroom units at Surian Industrial Park, launched in April 2009, were completed in June 2011, ahead of its scheduled completion period of 36 months. Certificates of Completion & Compliance were issued to purchasers on 28 June 2011.

Construction

Leveraging on its strong track record, sound financial position and technical expertise, the construction sector focused on procuring more external projects to enhance its competitiveness. As at 31 December 2011, the construction sector was able to maintain a strong forward order book worth RM438 million, comprising 81% external projects and 19% in-house projects.

Despite having a strong order book, the construction sector was not able to recognise profits from these newly awarded projects, as construction works have not reached the recognition stage yet. As such, the performance of the construction sector was lower compared with the previous year. However, as construction work progresses, we expect to lock in profits in the very near future.

EDUCATION DIVISION

Primary and Secondary School

2011 was yet another highly successful year for the primary and secondary school sector that saw profits soaring by more than 70% and enrolments reaching a new high level of 2,505 students (2010: 2,270 students).

Sri KDU International School (**SKIS**), our international school, which opened on 5 September 2011 with a student enrollment of 588, surpassed management's expectations. However, it does not reflect a net increase in overall student numbers as about 60% of them had migrated from Sekolah Sri KDU, the national primary and secondary school. Nevertheless, the migration resulted in an improvement to the sector's bottom-line as the higher fees charged by the international school boosted higher margins earned.

We believe that parents readily enroll their children in our international school because they know that their children's interests are in safe hands given Sekolah Sri KDU's sound reputation and proven track record in the field of education. More importantly, they know that we have gone the whole nine yards with 40% of our quality academic staff comprising expatriates that were recruited directly from the United Kingdom and a purpose built state-of-the-art school with excellent facilities and resources, helmed by a strong management team.

It is a fact that Sekolah Sri KDU's students always excel at government school examinations and 2011 was no exception - 53% of students scored four A's and above in UPSR, 36% scored seven A's and above in PMR and 53% scored seven A's and above in SPM. For the International Baccalaureate Diploma Programme (**IBDP**), a Sri KDU student was one of the 103 students worldwide to achieve the highest IBDP score of 45 points.

In differentiating Sekolah Sri KDU from its competitors, we strive to deliver sustainable solutions for our students. A case in point, Sekolah Sri KDU responded to the Ministry of Education's ruling on the teaching of Mathematics and Science in Bahasa Malaysia by providing students with two additional subjects, Mathematics and Science taught in English. Needless to say, parents not only overwhelmingly supported our decision but were equally gratified by our pro-active approach as they saw it as an added advantage for their children to be proficient in dual languages for Mathematics and Science, thus enabling them to have the option to continue their school education in either a national school or an international school. In accordance with the Ministry of Education guidelines, 2011 saw the first batch of Primary One students learning Mathematics and Science in Bahasa Malaysia.

Tertiary Education

The tertiary education continued to operate in an intensely competitive environment that saw the average student population for the year decline to 4,900 (2010: 5,163). The performance of our University College, in its first full year of operations as a University College, declined significantly from the previous year as a result of increased expenses, particularly staff costs that are in keeping with its new status. Unfortunately, due to a decline in enrollment, such an increase could not be compensated by a corresponding increase in revenue. The Penang College campus however fared better to register growth in profitability through higher student fees levied and from improvements in operational efficiency that resulted in cost savings.

The year saw us blazing new trails in the field of education as a university college. We successfully developed and launched affordable proprietary degree programs in Business, Communications & Media Studies, Engineering, Hospitality & Tourism and Culinary Arts without sacrificing on quality and academic standards. Years of strong partnerships with renowned foreign universities and timely inputs by numerous industry partners have given us a better insight as to the changing needs of employers and students alike. Such invaluable advice and guidance have helped ensure that our programmes are well structured to prepare students in their chosen field of study and gain employment, upon graduation.

In enhancing our links with the industry, the University College and College embarked on strategic collaborations with multi-nationals. The University College's School of Computing, Communication and Media Studies signed a Memorandum of Understanding with Nokia, a leading player in mobile communications, innovation and technology, on a collaboration that would enable our students to gain firsthand knowledge and understanding of the Nokia platform and firsthand experience, working with expert industry developers, to create actual products for Nokia's Ovi Store. The College also made new inroads by collaborating with Celcom Axiata Berhad, one of Malaysia's leading mobile telecommunications service providers, to give students the opportunity to participate in the League of Extraordinary Developers Challenge, a platform for young content developers to showcase their creative applications, and have their winning products commercialised by Celcom and offered to its customers.

A Passion for Excellence

What drives Paramount is our passion for excellence in all that we do. There are no boundaries to our creativity as evidenced by our strong and unrivalled presence in the educational services and property development sectors.

The University College and College also collaborated with Genting, Hong Kong to provide opportunities for students to participate in the inaugural Genting, Hong Kong Internship Programme, a programme that gives participants valuable exposure to the basics of operating a cruise and hotel business.

To extend our market reach, the University College established the School of Creative Industries, home of Game Development and Creative Arts programs during the year. Almost immediately, the UC was awarded with an Entry Point Project Initiative, MyGameDev2020, under the Malaysian Government's Economic Transformation Plan and PEMANDU to spearhead the game development industry. It is envisaged that this PEMANDU initiative will enable the UC to spearhead Malaysia's aim of becoming a regional game development centre with a strong reputation as a creator of high-quality creative contents and having skilled talents, must-haves that are extremely essential in attracting foreign investments.

Our focus is always on maintaining a high level of educational services that distinguish us from our competitors. In this respect, quality remains a core value, a key operating principle and a critical driver for our long-term growth and success. As such, we are especially pleased that our Penang College achieved the Malaysia Quality Evaluation System (MyQuest) audit 5-star rating. Equally, we are delighted that our School of Hospitality, Tourism & Culinary Arts became the first institution in Malaysia to be accredited by the International Centre of Excellence in Tourism and Hospitality Education (THE-ICE).

We continue to improve on our physical infrastructure and facilities to meet the standards benchmarked by the industry and demands of our customers. Our updated facilities include an expanded array of digital databases in our newly refurbished state-of-the-art library, lecture theatres as well as renovations and upgrades to our laboratories, training kitchens and student accommodation.

Executive Education and Professional Development

With scaled down activity, the performance of the executive education and professional development sector was sluggish during the year. We have refocused this sector to provide in-house training to support our group wide training and development programmes for our more than a thousand employees.

CARING FOR OUR PEOPLE

Beyond the marketplace, we strive to make a clear and lasting difference in the workplace as well. We see our employees as an extended family where each and every person is treated with utmost respect and dignity, their efforts recognised and their performance, rewarded. It stems from a basic principle that every voice must be heard, every view welcomed and every effort appreciated. Even our human capital strategy to identify, nurture and maintain talent is based on such integral values. That's how we have and will always treat our management team and staff. It's because we care deeply. Equally, they have reciprocated through an open display of loyalty, commitment and hard work that has seen Paramount grow from a small company to a very strong and established player in the property and education industries.

I am certainly honoured to lead such a dedicated team of people who have helped us overcome many challenges in the past. I am confident that they will continue to rise to the occasion with greater zeal and commitment in the years ahead.

OUTLOOK AND STRATEGY

As we enter 2012, the global economic outlook has turned more cautious and remains difficult to forecast.

There is much debate in the market that property demand may continue to soften. We believe that, with the ample liquidity in the market and given the favourable low interest rates environment, a significant correction appears unlikely. Additionally, the successive rise in interest rates and tightening of loans, cooling measures imposed by the authorities to rein in escalating property prices, will maintain a stable and more sustainable property market.

In 2012, Paramount plans to progressively launch the new phases from its existing and new projects in the Klang Valley and Sungai Petani in the Northern region, subject to market conditions. Kemuning Utama's first high rise project, KU Suites, a 238-unit partially fitted out affordable condominium

in varying sizes of 667 to 1,151 sq ft, was launched in January of 2012 and, as of todate, close to 80% have been taken up. This was followed by the deferred launching from 2011 of the first phase of 133 units of landed properties by Bukit Banyan in Sungai Petani. Although sales were not as robust as that experienced by the Klang project, nevertheless more than 50% have been sold, an impressive take-up rate by the local market standards. We are confident that the higher salary increment for civil servants under the improved Malaysian Remuneration System or Sistem Saraan Malaysia, announced in the 2012 Budget, would have a positive impact on sales for this Northern project as historically, our customers have always comprised a large percentage of civil servant purchasers. Additionally, the Group continues to provide tailored incentives to assist potential new homebuyers.

The Group has been successful with regard to land investments in 2011 with the addition of close to 60 acres of industrial and commercial land that increased our land bank to 855 acres and enhanced our Gross Development Value to about RM4.8 billion. The Group is thus well positioned for profitable growth in the future.

With our strong balance sheet and gearing capacity, we will continue to selectively invest in land to sustain and grow our business in the long term and to drive and improve efficiency in capital employed including opening up recently acquired sites speedily to generate cash flow and realise our investments and re-cycle cash through more acquisitions.

Our construction sector entered the new financial year with healthy order books together with a strong pipeline of further opportunities. In spite of this, it is incumbent on us to remain selective about which jobs we tender and diligent in how we assess and price risks. Our goal is to not only build order books but to build high quality order books from clients, who value high levels of quality, safety and technical expertise, in order to provide the best returns to shareholders. This sector's strategy of looking for joint-venture projects with landowners will also allow us to harness opportunities of securing land through innovative arrangements and partnerships.

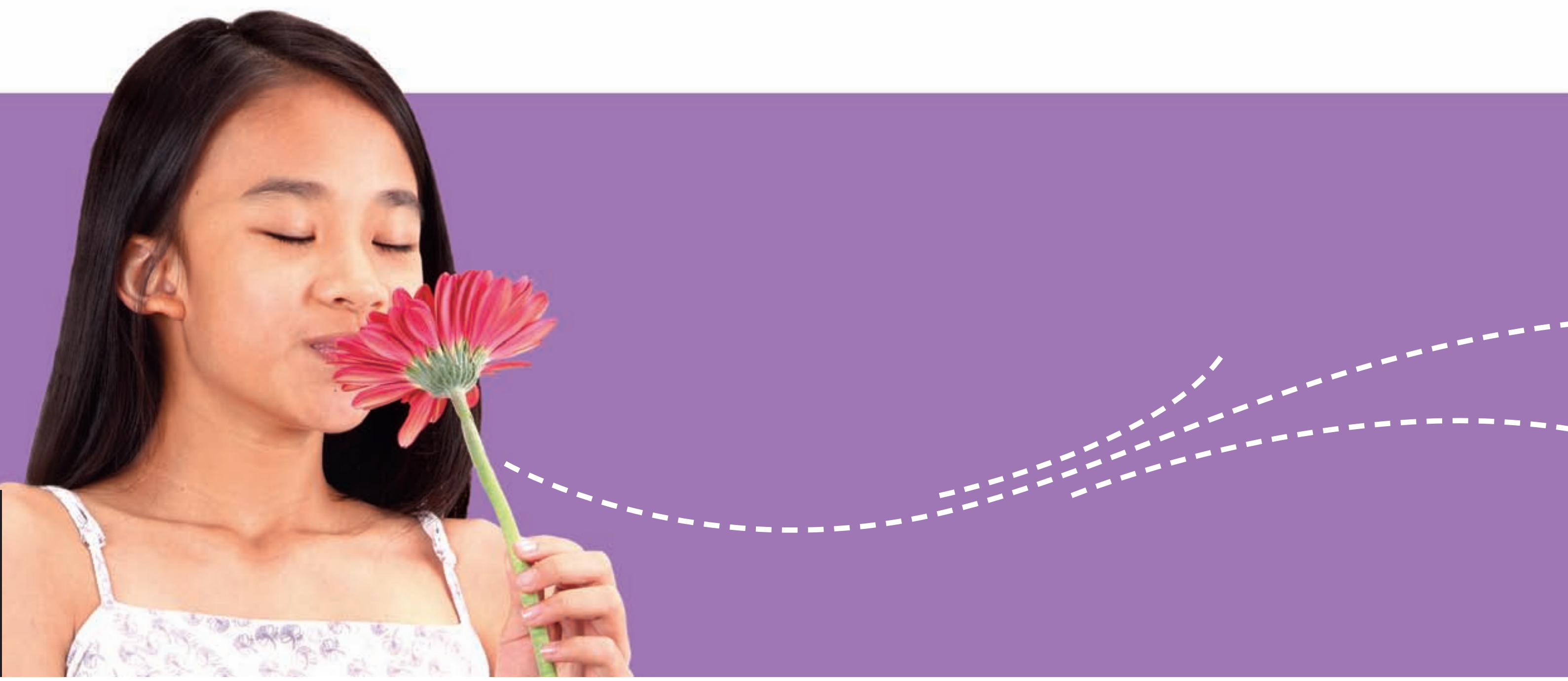
While 2011 was admittedly our most challenging year for the tertiary education sector, we remain undeterred in providing our students with quality education. Towards this end, following much input from our industry and twinning partners, we have made significant progress in developing and launching affordable quality programmes that will give our students a high return on their educational investments. The Education Division, as a whole, made further investments in infrastructure that include upgrading and building new facilities and installing equipment for the benefit of our students. We are even investing in a brand new RM250 million campus for the University College in Glenmarie despite presently facing a lower level of new student enrollment as we believe it is the right decision and that we will be vindicated in the years ahead. In support of our ambitious growth target and as part of our continuous improvement plans, the Education Division implemented Oracle's PeopleSoft Enterprise Campus Solutions to upgrade our student management system into a more integrated, robust and user-friendly solution that has the scalability, comprehensiveness and robustness to cater to a wide range of student management requirements. The Campus Solutions will enable the Education Division to standardise its student management-related operations and deliver a consistent and superior self-service interface across its businesses.

With features such as secure access, a single official record, accurate data and reporting available to all, the ability to access records and perform key functions away from campus, Oracle's PeopleSoft Enterprise Campus Solutions offer a promise of living up to the standards of 21st century education. The University College and College also formed a strategic partnership with Oracle that enables them as members of the Oracle Workforce Development Programme (WDP) to deliver Oracle certified training and learning resources as part of their curriculum. The move enables students to obtain the Oracle Database professional certification that is very much in demand in the job market and enhance their employment prospects upon graduation.

With the expansion into the international school, the primary and secondary school education is now represented in both the national and international curriculum market, putting us in an enviable position of being able to respond effectively to changes in customer preferences for an international versus a national curriculum education. While many private schools have converted or are in the process of converting to international schools, we see a good demand for high quality private schools conducting the national curriculum. The high cost of employing expatriate teachers in international schools remains a deterrent for many parents because of affordability level. Although there are now international schools employing only local teachers and hence charging significantly lower fees, the more discerning parents realise that these international schools are not able to deliver the international pedagogy they desire. Sekolah Sri KDU, which delivers the national curriculum with an international mind-set, will remain a good option for these parents.

Our business objectives, goals and targets are to first maximize the total student enrolment that can be accommodated in our present Sri KDU schools, and subsequently look at other possible venues to expand our network of schools. This would require balancing the demand for national versus international curriculum education and providing the classroom capacity, learning facilities and resources required to meet this balance. In the longer term, we will look at opening another international school in a new location.

In the short term, as demand right now is strongly skewed towards the international school, our priorities are to increase the attractiveness of the national curriculum schools so as to encourage enrolment in the national curriculum schools. We are striving to achieve this through improvements and upgrade of facilities in the national curriculum schools, as well as introducing value-added education options such as preparing our national curriculum students to sit for selected subjects in the IGCSE examinations in addition to the SPM examinations. The latter will be introduced in the second semester of 2012, starting with our current batch of Secondary One students.



The deferments of property launches from 2011 to 2012 have resulted in us having a lower forward lock-in sales at the start of 2012 compared with 2011 and a lull in what would have been maintainable progressive billings and earnings into 2012. We are however confident of an upward trend in profitability that will allow for profit recognitions in 2013 and the following year once the new projects come on stream in 2012 and progress according to construction schedules. The drop in 2011 of new students for tertiary education will continue to hurt our revenue in 2012, even after our new student enrollments start to grow again. We have embarked on product development, innovative marketing and sales programmes, including rallying our alumni to drive our student enrollment, to ameliorate the shortfall of the previous year. Our other operating challenge is the continued pressure on costs and we will strive to overcome this by continuing to improve on our operating efficiencies in order to maximise our economies of scale that help offset anticipated increased costs.

While we remain cautiously optimistic going forward, given prevailing global market uncertainty, we are however confident that the Group's inherent strength, including the breadth of our product offerings, excellent operational capabilities and a strong balance sheet to support our planned strategies, that have served us well in the past, will help underpin our delivery of sustained long-term growth in the future.

ONG KENG SIEW
Managing Director & Chief Executive Officer

An intuition of things to come

The ability to know what customers want before it is obvious to others is a valuable quality. It's an acquired skill that has helped enhance Paramount's stature as a market leader in our core businesses.

STATEMENT ON
CORPORATE SOCIAL RESPONSIBILITY

AT PARAMOUNT CORPORATION BERHAD (**PARAMOUNT** OR **THE COMPANY**), CORPORATE SOCIAL RESPONSIBILITY (**CSR**) REMAINS CLOSE TO OUR HEART AS A BUSINESS PRACTICE. BEGUN AS A FAMILY CONCERN, THE COMPANY ENTRENCHED THE VALUES OF THE FOUNDERS IN THE BOARDROOM FOR DECADES AND, OVER THE YEARS, IT EVOLVED INTO A CORPORATE PHILOSOPHY THAT WAS EASILY EMBRACED BY MANAGEMENT AND STAFF.

THIS BACKGROUND TO CSR HAS SERVED PARAMOUNT WELL. THE COMPANY ALWAYS MAINTAINS THE BEST VALUES AND PRACTICES IN ITS RELATIONSHIP WITH ALL STAKEHOLDERS, WHICH, WE BELIEVE, IS WHY PARAMOUNT IS REGARDED AS A GOOD EMPLOYER AND TRUSTED BUSINESS PARTNER, AND ONE THAT CARES FOR AND INVOLVES ITSELF IN THE LOCAL AND WIDER COMMUNITIES AND THE ENVIRONMENT IN WHICH THE PARAMOUNT GROUP OF COMPANIES (**THE GROUP**) OPERATES. PARAMOUNT ALSO HOLDS THE LONG-TERM VIEW THAT A RAPIDLY CHANGING WORLD BRINGS NEW RESPONSIBILITIES AND CONCERNS THAT HAVE TO BE CONSTANTLY ADDRESSED AND, MORE IMPORTANTLY, ARE NOT IN CONFLICT WITH THE ATTAINMENT OF THE GROUP'S OBJECTIVES.

CSR IN THE ENVIRONMENT

The nature of our business does have a bearing on the environment. Thus, we need to take a proactive and positive approach on environmental issues at all times in order to sustain our business in the long term. Our key commitments are to:

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

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

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

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

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

CSR IN THE WORKPLACE

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

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

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

- Creating a working environment that is conducive to good working relations by demonstrating good leadership and adopting the best in Human Resource practice with well developed policies and procedures. These are continually subject to review, and are updated.

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

- Providing training and career development so that employees can grow and achieve their potential. We strive to maintain a knowledgeable, stable and motivated workforce that increases the satisfaction levels of our customer base whilst reducing recruitment and retention costs. In our employees' annual appraisal, training and personal development requirements are mutually agreed, and plans for the training and development are drawn up and budgeted for each year. We also take a proactive approach in providing opportunities for our employees to obtain professional and nationally recognised qualifications and in encouraging continuous professional development programmes that are conducted internally and externally. Senior managers are selected to attend executive education and professional development programmes at renowned Business Schools and all our senior managers are encouraged to attend the Management Development Programmes organised by our executive education and professional development sector.

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

Beyond the physical faculties lies the priceless value of having an emotional kinship with the community and the environment. In both areas, Paramount has put its range of skills to work for the benefit of society in numerous ways.

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

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

CSR IN THE COMMUNITY

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

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

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

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

- Using our influence to steer change for the better.

CSR IN THE MARKETPLACE

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

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

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

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

- Maintain high standards of corporate governance. We monitor and evaluate risk on an ongoing basis as part of our commitment to sustainable business. A full report on Corporate Governance and Internal Control are found on pages 37 to 40 and 44.

STATEMENT ON CORPORATE GOVERNANCE

PARAMOUNT CORPORATION BERHAD (**PARAMOUNT** OR **THE COMPANY**) IS COMMITTED TO BUSINESS INTEGRITY, TRANSPARENCY AND PROFESSIONALISM IN ALL ITS ACTIVITIES. AS PART OF THIS COMMITMENT, THE BOARD OF DIRECTORS (**BOARD**) SUPPORTS THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE AND THE DEVELOPMENT OF BEST PRACTICES.

THE COMPANY HAS COMPLIED THROUGHOUT THE YEAR WITH PART 1 OF THE MALAYSIAN CODE OF CORPORATE GOVERNANCE AND TO THE EXTENT WHERE APPLICABLE AND PRACTICAL PART 2 OF THE SAID CODE.

DIRECTORS

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

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

The Board has identified the Independent Non-Executive Director, Dato' Haji Azlan bin Hashim as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.

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

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

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

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

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

Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules.

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

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

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

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

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

(i) The Global Economy, its ramifications for the Asian region and the implications for Malaysia;

(ii) Leading Through Innovation;

(iii) ANZ Dinner Talk on Australian Property Market Update;

(iv) Sustainability Session for Directors – Industrial Products;

(v) Bank Negara Malaysia Governor's Address on the Malaysian Economy & Panel Discussion;

(vi) The Australia Update: "Is Australia still the lucky country?";

(vii) Economic Transformation Programme – Progress Update 7;

(viii) 26th National Economic Briefing;

(ix) Property Talk by Mr Ho Chin Soon;

(x) 2012 Post – Budget Dialogue;

(xi) Developing An Anti-Money Laundering Risk Averse Culture Without Affecting Profitability;

(xii) Directors Training Programme;

(xiii) Asia as the New Master of the Business Universe;

(xiv) Sustainability Programme for Corporate Malaysia;

(xv) Assessing The Risk and Control Environment;

(xvi) Training on Financial Reporting Standards;

(xvii) Board's Responsibility for Corporate Culture – Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance;

(xviii) Driving Business Transformation Dynamics Through Regulations and Enforcement;

(xix) Achieving Higher Productivity – The Next Phase;

(xx) Navigating A Challenging Anti-Corruption Landscape;

(xxi) Purpose Driven Organisation;

(xxii) Creating Communities of Character Through Building Character in Young Children;

(xxiii) Being Powerful with a NO;

(xxiv) The 2012 Budget; and

(xxv) Comprehensive Review of Standards.

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

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

Audit Committee

A detailed report on this committee is contained on pages 41 to 43 of this Annual Report.

Nomination Committee

The Nomination Committee comprises exclusively three Independent Non-Executive Directors: Dato' Md Taib bin Abdul Hamid, Dato' Haji Azlan bin Hashim and Geh Cheng Hooi. The Chairman of the Board chairs the Committee, which meets at least once a year and, additionally, if required.

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

DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee also comprises exclusively three Independent Non-Executive Directors: Dato' Md Taib bin Abdul Hamid, Dato' Haji Azlan bin Hashim and Geh Cheng Hooi. The Remuneration Committee, which meets at least once a year and, additionally if required, is chaired by the Chairman of the Board.

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

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

Remuneration Policy

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

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

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

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

Director	Basic Salary (RM'000)	Bonus (RM'000)	Professional fees (RM'000)	Directors fees (RM'000)	Benefits in-kind (RM'000)
Dato' Md Taib bin Abdul Hamid	–	–	–	90	–
Dato' Teo Chiang Quan	1,020	395	–	50	68
Ong Keng Siew	721	337	–	50	53
Dato' Haji Azlan bin Hashim	–	–	–	80	–
Datuk Rohana Tan Sri Mahmood	–	–	–	60	–
Geh Cheng Hooi	–	–	–	70	–
Quah Chek Tin	–	–	–	60	–
Datuk Seri Michael Yam Kong Choy	–	–	–	50	–

ACCOUNTABILITY AND AUDIT

Board Risk Management Committee

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

The Board Risk Management Committee comprises five Non-Executive Directors: Quah Chek Tin, Dato' Md Taib bin Abdul Hamid, Geh Cheng Hooi, Datuk Rohana Tan Sri Mahmood and Datuk Seri Michael Yam Kong Choy. Mr Quah chairs the Committee, which meets at the least twice a year and, additionally, if required.

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

Internal control

A detailed report on Internal Control, which has been reviewed by the external auditor, is contained in the Statement of Internal Control on page 44.

Financial reporting

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

Relationship with External Auditor

The Company has always maintained a close and transparent relationship with its external auditor in seeking professional advice and ensuring compliance with accounting standards in Malaysia. The report on the role of the audit committee in relation to the external auditor may be found in the Report on Audit Committee set out on pages 41 to 43.

SHAREHOLDERS

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

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

REPORT OF THE AUDIT COMMITTEE

THE BOARD OF DIRECTORS OF PARAMOUNT CORPORATION BERHAD (**PARAMOUNT** OR **THE COMPANY**) IS PLEASED TO ISSUE THE FOLLOWING AUDIT COMMITTEE REPORT AND ITS ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2011.

MEMBERS AND MEETINGS

The Audit Committee comprises four Independent Non-Executive Directors.

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

Directors	Status	Attendance
Dato' Haji Azlan Bin Hashim (Chairman)	Senior Independent Non-Executive Director	4 out of 4 meetings
Geh Cheng Hooi	Independent Non-Executive Director	2 out of 4 meetings
Quah Chek Tin	Independent Non-Executive Director	4 out of 4 meetings
Dato’ Md Taib Bin Abdul Hamid	Independent Non-Executive Director	4 out of 4 meetings

TERMS OF REFERENCE

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

Membership

The members shall be appointed by the Board and the committee shall consist of at least three (3) Non-Executive Directors, a majority of whom are independent Directors. The Chairman of the committee shall be an Independent Non-Executive director.

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

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

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

Meetings

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

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

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

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

Authority

The Audit Committee is hereby authorised by the Board to:

a) investigate any matter within its terms of reference;

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

c) have full and unrestricted access to any information pertaining to the Company and its subsidiaries (**the Group**);

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

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

Reporting of Breaches to the Exchange

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

Duties of the Committee

The duties of the committee shall be as follows:

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

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

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

    i) Any changes in accounting policies and practices;

    ii) Significant adjustments arising from the audit;

    iii) The going concern assumption; and

    iv) Compliance with accounting standards and other legal requirements.

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

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

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

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

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

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

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

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

Review of the Committee

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

ACTIVITIES OF THE AUDIT COMMITTEE

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

a) Financial Statements

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

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

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

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

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

vi) Considered the intention of the external auditors, Messrs Ernst & Young, to be re-appointed and to propose the re-appointment to the Board accordingly.

b) Internal Controls

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

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

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

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

v) Discussed the Report of the Audit Committee, and proposed the report to the Board for its approval; and

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

INTERNAL AUDIT FUNCTION AND ACTIVITIES

a) Internal audit function

The internal audit function of Paramount is carried out in-house by the internal audit department. The internal audit department reports functionally and independently to the Audit Committee and is independent of management and of the activities it reviews. Its role encompasses risk-based examination and evaluation of the adequacy and effectiveness of the Group's system of internal controls and to provide reasonable assurances to the members of the committee and the Board.

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

b) Activities

For 2011, the internal audit department carried out audit assignments in accordance with the approved audit plan, and audit reports were presented to the Audit Committee for deliberation. This included follow-up review on the prompt implementation of audit recommendations and checks on related party transactions. The cost incurred for the internal audit department for year was RM551,753/-.

STATEMENT ON
INTERNAL CONTROL

PREAMBLE

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

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

BOARD'S RESPONSIBILITY

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

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

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

RISK MANAGEMENT/STRATEGIC PLAN

The Board regards risk management as an important process and acknowledges that it plays an integral part in achieving the Group's business objectives. The Board confirms the on-going implementation of an enterprise-wide risk management (**EWRM**) programme for the Group which allows management to identify, assess, evaluate and manage risks of the Group and keeps abreast of its development. The EWRM programme entails all strategic business units to document the controls and processes for managing risks.

Principal risks are highlighted to the Board Risk Management Committee and to the Board for deliberation on a quarterly basis and further assessment is made during the Board's review of the Group's strategic plan. The established risk framework includes the Board's evaluation of risks relating to new businesses and major investments during the year.

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

INTERNAL AUDIT FUNCTION

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

The internal audit function submits regular audit reports to the Audit Committee for its review and conducts follow-up action with management on audit recommendations and matters highlighted by the committee. The head of Internal Audit reports independently to the Audit Committee which ensures the audit function's impartiality, proficiency and due professional care.

INFORMATION SYSTEMS

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

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

OTHER KEY AREAS OF INTERNAL CONTROL/ CONTROL PROCESSES

Other key areas of internal control/ control processes include:

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

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

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

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 13 APRIL 2012

Authorised capital	:	RM200,000,000
Issued and fully paid-up	:	RM168,905,728
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 13 APRIL 2012

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 99	57	0.99	1,983	0.00
100 – 1,000	377	6.55	271,989	0.08
1,001 – 10,000	3,339	58.00	15,903,838	4.71
10,001 – 100,000	1,738	30.18	50,201,300	14.86
100,001 – 16,890,571*	245	4.25	153,933,146	45.57
16,890,572 and above**	2	0.03	117,499,200	34.78
Total	**5,758**	**100.00**	**337,811,456**	**100.00**

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

THIRTY (30) LARGEST SHAREHOLDERS AS AT 13 APRIL 2012

Name of Shareholders	No. of Shareholdings	%
1. Paramount Equities Sdn Bhd	87,710,000	25.96
2. Southern Palm Industries Sdn Bhd	29,789,200	8.82
3. Southern Acids (M) Berhad	15,453,200	4.57
4. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG Singapore (PWM Asing)	13,500,900	4.00
5. Bunga Indah (M) Sdn Bhd	9,266,294	2.74
6. Southern Realty (M) Sdn Bhd	8,397,200	2.49
7. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Azlan Bin Hashim (KLC)	8,000,000	2.37
8. Angsana Sutera Sdn Bhd	4,995,200	1.48
9. Teo Chiang Quan	4,270,000	1.26
10. Kenanga Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd For Teo Pek Swan (6Q-31037)	3,332,000	0.99
11. Ong Keng Siew	3,116,400	0.92
12. Teh Wei Siong	2,912,000	0.86
13. Yayasan Kelantan Darulnaim	2,682,400	0.79
14. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB Prin)	2,446,780	0.72

Name of Shareholders	No. of Shareholdings	%
15. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Oh Kim Sun (M14)	2,272,000	0.67
16. Cheong Hon Keong	1,921,640	0.57
17. Goh Beng Choo	1,818,840	0.54
18. Neoh Choo Ee & Company Sdn Berhad	1,715,000	0.51
19. Cartaban Nominees (Tempatan) Sdn Bhd AXA Affin General Insurance Berhad	1,680,000	0.50
20. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	1,361,840	0.40
21. Yeo Khee Huat	1,204,000	0.36
22. HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Teh Chee Tong	1,054,200	0.31
23. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	982,400	0.29
24. Yeo Khee Nam	977,200	0.29
25. Tay Lee Kong	945,036	0.28
26. Southern Edible Oil Industries (M) Sdn Bhd	932,400	0.28
27. Seah Mok Khoon	910,840	0.27
28. Ghee Thong Sdn Bhd	898,800	0.27
29. HLB Nominees (Tempatan) Sdn Bhd Pledged securities account for Oh Kim Sun	885,600	0.26
30. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Teh Chee Tong (8058971)	862,080	0.26

SUBSTANTIAL SHAREHOLDERS AS AT 26 APRIL 2012

	No. of Ordinary Shares of RM0.50 each		
Name of Shareholders	Direct	Indirect	%
Paramount Equities Sdn Bhd	87,710,000	–	25.96
Dato' Teo Chiang Quan	4,488,400	88,826,300 (1)	27.62
Southern Palm Industries Sdn Bhd	29,789,200	15,453,200 (2)	13.39
Southern Edible Oil Industries (M) Sdn Bhd	932,400	45,242,400 (3)	13.67
Southern Realty (Malaya) Sdn Bhd	8,397,200	46,174,800 (4)	16.16
Banting Hock Hin Estate Co Sdn Bhd	515,200	54,572,000 (5)	16.30
Dato' Low Mong Hua (deceased)	–	55,087,200 (6)	16.30

Notes:

1. *By virtue of his deemed interest in Paramount Equities Sdn Bhd, Qualipro Corporation Sdn Bhd and the shareholdings of his family members.*
2. *By virtue of its deemed interest in Southern Acids (M) Berhad.*
3. *By virtue of its deemed interest in Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*
4. *By virtue of its deemed interest in Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*
5. *By virtue of its deemed interest in Southern Realty (Malaya) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*
6. *By virtue of the deceased's deemed interest in Banting Hock Hin Estate Co Sdn Bhd, Southern Realty (Malaya) Sdn Bhd, Southern Edible Oil Industries (M) Sdn Bhd, Southern Palm Industries Sdn Bhd and Southern Acids (M) Berhad.*

DIRECTORS' SHAREHOLDINGS AS AT 26 APRIL 2012

In Paramount Corporation Berhad:

	Direct		Indirect	
Name of Directors	No. of Shareholdings	%	No. of Shareholdings	%
Dato' Teo Chiang Quan	4,488,400	1.33	88,826,300	26.29
Dato' Haji Azlan bin Hashim	8,000,000	2.37	–	–
Ong Keng Siew	3,116,400	0.92	–	–
Dato' Md Taib bin Abdul Hamid	–	–	140,000	0.04
Datuk Seri Michael Yam Kong Choy	108,000	0.03	–	–

In Related Corporation:

Paramount Corporation Limited

	Direct		Indirect	
Name of Director	No. of Shareholdings	%	No. of Shareholdings	%
Dato' Teo Chiang Quan*	1	0.001	–	–

* Held in trust for Paramount Corporation Berhad

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

SCHEDULE OF
PROPERTIES
held by the group

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2011 (RM'000)
2.12.2011 (3.05.2011)	Lots 164, 932 – 935, 1873, 1875, 2518 & 2519 Mukim Kapar, District of Klang Selangor Darul Ehsan	Land with single storey warehouse	–	Freehold	1,270,303	114,494
28.04.2000 (2.12.2009)	Nos 3, 5 & 7, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land with private institutional buildings comprising a 3-storey block, a 4-storey block, a 6-storey block and a sports complex (Sekolah Sri KDU and Sri KDU International School)	1 – 10 years	99 years lease commencing 2.11.2000	520,579	92,407
23.06.2006	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	Agricultural land – 20,094,236 sq. ft. Development land – 1,316,811 sq. ft. (Held for future development)	–	Freehold	21,411,047	78,295
13.11.2008 (28.02.2008)	Lot Nos. 7 & 9 Jalan Teknologi 3/1 Taman Sains Selangor 1 Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Land approved for industrial development (Held for future development)	4 years	99 years lease commencing 19.01.2008	411,642	45,391
20.02.2008 (29.10.2009)	Lot 94, Section 13 Town of Petaling Jaya District of Petaling Selangor Darul Ehsan held under Title No. PN17345	Land with 3 single storey buildings (KDU University College – Section 13 branch campus)	46 years	99 years lease commencing 4.06.1964	225,680	45,101
21.04.1993 (10.12.2009)	No 32, Jalan Anson 10400 Penang	Land with private institutional buildings comprising a 5-storey block and a 8-storey block (KDU College – Penang Campus)	15 years	Freehold	86,046	28,329
26.06.2003	Lots 1327-1329, 2190, 2849, 2850 & 3010 Seksyen 32 & 33, Shah Alam Mukim dan Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Held for future development)	–	Freehold	1,561,190	25,176

Date of Acquisition (Date of Last Revaluation)	Location of Property	Description (Existing Use)	Age of Building	Tenure	Land Area (Sq. Ft.)	NBV as at 31.12.2011 (RM'000)
23.06.2003	Lot 72113 Seksyen 32 & 33, Shah Alam Mukim dan Daerah Klang Selangor Darul Ehsan	Land approved for commercial and residential development – Kemuning Utama (Under development)	–	Freehold	3,041,437	14,996
13.06.2008	Lot PTD 153275 Mukim of Pulai District of Johor Bahru Johor Darul Takzim	Land approved for institution (vacant)	–	Freehold	435,600	12,743
19.12.1978 (10.12.2009)	43, Jalan SS22/41 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Land with private institutional college comprising 1 block of 5-storey and 2 blocks of 4-storey buildings (KDU University College – Damansara Jaya Campus)	28 years	Freehold	116,078	7,574

STATEMENT OF
DIRECTORS' RESPONSIBILITY
in relation to the financial statements

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

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

The Directors consider that in preparing the financial statements:

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

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

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

FINANCIAL
STATEMENTS

DIRECTORS' **REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

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	71,757	183,546

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 2010 were as follows:

	RM'000
In respect of the financial year ended 31 December 2010 as reported in the directors' report of that year:	
Final dividend of 20.0 sen less 25% taxation, on 120,647,000 ordinary shares, declared on 24 February 2011 and paid on 22 June 2011	18,097
In respect of the financial year ended 31 December 2011:	
Interim single tier dividend of 5.0 sen, on 337,812,000 ordinary shares, declared on 16 August 2011 and paid on 19 September 2011	16,891
	34,988

At the forthcoming Annual General Meeting, a final single tier dividend of 5.0 sen, in respect of the financial year ended 31 December 2011 on 337,812,000 ordinary shares, amounting to a dividend payable of RM16,891,000 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 2012, and are payable on 28 June 2012.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato’ Md Taib bin Abdul Hamid
Dato' Teo Chiang Quan
Ong Keng Siew
Dato’ Haji Azlan bin Hashim
Datuk Rohana Tan Sri Mahmood
Datuk Seri Yam Kong Choy
Geh Cheng Hooi
Quah Chek Tin

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during 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 35 to the financial statements.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each	<---- Number of ordinary shares of RM0.50 each ---->			
	1 January 2011	Bonus issue and subdivision of shares*	Acquired	Sold	31 December 2011
The Company					
Direct Interest					
Dato' Teo Chiang Quan	1,603,000	2,885,400	–	–	4,488,400
Ong Keng Siew	1,113,000	2,003,400	–	–	3,116,400
Dato’ Haji Azlan bin Hashim	4,000,000	7,200,000	–	(200,000)	11,000,000
Datuk Seri Yam Kong Choy	35,000	63,000	10,000	–	108,000
Deemed Interest					
Dato' Teo Chiang Quan	31,654,888	56,978,798	682,300	(489,686) **	88,826,300
Dato' Md Taib bin Abdul Hamid	50,000	90,000	–	–	140,000

* On 24 June 2011, the Company completed the following:

(i) Bonus issue of new ordinary shares of RM1 each in the Company ("PCB Shares") on the basis of two new PCB Shares for every five existing PCB Shares; and

(ii) Subdivision of every one ordinary share of RM1 each in the Company after the bonus issue into two ordinary shares of RM0.50 each in the Company.

** Dato' Teo Chiang Quan ceased to be interested in the 489,686 ordinary shares held by Teo Soo Pin Sdn Bhd ("TSP") in the Company following the completion of the disposal of his entire interest in TSP on 1 December 2011.

DIRECTORS' INTERESTS (CONT'D)

	At 1 January 2011	Acquired	Sold	At 31 December 2011
	<---- Number of ordinary shares of HKD1 each ---->			
Paramount Corporation Limited				
Dato' Teo Chiang Quan***	1	–	–	1

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

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

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

ISSUE OF SHARES

On 24 June 2011, the Company:

(a) increased its issued ordinary share capital from RM120,647,000 to RM168,906,000 through a bonus issue of 48,259,000 new ordinary shares of RM1 each credited as fully paid-up on the basis of two new ordinary shares for every five existing ordinary shares held,

(b) amended its authorised share capital of RM200,000,000 comprising 200,000,000 ordinary shares of RM1 each to RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each, and

(c) subdivided its 168,906,000 ordinary shares of RM1 each after the bonus issue into 337,812,000 ordinary shares of RM0.50 each.

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

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.

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

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

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

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

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

(f) In the opinion of the directors:

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

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

SIGNIFICANT EVENTS

Details of significant events are disclosed in Notes 17, 18 and 31 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 February 2012.

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

STATEMENT BY DIRECTORS

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

We, Dato' Md Taib bin Abdul Hamid and Ong Keng Siew, being two of the directors of Paramount Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 59 to 118 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 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 41 to the financial statements, on page 119 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 February 2012.

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

STATUTORY DECLARATION

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

I, Foong Poh Seng, being the officer primarily responsible for the financial management of Paramount Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 59 to 119 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by
the abovenamed Foong Poh Seng at
Petaling Jaya in Selangor Darul Ehsan
on 24 February 2012.

FOONG POH SENG

Before me,

Commissioner for Oaths

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

INDEPENDENT AUDITORS' REPORT
to the members of Paramount Corporation Berhad

Report on the financial statements

We have audited the financial statements of Paramount Corporation Berhad, which comprise the statements of financial position as at 31 December 2011 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 59 to 118.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 17 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 41 on page 119 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

ONG CHEE WAI
No. 2857/07/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
24 February 2012

CONSOLIDATED
INCOME STATEMENT
for the financial year ended 31 December 2011

	Note	2011 RM'000	2010 RM'000
Revenue	4	473,844	432,251
Other income		32,306	86,881
Property development costs	13(b)	(143,762)	(167,406)
Construction contract costs		(101,933)	(47,520)
Employee benefits expense	5	(78,343)	(69,378)
Depreciation and amortisation		(13,160)	(11,571)
Other expenses		(55,703)	(54,221)
Finance costs	7	(3,121)	(3,123)
Share of profit of associates		222	11,203
Profit before tax	8	110,350	177,116
Income tax expense	9	(38,593)	(28,916)
Profit net of tax		71,757	148,200
Basic earnings per share attributable to equity holders of the Company (sen)	10 (a)	21.24	45.30 #

The comparative is restated following the bonus issue and share split during the financial year.

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

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
for the financial year ended 31 December 2011

	2011 RM'000	2010 RM'000
Profit net of tax	71,757	148,200
Foreign currency translation	79	(278)
Total comprehensive income	71,836	147,922

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

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
as at 31 December 2011

	Note	2011 RM'000	2010 RM'000
Non-current assets			
Property, plant and equipment	12	274,246	213,411
Land held for property development	13(a)	232,964	157,904
Investment properties	14	13,753	31,953
Intangible asset	16	15,674	15,674
Investments in associates	18	10,111	221
Other investments	19	342	485
Deferred tax assets	30	10,872	10,889
		557,962	430,537
Current assets			
Property development costs	13(b)	24,510	37,735
Trade receivables	20	76,666	68,744
Other receivables	21	131,780	79,750
Other current assets	22	11,589	7,142
Tax recoverable		3,906	7,163
Cash and cash equivalents	25	206,198	332,637
		454,649	533,171
Assets held for sale	15	17,800	–
		472,449	533,171
Total assets		1,030,411	963,708
Current liabilities			
Borrowings	26	14,700	7,921
Trade payables	27	70,853	79,520
Other payables	28	63,892	94,888
Tax payable		7,134	698
Other current liabilities	29	62,051	82,453
		218,630	265,480
Net current assets		253,819	267,691
Non-current liabilities			
Borrowings	26	121,298	47,758
Deferred tax liabilities	30	18,495	15,330
		139,793	63,088
Total liabilities		358,423	328,568
Equity			
Share capital	31	168,906	120,647
Reserves		503,082	514,493
Total equity		671,988	635,140
Total equity and liabilities		1,030,411	963,708

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

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
for the financial year ended 31 December 2011

	Share capital RM'000	<---- Non-distributable ----> Share premium RM'000	Translation reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2011	120,647	89,890	1,401	423,202	635,140
Total comprehensive income	–	–	79	71,757	71,836
Transactions with owners					
Dividends (Note 11)	–	–	–	(34,988)	(34,988)
Issue of ordinary shares pursuant to Bonus Issue (Note 31)	48,259	(48,259)	–	–	–
Total transactions with owners	48,259	(48,259)	–	(34,988)	(34,988)
At 31 December 2011	168,906	41,631	1,480	459,971	671,988

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

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

CONSOLIDATED STATEMENT OF
CASH FLOWS
for the financial year ended 31 December 2011

	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before tax	110,350	177,116
Adjustments for:		
Depreciation of property, plant and equipment	12,795	11,202
Depreciation of investment properties	365	369
Impairment of investment properties	76	–
Impairment of other investments	143	–
Property, plant and equipment written off	22	22
Additions of allowance for impairment of receivables	391	117
Reversal of allowance for impairment of receivables	(166)	(141)
Gain on disposal of investment in an associate	(2,828)	(60,839)
Gain on disposal of property, plant and equipment	(1,934)	(838)
Gain on disposal of other investment	–	(68)
Gain on disposal of investment properties	(227)	(1,704)
Gain on disposal of land held for development	(691)	–
Unrealised foreign exchange losses/(gains)	290	(497)
Share of profit of associates	(222)	(11,203)
Interest expense	3,121	3,123
Interest income	(3,839)	(3,462)
Operating profit before working capital changes	117,646	113,197
Increase in receivables	(64,835)	(47,468)
Decrease in development properties	13,225	18,552
(Decrease)/increase in payables	(23,871)	7,364
Cash from operations	42,165	91,645
Taxes paid	(25,718)	(39,502)
Interest paid	(3,121)	(3,123)
Net cash generated from operating activities	13,326	49,020
Cash flows from investing activities		
(Increase)/decrease in land held for development	(81,227)	13,072
Dividends received from associates	–	2,097
Acquisition of associates (Note 18)	(9,668)	–
Purchase of property, plant and equipment	(70,939)	(22,399)
Purchase of investment properties	(12,907)	(20,407)
Proceeds from disposal of investment in an associate	2,828	130,800
Proceeds from disposal of property, plant and equipment	3,079	863
Proceeds from disposal of investment properties	13,093	4,795
Proceeds from disposal of land held for development	3,000	–
Proceeds from disposal of other investment	–	68
Interest received	3,839	3,462
Net cash (used in)/generated from investing activities	(148,902)	112,351
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	–	25,523
Dividends paid	(71,182)	(30,107)
Drawdown of term loan	88,000	–
Repayment of borrowings	(7,681)	(31,685)
Net cash generated from/(used in) financing activities	9,137	(36,269)
Net (decrease)/increase in cash and cash equivalents	(126,439)	125,102
Cash and cash equivalents at beginning of year	332,637	207,535
Cash and cash equivalents at end of year (Note 25)	206,198	332,637

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

INCOME STATEMENT
for the financial year ended 31 December 2011

	Note	2011 RM'000	2010 RM'000
Revenue	4	234,547	100,321
Other income		177	844
Employee benefits expense	5	(6,228)	(5,531)
Depreciation		(494)	(378)
Other expenses		(17,024)	(16,066)
Finance costs	7	(11,023)	(10,131)
Profit before tax	8	199,955	69,059
Income tax expense	9	(16,409)	(12,660)
Profit net of tax, representing total comprehensive income for the year		183,546	56,399

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

STATEMENT OF FINANCIAL POSITION
as at 31 December 2011

	Note	2011 RM'000	2010 RM'000
Non-current assets			
Property, plant and equipment	12	1,605	692
Investment properties	14	720	735
Investments in subsidiaries	17	458,647	362,809
Other investments	19	165	165
		461,137	364,401
Current assets			
Other receivables	21	42,842	34,791
Other current assets	22	674	–
Tax recoverable		92	2,791
Due from subsidiaries	24	46,975	74,323
Cash and cash equivalents	25	29,820	160,380
		120,403	272,285
Total assets		581,540	636,686
Current liabilities			
Other payables	28	2,248	42,318
Due to subsidiaries	24	134,741	298,423
		136,989	340,741
Net current liabilities		(16,586)	(68,456)
Non-current liabilities			
Deferred tax liabilities	30	71	23
Total liabilities		137,060	340,764
Equity			
Share capital	31	168,906	120,647
Reserves		275,574	175,275
		444,480	295,922
Total equity and liabilities		581,540	636,686

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

STATEMENT OF
CHANGES IN EQUITY
for the financial year ended 31 December 2011

		Non-Distributable		Distributable	
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2011	120,647	89,890	–	85,385	295,922
Total comprehensive income	–	–	–	183,546	183,546
Transactions with owners					
Dividends (Note 11)	–	–	–	(34,988)	(34,988)
Issue of ordinary shares pursuant to Bonus Issue (Note 31)	48,259	(48,259)	–	–	–
Total transactions with owners	48,259	(48,259)	–	(34,988)	(34,988)
At 31 December 2011	168,906	41,631	–	233,943	444,480
At 1 January 2010	110,339	72,387	2,288	95,287	280,301
Total comprehensive income	–	–	–	56,399	56,399
Transactions with owners					
Dividends (Note 11)	–	–	–	(66,301)	(66,301)
Issue of ordinary shares pursuant to ESOS	10,308	17,503	(2,288)	–	25,523
Total transactions with owners	10,308	17,503	(2,288)	(66,301)	(40,778)
At 31 December 2010	120,647	89,890	–	85,385	295,922

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

STATEMENT OF
CASH FLOWS
for the financial year ended 31 December 2011

	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before tax	199,955	69,059
Adjustments for:		
Depreciation of property, plant and equipment	479	363
Depreciation of investment properties	15	15
Write down of advances to subsidiaries	290	667
Impairment of investment in subsidiaries	13,850	12,234
Interest expense	11,023	10,131
Gain on disposal of property, plant and equipment	(70)	(225)
Dividend income	(221,210)	(89,661)
Interest income	(4,178)	(4,695)
Operating profit/(loss) before working capital changes	154	(2,112)
Increase in receivables	(8,725)	(30,892)
(Decrease)/increase in payables	(3,876)	3,300
Changes in subsidiaries balances	(136,624)	119,295
Cash (used in)/generated from operations	(149,071)	89,591
Interest paid	(11,023)	(10,131)
Net tax (paid)/refund	(1,360)	4
Net cash (used in)/generated from operating activities	(161,454)	79,464
Cash flows from investing activities		
Interest received	4,178	4,695
Dividends received	208,908	75,561
Subscription of ordinary shares in subsidiaries	(7,763)	(100)
Subscription of Non-cumulative Redeemable Convertible Preference Shares in subsidiaries	(101,925)	(40,635)
Redemption of Non-cumulative Redeemable Convertible Preference Shares by subsidiaries	–	30,000
Proceeds from disposal of property, plant and equipment	105	225
Purchase of property, plant and equipment	(1,427)	(584)
Net cash generated from investing activities	102,076	69,162
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	–	25,523
Dividends paid	(71,182)	(30,107)
Net cash used in financing activities	(71,182)	(4,584)
Net (decrease)/increase in cash and cash equivalents	(130,560)	144,042
Cash and cash equivalents at beginning of year	160,380	16,338
Cash and cash equivalents at end of year (Note 25)	29,820	160,380

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

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 24 February 2012.

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 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 FRS, Amendments to FRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2011 did not give rise to any significant effects on the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

The directors expect that the adoption of the new FRS, Amendments to FRS and Interpretations which are issued but not yet effective for the financial year ended 31 December 2011 will not have any material impact on the financial statements of the Group and the Company in the period of initial application.

Malaysian Financial Reporting Standards (MFRS Framework)

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

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

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

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. 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.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group will achieve its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

2.4 Basis of consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.7. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2.5 Subsidiaries

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

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

2.6 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

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

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

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

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

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

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

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

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

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.

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.

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 bear to the estimated total property development costs.

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

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)

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

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

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

2.12 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 Impairment of non-financial assets

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

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

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.

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

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

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.

2.14 Financial assets

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

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

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

All financial assets of the Group are classified as loans and receivables.

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

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

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

2.15 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.

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.

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

2.15 Impairment of financial assets (cont'd)

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.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits placed with licensed banks.

2.17 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.

2.18 Financial liabilities

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

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

All financial liabilities of the Group are classified as other financial liabilities.

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

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Borrowing costs

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

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

2.20 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.

2.21 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.

2.22 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.

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.

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

2.22 Leases (cont'd)

(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 2.23(d).

2.23 Revenue

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

(a) Sale of properties

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

(f) Dividend income

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

(g) Membership fees

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

(h) Management fees

Management fees are recognised when services are rendered.

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

2.24 Income taxes

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

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

2.24 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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

2.25 Employee benefits

Defined contribution plans

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

2.26 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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.

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

2.26 Foreign currencies (cont'd)

(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.

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.

2.27 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.

2.28 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.

2.29 Segment reporting

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Construction costs and property development

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

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

(b) Impairment of goodwill

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

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

(c) Deferred tax assets

Deferred tax assets are recognised for all 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of properties	246,523	267,455	–	–
Construction contracts	123,572	65,238	–	–
Educational fees	99,766	97,642	–	–
Membership fee	617	621	–	–
Interest income from:				
– Deposits with licensed banks	3,346	620	3,206	552
– Advances to subsidiaries	–	–	972	4,143
Dividends from subsidiaries	–	–	221,210	89,661
Management fees from subsidiaries	–	–	9,139	5,960
Rental income	20	675	20	5
	473,844	432,251	234,547	100,321

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	66,766	60,373	4,977	4,760
Contributions to defined contribution plan	7,624	6,592	586	505
Other benefits	3,953	2,413	665	266
	78,343	69,378	6,228	5,531

6. DIRECTORS' REMUNERATION

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Company				
Executive:				
Salaries	1,741	1,580	923	790
Fees	100	100	100	100
Bonus and other benefits	735	1,146	452	590
Defined contribution plan	297	327	165	166
Executive directors' remuneration excluding benefits-in-kind	2,873	3,153	1,640	1,646
Estimated monetary value of benefits-in-kind	121	119	24	41
	2,994	3,272	1,664	1,687
Non-executive:				
Fees	410	403	390	383
	3,404	3,675	2,054	2,070

6. DIRECTORS' REMUNERATION (CONT'D)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of subsidiaries				
Executive:				
Salaries	1,213	1,113	–	–
Bonus and other benefits	630	535	–	–
Defined contribution plan	221	195	–	–
Executive directors' remuneration excluding benefits-in-kind	2,064	1,843	–	–
Estimated monetary value of benefits-in-kind	100	133	–	–
	2,164	1,976	–	–
Non-executive:				
Fees	23	26	–	–
Estimated monetary value of benefits-in-kind	33	19	–	–
	56	45	–	–
	2,220	2,021	–	–
Total	5,624	5,696	2,054	2,070

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	
	2011	2010
Executive directors:		
RM1,200,001 – RM1,300,000	1	1
RM1,700,001 – RM1,800,000	1	–
RM2,000,001 – RM2,100,000	–	1
Non-executive directors:		
Below RM50,000	–	1
RM50,000 – RM100,000	6	5

7. FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
Bank borrowings	3,121	3,123	–	–
Advances from subsidiaries	–	–	11,023	10,131
	3,121	3,123	11,023	10,131

8. PROFIT BEFORE TAX

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-executive directors' remuneration (Note 6)	466	448	390	383
Auditors' remuneration				
– Statutory audit	276	268	70	60
– Other services	11	21	5	15
Operating lease:				
– minimum lease payments for premises	2,989	3,094	544	539
– minimum lease payments for equipment	281	213	–	–
Direct operating expenses of investment properties	72	128	–	–
Impairment of:				
– investment in subsidiaries	–	–	13,850	12,234
– investment properties	76	–	–	–
– other investments	143	–	–	–
Depreciation of:				
– property, plant and equipment	12,795	11,202	479	363
– investment properties	365	369	15	15
Property, plant and equipment written off	22	22	–	–
Gain on disposal of:				
– investment in associate	(2,828)	(60,839)	–	–
– other investment	–	(68)	–	–
– property, plant and equipment	(1,934)	(838)	(70)	(225)
– investment properties	(227)	(1,704)	–	–
Gain on disposal of land held for property development	(691)	–	–	–
Write down of advances to subsidiaries	–	–	290	667
Additions of allowance for impairment of receivables	391	117	–	–
Reversal of allowance for impairment of receivables	(166)	(141)	–	–
Bad debts written off	191	61	–	–
Interest income from deposits with licensed banks	(3,839)	(3,462)	–	–
Rental income	(4,306)	(3,779)	–	–
Net foreign exchange (gain)/loss:				
– realised	(830)	(867)	–	–
– unrealised	290	(497)	–	–

9. INCOME TAX EXPENSE

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Current income tax:				
Malaysian income tax	32,428	33,474	14,600	12,689
Under/(over) provision in prior years	2,983	(67)	1,761	(19)
	35,411	33,407	16,361	12,670
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	2,642	(3,521)	8	(10)
Under/(over) provision in prior years	540	(970)	40	–
	3,182	(4,491)	48	(10)
Income tax expense	38,593	28,916	16,409	12,660

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

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

A reconciliation of tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	2011 RM'000	**2010 RM'000**
Group		
Profit before tax	110,350	177,116
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	27,588	44,279
Different tax rates in other countries	4	14
Effect of share of profits of associate	(56)	(2,801)
Income not subject to tax	(369)	(15,418)
Expenses not deductible for tax purposes	6,804	3,414
Utilisation of previously unrecognised tax losses	(233)	(338)
Deferred tax assets not recognised in respect of unutilised tax losses and unabsorbed capital allowances	1,332	803
Under/(over) provision of deferred tax in prior year	540	(970)
Under/(over) provision of tax expense in prior year	2,983	(67)
Income tax expense	38,593	28,916

9. INCOME TAX EXPENSE (CONT'D)

	2011 RM'000	2010 RM'000
Company		
Profit before tax	199,955	69,059
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	49,989	17,265
Income not subject to tax	(43,027)	(8,315)
Expenses not deductible for tax purposes	7,646	3,729
Under provision of deferred tax in prior years	40	–
Under/(over) provision of tax expense in prior years	1,761	(19)
Income tax expense	16,409	12,660

10. EARNINGS PER SHARE

(a) Basic

	Group	
	2011	2010 Restated
Profit attributable to ordinary equity holders of the Company (RM'000)	71,757	148,200
Weighted average number of ordinary shares in issue ('000)	337,812	327,134
Basic earnings per share (sen)	21.24	45.30

The comparative is restated following the bonus issue and share split during the financial year.

(b) Diluted

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

11. DIVIDENDS

	Amount		Net dividends paid/payable per ordinary share	
	2011 RM'000	2010 RM'000	2011 Sen	2010 Sen
Recognised during the year:				
For the financial year ended 31 December 2011				
Interim single tier dividend of 5.0 sen	16,891	–	5.00	–
For the financial year ended 31 December 2010				
Interim tax exempt dividend of 11.0 sen	–	13,271	–	11.00
Special dividend of 4.0 sen less 25% taxation	–	3,619	–	3.00
Special dividend of 40.0 sen less 25% taxation	–	36,194	–	30.00
Final dividend of 20.0 sen less 25% taxation	18,097	–	15.00	–
For the financial year ended 31 December 2009				
Final dividend of 9.0 sen less 25% taxation	–	7,930	–	6.75
Special dividend of 6.0 sen less 25% taxation	–	5,287	–	4.50
	34,988	66,301	20.00	55.25

At the forthcoming Annual General Meeting, a final single tier dividend of 5.0 sen, in respect of the financial year ended 31 December 2011 on 337,812,000 ordinary shares, amounting to a dividend payable of RM16,891,000 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 2012, and are payable on 28 June 2012.

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 2010	201,200	86,446	287,646
Additions	13,812	8,587	22,399
Disposals	–	(2,422)	(2,422)
Write-off	–	(335)	(335)
At 31 December 2010 and 1 January 2011	215,012	92,276	307,288
Additions	52,150	18,789	70,939
Transfer from land held for development (Note 13(a))	3,158	700	3,858
Disposals	(987)	(1,803)	(2,790)
Write-off	–	(193)	(193)
At 31 December 2011	269,333	109,769	379,102
Representing:			
At cost	267,351	109,769	377,120
At valuation	1,982	–	1,982
At 31 December 2011	269,333	109,769	379,102
Accumulated depreciation and impairment			
At 1 January 2010	19,137	66,248	85,385
Depreciation charge for the year	2,622	8,580	11,202
Disposals	–	(2,397)	(2,397)
Write-off	–	(313)	(313)
At 31 December 2010 and 1 January 2011	21,759	72,118	93,877
Depreciation charge for the year	3,197	9,598	12,795
Disposals	–	(1,645)	(1,645)
Write-off	–	(171)	(171)
At 31 December 2011	24,956	79,900	104,856
Net carrying amount			
At 31 December 2011			
At cost	242,395	29,869	272,264
At valuation	1,982	–	1,982
	244,377	29,869	274,246
At 31 December 2010			
At cost	191,271	20,158	211,429
At valuation	1,982	–	1,982
	193,253	20,158	213,411

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

*** Land and building**

	Freehold land RM'000	Long term leasehold land and building RM'000	Freehold building RM'000	Capital work-in progress RM'000	Total RM'000
Group					
Cost or valuation					
At 1 January 2010	28,711	121,788	50,701	–	201,200
Additions	376	161	61	13,214	13,812
At 31 December 2010 and 1 January 2011	29,087	121,949	50,762	13,214	215,012
Transfer	614	12,600	–	(13,214)	–
Transfer from land held for development	3,158	–	–	–	3,158
Additions	34,406	17,731	13	–	52,150
Disposal	(987)	–	–	–	(987)
At 31 December 2011	66,278	152,280	50,775	–	269,333
At 31 December 2011					
At cost	64,296	152,280	50,775	–	267,351
At valuation	1,982	–	–	–	1,982
	66,278	152,280	50,775	–	269,333
At 31 December 2010					
At cost	27,105	121,949	50,762	13,214	213,030
At valuation	1,982	–	–	–	1,982
	29,087	121,949	50,762	13,214	215,012
Accumulated depreciation					
At 1 January 2010	–	6,933	12,204	–	19,137
Depreciation charge for the year	–	1,608	1,014	–	2,622
At 31 December 2010 and 1 January 2011	–	8,541	13,218	–	21,759
Depreciation charge for the year	–	1,706	1,491	–	3,197
At 31 December 2011	–	10,247	14,709	–	24,956
Net carrying amount					
At 31 December 2011					
At cost	64,296	142,033	36,066	–	242,395
At valuation	1,982	–	–	–	1,982
	66,278	142,033	36,066	–	244,377
At 31 December 2010					
At cost	27,105	113,408	37,544	13,214	191,271
At valuation	1,982	–	–	–	1,982
	29,087	113,408	37,544	13,214	193,253

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

Company

	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000
Cost	
At 1 January 2010	3,330
Additions	584
Disposals	(444)
At 31 December 2010 and 1 January 2011	3,470
Additions	1,427
Disposals	(319)
At 31 December 2011	4,578
Accumulated depreciation	
At 1 January 2010	2,859
Depreciation charge for the year	363
Disposals	(444)
At 31 December 2010 and 1 January 2011	2,778
Depreciation charge for the year	479
Disposals	(284)
At 31 December 2011	2,973
Net carrying amount	
At 31 December 2011	1,605
At 31 December 2010	692

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

(a) The freehold land of a subsidiary was revalued by the directors based on independent professional valuations made in 1980 and has not been revalued since then. The directors have not adopted a policy of regular revaluations of such assets. As permitted by FRS 116: Property, Plant and Equipment, these assets are stated at their 1980 valuation.

Details of independent professional valuation of the freehold land owned by the subsidiary as at 31 December 2011 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 2011 would be RM35,000 (2010: RM35,000).

(b) Included in the cost of the property, plant and equipment of the Group and the Company are fully depreciated assets amounting to RM48,933,000 (2010: RM48,666,000) and RM2,335,000 (2010: RM1,552,000) respectively which are still in use.

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

	Group 2011 RM'000	Group 2010 RM'000
Freehold land and building	34,348	–
Long term leasehold land and buildings	137,833	109,208
	172,181	109,208

(d) Included in leasehold land and buildings is interest capitalised amounting to RM3,062,000 (2010: RM3,062,000).

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Group 2011 RM'000	Group 2010 RM'000
Freehold land		
At 1 January	64,291	81,852
Additions	80,144	–
Transfer to property, plant and equipment (Note 12)	(1,480)	–
Disposals	(978)	–
Transfer to property development costs (Note 13(b))	(10,097)	(17,561)
At 31 December	131,880	64,291
Leasehold land		
At 1 January	45,018	43,991
Additions	–	1,027
At 31 December	45,018	45,018
Development costs		
At 1 January	48,595	45,133
Costs incurred during the financial year	24,831	21,713
Transfer to property, plant and equipment (Note 12)	(2,378)	–
Disposals	(1,331)	–
Transfer to property development costs (Note 13(b))	(13,651)	(18,251)
At 31 December	56,066	48,595
Carrying amount at 31 December	232,964	157,904

(b) Property development costs, at cost

	Group 2011 RM'000	Group 2010 RM'000
Freehold land		
At 1 January	94,003	167,846
Reversal of completed projects	(4,099)	(91,404)
Transfer from land held for property development (Note 13(a))	10,097	17,561
At 31 December	100,001	94,003

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

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

	Group 2011 RM'000	Group 2010 RM'000
Leasehold land		
At 1 January/31 December	31,058	31,058
Cumulative property development costs		
At 1 January	817,983	1,110,575
Cost incurred during the year	106,789	113,042
Transfer from land held for property development (Note 13(a))	13,651	18,251
Reversal of completed projects	(41,725)	(423,885)
At 31 December	896,698	817,983
Cumulative costs recognised in income statement		
At 1 January	(905,309)	(1,253,192)
Recognised during the financial year	(143,762)	(167,406)
Reversal of completed projects	45,824	515,289
At 31 December	(1,003,247)	(905,309)
Property development costs at 31 December	24,510	37,735

The freehold land held for property development with carrying value of RM80,144,000 (2010: RM Nil) has been pledged as security for term loans as disclosed in Note 26.

14. INVESTMENT PROPERTIES

	Group			
	Freehold buildings RM'000	Freehold land RM'000	Leasehold land and buildings RM'000	Total RM'000
Cost				
At 1 January 2010	–	5,937	14,752	20,689
Additions	–	–	20,407	20,407
Disposals	–	–	(3,131)	(3,131)
At 31 December 2010 and 1 January 2011	–	5,937	32,028	37,965
Additions	12,907	–	–	12,907
Reclassification	22,218	–	(22,218)	–
Transfer to asset held for sale	(16,857)	–	(943)	(17,800)
Disposals	(12,906)	–	–	(12,906)
At 31 December 2011	5,362	5,937	8,867	20,166
Accumulated depreciation and impairment losses				
At 1 January 2010	–	1,637	4,046	5,683
Depreciation charge for the year	–	–	369	369
Disposal	–	–	(40)	(40)
At 31 December 2010 and 1 January 2011	–	1,637	4,375	6,012
Depreciation charge for the year	53	–	312	365
Impairment loss for the year	–	–	76	76
Reclassification	241	–	(241)	–
Disposals	(40)	–	–	(40)
At 31 December 2011	254	1,637	4,522	6,413
Analysed as:				
Accumulated depreciation	254	–	4,446	4,700
Impairment losses	–	1,637	76	1,713
	254	1,637	4,522	6,413
Net carrying amount				
At 31 December 2011	5,108	4,300	4,345	13,753
At 31 December 2010	–	4,300	27,653	31,953
Market Value				
At 31 December 2011	5,367	4,300	6,400	16,067

14. INVESTMENT PROPERTIES (CONT'D)

	Company Building RM'000
Cost	
At 1 January 2010 and 31 December 2011	750
Accumulated depreciation	
At 1 January 2010	–
Depreciation charged for the year	15
At 31 December 2010 and 1 January 2011	15
Depreciation charged for the year	15
At 31 December 2011	30
Net carrying amount	
At 31 December 2011	720
At 31 December 2010	735
Market value	
At 31 December 2011	750

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

15. ASSETS HELD FOR SALE

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

16. INTANGIBLE ASSET

	Group	
	2011	**2010**
	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 year period.

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

(a) Discount rate

The discount rate of 11% (2010: 11%) used is pre-tax and reflect specific risks relating to the industry.

(b) Growth rate

The growth rate of 12% (2010: 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 values of the unit to materially exceed their recoverable amounts.

17. INVESTMENTS IN SUBSIDIARIES

	Company 2011 RM'000	2010 RM'000
Unquoted shares, at cost	237,812	230,049
Investment in Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	262,750	190,825
Less: Redemption of NCRCPS	–	(30,000)
Less: Accumulated impairment losses	(41,915)	(28,065)
	458,647	362,809

The salient terms of the NCRCPS subscribed are summarised below:

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

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

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

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective interest 2011 %	2010 %	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
Paramount Projects Sdn. Bhd.	100	100	RM1,000	Building and engineering contractor and project management and property development
Current Connection Sdn. Bhd.	100	100	RM500	Inactive
KDU University College Sdn. Bhd.	100	100	RM15,000	Educational services
Janahasil Sdn. Bhd.	100	100	RM1,000	Inactive

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Effective interest 2011 %	Effective interest 2010 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia				
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
Paramount Global Assets Sdn. Bhd.	100	100	RM35,360	Inactive
Paramount Electronics Industries Sdn. Bhd.	100	100	RM5,000	Inactive
KDU Management Development Centre Sdn. Bhd.	100	100	RM10,000	Management and educational services
Paramount Property Development Sdn. Bhd.	100	100	RM5,000	Property development
Seleksi Megah Sdn. Bhd.	100	100	RM5,000	Inactive
Jasarim Bina Sdn. Bhd.	100	100	RM5,000	Property investment
Supreme Essence Sdn. Bhd.	100	100	RM5,000	Property development
Broad Projects Sdn. Bhd.	100	100	RM100	Investment holding
KDU College (PJ) Sdn. Bhd.	100	100	RM5,000	Inactive
KDU College (PG) Sdn. Bhd.	100	100	RM5,000	Educational services
Paramount Property (Glenmarie) Sdn. Bhd.	100	100	RM1	Inactive
Paramount Property (Cjaya) Sdn. Bhd.	100	100	RM5,000	Property development
Incorporated in Hong Kong				
** Paramount Corporation Limited	100	100	#HK$1,000	Dormant

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Effective interest 2011 %	Effective interest 2010 %	Paid-up capital '000	Principal activities
Incorporated in Commonwealth of Australia				
Paramount Global Investments Pty Ltd	100	–	***	Investment holding
Paramount Investments & Properties Pty Ltd	100	–	***	Investment holding

* Paid-up capital of RM2
** Audited by a firm of chartered accountants other than Ernst & Young
*** Paid-up capital of AUD2
#HK$ Represents currency denoted in Hong Kong Dollars
AUD Represents currency denoted in Australian Dollars

(i) On 10 June 2011, a new subsidiary, Paramount Global Investments Pty Ltd (PGI), was incorporated in the Commonwealth of Australia with an issued and paid-up ordinary share capital of AUD2 comprising two ordinary shares, for a cash consideration of AUD1.

(ii) On 10 June 2011, PGI acquired Paramount Investments & Properties Pty Ltd, a company incorporated in the Commonwealth of Australia with an issued and paid-up ordinary share capital of AUD2 comprising two ordinary shares, for a cash consideration of AUD1.

18. INVESTMENTS IN ASSOCIATES

	Group 2011 RM'000	Group 2010 RM'000
Unquoted shares, at cost	9,680	12
Share of post-acquisition reserves	431	209
	10,111	221

On 10 June 2011, the Company, via its wholly owned subsidiary, Paramount Investment & Properties Pty Ltd ("PIP") acquired one ordinary share representing 50% of the issued and paid-up shareholding in VIP Paramount Pty Ltd, a company incorporated in the Commonwealth of Australia with an issued and paid-up ordinary share capital of AUD2 comprising two ordinary shares, for a cash consideration of AUD1.

On 1 August 2011, PIP subscribed to 3,000,000 units representing 50% interest in VIP Paramount Unit Trust, a unit trust established in the Commonwealth of Australia with 6,000,000 units granted initially at AUD1 per unit, for a total cash consideration of AUD3,000,000.

The Group has determined the entities above to be associates as the Group has only significant influence over the entities.

18. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information of associates is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Assets and liabilities		
Non-current asset	55	–
Current assets	23,176	1,531
Total assets	23,231	1,531
Current liabilities, representing total liabilities	2,789	978
Results		
Revenue	2,218	443,133
Profit for the year	555	52,157

On 7 October 2010, Paramount Global Assets Sdn Bhd ("PGASB") a wholly owned subsidiary of the Company, entered into a conditional share purchase agreement with ACE INA International Holdings, Ltd ("ACE INA") ("Share Purchase Agreement") for the disposal of its entire 20% equity interest in Jerneh Insurance Berhad ("JIB").

The disposal was compeleted in the previous financial year and a gain on disposal of RM60,839,000 was recognised. During the year, the Group received an additional disposal consideration of RM6,000,000 as a purchase consideration adjustment under the Share Purchase Agreement. The net financial impact to the financial statements for the current financial year is an additional gain of RM2,828,000 after deducting PGASB's share of warranty claims payable to ACE INA and ex-gratia payments to employees of JIB.

Details of the associates are as follows:

Name of associates	Effective interest 2011 %	Effective interest 2010 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia				
Kane Paramount Sdn. Bhd.*	40	40	RM30	Building and engineering contractor
Established in Commonwealth of Australia				
VIP Paramount Pty Ltd*	50	–	**	Trustee
VIP Paramount Unit Trust*	50	–	AUD6,000	Inactive

* Equity accounted based on audited/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

19. OTHER INVESTMENTS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Club memberships, at cost	485	485	165	165
Less: Accumulated impairment losses	(143)	–	–	–
	342	485	165	165

20. TRADE RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000
Third parties	58,310	61,404
Retention sums on contracts	19,196	8,132
	77,506	69,536
Less: Allowance for impairment	(840)	(792)
Trade receivables, net	76,666	68,744

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2010: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group 2011 RM'000	Group 2010 RM'000
Neither past due nor impaired	62,473	43,858
1 to 30 days past due not impaired	4,683	4,177
31 to 60 days past due not impaired	1,259	1,797
61 to 90 days past due not impaired	4,811	3,831
91 to 120 days past due not impaired	3,440	15,081
	14,193	24,886
Impaired	840	792
	77,506	69,536

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

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

20. TRADE RECEIVABLES (CONT'D)

Receivables that are impaired

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

	Group	
	2011 RM'000	2010 RM'000
Trade receivables – nominal amount	840	792
Less: Allowance for impairment	(840)	(792)
	–	–

Movement in allowance accounts:

	Group	
	2011 RM'000	2010 RM'000
At 1 January	792	772
Addition during the year	267	117
Reversal for the year	(89)	(89)
Written off	(130)	(8)
At 31 December	840	792

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

21. OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits	127,254	78,211	42,789	34,784
Sundry receivables	4,806	1,772	53	7
	132,060	79,983	42,842	34,791
Less: Allowance for impairment	(280)	(233)	–	–
Other receivables, net	131,780	79,750	42,842	34,791

Included in deposits for the Group and the Company for the current year is deposit paid for the purchase of land amounting to RM119,057,000 (2010: RM70,229,000) and RM42,590,000 (2010: RM33,636,000) respectively.

21. OTHER RECEIVABLES (CONT'D)

Movement in allowance accounts:

	Group 2011 RM'000	Group 2010 RM'000
At 1 January	233	285
Addition during the year	124	–
Reversal during the year	(77)	(52)
At 31 December	280	233

22. OTHER CURRENT ASSETS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Prepaid expenses	3,546	3,110	674	–
Accrued billings in respect of property development costs	3,745	2,794	–	–
Due from customers on contracts (Note 23)	4,298	1,238	–	–
	11,589	7,142	674	–

23. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group 2011 RM'000	Group 2010 RM'000
Construction contract costs incurred to date	1,109,424	900,974
Less: Reversal for completed projects	–	(263)
Construction contract costs incurred to date for contracts in progress	1,109,424	900,711
Attributable profits	89,206	71,537
Less: Reversal for completed projects	–	(57)
Attributable profits to date for contracts in progress	89,206	71,480
	1,198,630	972,191
Less: Progress billings	(1,207,874)	(983,934)
Add: Reversal for completed projects	–	320
Progress billings to date for contracts in progress	(1,207,874)	(983,614)
	(9,244)	(11,423)
Due from customers on contracts (Note 22)	4,298	1,238
Due to customers on contracts (Note 29)	(13,542)	(12,661)
	(9,244)	(11,423)

24. DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, repayable on demand and bear interest at prevailing base lending rate ranging from 6.05% to 6.60% (2010: 6.05%) per annum.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash on hand and at banks	67,459	68,507	20	122
Deposits with licensed banks	138,739	264,130	29,800	160,258
Cash and cash equivalents	206,198	332,637	29,820	160,380

Included in cash and bank balances of the Group are amounts of RM57,244,000 (2010: RM62,382,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which are restricted from use in other operations.

Deposits with licensed banks of the Group amounting to RM170,000 (2010: RM170,000) are pledged as security for bank guarantee facilities granted by the banks.

Included in cash on hand and at banks of the Group are interest bearing bank balances amounting to RM60,996,000 (2010: RM62,382,000).

Deposits with licensed banks are made for varying periods of between 1 day and 12 months depending on the immediate cash requirements of the Group and Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2011 for the Group and the Company were 1.65% to 3.30% (2010 1.00% to 3.00%) and 2.20% to 3.30% (2010: 1.92% to 3.00%) respectively.

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

26. BORROWINGS

	Group	
	2011 RM'000	2010 RM'000
Current		
Secured:		
Term loans		
– Fixed rate loan	9,000	4,500
– Floating rate loan	5,700	3,421
	14,700	7,921
Non-current		
Secured:		
Term loans		
– Fixed rate loan	20,500	29,500
– Floating rate loan	100,798	18,258
	121,298	47,758
Total	135,998	55,679

26. BORROWINGS (CONT'D)

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

	2011	2010
Term loans:		
– Fixed rates	6%	6%
– Floating rates	4.7% – 5.4%	5.4% – 6.2%

The maturities of the term loans as at 31 December 2011 are as follows:

	Group	
	2011 RM'000	2010 RM'000
Within one year	14,700	7,921
More than 1 year and less than 2 years	14,460	14,460
More than 2 years and less than 5 years	54,038	33,298
More than 5 years	52,800	–
	135,998	55,679

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

(i) Fixed charge and deposit of land titles over the freehold land, leasehold lands and buildings and land held for property development of the Group as disclosed in Notes 12 and 13(a) respectively; and

(ii) Corporate guarantee by the Company.

27. TRADE PAYABLES

	Group	
	2011 RM'000	2010 RM'000
Trade payables	58,702	66,442
Retention sums on contracts	12,151	13,078
	70,853	79,520

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2010: 30 to 90 days).

28. OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sundry payables	45,127	41,630	2,248	6,124
Dividends payable	–	36,194	–	36,194
Tenants deposits	936	1,152	–	–
Refundable deposits	17,829	15,912	–	–
	63,892	94,888	2,248	42,318

Sundry payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2010: 30 to 90 days).

29. OTHER CURRENT LIABILITIES

	Group	
	2011 RM'000	2010 RM'000
Progress billings in respect of property development costs	26,639	47,739
Due to customer on contracts (Note 23)	13,542	12,661
Tuition fees paid in advance	21,870	22,053
	62,051	82,453

30. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2011 RM'000	2010 RM'000
At 1 January	4,441	8,932
Recognised in the income statement (Note 9)	3,182	(4,491)
At 31 December	7,623	4,441

Presented after appropriate offsetting as follows:

Deferred tax assets	(10,872)	(10,889)
Deferred tax liabilities	18,495	15,330
	7,623	4,441

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

	At 1 January 2011 RM'000	Recognised in the income statement RM'000	At 31 December 2011 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	15,546	4,012	19,558
Others	(6,412)	–	(6,412)
	9,134	4,012	13,146
Deferred tax assets of the Group:			
Property, plant and equipment	(573)	2,695	2,122
Unutilised tax losses and unabsorbed capital allowances	(1,187)	503	(684)
Others	(2,933)	(4,028)	(6,961)
	(4,693)	(830)	(5,523)
	4,441	3,182	7,623

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

	Company	
	2011 RM'000	2010 RM'000
At 1 January	23	33
Recognised in the income statement (Note 9)	48	(10)
At 31 December	71	23

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

	At 1 January 2011 RM'000	Recognised in the income statement RM'000	At 31 December 2011 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	46	25	71
Deferred tax assets of the Company:			
Others	(23)	23	–
	23	48	71

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

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

	Group	
	2011 RM'000	2010 RM'000
Unutilised tax losses	17,229	16,678
Unabsorbed capital allowances	5,569	1,724
	22,798	18,402

The unutilised tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items because it is not probable that they may be used to offset taxable profits of other subsidiaries of the Group.

31. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised share capital				
At 1 January	200,000	200,000	200,000	200,000
Amendments made pursuant to Share Split (Note (b))	200,000	–	–	–
At 31 December	400,000	200,000	200,000	200,000
Issued and fully paid				
At 1 January	120,647	110,339	120,647	110,339
Ordinary shares issued pursuant to ESOS	–	10,308	–	10,308
Ordinary shares issued pursuant to Bonus Issue (Note (a))	48,259	–	48,259	–
Ordinary shares issued pursuant to Share Split (Note (c))	168,906	–	–	–
At 31 December	337,812	120,647	168,906	120,647

On 24 June 2011, the Company:

(a) increased its issued ordinary share capital from RM120,647,000 to RM168,906,000 through bonus issue of 48,259,000 new ordinary shares of RM1 each credited as fully paid-up on the basis of two new ordinary shares for every five existing ordinary shares held,

(b) amended its authorised share capital of RM200,000,000 comprising 200,000,000 ordinary shares of RM1 each to RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each, and

(c) subdivided its 168,906,000 ordinary shares of RM1 each after the bonus issue into 337,812,000 ordinary shares of RM0.50 each.

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

32. RETAINED EARNINGS

During the year, the Company has fully utilised the 108 balance. Hence, the Company may distribute dividends out of its entire retained earnings as at 31 December 2011 under the single tier system.

33. OPERATING LEASE ARRANGEMENTS

(a) The Group and 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. There are no restrictions placed upon the Group and Company by entering into these leases.

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Future minimum rentals payments:				
Not later than 1 year	2,834	2,459	525	572
Later than 1 year and not later than 5 years	312	1,915	–	525
	3,146	4,374	525	1,097

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. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions and certain contracts include contingent rental arrangements computed based on sales achieved by tenants.

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

	Group	
	2011 RM'000	2010 RM'000
Not later than 1 year	532	100
Later than 1 year and not later than 5 years	3,461	–
	3,993	100

34. COMMITMENTS

	Group 2011 RM'000	Group 2010 RM'000
Capital expenditure		
Approved and contracted for:		
– Property, plant and equipment	1,443	15,863
– Land held for property development	31,370 *	70,581
	32,813	86,444
Approved but not contracted for:		
– Property, plant and equipment	–	11,973
	32,813	98,417

* On 1 June 2010, Paramount Property (Cjaya) Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement (SPA) with Cyberview Sdn Bhd as a proprietor and Setia Haruman Sdn Bhd as a vendor, for the proposed acquisition of a piece of freehold residential land measuring in area approximately 50.01 acres identified as Block 17 within the Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan for a total cash consideration of RM78,424,000 on the terms and conditions as contained in the SPA. The Foreign Investment Committee has approved the sale. The acquisition is pending the issuance of a separate title from the Land Office. As at 31 December 2011, deposits of RM47,054,000 has been paid to the vendor.

35. 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 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 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	426	1,059	5	36
Insurance premium charged by Jerneh Insurance Berhad, an associate	–	1,146	–	355
Sale of properties to Melor Melati Sdn. Bhd., a company in which Mr. Ong Keng Siew, a director of the Company, has substantial interest	213	–	–	–
Sale of properties to Datin Teh Geok Lian, Ms Tay Lee Kong and Ms Chua Put Moy, directors of subsidiaries	314	1,573	–	–
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan, a director of the Company, has financial interest	579	579	579	579

35. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

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

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Short term employee benefits	8,328	6,712	4,090	3,051
Defined contribution plan	865	880	405	332
	9,193	7,592	4,495	3,383

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

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Directors of the Company				
Executive	2,873	3,153	1,640	1,646
Non-executive	410	403	390	383
Directors of subsidiaries				
Executive	2,064	1,843	–	–
Non-executive	23	26	–	–
	5,370	5,425	2,030	2,029

36. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade receivables	20	76,666	68,744	–	–
Other receivables	21	131,780	79,750	42,842	34,791
Amount due from subsidiaries		–	–	46,975	74,323
Cash and cash equivalents	25	206,198	332,637	29,820	160,380
Total loan and receivables		414,644	481,131	119,637	269,494
Trade payables	27	70,853	79,520	–	–
Other payables	*	55,701	85,312	1,185	40,946
Amount due to subsidiaries		–	–	134,741	298,423
Borrowings	26	135,998	55,679	–	–
Total financed liabilities carried at amortised cost		262,552	220,511	135,926	339,369

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

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	2011		2010	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Fixed rate term loan	29,500	25,729	34,000	32,027

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.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Credit risk

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

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

(a) Credit risk (cont'd)

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM147,749,000 (2010: RM67,860,000) relating to guarantee extended in support of banking and other credit facilities granted to subsidiaries.
- A nominal amount of RM2,250,000 (2010: RM2,250,000) relating to performance guarantees extended to developers for contracts awarded to a subsidiary.

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:

	2011		2010	
	RM'000	**% of total**	**RM'000**	**% of total**
Group				
Property development	26,513	34%	17,560	25%
Construction	49,645	64%	50,138	72%
Education	1,348	2%	1,838	3%
	77,506	100%	69,536	100%

At the reporting date, approximately:

- 10% (2010: 22%) of the Group's trade receivables was due from a major customer which is creditworthy.

(b) Liquidity risk

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

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

38. 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.

	2011 RM'000			
	On demand or within one year	**One to five years**	**More than five years**	**Total**
Group				
Financial liabilities:				
Trade and other payables	126,554	–	–	126,554
Borrowings	21,319	81,624	56,667	159,610
Total undiscounted financial liabilities	147,873	81,624	56,667	286,164
Company				
Financial liabilities:				
Other payables	1,185	–	–	1,185
Due to subsidiaries	143,634	–	–	143,634
Total undiscounted financial liabilities	144,819	–	–	144,819

	2010 RM'000		
	On demand or within one year	**One to five years**	**Total**
Group			
Financial liabilities:			
Trade and other payables	164,832	–	164,832
Borrowings	11,045	58,875	69,920
Total undiscounted financial liabilities	175,877	58,875	234,752
Company			
Financial liabilities:			
Other payables	40,946	–	40,946
Due to subsidiaries	316,418	–	316,418
Total undiscounted financial liabilities	357,364	–	357,364

(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.

If interest rates has been 70 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been RM745,000 (2010: RM152,000) 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.

39. CAPITAL MANAGEMENT

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

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

		Group	
	Note	**2011**	**2010**
Total debts (RM'000)	26	135,998	55,679
Total equity (RM'000)		671,988	635,140
Debts to equity ratio		20%	9%

40. SEGMENT INFORMATION

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

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

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

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

40. SEGMENTAL INFORMATION (CONT'D)

	Property development		Construction		Education		Investment and others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000		2011 RM'000	2010 RM'000
Revenue :													
External customers	247,141	268,076	123,572	65,238	99,766	97,642	3,365	1,295	–	–		473,844	432,251
Inter-segment sales	–	–	106,670	119,380	–	–	31,727	98,573	(138,397)	(217,953)	A	–	–
Total revenue	247,141	268,076	230,242	184,618	99,766	97,642	35,092	99,868	(138,397)	(217,953)		473,844	432,251
Results:													
Interest income	3,698	2,918	173	222	4,103	4,743	4,317	5,452	(8,452)	(9,873)	A	3,839	3,462
Interest expense	1,034	435	7	565	1,153	4,955	12,984	12,351	(12,057)	(15,183)	A	3,121	3,123
Gain on disposal of an associate	–	–	–	–	–	–	2,828	60,829	–	–		2,828	60,829
Depreciation and amortisation	1,573	1,382	961	763	8,864	8,496	1,762	930	–	–		13,160	11,571
Share of results of associates	–	–	222	1,543	–	–	–	9,660	–	–		222	11,203
Segment profit	83,144	76,175	4,668	9,089	24,144	23,216	5,661	142,462	(7,267)	(73,826)	B	110,350	177,116
Assets:													
Investment in associates	–	–	443	221	–	–	9,668	–	–	–		10,111	221
Additions to non-current assets	140,729	24,712	12,862	19,636	31,197	19,286	4,033	1,912	–	–	C	188,821	65,546
Segment assets	525,135	395,540	104,029	108,219	240,953	327,896	394,049	601,795	(233,755)	(469,742)	D	1,030,411	963,708
Segment liabilities	200,741	105,092	74,125	80,457	88,737	145,383	180,635	375,716	(185,815)	(378,080)	E	358,423	328,568

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

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

	2011 RM'000	2010 RM'000
Inter-segment dividends	(20,400)	(86,727)
Inter-segment interests	(1,007)	–
Impairment of subsidiaries	13,850	12,234
Write off of amount due from subsidiaries	290	667
	(7,267)	(73,826)

40. SEGMENTAL INFORMATION (CONT'D)

C Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	70,939	22,399
Land held for property development	104,975	22,740
Investment properties	12,907	20,407
	188,821	65,546

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

	2011 RM'000	2010 RM'000
Investment in associates	9,889	221
Inter-segment assets	(185,825)	(412,060)
Unrealised gains from inter-segment transactions	(57,819)	(57,903)
	(233,755)	(469,742)

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 2011 and 2010, there is no revenue from one major customer which exceed 10% of the total Group's revenue.

41. 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 2011 and 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 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	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Total retained earnings of the Company and its subsidiaries				
– Realised	602,788	572,250	234,014	85,408
– Unrealised	(7,360)	(3,342)	(71)	(23)
	595,428	568,908	233,943	85,385
Total share of retained earnings from associates				
– Realised	431	209	–	–
Less: Consolidation adjustments	(135,888)	(145,915)	–	–
Retained earnings as per financial statements	459,971	423,202	233,943	85,385

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PROXY FORM

PARAMOUNT®
CORPORATION BERHAD
(8578-A)

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

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

of ____
(full address)

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

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

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

____
(full address)

or failing him/her the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Forty-Second Annual General Meeting of the Company to be held at Ballroom I, Main Wing, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 6 June 2012 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote (see Note 4) for or against the resolutions to be proposed at the meeting as hereunder indicated.

		For	Against
Resolution 1	Reports and Financial Statements		
Resolution 2	Final Dividend		
Re-election and re-appointment of Directors:			
Resolution 3	Mr Quah Chek Tin		
Resolution 4	YBhg Datuk Seri Michael Yam Kong Choy		
Resolution 5	YBhg Dato' Md Taib bin Abdul Hamid		
Resolution 6	Mr Geh Cheng Hooi		
Resolution 7	YBhg Dato' Haji Azlan bin Hashim		
Resolution 8	Re-appointment of Auditors and to fix their remuneration		
Resolution 9	Authority to Directors to issue shares		

Dated this ________ day ______________________ 2012.

CDS ACCOUNT NO.

NO. OF SHARES HELD

Signature/Common Seal

NOTES

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds shares in the Company for multiple beneficial owners in one securities account **(omnibus account)**, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The proxy form must be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its attorney or officer duly authorised in writing. The power of attorney or a duly certified copy thereof must be deposited at the Company's Registered Office within the period stated below. In the case of joint members, the signature of any one joint member is sufficient.
4. Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
5. The proxy form must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 29 May 2012 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this meeting.

Fold along this line (1)

Please
Affix
Stamp

The Company Secretary
PARAMOUNT CORPORATION BERHAD (8578-A)
Level 8, Uptown 1
1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

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