PARAMOUNT

OPTIMISING

SUSTAINABLE SYNERGIES

ANNUAL REPORT 2015

PARAMOUNT

OPTIMISING SUSTAINABLE SYNERGIES

The Group's vision is to be an innovative market leader in businesses that benefit society.

Paramount Corporation Berhad is a long-standing, public-listed, investment holding company with well-established interests in property development and education services, operating under the Paramount Property and Paramount Education brands respectively.

Paramount's success stems from its focus on innovation, its unrelenting commitment to providing value, and its adherence to quality. As part of its growth strategy, Paramount is focused on deriving synergies from its two businesses, to provide consistent and sustainable growth in the long term, whilst creating value for its customers, shareholders, business partners and employees.

Its track record of more than 30 years in both businesses is testament to its ethos of consistently contributing to the growth and development of Malaysia and the Malaysian people.

Diverse product portfolio at different price points to suit different market segments.

Paramount Property balances the lif

Innovative integrated developments with a complete live-and-learn, work-and-play experience.

Well-planned townships with practic

THE PEOPLE'S DEVELOPER

Paramount Property is an award winning developer with a 35-year track record for building enduring addresses in the Klang Valley and Sg Petani. From its beginnings as a township developer, Paramount Property has grown its portfolio to include residential, commercial, retail, educational, industrial and integrated developments.

Paramount Property's strong adherence to quality, its innovative, practical designs, its commitment to delivering value and its respect for the customer has cemented its reputation as the people's developer. It is now focusing its efforts on creating new addresses and growing its landbank to meet the needs of the growing Malaysian population, in line with the Paramount Group's vision of being an innovative market leader, in businesses that benefit society.

PARAMOUNT PROPERTY

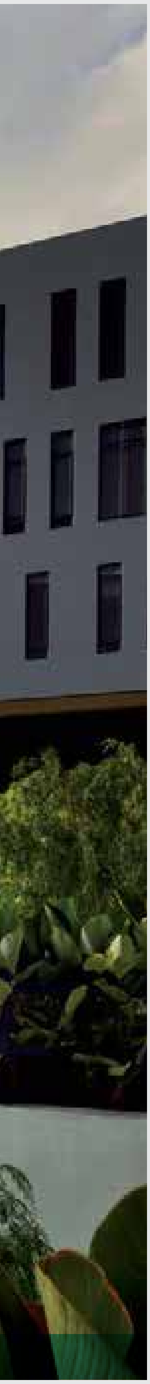
estyle needs of its communities with plentiful green landscaping.

cal living spaces, lifestyle amenities and tight security.

Purpose-built campuses with state-of-the-art facilities.

PARAMOUNT
EDUCATION


Well-equipped learning spaces, with learning pods and discussion areas to enc
debate and discussion.



SHAPING CHARACTERS, BUILDING CAREERS

Paramount Education is a full-spectrum education services provider, offering the national and international curriculum in primary and secondary schools, through to undergraduate and post-graduate programmes. Paramount Education includes the reputable Sri KDU Schools; KDU College Petaling Jaya, a pioneer in Pre-U and twinning programmes; and KDU University College, with campuses in Glenmarie (Shah Alam) and Penang.

Paramount Education has a track record of more than 30 years for providing good quality, high value education, anchored on its promise of shaping characters, and building careers. Paramount Education is proud to have had 80,000 students since its inception in 1983; serving to realise the Paramount Group's vision of being an innovative market leader in businesses that benefit society.

Industry-standard labs and training facilities, including the region's biggest culinary facilities.

courage

Paramount Education's primary and secondary schools consistently deliver excellent academic and extra-curricular results.

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THE COMPANY

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HOW WE CREATE VALUE

OUR ETHOS AND VALUES

VISION

To be an innovative market leader, in 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 shareholder value by growing our businesses

CORE VALUES

VALUE

We are dedicated to achieving outstanding performance and building sustainable stakeholder value across all our businesses

INNOVATION

We strive to meet the needs of stakeholders and society through thought leadership and creativity

RESPECT & ENGAGEMENT

We respect the views of our employees and the communities in which we operate, and measure our success by the vitality of our engagement with them. We exist not simply for our own benefit, but also for the benefit of society and the planet

INTEGRITY

We maintain the highest standards of integrity. We are ethical, transparent and professional across all our operations

GROUP CORPORATE STRUCTURE

PROPERTY

100%
Berkeley Sdn Bhd

100%
Paramount Construction Sdn Bhd

100%
Paramount Construction (PG) Sdn Bhd

100%
Paramount Engineering & Construction Sdn Bhd

100%
Paramount Property Construction Sdn Bhd

100%
Paramount Property (Cjaya) Sdn Bhd

100%
Paramount Projects Sdn Bhd

100%
Paramount Property Development Sdn Bhd

100%
Paramount Property (Glenmarie) Sdn Bhd

100%
Paramount Property (PG) Sdn Bhd

100%
Paramount Property (PW) Sdn Bhd

100%
Paramount Property (Sepang) Sdn Bhd

100%
Paramount Property (Shah Alam) Sdn Bhd

100%
Paramount Property (Utara) Sdn Bhd

- **100%**
  Kelab Bandar Laguna Merbok Sdn Bhd

100%
Seleksi Megah Sdn Bhd

EDUCATION

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

100%
Paramount Education (Klang) Sdn Bhd
(formerly known as Cosmo Knowledge Sdn Bhd)

100%
KDU University College (PG) Sdn Bhd
(formerly known as KDU College (PG) Sdn Bhd)

OTHERS

100%
Berkeley Maju Sdn Bhd

100%
Broad Projects Sdn Bhd

100%
Carp Legacy Sdn Bhd

100%
Janahasil Sdn Bhd

100%
Jasarim Bina 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

100%
Paramount Utropolis Retail Sdn Bhd

100%
Super Ace Resources Sdn Bhd

100%
Utropolis Sdn Bhd

CORPORATE PROFILE

1

As the people's developer, Paramount Property adapts to the needs of its customers by building developments anchored around unique lifestyle themes, with its signature functional designs.

Paramount Corporation Berhad (**Paramount** or **the Company**) is one of Malaysia's long-standing investment holding companies. Incorporated on 15 April 1969 as a public limited company under the name Malaysia Rice Industries Berhad, the Company was then principally involved in the business of rice milling. It was listed on the Official List of Kuala Lumpur Stock Exchange (now Bursa Malaysia Securities Berhad) on 15 July 1971.

Driven by its vision "to be an innovative market leader, in businesses that benefit society", Paramount continues to make great strides in propelling its businesses, under the Paramount Property and Paramount Education brands, into formidable establishments that consistently contribute to the growth and development of Malaysia and the Malaysian people.

PARAMOUNT PROPERTY – THE PEOPLE'S DEVELOPER

In 1978, the Company acquired a real estate company, and was restructured into a property development company, making it one of Malaysia's oldest property developers. The Company assumed its present name in 1980 to better reflect its business activities. Two years later, the Company acquired four property development companies and commenced property development activities in Sungai Petani. (Paramount ceased its rice milling operations in 1984.)

FROM TOWNSHIPS TO INTEGRATED DEVELOPMENTS

Paramount Property's first property development project was Taman Patani Jaya in Sungai Petani. It was launched in 1981, and established a new industry benchmark in township design and planning.

Having established a reputation for quality and reliability in the Northern region, Paramount increased its landbank in the area with the acquisition of 500 acres of land in November 1994. This led to the launch of its award-winning Bandar Laguna Merbok township – a luxury riverside residential address launched in 1996, which houses Kedah's first gated & guarded community.

In line with Paramount's strategy to expand into high growth areas, the company acquired 524.7 acres of freehold land in the Klang Valley in June 2003. Paramount Property's first township in the Klang Valley, Kemuning Utama, is today a mature, self-contained township located along the KESAS

CORPORATE PROFILE

2

Highway, with early owners enjoying strong appreciation in property values. Kemuning Utama is also home to Paramount Property's first high-rise development, KU Suites.

On the back of the success of Bandar Laguna Merbok, Paramount added 520 acres of land in Sungai Petani in December 2006, which led to the launch of the Bukit Banyan forest development in 2012. Sungai Petani's only gated & guarded hilltop development, Bukit Banyan features lush landscapes and themed parks.

In 2007, Paramount made a strategic decision to venture into commercial and industrial property development, acquiring 5.2 acres of industrial land in Petaling Jaya for a proposed commercial development. This was followed by the acquisition of two parcels of industrial land totalling 13.2 acres in January 2008, for Paramount's Surian Industrial Park in Kota Damansara. Another two parcels of industrial land, also in Kota Damansara, measuring approximately 9.4 acres were acquired in February 2008; application has been submitted to the authorities to convert the land use from industrial to commercial, to maximise returns.

Recognising the potential of the IT-centric Cyberjaya township, Paramount acquired 50 acres of freehold residential land there in June 2010, and in 2013, launched the gated & guarded Sejati Residences development. Built using 200-year-old chengal wood, Chengal House, Sejati Residence's clubhouse, is Paramount's tribute to the beauty and resilience of Malaysian hardwoods.

In June 2011, Paramount entered into a 50-50 joint venture with an Australian company to acquire 54.2 acres of land known as Crown Allotments 4A and 4B at Leakes Road, Rockbank, Victoria, Australia, for future development.

In December 2011, Paramount completed the acquisition of 29.2 acres of commercial land in Klang Town, earmarked for the future development of a lifestyle-themed integrated commercial hub.

In February 2012, Paramount completed the acquisition of 21.8 acres of freehold land in Glenmarie, Shah Alam, and launched Paramount Utropolis, a live-and-learn, work-and-play university metropolis the following year. The township features high-rise residential and commercial properties, as well as Paramount Property's first retail property, Utropolis Marketplace. Anchored by the 10-acre flagship KDU University College campus,

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With a concept of inviting the outdoors in, Sejati Residences is all about spacious, expansive living.

CORPORATE PROFILE

3

3

Paramount Utropolis residential components offer stylish living arrangements with practical lifestyle amenities that appeal to young working professionals as well as the adjoining KDU UC community.

Paramount Utropolis marks the first time Paramount has brought its property development and education businesses together.

In 2013, the Group acquired 30.3 acres of industrial land in Shah Alam, creating a commercial hub with an urban DNA called Sekitar26. The business component, Sekitar26 Business, was launched the same year, and is a boutique industrial development designed for a myriad of business uses, with seamless access to the larger Sekitar26 development.

In March 2014, the Company cemented its position as a leading developer in the Northern region with the acquisition of 30.7 acres of freehold land in Batu Kawan, Penang, from Penang Development Corporation. The land, located approximately 5.5 km from the Second Penang Bridge, comprises 10.4 acres of institutional land and 20.3 acres for mixed development. An additional 13.5-acre plot of land comprising 5 acres of freehold land and 8.5 acres of mixed development land, adjoining this 30.7-acre landbank was purchase. The acquisition not only marks Paramount Property's entry into the lucrative Penang property market, but also paves the way for the creation of Penang's first university metropolis, which will be anchored by a new KDU Penang University College campus, mirroring Paramount Utropolis in Glenmarie, Shah Alam.

In February 2015, Paramount completed the acquisition of a 65-acre landbank in Machang Bubuk, Penang. This future development has been earmarked for affordably priced landed residential development.

In September 2015, the Company completed the acquisition of 238 acres of freehold land in highly-accessible Sepang-Salak Tinggi, Selangor, and launched Greenwoods Salak Perdana, Paramount Property's second township development in the Klang Valley that offers wide inviting spaces, tranquil parks and abundant greenery.

AN AWARD-WINNING DEVELOPER

Along the way, Paramount Property has garnered several awards, including the 12th FIABCI-Property Award of Distinction 2004, Residential Development Category for Bandar Laguna Merbok, a first for a development outside the Klang Valley.

Paramount achieved another major milestone when Sekolah Sri KDU won the FIABCI-Malaysia, Malaysia Property Awards 2005 in the Specialised Project category for its first purpose-built private primary

CORPORATE PROFILE

and secondary schools. Sekolah Sri KDU was also named the first runner-up in the Specialised Category of FIABCI International Prix d' Excellence 2006.

Paramount Property also enjoys a strong reputation as an employer of choice, garnering the HR Asia Best Companies to Work for in Asia Award in 2013.

In March 2015, Paramount Property garnered two awards at the Property Insight Inaugural Prestigious Developer Awards – Best Boutique Development Award for Sejati Residences and Best Self Sustained Development Award for Paramount Utropolis – further raising the profile of Paramount Property as the people's developer.

In September 2015, Paramount Property was honoured with two awards at the Malaysian Construction Industry Excellence Awards (MCIEA) 2015 – Best Project Award in the Small Project, Building Development category for pushing construction boundaries in the use of reclaimed timber with the construction and completion of Chengal House; and a special mention for the Green Construction Special Award in recognition of Chengal House's green construction concepts and practices as well as environmental impact. These awards are the culmination of a memorable journey that began in March 2013, when an abundance of chengal wood was discovered at a 70-year-old factory purchased by Paramount Property.

And in March 2016, Paramount Property garnered the All-Star Award at the inaugural StarProperty.my Awards 2016, in recognition of its achievements in engaging, supporting and serving customers and communities. Its Paramount Utropolis development in Glenmarie also received an Honours Award in the Just Walk category. Paramount Utropolis' winning factor was its concept of a university metropolis, built with amenities within the development's walkability range – hence the 'just walk' factor.

THE PEOPLE'S DEVELOPER

Today, Paramount Property is a full-spectrum integrated property developer, with residential, commercial, retail, education, industrial and integrated developments. Leveraging on its track record for building highly-valued addresses that stand the test of time, Paramount continues to grow its landbank to create desirable addresses that feature innovative, practical designs to meet the needs of the growing Malaysian population, which in turn cements its reputation as the people's developer.

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Paramount Property was among the top 10 developers that won the All-Star Award at the inaugural StarProperty.my Awards 2016, testament to its achievement in engaging, supporting and serving customer and communities.

CORPORATE PROFILE

5

PARAMOUNT EDUCATION – SHAPING CHARACTERS, BUILDING CAREERS

Paramount Education has its beginnings in the early 80's, at a time of great challenge. Spaces in Malaysian public universities were limited and spiralling exchange rates created a financial strain on Malaysians studying overseas.

Kolej Damansara Utama – later known as KDU College – was established in 1983 in Damansara Jaya, Selangor to provide the opportunity for young Malaysians to pursue tertiary education locally.

KDU College was Malaysia's first purpose-built private college and the first to offer twinning programmes for Pre-University and the American Degree Transfer Program, a very successful model that other education providers quickly emulated. KDU College gained a strong reputation for high quality education, attracting students from across the country.

KDU University College

In August 2010, KDU College was upgraded to university college status, becoming KDU University College (**KDU UC**).

And in January 2015, KDU UC moved to its new purpose-built Utropolis campus at Glenmarie, Shah Alam with its state-of-the-art facilities and a contemporary teaching and learning environment.

Today, KDU UC offers a wide range of programmes at Diploma, Degree and Masters levels. Its homegrown degree programmes are at the forefront of growing industries, reflecting its promise of being a real-world university meeting real-world needs. These include hospitality, tourism & culinary arts, game development & computing, communications & creative arts, business & law, and engineering.

KDU UC emerged a Bronze award winner in the Education and Learning category at the Putra Brands Awards 2015, reflecting the efforts that have gone into building the stature of the KDU brand. This achievement was another cause for celebration following KDU UC's move into its new Utropolis campus.

KDU Penang University College

Spurred by the success of the Damansara Jaya campus, Paramount Education opened KDU College Penang in July 1991. After 25 years of track record as one of the top colleges in Penang, with a 6-Star rating in the Malaysian Quality Evaluation System for Private Colleges (**MyQUEST**), KDU College Penang has successfully received the Ministry of Education's approval for its upgrade to university college status. This upgrade has led to the change of the college's name to KDU Penang University College (**KDU PG UC**) in October 2015.

In 2015, KDU PG UC has also commenced development of its new purpose-built campus in Batu Kawan, Penang which, when completed in 2019, will further spur the growth of this established educational brand in the Northern region.

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Paramount Utropolis, anchored by KDU University College is a perfect example of Paramount's strength-through-synergy strategy of bringing its two businesses of property development and education in one location.

CORPORATE PROFILE

KDU College Petaling Jaya

In February 2015, Paramount Education opened the doors to KDU College Petaling Jaya (**KDU College**) at what was previously the KDU UC campus in Damansara Jaya.

KDU College offers pre-university, foundation and twinning programmes. In addition to offering students another stream for tertiary education, the college also creates a flow-through pipeline of students for KDU UC and KDU PG UC.

Sekolah Sri KDU

In 2003, Paramount Education established Sri KDU Schools, marking its expansion into the private primary and secondary school category. Located in an award-winning campus in fast-growing Kota Damansara, Sekolah Sri KDU, offering the national primary and secondary curriculum, quickly garnered a reputation for high quality, all-round education under its ethos of "letting every student shine".

In 2007, Sri KDU Schools introduced the International Baccalaureate Diploma Programme (**IBDP**), to provide a holistic education which equips students with critical-thinking skills and a global outlook.

Testament to Sri KDU School's sound pedagogy, Sri KDU Secondary School secured the top position among Malaysian schools in the Programme for International Student Assessment (**PISA**) 2012, placing it among top-ranked schools from 65 countries in mathematics, science and reading.

In addition to providing good quality, high value education, the school's pedagogy includes a high focus on character-building through its structured performing arts programme and extra-curricular activities.

Sri KDU International School

In response to the growing preference for private international schools, Sri KDU Schools opened the Sri KDU International School (**SKIS**) in September 2011.

Also located in Kota Damansara, the opening of SKIS offers parents a choice between the Malaysian national curriculum at Sekolah Sri KDU, and the British national curriculum at SKIS, both backed by Paramount Education's strong reputation for academic excellence, personal development and focus on pastoral care.

Over the years, SKIS has produced many outstanding students, and in 2015, five SKIS students emerged as best performing learners in the Cambridge International Examination (**IGCSE**) in First Language English, Design & Technology and Arts & Design.

Spurred by the success of the current schools, Paramount Education decided to expand its market reach to Klang, and in August 2015, received the Ministry of Education's approval for the establishment of Sri KDU International School in Klang.

MOVING FORWARD

Today, Paramount Education is a full-spectrum education services provider, offering national and international, primary and secondary school curricula, through to tertiary and post-graduate. It is proud to have had over 80,000 students since its inception, some of whom are corporate leaders, entrepreneurs and celebrities around the globe.

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Sri KDU Schools, offering both national and British national curricula at primary and secondary levels, is well known for academic excellence and its emphasis on holistic education.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman & Executive Director
Dato' Teo Chiang Quan
DPTJ

Group Chief Executive Officer & Executive Director
Chew Sun Teong

Senior Independent Non-Executive Director
Datuk Seri Michael Yam Kong Choy
SMW, DSNS
Mobile : 012-639 8578
Email : myam@pcb.my

Independent Non-Executive Directors
Dato' Md Taib bin Abdul Hamid
DSDK

Dato' Rohana Tan Sri Mahmood
DPMP

Ong Keng Siew

Quah Chek Tin

SECRETARIES

Tay Lee Kong
(MAICSA 772833)

Ng Wai Peng
(MAICSA 7014112)

AUDITORS

Ernst & Young
Chartered Accountants

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.my
Website : www.pcb.my

PRINCIPAL BANKERS

AmBank (M) Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone : 03-2783 9299
Facsimile : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

OTHER INFORMATION

Required by The Listing Requirements of Bursa Malaysia Securities Berhad

NON-AUDIT FEES

The amount of non-audit fees paid/payable to the external auditors by the Group for the financial year ended 31 December 2015 is RM284,000.00. Further details are available in the Statement on Corporate Governance on pages 44 to 59 of this annual report.

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.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company did not issue any options, warrants or convertible securities.

EMPLOYEE SHARE ISSUANCE SCHEME

The Long Term Incentive Plan (**LTIP**), which involves the allotment and issuance of new ordinary shares of RM0.50 each in the Company to eligible employees and executive directors of Paramount Corporation Berhad and its wholly owned subsidiaries provided that the total number of shares so allotted (**LTIP Shares**) shall not at any time exceed ten percentum (10%) of the issued and paid-up share capital of the Company, was implemented on 17 September 2013.

On 13 March 2015, the Company made its first award of up to 5,444,300 LTIP Shares (**2015 LTIP Award**), comprising the following:

- 2,200,100 LTIP Shares under the Restricted Share Incentive Plan (**RS**) of the LTIP to be vested one-third annually over three consecutive anniversaries
- up to 3,244,200 LTIP Shares under the Performance-based Share Incentive Plan (**PS**) of the LTIP to be vested on the third anniversary of the award. Brief details on the number of LTIP Shares awarded, vested and outstanding pursuant to the 2015 LTIP Award are set out in the table below:

2015 LTIP Award	Type of LTIP Shares	Total	Group CEO/ Executive Director	Senior Management
Awarded	RS	2,200,100	444,800	1,755,300
	PS	Up to 3,244,200	Up to 996,400	Up to 2,247,800
Total		(1) **Up to 5,444,300**	**Up to 1,441,200**	**Up to 4,003,100**
Vested	RS	669,100	148,300	520,800
	PS	-	-	-
Total		(2) 669,100	(3) 148,300	520,800
Forfeited due to the resignation of employees	RS	196,200	-	196,200
	PS	Up to 264,000	-	Up to 264,000
Total		Up to 460,200	-	Up to 460,200
Outstanding as at the date of publication of this report	RS	1,334,800	296,500	1,038,300
	PS	Up to 2,980,200	996,400	Up to 1,983,800
Total		Up to 4,315,000	1,292,900	Up to 3,022,100

Notes

(1) *The total number of LTIP Shares awarded to the Group CEO & Executive Director and Senior Management during the financial year ended 31 December 2015 and since the commencement of the LTIP on 17 September 2013 is equivalent to 1.29% of the issued and paid-up share capital of the Company. With the exception of the Group CEO & Executive Director, none of the Directors of the Company has been awarded any LTIP shares.*

(2) *The total number of LTIP Shares vested pursuant to the 2015 LTIP Award did not exceed the maximum allowable allocation of 10% of the issued and paid-up ordinary share capital of the Company at the time of vesting.*

(3) *The total number of LTIP Shares vested in the Group CEO & Executive Director pursuant to the 2015 LTIP Award did not exceed the maximum allowable allocation of 15% of the total number of LTIP Shares available under the LTIP.*

BOARD OF DIRECTORS

From left:

1. **Datuk Seri Michael Yam Kong Choy**
   Senior Independent Non-Executive Director

2. **Dato' Md Taib bin Abdul Hamid**
   Independent Non-Executive Director

3. **Jeffrey Chew Sun Teong**
   Group Chief Executive Officer & Executive Director

BOARD OF DIRECTORS

From left:

4. **Dato' Teo Chiang Quan**
   Chairman & Executive Director

5. **Dato' Rohana Tan Sri Mahmood**
   Independent Non-Executive Director

6. **Quah Chek Tin**
   Independent Non-Executive Director

7. **Ong Keng Siew**
   Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

Dato' Teo Chiang Quan
Chairman & Executive Director

Hon Doc Middlesex University, United Kingdom

Dato' Teo, a Malaysian, aged 66, joined the Board of Directors (**the Board**) of Paramount Corporation Berhad (**Paramount**) on 19 January 1977. On 8 June 2015, Dato' Teo succeeded Dato' Md Taib bin Abdul Hamid as Chairman of the Board following Dato' Taib's relinquishment of the position. He is also a member of the Remuneration Committee.

Dato' Teo has been playing an active role in the management of Paramount and its group of companies (**the Group**) since he first served as the Chief Executive of the Group's insurance division in 1981. In 1989, he was promoted to the position of Group Managing Director & Group Chief Executive Officer (**CEO**), a position he held until 1 December 2008, when he was appointed as the Deputy Chairman of the Board. He re-assumed the role of Group CEO during the interim period from 15 April 2013 to 30 June 2014 pending the appointment of a new Group CEO.

Dato' Teo has been instrumental in shaping Paramount into a reputable and financially sound diversified Group. The Group has benefitted tremendously from his relentless drive to push for more innovative ideas to grow the business which, in turn, inspired the Group's strength-through-synergy strategy. Dato' Teo's visionary leadership has taken the Group to another level of growth.

Dato' Teo is a substantial shareholder of Paramount. The particulars of his interest in Paramount are disclosed in the Analysis of Shareholdings on pages 67 to 69 of this annual report.

Dato' Teo has attended all 4 Board meetings held in the year.

BOARD OF DIRECTORS' PROFILE

Jeffrey Chew Sun Teong
Group Chief Executive Officer & Executive Director

Fellow of the Association of Chartered Certified Accountants, United Kingdom
Fellow Chartered Banker, AICB

Jeffery Chew, a Malaysian, aged 50, was appointed as the Group CEO of Paramount on 1 July 2014. He joined the Board of Paramount on 8 June 2015. He began his career at Pricewaterhouse Coopers and thereafter, joined Citibank where he held various roles over 12 years, including in customer relationship management, risk management, international offshore banking and product management. His last position in Citibank was General Manager of Commercial Banking.

Jeffrey joined OCBC Bank (Malaysia) Berhad as Head of SME Business in April 2003, and was subsequently promoted to Head of Business Banking. He was appointed as a Director and CEO in August 2008 and helmed the position for 6 years.

Jeffrey was also a Director of Pacific Mas Berhad, Credit Bureau (Malaysia) Sdn Bhd, Credit Guarantee Corporation Malaysia Berhad and OCBC Al-Amin Bank Berhad. He also served as a council member of The Association of Banks in Malaysia and Asian Institute of Chartered Bankers (AICB). Jeffrey is currently an Independent Director of Asian Banking School (ABS).

He is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants. And recently he was conferred the Fellow Chartered Banker designation. He also serves as a member of the Small Debt Resolution Committee, Bank Negara Malaysia and the ACCA Malaysia Advisory Committee.

As required by Bursa Malaysia Securities Berhad (**Bursa Malaysia**), Jeffrey has completed Bursa Malaysia's Mandatory Accreditation Programme in August 2015, and has attended all Board meetings held after this appointment as a Director.

The particulars of Jeffrey's interest in Paramount are disclosed in the Analysis of Shareholdings on pages 67 to 69 of this annual report.

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

B.A. (Hons) Economics

Dato' Taib, a Malaysian, aged 77, joined the Board of Paramount on 14 November 1994 and was appointed as Chairman of the Board on 20 July 2001, a position that he held until 8 June 2015, following his decision to relinquish the position and to remain as an Independent Non-Executive Director of the Company. Dato' Taib is the Chairman of the Remuneration Committee and is also a member of the Audit, Nominating and Board Risk Management Committees.

Dato' Taib, who has had a long and distinguished career spanning both the private and public sectors, brings to the Group a wealth of invaluable experience and has contributed significantly to the growth of the Group over the years. He began his career with Bank Negara Malaysia, serving from 1960 to 1975 and has held the position of Executive Director of a commercial bank, and was also actively involved with financial institutions including as the Chairman of a commercial bank.

Dato' Taib has attended all 4 Board meetings held in the year.

BOARD OF DIRECTORS' PROFILE

Dato' Rohana Tan Sri Mahmood

Independent Non-Executive Director

B.A. (Hons) Politics, University of Sussex, United Kingdom
Masters in International Relations, University of Sussex, United Kingdom

Dato' Rohana, a Malaysian, aged 61, joined the Board of Paramount on 28 July 1997, and was re-designated as an Independent Non-Executive Director in 2008. She is also the Chairman of the Board Risk Management Committee.

Dato' Rohana is the Chairman and Founder of RM Capital Partners Sdn Bhd, a Malaysian private equity fund which is a spin off from the successful Ethos Capital, a Malaysian private equity fund established in 2007, where she was also the Chairman and Co-Founder. The fund successfully ended in November 2012. She is also the President Emeritus and founding Member of the Kuala Lumpur Business Club, an exclusive (by invitation only) networking, and business development organisation limited to 100 members of Malaysia's leading corporate and business leaders.

Dato' Rohana is also involved in several distinguished international bodies, serving as a member of the Global Council of Asia Society, New York, a member of the Advisory Board of ACE Limited International, New York, a board member of Pacific Basin Economic Council, Hong Kong, an alternate member of the APEC Business Advisory Council and as a board member of the Institute of Strategic and International Studies Malaysia. Dato' Rohana was also attached to the Ministry of Foreign Affairs Malaysia.

Other than Paramount, Dato' Rohana's directorship in public companies include AMMB Holdings Berhad, AmInvestment Bank Berhad and Sime Darby Berhad.

Dato' Rohana has attended 3 out of the 4 Board meetings held in the year.

Ong Keng Siew

Independent Non-Executive Director

C.A (M) Fellow Chartered Certified Accountant

Ong, a Malaysian, aged 59, joined the Board of Paramount on 14 November 1994 and was re-designated as an Independent Non-Executive Director on 14 August 2014. He is also a member of the Audit Committee.

Ong has served the Group in various positions for more than 30 years before retiring in 2012. He began his career with the Group as an Accountant in 1981 and was promoted to the position of Finance and Administration Manager in 1984. He was subsequently appointed as General Manager to oversee the operations of the property development and construction divisions in 1989.

Ong assumed the post of Deputy Group Managing Director & Deputy Group CEO in 1997 before succeeding Dato' Teo as the Managing Director & CEO of Paramount on 1 December 2008.

On 18 June 2012, after serving the Group with distinction for more than 30 years and ensuring that it was on a strong footing, Ong retired as the Managing Director & CEO of Paramount.

Ong has attended all 4 Board meetings held in the year.

BOARD OF DIRECTORS' PROFILE

Datuk Seri Michael Yam Kong Choy

Senior Independent Non-Executive Director

Fellow of the Royal Institution of Chartered Surveyors
Fellow of the Chartered Institute of Building

Datuk Seri Michael Yam, a Malaysian, aged 62, joined the Board of Paramount on 18 February 2010 and was designated as the Senior Independent Non-Executive Director on 27 February 2014. He is also the Chairman of the Nominating Committee and a member of the Board Risk Management Committee.

Datuk Seri Michael Yam has had an illustrious career spanning more than 30 years in the construction, real estate and corporate sectors, helming two different award winning public listed property companies as the Managing Director and CEO before his retirement in 2008. He was also 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 with various companies and the British Civil Service after his graduation in Building and Management Studies from the University of Westminster, London, Datuk Seri Michael Yam, upon his return to Malaysia, served in several large companies, such as Landmarks Berhad, Peremba Malaysia, Country Heights Holdings Berhad and Sunrise Berhad.

He is also involved in various Government incorporated and non-government organisations serving as the Chairman of InvestKL Corporation, a non-executive director of Malaysia Property Incorporated and CLAB Berhad and a director of the British Malaysian Chamber of Commerce. He is the Immediate Past President and patron of the Real Estate and Housing Developers' Association of Malaysia and is appointed as a trustee of the Standard Chartered Foundation, a charity body.

Other than Paramount, Datuk Seri Michael Yam's directorship in public companies include Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad, Malaysia Airports Holdings Berhad, Sunway Berhad, CLAB Berhad and Cahya Mata Sarawak Berhad.

Datuk Seri Michael Yam has attended all 4 Board meetings held in the year.

Quah Chek Tin

Independent Non-Executive Director

B. Sc. (Hons) 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

Quah, a Malaysian, aged 64, joined the Board of Paramount on 6 February 2007. He is the Chairman of the Audit Committee and is also a member of the Nominating, Remuneration and Board Risk Management Committee.

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

Other than Paramount, Quah's directorship in public companies include Genting Malaysia Berhad, Genting Plantations Berhad and Batu Kawan Berhad.

Quah has attended all 4 Board meetings held in the year.

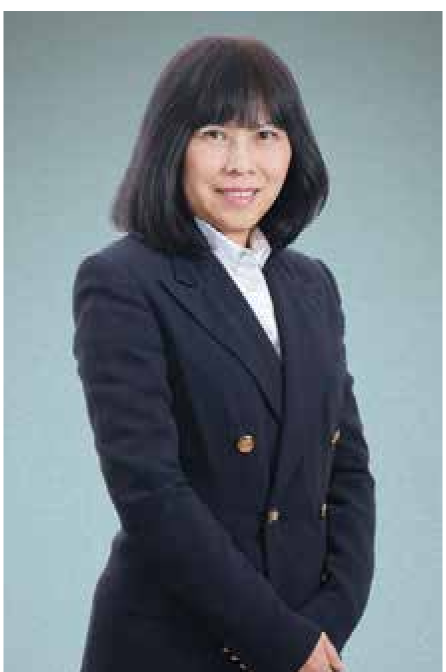
Saved as disclosed, none of the Directors have any family relationship with any Director and/or major shareholder nor conflict of interest with Paramount. None of the Directors have been charged for any offence.

SENIOR MANAGEMENT

Jeffrey Chew Sun Teong
Group Chief Executive Officer

Beh Chun Chong
Chief Executive Officer,
Property Division

Datin Teh Geok Lian
Chief Executive Officer,
Education Division



Tay Lee Kong
Group Chief Operating Officer

Foong Poh Seng
Chief Financial Officer

Jeffrey Quah Chuan Tatt
Group Human Resource Director

SENIOR MANAGEMENT

Ooi Hun Peng
Chief Executive Officer,
Paramount Property (Utara)

Prof. Dr. Chong Beng Keok
Vice Chancellor,
KDU Penang University College

Susan Ooi Chooi Mei
Chief Executive Officer,
KDU College Petaling Jaya

Eugene Yeoh Oon Hock
Group IT Manager

Ng Wai Peng
Company Secretary

Wong Ket Keong
General Manager,
Internal Audit

Benjamin Teo Jong Hian
Director,
Innovation (Property)

Absent : **Prof. Dr. Hiew Pang Leang** Vice Chancellor, KDU University College

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THE GROWTH STORY

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LETTER TO SHAREHOLDERS

Dear friends of Paramount,

2015 was a good year for Paramount Corporation Berhad and its group of companies. Being the first year of our current five-year Group Business Plan, we focused on the rollout of key strategies to lay the foundation for longer-term growth.

Paramount Property, as a reflection of its brand promise of being a people's developer, focused on meeting real demand and leveraging on its spectrum of offerings. In keeping with its strategy of driving growth through a strong, diverse pipeline of projects, the Group completed the acquisition of two parcels of land – a 237-acre plot in Salak Tinggi, Sepang, to leverage on the growing interest in Sepang district, and a 13.5-acre plot adjoining our existing 30.7-acre landbank in Batu Kawan, the upcoming third satellite city of Penang. These acquisitions allow Paramount Property to maintain its focus on landed townships and expand its urban integrated developments.

The acquisition of the Salak Tinggi land and the launching of its first phase in the same year also meets our focus of maintaining 30% of our Gross Development Value (**GDV**) in landed developments to mitigate any downturn in demand for high-rise developments, and to manage our development portfolio to offer a breadth of products at different price points to suit the needs of property buyers.

Paramount Education continued to make strides in its efforts to shape characters and build careers, kicking off 2015 with the opening of its new flagship campus in the university metropolis of Paramount Utropolis in Glenmarie, Shah Alam. KDU College Penang also made progress, upgrading and increasing its tertiary capacity and capabilities. The college obtained a prestigious 6-star rating in the 2014/2015 Malaysian Quality Evaluation System for Private Colleges (**MyQUEST**) and befittingly received the approval of the Ministry of Higher Education to become KDU Penang University College (**KDU PG UC**).

Sri KDU primary and secondary schools rounded off a great year for Paramount Education by continuing to deliver sterling results. It also made progress in its strategy to scale up its business when it received the approval of the Ministry of Education to establish its next school in the town centre of Klang.

As a Group, our focus in 2015 was to continue building on our strategy of strength through synergy. This included putting together plans for two new campuses – a second university metropolis in Batu Kawan to mark our entry into the Penang property market, and a Sri KDU school on the Klang land, to act as a catalyst for the growth of our two developments.

LETTER TO SHAREHOLDERS

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Bukit Banyan, Paramount Property's latest township in Sungai Petani has a 25-acre dedicated Hill Park with eight thematic landscaped zones, complementing scenic ponds spread over 20 acres of land.

We also introduced a more cohesive brand identity for the Group and our two core businesses, with the launch of a new Group Corporate Identity at the end of 2015. Our new logo is contemporary and simple, effectively reflecting the Group's brand pillars of synergy, innovation and bringing benefit to society, whilst appealing to future generations of homeowners, parents and students.

As a Board, it is our responsibility to support Management in the implementation of the Group's strategies, to enable the Company to continue to perform successfully and sustainably for our shareholders and the wider stakeholder community. Underpinning this is the Board's commitment to seek to operate to the highest standards of corporate governance. In 2015, we stepped up our corporate governance processes and practices with the aim of providing greater visibility to the Group to be able to respond quickly to changes in the marketplace. The details of the improvements and enhancements can be read in the Statement on Corporate Governance on pages 44 to 59 of this Annual Report.

Collectively, these efforts produced good results, putting in place a solid foundation for sustainable growth and long-term value creation. It therefore gives me great pleasure, in my first year as Chairman & Executive Director of the Board of Directors of Paramount Corporation Berhad, to present to you yet another strong set of results for Paramount Corporation Berhad (**Paramount** or **the Company**) and its subsidiary companies (**Group**) for the financial year ended 31 December 2015.

2015 FINANCIAL HIGHLIGHTS

Group revenue grew 13% in 2015 to RM576 million (2014: RM510 million) with higher revenues recorded by both the property and education divisions.

As a result of the higher revenue, profit before tax (**PBT**) rose a significant 19% to RM101.7 million (2014: RM85.8 million) with the higher PBT recorded by the property division offsetting the lower PBT from the education division.

Paramount Property continued to be the main driver of the business, contributing 74% and 80% of the Group's total revenue and PBT, respectively.

Net profit rose by 16% to RM74.2 million (2014: RM64.1 million). The non-corresponding increase between PBT and net profit was attributable to a lower effective tax rate enjoyed in 2014 stemming from Real Property Gains Tax as opposed to income tax paid on the gains from the disposal of lands. Profit attributable to shareholders increased by 8% to RM67.7 million (2014: RM62.5 million) as the Company had issued an additional RM100 million in nominal value Perpetual Debt Securities (**PDS**)

LETTER TO SHAREHOLDERS

during the year, resulting in higher distributions on the PDS.

Earnings per share was marginally lower at 16.03 sen (2014: 16.17 sen) attributable to the full year impact of the Rights Issue of 1:4 that was issued on 6 August 2014, which had increased the issued and paid-up share capital of the Company from 337,811,456 shares to 422,264,320 shares. Consequently, return on equity was lower at 7.9% (2014: 8.6%).

Shareholders' funds increased to RM890.8 million as at 31 December 2015 (2014: RM852.1 million) while net assets per share increased to RM2.11 (2014: RM2.02).

Gross debt equity ratio was higher at 0.50 times (2014: 0.40 times) attributable to the additional loan of RM182 million taken to fund the acquisition of the 237-acre land in Salak Tinggi, Sepang.

AWARDS

The Group's businesses and brands continued to garner a suite of awards in 2015. More than simple recognition, these awards, especially those by peers and the public, are an acknowledgement that we have excelled in certain areas of operations, and validate the efforts our teams have put in. They also set new benchmarks for performance, and inspire our team to aim higher.

Testament to the Group's standards of corporate governance and practices, the Minority Shareholders Watchdog Group (**MSWG**) accorded Paramount a Merit Award for Top Corporate Governance and Performance in the mid-cap category in December. This award also placed Paramount in the 35th position in the top 100 companies that were ranked by MSWG.

KDU University College (**KDU UC**) won the Bronze Award at the Putra Brand Awards 2015 in the Education and Learning category. Judged by a panel of over 6,000 consumers, the award is a reflection of the efforts that have gone into rebuilding the stature of the KDU UC brand.

In early 2016, Paramount Property was among the country's top ranked property developers to be honoured at the StarProperty.my Awards. It took home the All-Star Award, for achievements in engaging, supporting and serving customers and communities as well as efforts to innovate and bring new ideas and value added concepts to the market, placing it alongside nine other leading developers. Paramount Utropolis was recognised in the Just Walk category, receiving an Honours Award for its university metropolis concept, which features a wide variety of amenities within the development's walkability range.

DIVIDENDS

In line with the improved performance and to reward shareholders, the Board is recommending a higher final dividend of 5.75 sen per share (2014: 5.00 sen) for the approval of shareholders at our forthcoming Annual General Meeting scheduled to be held on 25 May 2016.

Together with the interim dividend of 2.50 sen per share paid out on 25 September 2015, the total dividend for the year under review would amount to 8.25 sen (2014: 7.50 sen), representing 52% of profit attributable to the owners of the Company.

HUMAN CAPITAL

Leadership development and succession planning in the Group remains our key focus. The Board has tasked the new Group CEO to increase emphasis on human capital management, to attract, develop, retain and manage the right talent pool, in order to enhance our business performance and realise our vision of being an innovative market leader in businesses that benefit society.

Paramount's human capital strategy in 2015 focused on three areas – individual and organisational performance and rewards; talent and leadership development as well as identification, attraction and retention of talent.

We put in place a Group-wide annual appraisal system to better assess and reward employees, and to build a strong performance-based culture. A Long Term Incentive Plan (**LTIP**) was launched in March 2015 to give senior management an opportunity to share in the success of the Company as well as to retain key talents within the organisation.

Two main talent development programmes were introduced to ensure a consistent leadership pipeline, and an effective succession plan. The Leading with Energy and Passion (**LEAP**) programme, targeted at middle management, aims to develop future leaders, while the Sustainable Talent Acceleration and Retention Strategy (**STARS**) Programme for senior management prepares this segment for leadership roles in the organisation. We also continued to focus on learning and training for all employees.

LETTER TO SHAREHOLDERS

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We continued in our efforts to not only identify internal talents for development, but also external talents to join us and strengthen the Group's leadership pool. This is designed to continuously rejuvenate the organisation, and provide it with a diverse talent pool to provide new and innovative ideas, in turn raising the organisation's performance to a higher level.

PROSPECTS

The second half of 2015 saw the Malaysian economy face a contraction, with unanticipated global commodity and currency shocks, financial market turbulence and the sudden reversal of capital flows.

The consumer sentiment index sank to a new low of 63.8 points in 4Q of 2015, (*Source: Malaysian Institute of Economic Research*), which in turn impacted all sectors of the economy, more so the property market. The banking sector's stringent lending policies further compounded the property market's performance, with drop out rates of as high as 50% amongst those who did indicate an interest to purchase.

The country's outlook, based on ratings by international rating agencies, remains stable though still of concern, as tough challenges are expected. Real GDP growth for 2016 is projected to register between 4-4.5%, a respectable figure given the weak and uneven global outlook.

The market in 2016 is expected to continue to be competitive. It being a buyers' market, developers are intensifying their sales efforts by offering discounts and incentives. We expect demand for property to remain primarily in the affordably priced segment and in the property hotspots of Klang Valley and Penang, with interest focused on developments with innovative lifestyle concepts.

Under this scenario, Paramount Property's performance will be underpinned by the breadth of its product portfolio, which includes both affordably-priced properties as well as innovatively conceptualised developments.

The current portfolio consisting of Sejati Residences in Cyberjaya, Sekitar26 Business in Shah Alam, Utropolis Glenmarie in Shah Alam, Bandar Laguna Merbok and Bukit Banyan in Sungai Petani as well as our newly launched Greenwoods Salak Perdana will serve market demand well.

Our focus in 2016 will be to review and improve our property marketing efforts, build innovative and well thought-out concept developments, and look for opportunities to grow our current portfolio. We will continue to build momentum on the rollout of new launches and developments to meet real demand.

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KDU Penang University College's new flagship campus will anchor Penang's first university metropolis in Batu Kawan, whose concept mirrors that of the award-winning Paramount Utopolis development in Shah Alam, Selangor.

LETTER TO SHAREHOLDERS

On the education front, Paramount Education is seeing intensifying competition in the tertiary education business with the opening of Xiamen University in 2016, the coming on-stream of new campuses by existing players, with many offering large capacity and issues of affordability arising from the muted economic environment.

In the primary and secondary segment, competition is also stepping up due to new schools opening, with more in the pipeline scheduled for 2016, 2017 and 2018. Recent regulatory changes have had both negative and positive impact, adding to the pressures on the marketplace but also presenting the segment with opportunities.

Against this scenario, Paramount Education's prospects remain good, with the primary and secondary schools, with their strong value proposition, continuing to drive the performance of the division.

Across Paramount Education's business units, enrolment to-date has registered growth over the previous year and remains on track with budget, as a result of the new Utropolis Glenmarie campus offerings and KDU PG UC's strong leadership position in the North. We expect KDU PG UC's recent elevation to a University College and its 6-star 2014/15 MyQUEST rating to further spur interest in its offering.

We continue to look for opportunities to take the very successful Sri KDU brands to new market centres, but will move cautiously in view of competition and current market sentiments.

Overall, our strategy will be to scale up our primary and secondary schools offering, whilst increasing capacity and capabilities in the tertiary segment.

Barring any unforeseen circumstances, the Group is expected to deliver a satisfactory set of results for 2016.

BOARD CHANGES

On 8 June 2015, Dato' Md Taib bin Abdul Hamid relinquished his position as Chairman of the Board of Directors.

On the recommendation of the Nominating Committee, the board appointed me as the new Chairman, a position that I am very honoured and privileged to assume. I take this opportunity to thank the Board for the confidence and trust placed in me in carrying out my duties as the new Chairman of the Board.

On behalf of the Board, I wish to place on record our deepest appreciation and thanks to Dato' Taib, who was Chairman of Paramount Group for 14 years. The Board has benefitted greatly from his wisdom, leadership and wise counsel. We are very pleased that he will continue to serve as a Board member.

On 22 December 2015, Dato' Haji Azlan bin Hashim stood down as an Independent Non-Executive Director of Paramount Corporation Berhad after having served the Board for close to 34 years. On behalf of the Board and the Group, I extend my deepest thanks to Dato' Azlan for his invaluable contribution and wish him a happy and healthy retirement.

On behalf of the Board, I would also like to welcome Mr Jeffrey Chew Sun Teong, our Group Chief Executive Officer, who joined the Board on 8 June 2015.

APPRECIATION

The Board and I would like to thank each and every single one of our employees, whose commitment, dedication, hard work, as well as alignment and support of the Group's strategies have led to the achievement of common objectives and the delivery of yet another strong set of results.

To our buyers, students and their parents, shareholders, business partners, investors and other stakeholders, thank you for your continued faith in us, and the support you extend to our every initiative.

And to my fellow Board members, thank you for the wisdom, insights and experience you bring to the table, and your enthusiastic and unwavering support through this year.

Paramount values your loyalty, your contributions and your trust in our brand; our commitment to you is that we pay this back manifold through consistent value creation.

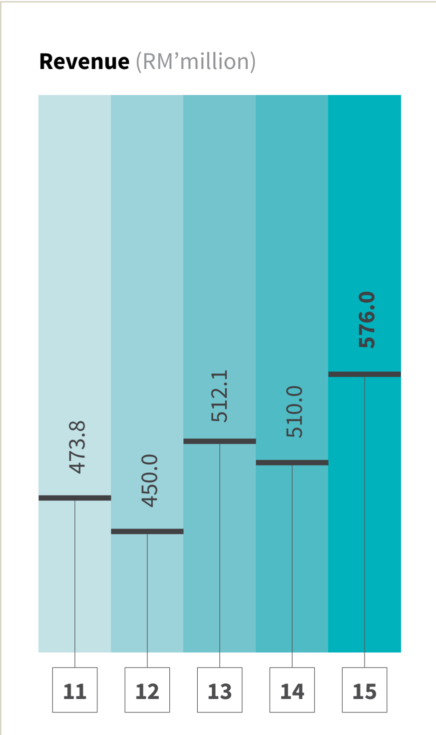
DATO' TEO CHIANG QUAN
Chairman & Executive Director

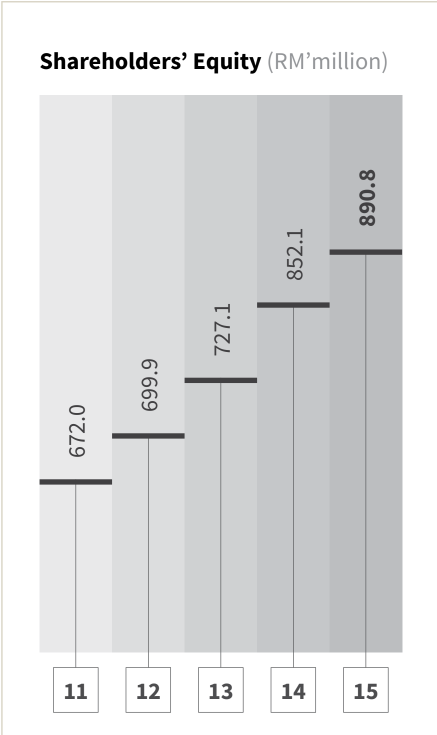
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

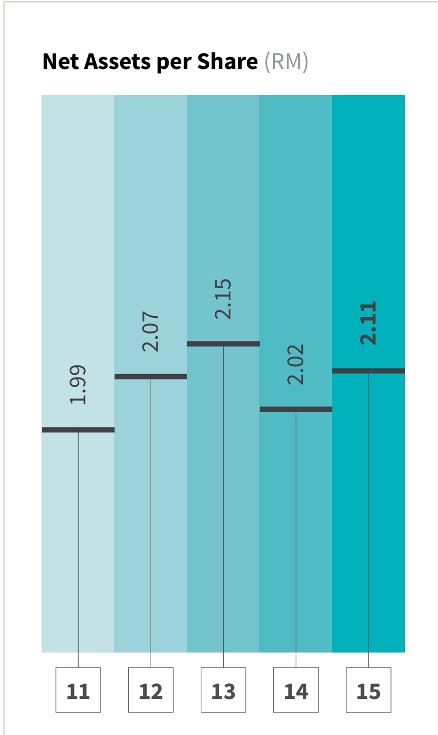
	Year 31 Dec 2015 RM'000	Year 31 Dec 2014 RM'000	Year 31 Dec 2013 RM'000	Year 31 Dec 2012 RM'000	Year 31 Dec 2011 RM'000
Revenue	**576,034**	510,043	512,073	450,048	473,844
Profit before tax	**101,694**	85,756	75,096	76,247	110,350
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**126,616**	98,442	89,984	93,676	126,631
Profit net of tax	**74,181**	64,086	53,503	56,454	71,757
Profit attributable to equity holders of the Company	**67,681**	62,474	53,503	56,454	71,757
Total assets	**1,930,223**	1,652,191	1,302,329	1,192,270	1,030,411
Total liabilities	**839,600**	700,347	575,231	492,333	358,423
Total borrowings	**549,617**	385,091	317,746	252,695	135,998
Shareholders' equity	**890,836**	852,057	727,098	699,937	671,988
Total equity	**1,090,623**	951,844	727,098	699,937	671,988
FINANCIAL INDICATORS					
Interest cover (times)	**19**	315	70	27	36
Earnings per share (sen)	**16.03**	16.17	14.83*	15.66*	19.91*
Net assets per share (RM)	**2.11**	2.02	2.15	2.07	1.99
Gross dividend per share (sen)	**8.25**	7.50	8.00	8.00	10.00
Dividend yield (%)	**4.9**	4.9	5.3	5.3	6.5
Return on equity (%)	**8**	9	8	8	11
Return on total assets (%)	**4**	4	4	5	7
Gross gearing ratio (%)	**50**	40	44	36	20

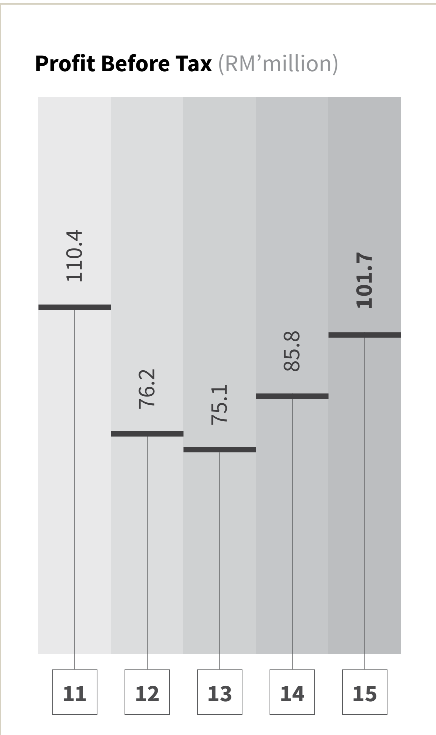
* The comparative figures have been restated to reflect the adjustment arising from the rights issue completed during the financial year 2014.

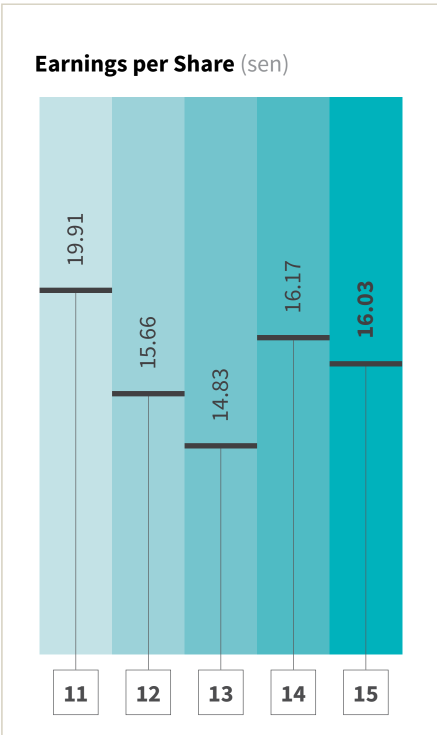
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

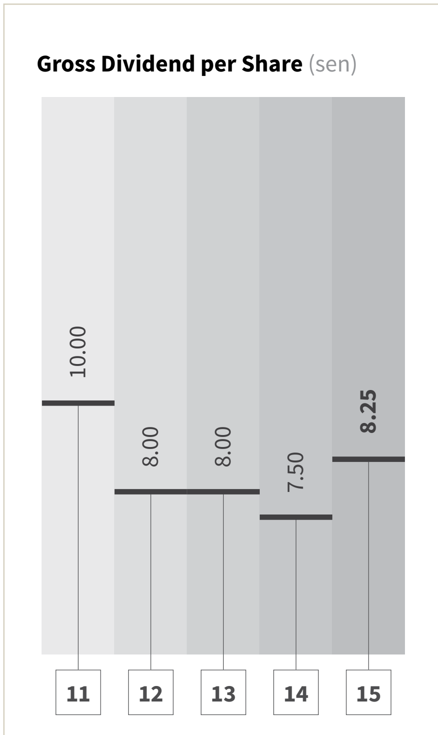












GROUP CEO'S
REVIEW OF OPERATIONS

2015 marked my first full year at the helm of the Paramount Group. It was a significant year – with the leadership and support of the Board of Directors, the Senior Leadership Team developed and rolled out the Group's current 5-year Business Plan.

The focus across both divisions – Paramount Property and Paramount Education – was to put comprehensive plans in place to effect business strategies, underpinned by the Group's overarching strategy of strength through synergy.

PARAMOUNT PROPERTY

Paramount Property's strategy in 2015 was to focus on real demand, leveraging its broad spectrum of offerings to give buyers a range of different products at different locations and price points.

In line with Paramount Property's ethos of being the people's developer, we focused on making affordable property more accessible to a wider segment of potential buyers, with 3 out of 4 existing Paramount Property products priced between RM300,000 to below RM1 million. This is especially important at a time when young Malaysians are finding it difficult to purchase their own homes, due to issues with affordability and stringent lending policies.

The three properties in this spectrum are the SOHO's and dual key apartments at Paramount Utropolis Glenmarie in Shah Alam, double storey link houses in Bukit Banyan, Sg Petani as well as Phase 1 of Greenwoods Salak Perdana in Salak Tinggi, Sepang. The latter, located within a 5-km radius of the existing ERL station and Xiamen University, was launched in 4Q2015 to capture the local market and to leverage on growing interest in the Sepang district.

Paramount Property also continued in its efforts to ensure a strong value proposition through innovative financing and furnishing packages.

These initiatives proved fruitful with both developments enjoying take up rates of between 50% and 70%. The Northern developments of Bandar Laguna Merbok and Bukit Banyan also did well, achieving record sales during the year.

As a result, revenue for Paramount Property grew by 13% to RM427.1 million (2014: RM376.4 million)

GROUP CEO'S REVIEW OF OPERATIONS

offsetting the substantially lower revenue of RM13 million (2014: RM68.2 million) from its external construction activities as a result of the cessation of external projects. Profit before tax (**PBT**) grew by 23%.

Overall, Paramount Property registered total sales of 506 units for the year, with a total sales value of RM432 million (2014: 621 units with a total sales value of RM306 million).

ON-GOING DEVELOPMENTS

- **Paramount Utropolis, Shah Alam**

  Paramount Property launched this unique university metropolis township model to great success in January 2013, seeing an immediate sell-out of the first phase of serviced apartments. Anchored by a new flagship campus for the 33-year old KDU University College (**KDU UC**), this development marked the first time Paramount had brought its two businesses of property development and education into one location, in line with its business strategy of strength through synergy. Consecutive phases continued to enjoy overwhelming take up rates; a reflection of the development's unique university metropolis positioning.

  In 3Q2015, Paramount Property launched 117 units of Paramount Utropolis dual-key apartments with a sales value of RM99.3 million. Priced between RM700,000 to RM900,000, the units also included an optional fit-out with trendy, space saving and versatile furniture; a value-added package by Paramount Property for those looking to increase rental income opportunities amongst KDU UC students and those working or studying in the neighbourhood.

  The development enjoyed a take up rate of 71% during the course of the year, as the opening of our KDU UC Utropolis campus in January 2015 crystallised the university metropolis concept and further boosted investors' confidence in this integrated development.

  Paramount Utropolis recorded sales of 214 units in 2015, with a sales value of RM153 million (2014: 390 units with a sales value of

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Set on 50 acres of land, Sejati Residences is beautifully landscaped with a linear park shaded with 1,200 mature trees, an 8-km jogging track and a Spice & Herb garden with fragrant plants native to Malaysia.

GROUP CEO'S
REVIEW OF OPERATIONS

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RM139 million). The development generated revenue of RM165.2 million in 2015, with a PBT of RM35.1 million (2014: Revenue of RM107.4 million, PBT of RM21.9 million).

- **Sejati Residences, Cyberjaya**

Launched in 2013, Sejati Residences is Paramount Property's first high-end residential project.

Set on 40 acres of freehold land, Sejati Residences is about spacious, expansive living, built around the concept "inviting the outdoors in".

Sejati Residences is anchored by the iconic Chengal House, built from reclaimed and upcycled 200-year old chengal wood. Chengal House was recognised at the Malaysian Construction Industry Excellence Awards 2015 for Best Project Award in the Small Project, Building Development category with a special mention Green Construction Special Award for pushing construction boundaries in the use of reclaimed timber and adoption of green construction concepts and practices.

Sejati Residences, which enjoys a QLASSIC rating of 81 marks, significantly higher than the norm of 70 marks, has gained a premium position in Cyberjaya. Its bungalows, semi-detached and superlinks have enjoyed consistent sales as the development reaches maturity, and its concept and strong value for money proposition becomes more visible. It also collaborated with renowned furniture specialist XTRA Kitchen to plan and fit out kitchens at its semi-detached units, bringing a new level of luxury to this development. Prices in this development range from RM1.3 million to RM3 million.

Paramount Property launched 16 units of superlink homes at Sejati Residences in 2Q2015, with a sales value of RM23.8 million. In total, the development recorded sales of 35 units in 2015, with a sales value of RM84 million (2014: 12 units with a sales value of RM31 million) despite challenging market conditions for high-end properties.

During the year, the development enjoyed a take up rate of 85%, with buyers made up of upgraders from the nearby suburbs of Subang,

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Paramount Property offers fully furnished dual-key serviced apartments that are fitted with stylish space-saving furniture so residents can live in comfort without compromising on quality.

GROUP CEO'S REVIEW OF OPERATIONS

Puchong and Sepang, Malaysians working overseas and investors who see growth potential in Cyberjaya, Malaysia's IT hub.

Sejati Residences recorded revenue of RM41.6 million in 2015, with a PBT of RM600,000 (2014: revenue RM39.9 million, PBT RM2.6 million)

- **Sekitar26 Business, Shah Alam**

Sekitar26 Business is part of the larger Sekitar26 integrated development occupying 30 acres of freehold land in well-established Section 26 in Shah Alam.

This 13.2-acre plot was carved out for the development of 38 units of semi-detached and one unit of detached 3-storey industrial buildings, designed for seamless integration with other businesses in this development, making it a convenient and accessible business address for occupants and visitors alike.

At an average price of RM5 million per unit, the development has been fully launched and enjoyed good take up rates in early 2015, mainly from discerning investors looking for a reliable investment ahead of the implementation of the Goods & Services Tax in April 2015.

The development registered sales of 14 units in 2015, with a sales value of RM81 million (2014: 7 units with a sales value of RM40 million), marking a 58% take up rate for the development.

Revenue in 2015 was RM96.1 million, with a PBT of RM24.4 million (2014: revenue RM27.7 million, PBT RM3.4 million).

- **Bandar Laguna Merbok, Sg Petani**

The award-winning Bandar Laguna Merbok in Sg Petani, Kedah is Paramount Property's iconic township in the northern region. Since its launch in 1996, it has grown into a mature, highly desirable address that has cemented the Company's reputation in the northern region of Peninsular Malaysia.

In January 2015, Paramount Property launched the second last phase of development in Bandar Laguna Merbok, consisting of 22 units of 2-storey Malay-reserved shopoffices, with a sales value of RM12.6 million.

Total take up rate for 2015 stood at 77%. A total of 40 units were sold in Bandar Laguna Merbok in 2015, with a sales value of RM28 million (2014: 56 units with a sales value of RM36 million).

- **Bukit Banyan, Sg Petani**

The success of Bandar Laguna Merbok elevated Paramount Property's reputation as an established township developer in the northern region, and paved the way for the launch in 2013 of the Groups latest township in Kedah, the Bukit Banyan forest development in Sg Petani.

In 2015, Paramount Property launched 40 units of double-storey semi-detached units with a sales value of RM22.9 million and 158 units of double storey terrace houses with a sales value of RM60 million at Bukit Banyan.

185 units were sold in 2015, registering a sales value of RM76 million and a take up rate of 70% (2014: 155 units with a sales value of RM59 million).

Combined, Bandar Laguna Merbok and Bukit Banyan contributed revenues of RM95.4 million and PBT of RM20.9 million (2014: revenue RM90.1 million, PBT RM32.4 million), on the back of record sales of 225 units with a sales value of RM104 million in 2015.

This is a clear reflection of the effectiveness of Paramount Property's strategy of providing good quality, well-designed, reasonably priced products to meet real demand. This strategy has served the Group well, and helped it build a strong brand name in the north.

As Bukit Banyan matures, its forest theme, green concepts, high standard security system and affordable price range of RM330,000 – RM600,000 continues to attract buyers, particularly amongst young couples, professionals and government servants, as

GROUP CEO'S REVIEW OF OPERATIONS

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Bukit Banyan offers gated and guarded homes that feature Paramount Property's signature functional and practical layouts.

well as Paramount Property brand loyalists from Bandar Laguna Merbok and Paramount Property's other developments in the area.

- **Greenwoods Salak Perdana, Sepang**

  The close of 2015 saw Paramount Property launching its second township in the Klang Valley – the 237-acre Greenwoods Salak Perdana, in Sepang, Selangor, after the very successful Kemuning Utama in Shah Alam.

  Phase 1, comprising 96 units of affordably priced terrace link homes with a sales value of RM58.4 million were opened for sale in 4Q2015, and was well received by the local community.

  17 units with a sales value of RM9 million were transacted in 2015. The contribution from the development in terms of revenue and PBT was not significant.

PROJECTS IN THE PIPELINE

Section 13 and Batu Kawan developments

The scheduled unveiling of Paramount Property's new university metropolis in Batu Kawan, Penang and the launch of an integrated development in Section 13, Petaling Jaya were both delayed due to the amendments to the Strata Titles Act 1985.

Under the amendments to the Act, developers are required to decide and confirm the development's Share Units before submission of building plans, as opposed to previously, when developers were only required to make the submission within 6 months of Vacant Possession. Share Units in this case refer to the built-up, carpark and accessory areas allotted to each parcel of property.

Under the new terms of the Act, amendments cannot be made to these Share Units once allotted and submitted for approval. This move, which regulates the issuance of strata titles and is designed to protect homebuyers, nevertheless entails more careful planning and market studies, resulting in a longer project-planning period.

GROUP CEO'S
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Given this scenario and current market sentiment, Paramount Property has taken the step to sub-divide the Batu Kawan land into three smaller parcels, allowing us to proceed with the building plans for each parcel separately. This gives us the flexibility during product development to cater to market trends and needs. The same cannot be done for Section 13 due to the small land size of 5.2 acres.

The development in Section 13 in Petaling Jaya comprises two office towers and two residential towers, and will cater to those interested in investing in this mature and highly-accessible mid-town address.

The Batu Kawan development, on the other hand, will mirror the very successful Paramount Utropolis, Glenmarie university metropolis concept. As Penang's first university metropolis, it will meet demand for what is planned to be Penang's third satellite city. This development has been enlarged and enhanced with the completion of the acquisition of an additional 13.5 acres of land (5 acres of freehold institutional land and 8.5 acres of leasehold mixed development land) adjacent to the 30.7 acres of freehold land Paramount currently holds in Batu Kawan, Penang. The acquisition allows the entire 44.2-acre landbank to enjoy a more strategic and visible road frontage, in turn adding value to the entire development.

PARAMOUNT EDUCATION

In 2015, Paramount Education focused on scaling up and increasing its primary and secondary school capacity, whilst stepping up capabilities in the tertiary segment.

The year kicked off with the opening of KDU UC's new flagship campus in Paramount Utropolis, Glenmarie, which quickly captured market attention. In parallel, KDU UC launched several new programmes designed to meet market demand, and underscored these efforts with better marketing efforts anchored on a strong use of digital and social media, all leading to KDU UC achieving the highest growth in new student enrolment across the business units.

KDU College Penang continued to cement its reputation as a leading tertiary education institution in the northern region, and closed 2015 with two significant achievements. The first was a 6-Star rating in the 2014/2015 Malaysian

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Paramount Utropolis, anchored by KDU University College's flagship campus is developed to keep the Glenmarie neighbourhood vibrant and energised.

GROUP CEO'S
REVIEW OF OPERATIONS

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Quality Evaluation System for Private Colleges (**MyQUEST**) rating, which is the highest accolade an institution can receive in the biennial MyQUEST evaluation conducted by the Ministry of Higher Education (**MOHE**). The rating is reflective of overall excellence, taking into account the performance of college students and graduates, as well as the quality of its programmes, resources and governance. It was only fitting then that KDU College Penang, immediately following this recognition, received MOHE's approval in October 2015 to elevate its status from that of a college to a university college, becoming KDU Penang University College (**KDU PG UC**).

KDU PG UC has commenced ground breaking work on it's new flagship campus that will anchor Paramount's new 44.2-acre university metropolis in Batu Kawan, Penang.

Sri KDU Schools continued to do well, with both Sekolah Sri KDU primary and secondary school, as well as Sri KDU International School operating at close to full enrolment. The unit has commenced plans for the development of a new Sri KDU campus in the well-established district of Klang, marking the first step in Paramount's plan to bring the very successful Sri KDU brand to other market centres.

Overall, Paramount Education registered growth in student enrolment across all business units in 2015. Revenue grew by 13% to RM147.9 million (2014: RM131.1 million) whilst PBT decreased by 12% to RM21.6 million (2014: RM24.6 million), mainly due to the onset of depreciation and interest costs on the new KDU UC campus in Paramount Utropolis, Glenmarie, which was offset by the strong performance of Sri KDU schools, and the steady performance of KDU PG UC.

Sri KDU Schools

Sri KDU Schools recorded another sterling year of performance, marking a 10th year of record profits. Revenue increased by 12% to RM81.7 million (2014: RM73 million, whilst PBT increased by 10% to RM35.3 million (2014: RM32 million).

Student enrolment increased by 3% over last year. Sekolah Sri KDU, which offers the national curriculum, saw an increase in enrolment, while Sri KDU International School, which offers the British national curriculum, saw a marginally lower

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Paramount Education places a strong emphasis on pastoral care, ensuring students receive the support and counsel they need.

GROUP CEO'S REVIEW OF OPERATIONS

enrolment. The enrolment pattern underscores the fact that Paramount took the right decision to maintain both curricula as part of its business strategy; Sri KDU Schools is one of the few education groups in the country to do so.

On 30 December, 2015, Sri KDU Schools received official approval from the Ministry of Education to be one of Dual Language Programme (**DLP**) schools nationwide. The DLP is a move by the Malaysian Government to allow selected schools to teach Math, Science and IT in English or in a combination of English and Bahasa Malaysia to promote the learning and use of the English language amongst Malaysian students. This DLP status is expected to have a positive impact on Sri KDU's national school programme moving forward.

Sri KDU International School continued to do well, but its progress is somewhat muted by increasing competition from new schools and existing schools increasing capacity, as well as the current marketing environment, which is actively offering attractive promotions and discounts.

Sri KDU Schools continued to place emphasis on learning beyond the classroom, with a focus on activities like the performing arts to build students' confidence and public speaking skills in line with its ethos of letting every student shine, as well as community outreach programmes to nurture them to be active, contributing members of society.

Moving forward, Sri KDU is finalising plans for the opening of a new school in the mature township of Klang in Selangor. Paramount Education conducted extensive research, including focus groups, to assess the viability of the proposal; feedback has been positive.

Based on this, it has applied to and received from the Ministry of Education the approval to establish an international school in Klang. An application has been submitted to Malaysian Investment Development Authority (**MIDA**) for an Investment Tax Allowance (**ITA**) based on an estimated construction cost of RM81 million. A conditional approval has been received, post 2015. The school will be eligible for the ITA of up to 100% of its construction costs on condition that the actual construction cost is not less than RM81 million.

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The award-winning campus of Sri KDU Schools in Kota Damansara offers parents a choice between the national and British national curricula, both backed by Paramount Education's 33-year reputation for academic excellence, personal development and strong focus on pastoral care.

GROUP CEO'S
REVIEW OF OPERATIONS

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Surveys are being carried out to determine the value proposition for the Klang school, and fees there will be pitched accordingly.

With many new schools opening in 2016 and 2017, the education business environment is expected to be very competitive. Paramount Education's expansion strategy in the primary, secondary and international schools segment will be guided by the following measures – to be discerning and selective in the choice of locations, offering a strong value proposition with differentiating factors, and capitalising on Sri KDU's strong reputation and loyal customer base.

To maintain its competitive advantage, Sri KDU Schools is also looking into several other strategies for 2016. These include regular reviews of its fee structures, expanding its customer reach to more middle-income families in and around the Klang Valley, and stepping up reputation building efforts to maintain its leadership position in the marketplace, including increased emphasis on digital marketing and community engagement activities.

Tertiary Education

The tertiary education landscape in Malaysia continues to be increasingly challenging. With the current muted economic environment, pressure on spending power due the implementation of Goods and Services Tax (**GST**) and rapidly increasing cost of living, parents and students are becoming more cautious and showing a distinct preference for medium to lower priced institutions. This in turn has led to education institutions stepping up promotions and discounting of fees, which in turn has put further pressure on existing operators.

The reduction and change in criteria in the Government's Perbadanan Tabung Pendidikan Tinggi Nasional (**PTPTN**) loans and the move by MARA to reduce the number of sponsored students across nearly all private higher education institutions has further amplified competition, as has the entrance of new players like Xiamen University and capacity building by existing players.

The continued movement from public education to private education is resulting in fewer students taking the Government Sijil Pelajaran Malaysia (**SPM**) exams, which has impacted the timing of enrolment into private institutions. This, however, has opened up more opportunities for private higher education providers, as these students will have to flow through into the private sector.

Overall, the tertiary education environment is expected to continue to be challenging for the foreseeable future.

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KDU University College's flagship campus has been designed to inspire learning and encourage creative engagement and collaborations.

GROUP CEO'S REVIEW OF OPERATIONS

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KDU University College and KDU College

In January 2015, KDU UC opened the doors to its new campus at Utropolis, Glenmarie. With its well-designed learning spaces, state-of-the-art teaching labs and lecture theatres, 50,000 square foot library, broadcast and photography studios, the biggest school of culinary arts in the region and adjacent 612-bed student accommodation, the campus soon captured the attention of the marketplace.

Both KDU UC and KDU College made good progress in 2015 in terms of top line performance; revenue from both units combined increased by 22% to RM39.3 million (2014: RM32.3 million). A higher loss before tax (**LBT**) of RM20.9 million (2014: RM15.6 million) was, however, incurred during the year due to the onset of depreciation and interest costs on the new campus.

New student enrolment across both institutions grew by 15% in 2015 from 2014. Average student population across all programmes grew by 5% to 2,688 (2014: 2,560). The non-corresponding growth between new student enrolment and average student population numbers was due to the low returning student enrolment stemming from low new student enrolment in past years.

The tertiary unit launched five new programmes in 2015, including two Masters level programmes – a Masters of Design (Innovation), which is a dual parchment programme with credentials by KDU UC and Rome University of Fine Arts, and a Masters of Science by Research, which is a research-based programme offering students the flexibility of choosing their specialisation according to their interests and career aspirations. The other three were undergraduate programmes – a Bachelor of Arts (Hons) in Banking & Finance, a Bachelor of Software Engineering (Hons) and a Foundation in Arts programme.

The offering of postgraduate programmes is significant in that it is an indication of the high quality of academic staff that an institution has and also the commitment of the institution to become a full-fledged university.

In April 2015, KDU UC launched its first enterprise project in the form of Dewakan, a fine-dining restaurant offering modern Malaysian cuisine. Located within the KDU UC campus at Utropolis Glenmarie, helmed by KDU UC School of Culinary Arts faculty and staffed by faculty students, Dewakan immediately took the fine-dining market by storm, and has since been consistently ranked amongst the best new restaurants to enter the Klang Valley market in 2015.

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Industry- standard facilities bring to life Paramount Education's tertiary offering of real-world learning opportunities.

GROUP CEO'S
REVIEW OF OPERATIONS

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The groundbreaking for a new KDU Penang University College campus in Batu Kawan which, when completed, will be the biggest purpose-built campus on the mainland of Penang.

KDU UC's various schools continued to make their mark both locally and on the international scene, bringing home a number of significant awards in the areas of culinary arts and game development. For the first time ever, lecturers of the School of Communications & Creative Arts spurred KDU UC's research efforts by securing a RM100,000 Fundamental Research Grant Scheme for their project, "The Development of a Design Guide for Malaysian Nutrition Labels of Pre-packaged Food Products Sold at Retail Outlets", designed to help consumers make more informed decisions when purchasing pre-packaged food products at retail outlets.

KDU UC also gained industry recognition when staff and students of Game Development won grants of RM60,000 under the Intellectual Property Creators Challenge organised by Multimedia Development Corporation and RM100,000 under the Ejen Ali Hackathon Game Jam 2015 organised by Media Prima Digital together with Primeworks Studio, Wau Animation and Multimedia Development Corporation.

KDU UC won its second accolade at the Putra Brand Awards 2015, with the university college taking home the Bronze in the Education and Learning category. The Putra Brand Awards are significant in that they are the only brand awards in Malaysia accorded on consumer preference.

In 2016, KDU UC and KDU College will focus on broadening their programme offerings, especially those with growing demand from industries. Combined, the target is to launch approximately 20 undergraduate and college level programmes. Marketing efforts will be intensified, with focus on generating more on-ground and digital leads for recruitment. KDU UC and KDU College are also working towards achieving good rankings in the next SETARA and MyQUEST ratings to raise their individual profiles. KDU UC is also progressing well in its efforts to attain university status.

KDU Penang University College

KDU PG UC continued to do well, delivering year on year improvement in its top line with higher student enrolment recorded in 2015 compared with the previous year. KDU PG UC registered a marginal revenue increase in 2015 of 5% to RM25.8 million (2014: RM24.6 million), while PBT declined to RM6.7 million (2014: RM7.4 million), due to higher costs stemming from the college's upgrade to university college status. These included staff costs, the development of university college level programmes as well as non-recurring accreditation fees.

New student enrolment in 2015 decreased marginally but the average student enrolment increased to 2,428 (2014: 2,265) due to higher returning students. The lower new student enrolment in 2015 was due to the shift in the enrolment pattern from the traditionally popular January intake to March stemming from parents' and students' decision to enrol only after the announcement of SPM results. As a result, there were prospective students who chose to pursue alternative options as soon as they complete their SPM.

On 5 Nov 2015, KDU PG UC was awarded the 6-star rating in the 2014/15 MyQUEST for the large institutional-based category. It was the only private college in Penang to be accorded the rating, and only one of four nationwide, testament to its relentless focus on excellence, and strong emphasis on quality. The rating is cluster-based across different categories and reinforces KDU PG UC's standing as a premier tertiary education institution in the northern region. Its subsequent elevation to become a university college presents KDU PG UC with the opportunity to offer home-grown and postgraduate programmes, thereby expanding its capacity even further.

GROUP CEO'S REVIEW OF OPERATIONS

In 2015, KDU PG UC secured approval to commence four new programmes – Diploma in 3D Animation & Motion, Diploma in Fashion Design & Merchandising, Diploma in Accounting and Bachelor of Engineering (Hons) in Mechanical Engineering, the latter in collaboration with Northumbria University. The Diploma in Accounting is of particular note because graduates from the programme will be given exemptions in ACCA papers should they decide to pursue a professional qualification.

The Diploma in Accounting and Bachelor of Engineering programmes were launched in 2015, with the balance of the approved programmes to be launched in 2016.

The year also saw KDU PG UC commencing work on the design and development of University College programmes. 18 programmes, consisting of 13 undergraduate programmes, one postgraduate programme, three diploma programmes as well as one Foundation programme have being submitted for approval.

Two of the diploma programmes – the Advanced Diploma in Creative Multimedia (Visual Effects) and the Advanced Diploma in Creative Multimedia (3D Animation) are jointly developed with Dongseo University of Korea, ranked among the top 50 universities in Asia for internationalisation and a leading university in Korea for Film & Imagery, IT, Design, and Digital Content.

KDU PG UC is targeting to launch the 18 programmes in 2016, and it is also expanding its programme offering to offer more innovative, and in-demand home-grown and dual parchment programmes.

It is also aiming to create a strong niche in the fields of accounting, banking and finance for long-term sustainability and to stay ahead of competition. Part of this effort involves establishing new academic entities in the form of institutes in partnership with reputable universities, in an effort to enhance the reputation of KDU PG UC.

KDU PG UC and its students continued to earn a number of national and international awards in 2015, testament to the quality of its programmes and faculty. The participation in such awards is important, as it provides students with national and international exposure to build their confidence, and creates opportunities for visibility, making them more employable upon graduation.

It is also working towards stepping up student recruitment ahead of its move to the new Batu Kawan campus, generating more on-ground and digital leads to drive up recruitment, and putting in place university-standard regulations, policies and processes to strengthen its academic quality and growth to reflect its status as a university college.

CONCLUSION

Overall, our efforts in 2015 have laid the foundation for solid, long-term growth for Paramount and its group of companies.

The economic conditions in 2016 look to be challenging, but we have good strategies in place, backed by a strong focus on managing costs and eliminating excesses, with an emphasis on strong corporate governance and risk management. We continue to hold true to our cornerstones of quality and value, and stay focused on creating stakeholder value.

We are working to be more innovative, to manage and grow our brands more efficiently and effectively, and to engage better with young Malaysians, especially millennial looking for a strong education foundation, and worthwhile property investments.

Most of all, we remain anchored on our strategy of strength through synergy, making the most of the inherent strengths across our two businesses; a unique differentiator that separates us from our competitors in the marketplace and gives us a much needed impetus for growth.

Our success in 2015 was realised through the efforts of our employees across our two businesses. I would like to record my utmost appreciation and thanks to all of you, on whom the future success of the Company rests.

JEFFREY CHEW SUN TEONG
Group Chief Executive Officer & Executive Director

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 has been easily embraced by management and staff.

ENVIRONMENT

WORKPLACE

COMMUNITY

MARKETPLACE

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 whilst ensuring these 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.

  Paramount's ethos of respecting people and planet was best exemplified when, in October 2014, Paramount Property launched Chengal House, a 11,000-square feet clubhouse located within Sejati Residences in Cyberjaya and the first commercial property development of its kind in Malaysia built using 200-year-old Chengal timber, salvaged from a 70-year-old factory owned by Paramount. Complementing the ecologically sustainable design approaches is an arboretum within the landed residential development, showcasing the rich diversity of Malaysian woods.

  In recognition of Chengal House's green construction concepts and practices as well as environmental impact, Paramount Property was accorded with two awards at the Malaysian Construction Industry Excellence Awards (**MCIEA**) 2015: Best Project Award in Small Project, Building Development category for pushing construction boundaries in the use of reclaimed timber for the construction and completion of Chengal House; and a special mention for the Green Construction Special Award.

- **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. The flagship campus of KDU University College in Utropolis, Glenmarie received a provisional Green Building Index (**GBI**) certification for its sustainable approaches in a higher-education development. Starting with the use of the Industrial Building System materials, KDU University College, Utropolis makes admirable

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

progress in green building construction and maintenance, tracked by the Advanced Building Management System.

Paramount Property continues to strive for excellence in being the people's developer with the winning of the Top Ranked Developers of the Year and the Just-Walk Award – Best Integrated Development (Honours) at the StarProperty.my Awards 2016 for Paramount Utropolis, a maiden development project that integrated Paramount Property and Paramount Education together in one location.

- **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 while helping our customers meet their own environmental targets.

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

Our Sri KDU Secondary School, in promoting environmental values to students, was accorded the Eco-Schools Silver Award 2015/2016 by the World Wide Fund-Malaysia (**WWF-Malaysia**) for empowering its students to make environmental sustainability an integral part of school life.

CSR IN THE WORKPLACE

We aim to be the employer of choice in the industries that we operate. Employees at every level are encouraged to make the fullest contribution to the Group's performance and the achievement of its goals. We seek to achieve this by:

- Implementing a human capital strategy that focuses on inculcating a high performance culture through developing a pipeline of talent for succession and building organisation capability to enhance the Paramount brand as an employer of choice.

- Ensuring people with the right skills and qualities are recruited, trained, supported and retained to create high levels of motivation, achievement and job satisfaction.

- 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.

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

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Sri KDU's People to People International Kuala Lumpur, Malaysia Student Chapter planted mangrove saplings during a mangrove rejuvenation project in Kuala Selangor.

STATEMENT ON
CORPORATE SOCIAL RESPONSIBILITY

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- Providing employees with the opportunity to have direct ownership of the Company through participation in our Long Term Incentive Plan. The plan provides senior management staff the opportunity to share in the Company's success and to ensure their continued commitment to the effectiveness and efficiency of the Company's operations.

- 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 take a proactive approach by providing opportunities for our employees to obtain professional and nationally recognised qualifications. We also encourage participation in 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 Paramount Education.

- 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, Paramount Property has adopted and adhered 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 trainings are provided.

- Recognising that effective employee communication and engagement are important in achieving our business objectives. As such, 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 support numerous charitable causes both in cash and kind as well as through the provision of scholarships

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Paramount Property's third Green Ride at Bukit Banyan in Sungai Petani, Kedah, took serious cyclists off-track into the forested hills of this development.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

to deserving students. In 2015, Paramount expended a total of RM13.4 million in scholarships to deserving students, and contributed generously to many deserving charitable causes.

- Supporting local communities through opportunities for employment, interaction with schools, liaison and support for local well-being. We actively promote community interaction through social programmes and activities. In Sungai Petani, the Company's Bukit Banyan Green Ride was started as Kedah's first eco-ride in 2012 and today, it is an annual get-together event that brings friends and families together.

- Encouraging wider employee participation in community projects organised. We encourage our staff and students to volunteer in helping 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, analysts, 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.

3

- Maintaining clear, timely and open communications with shareholders, analysts and fund managers. Paramount is committed to helping its shareholders, analysts 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 ensure that they are accessible to all interested parties.

- Maintaining high standards of corporate governance. We monitor and evaluate risk on an ongoing basis as part of our commitment to sustainable business. Paramount was the proud recipient of the Merit Award for Top Corporate Governance and Performance in the category of companies with a market capitalisation of RM300.0 million to RM1.0 billion from the Minority Shareholder Watchdog Group at the Malaysian Chapter of the ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015, a testament to Paramount's unwavering commitment in maintaining high standards of corporate governance. More reports on corporate governance and internal control architecture are found on pages 44 to 59 and 64 to 66 respectively.

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Paramount Property volunteers spent three fulfilling weeks rebuilding 20 homes for villagers of Manek Urai who were affected by floods in Kelantan.

STATEMENT ON
CORPORATE GOVERNANCE

Paramount Corporation Berhad (**Paramount** or **the Company**) is committed to maintaining high standards of corporate governance, integrity and accountability, underpinned by robust management of risks and internal controls to ensure the long-term sustainability of its business and to safeguard the interests of all stakeholders. To this end, the Board of Directors (**the Board**) of Paramount will continue to review the manner in which the Company and its subsidiaries (**the Group**) have instituted the practices of good corporate governance in the Group's daily business.

This Statement on Corporate Governance sets out the Company's corporate governance processes with reference to the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (**MCCG**) for the financial year ended 31 December 2015 (**FY2015**).

BOARD OF DIRECTORS

Duties and Responsibilities

The Board is responsible for the overall corporate governance of the Company and takes stewardship of the Group's businesses and affairs. Although the Board confers some of its authorities to the various Board Committees and delegates the day-to-day management of the Group's business operations to the senior management team, it reserves for its decision significant matters such as the following, to ensure that the direction and control of the Group is firmly in its hand:

- Strategic planning
- Annual budgets and performance reviews
- Financial reporting
- Material acquisition and disposal of assets
- Major capital expenditure
- Fund-raising activities
- Corporate governance policies
- Announcements to Bursa Malaysia Securities Berhad (**Bursa Malaysia**)
- Dividend payments
- Changes in Board composition and principal officers
- Board and senior management succession planning

The Board is principally responsible for providing strategic guidance to management and overseeing the performance of management in the conduct of the Group's businesses through the following Board activities:

- Reviewing and adopting strategic plans that promote long-term sustainability and monitoring the implementation of these plans
- Overseeing the conduct of the Group's businesses and evaluating whether the businesses are being properly managed
- Adopting an annual budget and reviewing the performances of the operating divisions against the budget
- Assessing and approving major capital expenditure including significant acquisition and disposal of investments
- Assessing principal business risks, determining the risk appetite of the Group and ensuring the implementation of appropriate systems to manage these risks within established risk-tolerance limits
- Assessing the performance of management with measures in place against which management's performance can be assessed
- Ensuring Board effectiveness and developing the Board succession plan
- Ensuring senior management succession through the implementation of a comprehensive senior management succession plan and the continuous mentoring of identified successors
- Reviewing the adequacy and integrity of the Group's internal control systems and information management systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines
- Developing and implementing an investor relations programme or shareholder communications policy for the Company
- Formulating policies to ensure adherence to high standards of ethics and corporate behaviour by all stakeholders within the Group

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In November 2014, the Board adopted the Group's 5-year Business Plan 2015-2019 which sets out the targeted outcomes expected of management over the next five years. All strategic business units (**SBU's**) within the Group are required to align their business strategies to the 5-year plan with the aim of achieving the targeted outcomes set out in the plan. This Business Plan forms the basis upon which the Company's Long Term Incentive Plan 2013-2020 (**LTIP**) is awarded and vested. The Board believes that the LTIP is an effective mechanism to incentivise, retain and attract key talents that are vital to the Group's long-term sustainability. The determination of the targeted outcomes sets the tone from the top and provides employees with greater transparency to the Group's compensation methodology.

Throughout 2015, the Board monitored management's efforts in meeting the targeted outcomes for the first year of the 5-year plan through its quarterly review of the Group's performance against the budget and management's implementation of the Business Plans for 2015.

Board Composition and Board Balance

During the year there were changes in the composition of the Board. Dato' Md Taib bin Abdul Hamid relinquished his post as Chairman on 8 June 2015 after leading the Board for 14 years. In his place, the Board, on the recommendation of the Nominating Committee, approved the appointment of Dato' Teo Chiang Quan, a Non-Independent Executive Director, as Chairman of the Board. Despite Dato' Teo being an executive member of the Board, the Board's 71% composition of Independent Non-Executive Directors (**INED's**) exceeds MCCG's recommendation that the board must comprise a majority of independent directors where the chairman is not an independent director. Hence, there is a presence of independent directors to ensure that there is independence of judgement. On the same date, the Board also appointed Mr Jeffrey Chew Sun Teong, the Group Chief Executive Officer (**CEO**), as an Executive Director. On 22 December 2015, Dato' Haji Azlan bin Hashim stood down as an INED after having served on the Board for close to 34 years.

Dato' Taib bin Abdul Hamid remains on the Board as an INED. Although Dato' Taib has served on the Board beyond nine years, he has demonstrated strong independence of character and judgement. Accordingly, the Nominating Committee and the Board had determined that his length of service does not in any way interfere with his exercise of duty as an INED and his ability to act in the best interest of the Company. Additionally, the Board considers his vast experience an asset that has enabled him to provide the Board and the Board Committees on which he serves with pertinent expertise and competence to facilitate sound decision-making. Dato' Taib fulfils the definition of independent director as stated in the Main Market Listing Requirements (**MMLR**) and in compliance with the requirements of Section 129(2) of the Companies Act, 1965, Dato' Taib seeks re-appointment at every Annual General Meeting (**AGM**), and he has been re-appointed by the Company's shareholders at every AGM since 2009.

With the changes made in the Board composition, the Board currently comprises seven members, two Executive Directors and five INED's. The size and composition of the Board are reviewed from time to time, taking into account the scope and nature of operations of the Group, to ensure that the size of the Board is adequate to provide for a diversity of views, facilitate effective decision-making and that the Board has an appropriate balance of executive, independent and non-independent Directors. The Directors come from diverse backgrounds with varied expertise in finance, banking, property development, marketing, and management fields.

All INED's are considered by the Board to be independent of management and free from any business or relationship that could materially interfere with the exercise of their independent judgement.

The profiles of the current Board members are set out on pages 14 to 17 of this annual report.

STATEMENT ON CORPORATE GOVERNANCE

Gender Diversity

Currently, Paramount has one woman Director on its Board. Although the Board has not set any specific target for women representation in its composition, it continues to adhere to the practice of non-discrimination of any form, regardless of age, gender, race or religion, and ensures that the selection of a candidate for directorship is based on merit, in the context of skills, time commitment and experience.

The Paramount Group, likewise, abides by this practice in its selection of employees. Of the Group's total workforce of 1,432 employees, women constitute 55%, and 50% of the Group's senior management team comprise women employees holding positions as heads of division/departments in the SBU's and corporate functions.

Separation of Powers and Responsibilities

There is a clear division of responsibility between the Chairman, who is also an Executive Director, and the Group CEO to ensure a balance of power and accountability.

The Chairman & Executive Director is responsible for the effective leadership, operation and governance of the Board and its committees. He works with the Group CEO and the Company Secretaries to set the agenda for Board meetings and discussions, ensure that accurate and relevant information is given to all Directors on a timely basis and the Board is properly briefed on issues raised at meetings. He ensures that all Directors contribute effectively in the development and implementation of the Company's strategy. In addition, given his experience as the Group CEO of Paramount for 18 years, he mentors the Group CEO and key senior management members. He also plays a key role in setting the tone and direction of the Group's management principles, with particular emphasis on corporate governance and risk management.

The Group CEO is responsible for the management of the Group's business, formulating strategy proposals for the Board, including charting annual and medium-term plans on delivery of these strategies. He keeps the Board apprised of the Group's performance and all other matters that materially affect the Group. The Group CEO leads the management team to ensure the Group's businesses deliver shareholder value; ensuring adequate, well-motivated and incentivised management resources, ensuring succession planning and adequate appropriate business processes.

Succession Planning

The Board takes a pivotal role in ensuring continuity in leadership for key management positions in the Group, particularly CEO positions. To achieve this, the Board, with the assistance of the Nominating Committee, oversees the development of the Group's succession plan, which involves on-going mentoring and training of employees to equip them with the necessary skills and competence in leadership roles. During the year, the Board, with the assistance of the Nominating Committee and the Group Human Resource Department, developed a comprehensive succession plan for senior management. The plan entailed the identification of three different levels of successors at different levels of readiness for each senior management position. The successors will undergo selected training programmes to equip themselves with the necessary skills and competence to assume the senior management role within a one-year, three-year or five-year period depending on the successors' current skill sets vis a vis the requirements of the senior management position.

The Nominating Committee has also initiated steps to develop a Board succession plan.

Board Policies

The following policies are in place and communicated to all stakeholders. They serve as a guide to ensure that high standards of corporate governance practices are embeded in the conduct of the Board's activities and the Group's businesses:

- Board Charter
- Code of Business Conduct and Ethics
- Whistleblowing Policy
- Directors' Code of Ethics

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- Directors' Assessment Policy
- Boardroom Diversity Policy
- Succession Planning Policy
- Insider Dealing Policy
- Board Remuneration Policy
- Investor Relations Policy
- Related Party Transaction Policy

Excerpts of the abovementioned policies are available on the Company's website at www.pcb.my.

Board Charter

The Board Charter, serving as a reference point for Board activities, sets out the corporate governance practices and provides clarity to the following key areas:

- The role and principal responsibilities of the Board
- The Board structure, which includes Board balance and tenure of Directors
- The roles and responsibilities of the Chairman, Executive Directors, Non-Executive Directors, INED's, the CEO, Board Committees and the Company Secretary
- Board processes, including Board meetings, appointment, re-appointment and removal of Directors
- Directors' Code of Ethics
- Terms and Reference of the Audit, Nominating, Remuneration and Board Risk Management Committees

Board Meetings and Supply of Information

The Board is required to meet at least four times a year on a quarterly basis, and the meetings are scheduled in advance at the beginning of each year to enable the Board members to plan ahead for the meetings. Additional meetings are held on an ad-hoc basis to deliberate urgent issues and matters that require expeditious Board consideration and direction or approval. In the intervals between Board meetings, any matter requiring urgent Board decisions and/or approval are sought through circular resolutions, which are supported with all the relevant information and explanations required for an informed decision to be made.

Formal agendas together with a comprehensive set of meeting papers, consisting of the minutes of the previous meeting, management reports and proposals, are forwarded to the Directors at least seven days, or shorter period where it is unavoidable, prior to the Board meetings. The Chairman chairs all Board meetings, and all Directors participate actively in Board deliberations, with no individual or group of individuals dominating the Board's decision-making process. The quorum for the holding of a Board meeting is two and questions arising at any Board meeting shall be decided by a majority of votes with each Director having one vote. In the case of equality of votes, the Chairman shall have a second or casting vote.

The Directors abide by the Directors' Code of Ethics. Conflicts of interest, direct or indirect, in any transaction or contract that are tabled for the Board's consideration are immediately declared before the commencement of discussion on the matter. The interested Directors abstain from participation in the Board's decision on such transactions and takes leave of the meeting when the transactions are put forward for voting.

At each scheduled Board meeting the Group CEO reports to the Board on the Group's past quarter and year to date performances, briefs on the prospects for the remaining year backed by the current economic, industry and market conditions and provides updates on the progress of implementation of strategic and business plans. Occasionally at the request of the Group CEO or other Board members, key senior management personnel are also invited to provide such additional information or further details that may be required, all of which serve to aid the Board in arriving at well informed decisions.

STATEMENT ON CORPORATE GOVERNANCE

The Board met four times in the year under review, and the record of attendance of Directors was as follows:

Directors	Attendance	Percentage of Attendance
Dato' Teo Chiang Quan	4 out of 4	100%
Jeffrey Chew Sun Teong [1]	2 out of 2	100%
Dato' Haji Azlan bin Hashim [2]	1 out of 4	25%
Dato' Md Taib bin Abdul Hamid	4 out of 4	100%
Dato' Rohana Tan Sri Mahmood	3 out of 4	75%
Datuk Seri Michael Yam Kong Choy	4 out of 4	100%
Ong Keng Siew	4 out of 4	100%
Quah Chek Tin	4 out of 4	100%

(1) Appointed to the Board on 8 June 2015
(2) Resigned from the Board on 22 December 2015

All of the Directors with the exception of Dato' Haji Azlan bin Hashim, who has since resigned, had complied with Bursa Malaysia's minimum requirement of 50% attendance at board meetings of a listed company held in any one financial year.

Company Secretaries

All Directors have unrestricted access to the Company Secretaries (**the Secretaries**), who play an advisory role to the Board in relation to Board policies and procedures, compliance with applicable laws, rules, regulations and codes. The Secretaries support the Board in the discharge of its duties by ensuring that all information and materials that are required for the Board's consideration are provided to the Directors expeditiously, and that all Board deliberations and decisions are well captured in the minutes and resolutions, and communicated to the respective members of the management team for their necessary action. The Secretaries also ensure that an effective system to manage all statutory records of the Group is in place. Additionally, the Secretaries keep the Directors regularly updated on new statutory and regulatory requirements, and attend to the sourcing of training programmes for the Directors.

Access to Senior Management, Information and Independent Professional Advice

The Board also has full access to senior management and unrestricted access to information relating to the business and affairs of the Company for the discharge of its duties. Directors may take independent professional advice at the Company's expense in the furtherance of their duties.

Board Induction and Continuing Education Programmes

In addition to the Mandatory Accreditation Programme (**MAP**) that is required by Bursa Malaysia, all newly-appointed Directors are required to participate in induction programmes to equip themselves with clear understanding of the Group's businesses. The Board Charter sets out the manner in which the induction programmes are to be conducted, which includes dialogue sessions with the Chairman, the other Board members, the Group CEO and other senior management personnel; visits to the Group's business sites; and access to the minutes of the meetings of the Board and the relevant Board Committees.

Mr Jeffrey Chew Sun Teong, who was appointed as an Executive Director of the Company on 8 June 2015, attended and successfully completed the MAP on 13 August 2015. The Board Charter also requires all Directors to attend continuing education programmes to keep abreast of regulatory changes pertaining to the functions of the Board as well as to be updated on relevant technical and industry related issues. The Secretaries, acting under the instruction of the Nominating Committee, compile training programmes that are available to the Directors for their selection. The Secretaries also attend to internally organised training programmes whereby industry experts are invited to update the Directors on industry related issues and share insights about the latest industry outlook and market trends.

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The conferences, seminars, forums, dialogues, talks and courses that were attended by the Directors in the year under review were as follows:

Corporate Governance
- Bursa Malaysia MAP for Directors of public listed companies
- Bursa Malaysia Corporate Governance Breakfast Series with Directors:
  (i) How to maximise internal audit
  (ii) The Board's response in light of rising shareholder engagement
- Bursa Malaysia Focus Group Session: To solicit feedback on the Annual General Meeting (**AGM**) Guide for listed issuers
- KPMG Focus Group Session: Strengthening corporate governance disclosure amongst the listed issuers
- 7th Annual Corporate Governance Summit
- Corporate Governance: Balancing Rules & Practices by the Securities Commission

Risk Management and Finance
- Briefings on Goods and Services Tax (**GST**) and Anti-Money Laundering Compliance Culture
- Malaysian Institute of Accountants (**MIA**): Integrated reporting-Unlock trust and create value
- Audit Committee Conference 2015: Rising to new challenges by MIA and The Institute of Internal Auditors Malaysia

Legal and Regulatory Updates
- Impact of the updates and changes of new legislations on the Stratified Development in Peninsular Malaysia
- Annual Dialogue with Syariah Advisory Committee

Leadership & Strategy Management
- Bursa Malaysia Board Chairman Series: Tone From the Chair and Establishing Boundaries
- Bursa Malaysia and Performance Management Delivery Unit: Lead the Change-Getting Women on Boards
- 29th Asia Pacific Roundtable: Institute of Strategic and International Study
- Asia-Pacific Economic Cooperation CEO Summit 2015
- Board Leading Change: Organisational Transformation Strategy as key to Sustainable Growth in Challenging Times
- Forbes Global Conference: Toward A Winning Vision - On Visionary Leadership

Industry and Market Trends
- Jones Lang LaSalle, South East Asia: Regional & Malaysia Property Market Outlook
- CIMB Bank Berhad: 2015 Malaysia macroeconomic outlook & Malaysia property sector dynamics
- Malaysia Property Incorporated: Positioning Malaysian Real Estate - Post GST & 11th Malaysia Plan 2015
- 7th International Conference on World Class Sustainable Cities 2015: Urban Regeneration through Smart Partnerships
- IDC Malaysia: Malaysia 2015 Information, Communications and Technology Market Trends & Updates
- Maxus Malaysia: Malaysia's annual look at the ever evolving digital landscape
- Invest Malaysia Kuala Lumpur: ASEAN's Multinational Marketplace
- The World Capital Markets Symposium 2015: Malaysia's Economic Update 2015
- Khazanah Megatrends Forum 2015: Harnessing Creative Disruption
- ASLI: The Second National Economic Summit 2015 - An update on the 11th Malaysia Plan - Addressing current and future challenges
- ASEAN Business Advisory Council I, II, III and IV Conferences
- ASEAN SME Showcase & Conference 2015
- ASEAN Business Advisory Council Malaysia - SME Finance Forum Workshop on Innovative SMME's
- PEMANDU: Economic wrap up 2014
- 4th Southeast Asian Studies Symposium in conjunction with the Asian Economic Panel Conference: The Year of ASEAN - Integrating Southeast Asia
- ASLI 12th ASEAN Leadership Forum: ASEAN - One Community, One Vision, One People
- PricewaterhouseCoopers Cyber Security Conference: Managing the risks of cyber attacks
- LSE Alumni Society of Malaysia:
  (i) ASEAN economic integration: Will the ASEAN way fail the ASEAN economic community?
  (ii) Many believe the future belongs to Asia. But can Asia lead the world let alone save it?

In addition, the Secretaries, the Chief Financial Officer and the external auditors regularly update the Board on changes and amendments to legislative and regulatory provisions.

STATEMENT ON CORPORATE GOVERNANCE

Board Assessment

The Directors, the Board, the Board Committees, and the Group CEO are subject to a self and peer assessment annually. The Directors are provided with an online survey tool to carry out the assessment. The results are then tabulated by the Secretaries and presented to the Nominating Committee for its review and recommendation to the Board. A full set of the results is also provided to each Director and the Group CEO for their information.

The criteria that is used in the assessment of the Board includes the adequacy of the Board structure, the efficiency and integrity of the Board's operations and the effectiveness of the Board in the discharge of its duties and responsibilities. These criteria are similarly used for the assessment of the Board Committees. The individual Directors are assessed based on their competence, capability, commitment, objectivity, participation in Board deliberations and their contribution to the objectives of the Board and the Board Committees on which they serve. The assessment of the Group CEO is co-related to the execution of the Group's strategic plans by management and the achievement of performance targets set by the Board. In addition to the said assessment, all INED's are required to sign a Declaration of Independence to re-confirm their status of independence at the beginning of every financial year.

Appointment of New Directors

The Nominating Committee is entrusted with the role of identifying, assessing and nominating candidates to fill Board vacancies as and when they arise and for succession planning. The final decision on the appointment of new Directors rests with the full Board after taking into consideration the recommendations of the Nominating Committee. The Nominating Committee shall, if it deems fit, consider the views of the Company's major shareholders on the nomination of candidates and has the sole discretion to determine the appropriate manner and scope of consultation with the major shareholders.

The Nominating Committee's recommendation are based on a review of the range of expertise, skills and attributes of the current Board members and the needs of the Board taking into account the Group's future business direction, the tenure of service, contribution and commitment of each Board member while supporting healthy Board rejuvenation.

In the assessment and selection of new Directors, attributes such as character, integrity, competence and experience are highly regarded by the Board and the Nominating Committee. For the position of Executive Director, further consideration will be given to the candidate's skills, knowledge and expertise while an INED will be evaluated based on the definition of 'independent director' as stipulated in the MMLR and the candidate's ability to discharge such responsibilities as are expected of an Independent Director. The Nominating Committee, in making its recommendations to the Board, will also assess the Board structure, as a whole, to ensure that the necessary skill sets are relevant to the Group's strategic direction.

In the year under review, the Nominating Committee recommended the appointment of Mr Jeffrey Chew Sun Teong as an Executive Director of Paramount after having reviewed Mr Chew's contributions to the Group since his appointment as the Group CEO on 1 July 2014.

Re-election of Directors

The Company's Articles of Association provide that at each AGM of the Company, one-third of the Directors for the time being of the Company or if their number is not three or multiples of three, then the number nearest to but not less than the one-third are required to retire from office, and are eligible for re-election. Retiring directors are selected on the basis of those who have been longest in office since their last re-election.

New Directors appointed in the year are subject to retirement and re-election by shareholders at the next AGM, after their appointment. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election. Pursuant to Section 129(6) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.

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The Nominating Committee is tasked with the function of evaluating the eligibility of Directors who are standing for re-election and re-appointment at the Company's AGM's. The evaluation is conducted based on a set of criteria which include the Director's self and peer assessment results, attendance at Board and Board Committee meetings, participation in training programmes and their interaction with management via corporate and social events.

The Nominating Committee had, in January 2016, conducted its evaluation of Dato' Md Taib bin Abdul Hamid, Mr Ong Keng Siew, Mr Quah Chek Tin and Mr Jeffrey Chew Sun Teong who are standing for re-appointment and re-election at the forthcoming 46th AGM of the Company, with the interested directors abstaining from the deliberation of their own evaluation. The committee was satisfied with the results of the evaluation. Hence, all four Directors have been recommended for re-appointment and re-election at the said AGM.

BOARD COMMITTEES

The four Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference (**TOR**). Although specific powers are delegated to the Board Committees, the Board continues to keep itself abreast of the actions and decisions taken by each Board Committee through reports by the Chairman of each of the Board Committees at Board meetings.

The composition, functions and activities of these Board Committees in the year under review are described below.

Audit Committee

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and the development of sound internal controls for the Group. The Audit Committee comprises exclusively INED's, and the record of their attendance at meetings held in 2015 was as follows:

Name of Member	Attendance	Percentage of Attendance
Quah Chek Tin (Chairman)	4 out of 4	100%
Dato' Md Taib bin Abdul Hamid	4 out of 4	100%
Ong Keng Siew	4 out of 4	100%

A detailed report, highlighting the activities of the Audit Committee and its TOR, is presented on pages 60 to 63 of this annual report.

Nominating Committee

The primary function of the Nominating Committee is to consider and recommend to the Board new nominees for the Board, the appointment and re-election of Directors at the Company's AGM, and determining the independence of Directors. On a yearly basis, the committee also conducts an assessment of the effectiveness of the individual Directors, the Board as a whole, the Board Committees and the Group CEO on an on-going basis, and carries out such other functions, as the Board may from time to time direct.

The Nominating Committee comprises exclusively INED's, and the Chairman of the committee is also the Senior INED. The record of their attendance at meetings held in 2015 was as follows:

Name of Member	Attendance	Percentage of Attendance
Datuk Seri Michael Yam Kong Choy (Chairman)	2 out of 2	100%
Dato' Md Taib bin Abdul Hamid	2 out of 2	100%
Quah Chek Tin	2 out of 2	100%

STATEMENT ON CORPORATE GOVERNANCE

During the year under review, the committee carried out the following activities in accordance with its TOR:

- Reviewed the outcomes of the self and peer assessment of individual Directors, the assessment of the Board and the four Board Committees and the assessment of the contribution of the Group CEO, and recommended remedial actions for the Board's consideration;
- Reviewed the attendance of the Directors at Board and Board Committee meetings;
- Reviewed the training programmes that were attended by the Directors during the year and discussed training programmes for the Directors for the ensuing year;
- Reviewed the nomination of Dato' Teo Chiang Quan as Chairman of the Board;
- Reviewed the nomination of Mr Jeffrey Chew Sun Teong as an Executive Director of the Company;
- Reviewed the eligibility of the Directors who stood for re-election and re-appointment at the 45th AGM of the Company;
- Reviewed the Declaration of Independence signed by all INED's;
- Developed the Group's succession plan for senior management; and
- Considered the development of a succession plan for the Board.

The TOR of the Nominating Committee are set out in the Board Charter that is available on the Company's website.

Remuneration Committee

The primary function of the Remuneration Committee is to review, assess and recommend to the Board the remuneration packages of Executive Directors including the Group CEO and senior management personnel to ensure that they are fairly rewarded for their contribution to the Group's overall performance and that the levels of remuneration be commensurate with the levels of executive responsibilities and are sufficient for the retention of these key personnel. The committee also recommends to the Board the policy and framework for determining Directors' remuneration. Fees payable to the Directors shall not be increased except with the approval of shareholders at the Company's AGM.

On 11 March 2015, the Remuneration Committee formally assumed the role as the committee to implement and administer the LTIP, and to exercise such powers and to perform such acts as the committee deems fit and necessary in accordance with the LTIP By-Laws to ensure that the LTIP is implemented expediently and effectively in the best interests of the Group.

The committee comprises a majority of INED's, and the record of their attendance at meetings held in 2015 was as follows:

Name of Member	Attendance	Percentage of Attendance
Dato' Md Taib bin Abdul Hamid (Chairman) (1)	2 out of 2	100%
Quah Chek Tin	2 out of 2	100%
Dato' Teo Chiang Quan	2 out of 2	100%

(1) Appointed as Chairman of the committee in place of Quah Chek Tin on 8 June 2015

During the year under review, the committee carried out the following activities in accordance with its TOR:

- Reviewed the bonus payments and salary increments to the Group's senior management team;
- Reviewed the bonus payments and salary increments to Executive Directors including the Group CEO;
- Reviewed Directors fees and Board Committee fees;
- Accepted the role as the committee to implement and administer the LTIP, and proposed an amendment to the TOR of the Remuneration Committee to accommodate this role;
- Established a set of guidelines and approved the framework for the granting and vesting of new ordinary shares of RM0.50 each in the Company pursuant to the LTIP (**LTIP Shares**); and
- Recommended to the Board for its approval the First Award of up to 5,444,300 LTIP Shares to 40 selected employees of the Group.

The TOR of the Remuneration Committee are set out in the Board Charter that is available on the Company's website.

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Board Risk Management Committee

The primary function of the Board Risk Management Committee is to assist the Board in fulfilling its responsibilities to ensure that adequate measures are put in place to address and manage the principal risks of the Group. The committee meets at least twice a year to monitor the Group's principal risks exposure and guides management on its risk appetite; recommends or advises on significant proposed changes to risk management policies and strategies; reviews together with management the significant risks and exposures that exist and assesses the steps that have been taken by management to mitigate such risks; and reviews reports on risk management and recommends actions, where necessary.

The Board Risk Management Committee comprises exclusively INED's and the record of their attendance at meetings held in 2015 was as follows:

Name of Member	Attendance	Percentage of Attendance
Dato' Rohana Tan Sri Mahmood (Chairman)	2 out of 2	100%
Dato' Md Taib bin Abdul Hamid	2 out of 2	100%
Datuk Seri Michael Yam Kong Choy	1 out of 2	50%
Quah Chek Tin	1 out of 2	50%

During the year under review, the committee carried out the following activities in accordance with its TOR:

- Upgraded the Group's Risk Management framework to ISO 31000:2009 Enterprise Risk Management methodology to be in line with the best practices of the industry;
- Reviewed and monitored the implementation and progress of the upgrade;
- Reviewed and recommended to the Board for their approval the Risk Appetite Statement and Risk Parameters drawn up by management; and
- Reviewed the Top Corporate Risks and monitored the effectiveness of the risk action plans identified by management.

The TOR of the Board Risk Management Committee are set out in the Board Charter that is available on the Company's website.

DIRECTORS' REMUNERATION

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 Remuneration 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. Bonuses are not contractual and are paid on the basis of the individual's contribution during the preceding year.

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Directors' fees are paid based on current market surveys. The total Directors' fees for FY2015 amounting to RM597,547.95 is subject to approval being obtained from the Company's shareholders at the 46th AGM. The details of the total remuneration of each Director, on a Group basis, for FY2015 are as follows:

	Basic Salary (RM'000)	Bonus (RM'000)	Directors' fees [1] (RM'000)	Benefits in-kind (RM'000)
Executive Directors				
Dato' Teo Chiang Quan	1,260	1,050	79	92
Jeffrey Chew Sun Teong	1,275	510	34	25
Non-Executive Directors				
Dato' Haji Azlan bin Hashim	–	–	68	–
Dato' Md Taib bin Abdul Hamid	–	–	106	–
Dato' Rohana Tan Sri Mahmood	–	–	80	–
Datuk Seri Michael Yam Kong Choy	–	–	78	–
Ong Keng Siew	–	–	72	–
Quah Chek Tin	–	–	100	–
Total	2,535	1,560	617	117

[1] Inclusive of Board Committee fees

Based on the above, the number of Directors whose remuneration for FY2015 fall within the respective bands are as follows:

	Number of Directors
Range of Remuneration	
Executive Directors	
RM1,500,000 to RM2,000,000	1
RM2,000,001 to RM2,500,000	1
Non-Executive Directors	
RM50,000 to RM100,000	5
RM100,001 to RM150,000	1

STATEMENT ON CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

The Board views risk management as an area of significant importance due to the volatility of the global and local economies. Hence, in the year under review, the Group embarked on a comprehensive upgrade of its risk management framework by adopting the ISO 31000:2009 Enterprise Risk Management methodology. This upgrade involves the formulation of a set of Risk Parameters and a Risk Appetite Statement that sets out Paramount's approach in mitigating the various risks that are inherent in the Group's businesses, such as the following:

- **Strategic Risks**, which include market volatility, project investment risk, product development risk, business sustainability risk, human capital risk and all such risks that could affect the Group's long-term competitiveness and performance.

- **Operational Risks**, being risks that are encountered in the Group's day-to-day business operations, such as the risk of shortage of construction materials and site workers, the risk of delay in the receipt of approvals from the authorities for project launches and all such risks that could affect the timely implementation of the Group's strategic plans and the achievement of strategic goals.

- **Financial Risks**, which include liquidity risk, interest rate risk, financial strength and capital management.

- **Compliance Risks**, which involve compliance with the relevant legislations, regulations, industry code, standards as well as internal policies and corporate governance principles.

- **Reputational Risks**, which involve the media and messages that are being circulated in the public domain by customers, employees and other stakeholders that could affect the Group's reputation and ultimately the marketability of the Group's products and services.

The Board, through the Board Risk Management Committee, continues to monitor the Group's risk exposure and is regularly updated on the implementation progress of the risk action plans to mitigate those risks. The reporting process involves the monthly monitoring of the risk status by the risk owners in the SBU's, who submit their findings to the Executive Risk Management Committee for its review on a quarterly basis, which in turn, submits its report to the Board Risk Management Committee.

The Statement on Risk Management and Internal Control (**SRMIC**), which has been reviewed by the external auditors, and presented on pages 64 to 66 of this annual report, provides a detailed report on the Group's level of risk management and internal controls for the year under review.

Internal Audit Function

The Internal Audit (**IA**) Department continues to undertake regular and systematic reviews of the Group's internal controls to provide the Audit Committee and the Board with sufficient assurance that the system of internal controls is effective in addressing the risks identified. The scope, activities and cost of the Company's internal audit function are reported in the Report of the Audit Committee and the SRMIC on pages 60 to 66 of this annual report.

Financial reporting

The Board is mindful of its responsibility to present a fair, balanced and understandable assessment of Paramount's financial position and prospects, in all reports, both to investors and the regulatory bodies. This assessment is primarily provided in the Chairman's Letter to Shareholders on pages 21 to 25 and the Group CEO's Review of Operations on pages 28 to 39 of this annual report. An explanation of the respective responsibilities of the Directors and the external auditors in the preparation of the accounts is set out in the Statement of Directors' Responsibility on page 71 of this annual report.

STATEMENT ON
CORPORATE GOVERNANCE

Related Party Transactions

All related party transactions (**RPT**) are reviewed by the IA Department to ensure that the terms are fair and at arms' length, and that all necessary steps are being taken to comply with the requirements of MMLR with regard to RPT's. All verified RPT's are submitted to the Audit Committee for its review on a quarterly basis.

The details of all RPT's that were entered into by the Group in FY2015 are disclosed in Note 38(a) to the Financial Statements on pages 150 and 151 of this annual report.

Relationship with External Auditors

The Company has always maintained a transparent and appropriate relationship with its external auditors in seeking professional advice and ensuring compliance with the applicable accounting standards in Malaysia. The Audit Committee meets with the external auditors four times a year to discuss their audit plans, audit findings and the Company's financial statements. Another two meetings are held in a year without the presence of executive Board members and management. In addition, the external auditors are invited to attend the AGM of the Company, and are available to answer shareholders' questions on the conduct of the statutory audit and the contents of their audit reports.

The Audit Committee conducts a yearly assessment of the suitability and independence of the external auditors, and reviews the terms of engagement of the auditors prior to the submission of any recommendations on the re-appointment of the external auditors to the Board for its consideration. A set of criteria has been drawn up for the assessment of the external auditors, which includes input from the Chief Financial Officer on his evaluation of the human resource capability and timeliness of the external auditors in conducting the audit of the Group. A confirmation is also required from the external auditors on their independence and their assurance that no incidence of conflict of interest will arise from their provision of any non-audit services to the Group.

For FY2015, the external auditors had provided the following audit and non-audit services at the respective fees to the Group:

Fees paid/payable to Messrs Ernst & Young	**Group RM'000**
Audit	385
Audit-related	
o Accounting and review work rendered for the Company's LTIP	25
o Review of the Statement on Risk Management and Internal Control	5
o Review of the Group's compliance with the Housing Development (Control and Licensing) Act, 1966	15
Non-Audit	
o Review work rendered in connection with the Group's application to the Malaysian Investment Development Authority for tax allowance	22
o Tax computation services	262
Total	714

The report on the role of the Audit Committee in relation to the external auditors can be found in the Report of the Audit Committee on pages 60 to 63 of this annual report.

STATEMENT ON CORPORATE GOVERNANCE

Code of Business Conduct and Ethics

To ensure that good corporate governance practices are integrated into the Group's business operations, the Code of Business Conduct and Ethics that was adopted in 2013, sets out the basic standards of ethics and legal behaviour that are required of all employees and directors of the Group. The areas of emphasis include conflicts of interest, fair dealing, insider trading, confidentiality, protection and proper use of company assets, compliance with laws, rules and regulations, truthful public disclosure and employee behaviour and professionalism. The code is available on the Company's corporate website.

Insider Trading

In efforts to prevent insider trading in the Company's shares and to maintain the confidentiality of price sensitive information, the Board has adopted an Insider Dealing Policy, providing better clarity to the definition of 'insider trading' and setting the steps that must be taken by all Directors and employees to ensure that full disclosure is made pre and post the act of trading during a closed period. The Board is not aware of any incidence of 'insider trading' during the year under review.

Whistleblowing Policy

In promoting a culture of high integrity and greater transparency, the Whistleblowing Policy adopted in 2013 provides employees of the Group and stakeholders an avenue to raise concerns regarding suspected fraud, wrongdoings and malpractices without being subject to victimization, harassment or discriminatory treatment.

The following can be considered as 'reportable activities' under the Whistleblowing Policy:

- Suspected or actual incidents of fraud or corruption
- Suspected or actual breach of the Company's policies, practices, procedures or other rules of conduct
- Suspected or actual misleading or deceptive conduct of any kind, including conduct or representations which amount to improper or misleading accounting or financial reporting practices
- Situations within the Company's control which pose danger to the health or safety of any person or significant danger to the environment
- Auditing matters, including non-disclosure or any subversion of the internal or external audit process
- Breach of confidential obligations

The policy also sets out the mechanism and framework by which employees and any member of the public can confidently and anonymously, voice concerns to the Chairman of the Audit Committee or the Head of the IA department at whistleblower@pcb.my.

The Head of the IA Department, upon the receipt of complaints, will investigate and keep record of all evidences gathered from the investigation, and recommend to the Audit Committee the course of action in a fair manner. The Audit Committee then recommends the appropriate disciplinary action to the Board for decision. If the Board is satisfied that there is substantial evidence to confirm that the disclosed conduct has occurred, it will instruct the Human Resource Department to proceed with the procedures for disciplinary action whilst ensuring that the principles of natural justice are followed. All details pertaining to the whistle-blower will be kept strictly confidential throughout the investigative proceedings. There were no concerns reported in FY2015 or during the period from 1 January 2016 to the date of publication of this statement. The Whistleblowing Policy is available on the Company's website.

STATEMENT ON CORPORATE GOVERNANCE

RELATIONS WITH SHAREHOLDERS, INVESTORS AND OTHER STAKEHOLDERS

Dissemination of Information

The Company is committed to on-going communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports to Bursa Malaysia, the AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the MMLR.

Twice a year, the Company holds scheduled company briefings, coinciding with the half year and full year quarterly release to Bursa Malaysia, to analysts and fund managers. Together with the quarterly reporting to Bursa Malaysia, the Company also attaches a slide presentation on the quarterly and year to date performance for posting on Bursa Malaysia's website. In addition a media briefing is held upon conclusion of the Company's AGM for the benefit of potential investors as well as those shareholders who are unable to attend the meeting. The Company also obliges the requests of analysts, fund managers and the media for company visits, briefings and interviews outside the scheduled briefing and interview dates.

The presentation slides and press releases provided to analysts and the media at these briefings are available on the Company's website. The Company's website at www.pcb.my is constantly updated with information pertaining to the Group's business activities and corporate affairs for dissemination to all stakeholders in a timely manner.

Engagement with Shareholders

The Company's AGM, in addition to dealing with the formal business of the Company, represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. An overview of the Group's performance for the financial year ended 31 December 2014 was presented to shareholders at the 45th AGM held on 3 June 2015. Shareholders were invited to raise whatever queries they had with regard to the Company's performance. In this respect, the Board is pleased to report that all questions raised by shareholders at the 45th AGM were adequately attended to by the Board and that all resolutions proposed were duly approved by the shareholders who were present at the meeting. A summary of the proceedings of the 45th AGM is available on the Company's website.

Shareholders' Rights

The Board encourages poll voting, particularly on substantive resolutions, as a good corporate governance practice. Hence, at the commencement of all general meetings, the Chairman informs shareholders of their right to demand for a poll.

Dividend Payment

The Board, being mindful of its responsibility to ensure that the interest of shareholders is protected, will use its best endeavours to ensure consistency in the payment of annual dividends although the actual amount and timing of the dividend payments will depend on the financial performance, cash flow position and contingent obligations of the Group.

STATEMENT ON CORPORATE GOVERNANCE

Corporate Sustainability

The Board acknowledges that to achieve long-term sustainability, the Group must ensure that the interest of all stakeholders, other than shareholders, such as employees, customers, creditors, suppliers, contractors, consultants and the communities in which the Group serves are safeguarded. The Group's approach and commitment towards the protection of the welfare of these stakeholders is reported in the Statement on Corporate Social Responsibility appearing on pages 40 to 43 of this annual report.

Further, to ensure that essential elements of corporate sustainability are embedded in the Group's operating functions and processes, the Board will be adopting a Sustainability Policy to address the following sustainability issues:

- **Social sustainability**, whereby priority must be given to the maintenance of a safe and healthy workplace for all employees, customers and contractors; retention of a high performing workforce through the continuous provision of training for the development of the professional and personal skills of employees; prevention of sexual harassment at the workplace; and involvement in and promotion of community service activities.

- **Environmental sustainability**, whereby the Group must strive to reduce the consumption of non-renewal and non-recyclable materials; encourage the use of renewable resources; minimise the level of pollutants at the operations site; and comply with environmental legislative and regulatory requirements.

- **Governance sustainability**, through regular reviewing, monitoring and updating of the Group's strategic plans, policies and procedures to be in line with evolving governance landscape and business environment; and to plan for long-term financial and human resource capacity.

COMPLIANCE STATEMENT

Save for the following, as of the date of publication of this statement, the Company has adopted all the principles and recommendations of the MCCG:

- Limiting the tenure of INED's to nine years or re-designating INED's who have served for more than nine years as Non-Independent Directors

- Disclosing in the annual report the Company's targets for gender diversity in the Board and measures taken to meet those targets

- Serving earlier than the minimum required notice period for all AGM's

- Adopting electronic poll voting and announcing the number of votes cast for and against each resolution

The Board will, moving forward, continue to take steps to align the Company's corporate governance framework as far as practicable to meet the aforesaid principles and recommendations of the MCCG.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Paramount Corporation Berhad (**Paramount** or **the Company**) is pleased to issue the following report of the Audit Committee and its activities for the year ended 31 December 2015.

MEMBERS AND MEETINGS

The Audit Committee comprises three Independent Non-Executive Directors.

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

DIRECTORS	STATUS	ATTENDANCE
Quah Chek Tin (Chairman)	Independent Non-Executive Director	4 out of 4 meetings
Dato' Md. Taib bin Abdul Hamid	Independent Non-Executive Director	4 out of 4 meetings
Ong Keng Siew	Independent Non-Executive Director	4 out of 4 meetings

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are as follows:

1.0 Introduction

The Audit Committee (**Committee**)'s primary objective is to assist the Board of Directors (**the Board**) in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

2.0 Composition

2.1 The Committee shall be appointed by the Directors amongst their numbers, who fulfills the following requirements:

- comprised no fewer than three (3) members
- all members must be Non-Executive Directors
- at least one member of the Committee must be a member of the Malaysian Institute of Accountants

2.2 The Chairman of the Committee shall be an Independent Director.

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

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

3.0 Frequency of 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 and internal auditors without the presence of executive Board members at least twice a year.

Other Directors and employees may attend any particular Audit Committee meeting only at the Committee's invitation specific to the relevant meeting.

REPORT OF THE AUDIT COMMITTEE

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

The Chairman of the Committee should engage on a continuous basis with senior management such as the Chief Executive Officer, the Chief Financial Officer, the external auditors and the Head of Internal Audit in order to keep abreast of matters affecting the Company and its subsidiaries (**Group**).

4.0 Secretary

The Company Secretary shall be the secretary of the Committee.

5.0 Authority

The Committee is hereby authorised by the Board to:

a) investigate any matters within its Terms of Reference;

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

c) have full and unrestricted access to any information pertaining to the Company and the Group;

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

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

6.0 Reporting of breaches to Bursa Malaysia

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 the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**Bursa Malaysia**), the Committee shall promptly report such matter to Bursa Malaysia.

7.0 Duties of the Committee

The duties of the Committee shall be as follows:

i) To consider the suitability, independence and appointment of the external auditors, the audit fee and any question of resignation or dismissal;

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

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

   a) any changes in accounting policies and practices;

   b) significant adjustments arising from the audit;

   c) the going concern assumption; and

   d) compliance with accounting standards and other legal requirements.

REPORT OF THE AUDIT COMMITTEE

iv) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary);

v) To review with the external auditors their audit reports and management letter, if any;

vi) To discuss with the external auditors contracts for the provision of non-audit services, if any;

vii) 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;

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

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

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

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

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

8.0 Review of the Audit 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.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR 2015

During the year, the Committee met to discuss and review matters for subsequent recommendations to the Board. They include the following:

a) Financial Statements

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

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

iii) Reviewed the external auditors' report to the Committee in respect of the Group;

iv) Met with the external auditors twice during the year without the presence of executive Board members and management, to discuss 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) Reviewed the suitability and independence of the external auditors and considered the re-appointment of the external auditors, Messrs Ernst & Young as the Company's auditors and proposed the re-appointment to the Board accordingly.

REPORT OF THE AUDIT COMMITTEE

b) Internal Controls

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

ii) Reviewed results of the internal audit process and deliberated on highlighted issues of concern as well as recommended appropriate remedial actions to management, where necessary;

iii) Reviewed the revised internal audit charter and proposed to the Board for its approval;

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

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

vi) Reviewed the report on the verification of allocation of shares conducted by the internal audit function in relation to the Long Term Incentive Plan (**LTIP**) of the Company to ensure compliance with the criteria set out in the By-Laws of the LTIP;

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

viii) Met with the internal auditor twice during the year without the presence of executive Board members and management, to discuss issues, if any, arising out of the internal audits, or any other matter the internal auditor may wish to discuss.

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 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 on the extent of the Group's compliance with established policies, procedure as well as regulatory requirements.

The mission, independence, objectivity, authority and responsibility of the internal audit function as identified by the Committee in the form of the audit charter and furnishing the Committee with audit reports which include independent analysis, 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, the Committee and management.

b) Activities

For the year 2015, the Internal Audit Department carried out audit assignments in accordance with the approved audit plan, and audit reports were presented to the 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 the year was RM797,668.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad (**Bursa Malaysia**) and in accordance with the Principles as stipulated in the Malaysian Code of Corporate Governance 2012 (**Code**). The statement is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers for the financial period under review.

BOARD'S RESPONSIBILITY

The Board of Directors (**Board**) acknowledges its overall responsibility of maintaining an adequate and sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets.

The Board continually reviews the adequacy and integrity of the Group's risk management and internal control system, which has been embedded in all aspects of the Group's activities, and its alignment with business objectives. In view of the limitations inherent in any system of risk management and internal control, the Board recognises that such system can only provide reasonable, but not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating, monitoring and managing the significant risks faced by the Group in the achievement of its business objectives. This process has been in place for the year under review up to the date of approval of this Statement. The Board also evaluates the risks relating to new businesses and major investments during the year.

The Statement on Risk Management and Internal Control does not cover associate company which the Group does not have any direct control over its operations. However, Board representation in associate company does provide vital information necessary for decisions on the investment and safeguarding of the Group's interest.

RISK MANAGEMENT

The Board regards risk management as an important process and that it plays an integral part of the Group's strategic planning and business operations. The salient features of the risk management are as follows:

Enterprise-Wide Risk Management Programme (EWRM)

The Board affirms the establishment of an EWRM to provide a standardised approach in identifying, assessing, evaluating, managing, monitoring and reporting the key risks of the Group and keeps abreast of its development. The programme is benchmarked against the Code and ISO 31000 Risk Management – Principles and Guidelines.

Roles and Responsibilities

The Group has a well-defined structure with clearly delineated lines of accountability, authority and responsibility to the Board, its committees and strategic business units (**SBU's**).

- **Board Risk Management Committee (BRMC)**

  The BRMC is established by the Board, and governed by clearly defined terms of reference and authority for areas within their scope. The committee is made up of four (4) independent non-executive directors. The BRMC assists the Board to fulfill its risk management and statutory responsibilities to manage the key risk exposure of the Group. Further details on the BRMC are set out in the Statement of Corporate Governance.

- **Executive Risk Management Committee (ERMC)**

  The Board via the BRMC has assigned the Group's risk oversight function to the ERMC, which is chaired by the Group Chief Executive Officer (**GCEO**). The ERMC comprises members of the Group's senior management and is primarily responsible for driving EWRM, ensuring SBU's commit sufficient resources, implement the Group's risk management activities systematically, monitor risks and implement action plans across the Group on a timely basis. The ERMC reports to the BRMC on a half yearly basis where key risks faced by the Group and mitigating actions are presented to the BRMC for deliberations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Corporate Risk Management Department (CRM)**

  The BRMC and the ERMC are assisted by the CRM in discharging their risk management responsibilities. Amongst others, the CRM is responsible for assisting in the development and continual enhancement of the risk management framework, policies, processes and procedures; monitoring SBU's compliance with the Group's policies and procedures; and facilitating the quarterly risks review.

- **SBU's**

  SBU's are tasked with reporting major risks on a quarterly basis to the ERMC. The respective SBU's being risk owners are responsible for the effective management of risks including conduct reviews and updates of risk profiles, identification of emerging risks, development and implementation of risk action strategies/controls, where relevant, for restoration and recovery in the event of hazards and damaging incidents. Any event, which may materially impact the Group's corporate objectives and financial position, will be escalated by the SBU's to the ERMC and BRMC for their deliberations.

Key Risk Management Initiatives

- **Risk awareness and training**

  Risk awareness and training sessions for management were conducted as part of the Group's efforts to instill a proactive risk management culture and implement a robust risk management mechanism throughout the Group. This is to enable the Group to respond effectively to changing business and competition, which are critical to the Group's sustainability and the enhancement of shareholders' value.

- **Risk Appetite Statement**

  A Risk Appetite Statement based on measurable parameters that may impact the achievement of corporate objectives is also established. This is to ensure a consistent understanding of risk exposures which are acceptable or unacceptable to the Group.

  Management is responsible to continually review, communicate and reinforce risk appetite and monitor business activity for consistency with acceptable risk appetite.

INTERNAL CONTROL

The Board through the Audit Committee reviews and monitors the adequacy and integrity of internal control. The internal control system covers policies, procedures, day-to-day activities and the governance of the Group.

The internal control processes are reviewed and revised from time to time to ensure that they are relevant and effective in responding to changing business and operational needs, whenever practical.

The salient features of the internal control system are as follows:

- The Group has clearly defined areas of responsibilities for all committees of the Board and clear lines of authority and accountability for various levels of management.

- Business plans which include a 5-year strategic plan, annual business plan and budget are prepared by the SBU's. The plans are presented and approved by the Board.

- Various reports on key financial data, key performance indicators, and status updates on business plans, are submitted on a quarterly basis. The reporting mechanism is to enable matters that require the Board's and management's attention are highlighted for review, deliberations and timely decision making. All members of the Board are provided with unrestricted flow of information for their high-level performance review.

- The Board has adopted a Code of Business Conduct and Ethics with the objective of upholding the highest standards of honesty, integrity, ethical, and legal behavior in the conduct of all business operations of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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.

- Well-established and documented policies and procedures, which are aligned with the Group's business objectives and goals, are continuously reviewed and updated.

- An effective management tender committee ensures that a proper procurement process for material purchases of goods and services is in place.

- A whistleblowing policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable staff and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate manner.

- Succession planning is designed to ensure that the Group identifies and develops a talent pool of staff through mentoring and training for high-level management positions. This is to ensure the Group's continuity in leadership for key positions.

- Professionalism and competence of staff are maintained through a rigorous recruitment process, an annual performance appraisal and review system and a wide variety of training and development programmes.

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

Group Internal Audit

The Audit Committee endorsed and approved the scope of work for the internal audit function through a review of its 5-year 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.

The internal audit function submits regular audit reports to the Audit Committee, management and external auditors for review, and conducts follow-up action with management on audit recommendations and matters highlighted by the committee.

The SBUs accredited with ISO certification are audited as scheduled by auditors of the relevant certification bodies. Audit results are reported to management for improvement purposes.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for the financial year ended 31 December 2015.

Based on their review, they have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board has received assurance from both the GCEO and Chief Financial Officer that the risk management and internal control system is operating adequately and effectively in all material aspects, for the financial year ended 31 December 2015 and up to the date of this Statement.

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of risk management, and the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

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

ANALYSIS OF SHAREHOLDINGS
As at 31 March 2016

SHARE CAPITAL

Authorised capital	:	RM500,000,000 divided into 1,000,000,000 ordinary shares of RM0.50 each
Issued and fully paid-up	:	RM211,466,710 divided into 422,933,420 ordinary shares RM0.50 each
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	%	No. of Shares Held	%
1 – 99	112	2.21	3,863	0.00
100 – 1,000	317	6.24	202,156	0.05
1,001 – 10,000	2,720	53.55	13,210,126	3.12
10,001 – 100,000	1,620	31.90	46,224,596	10.93
100,001 – 21,146,670*	307	6.04	215,876,179	51.04
21,146,671 and above**	3	0.06	147,416,500	34.86
Total	5,079	100.00	422,933,420	100.00

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

THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholder	No. of Shares Held	%
1. CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Paramount Equities Sdn Bhd (CBM-Team 2)	56,000,000	13.24
2. Paramount Equities Sdn Bhd	54,180,000	12.81
3. Southern Palm Industries Sdn Bhd	37,236,500	8.80
4. Southern Acids (M) Berhad	19,316,500	4.57
5. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG Singapore (PWM Asing)	13,400,000	3.17
6. Bunga Indah (M) Sdn Bhd	11,583,000	2.74
7. Southern Realty (Malaya) Sdn Bhd	10,496,500	2.48
8. Citigroup Nominees (Tempatan) Sdn Bhd Exempt an for AIA Bhd.	7,684,725	1.82
9. Eliyezer Resources Sdn Bhd	6,244,000	1.48
10. Amanahraya Trustees Berhad Public Optimal Growth Fund	5,500,000	1.30
11. Teo Chiang Quan	5,337,500	1.26
12. Amanahraya Trustees Berhad Public Smallcap Fund	4,396,100	1.04
13. Ong Keng Siew	3,987,700	0.94
14. Amanahraya Trustees Berhad PB Growth Fund	3,852,800	0.91
15. Kenanga Nominees (Asing) Sdn Bhd RHB Securities Singapore Pte. Ltd. For Teo Pek Swan (6Q-31037)	3,565,000	0.84

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2016

THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholder	No. of Shares Held	%
16. Yayasan Kelantan Darulnaim	2,683,000	0.63
17. Cheong Hon Keong	2,516,500	0.60
18. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for AMB Ethical Trust Fund (4256)	2,380,000	0.56
19. Neoh Choo Ee & Company, Sdn. Berhad	2,197,800	0.52
20. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Industry Growth Fund (N14011930270)	2,155,700	0.51
21. Bernard Chang Tze Wah	2,120,000	0.50
22. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Oh Kim Sun (PBCL-0G0019)	2,117,700	0.50
23. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (KIB)	1,897,200	0.45
24. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Penny Stockfund	1,796,000	0.42
25. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Manulife Investment - HW Flexi Fund (270519)	1,756,200	0.42
26. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Teh Wao Kheng (PB)	1,712,000	0.40
27. Amanahraya Trustees Berhad Public Strategic Smallcap Fund	1,665,900	0.39
28. Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	1,660,525	0.39
29. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (KNGA Sml Cap Fd)	1,623,600	0.38
30. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Hong Leong Growth Fund	1,520,900	0.36

SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held		
Name of Shareholder	Direct	Indirect	%
Paramount Equities Sdn Bhd	110,180,000	-	26.05
Dato' Teo Chiang Quan	5,610,500	111,033,500[1]	27.58
Southern Palm Industries Sdn Bhd	37,236,500	19,316,500[2]	13.37
Southern Edible Oil Industries (M) Sdn Bhd	1,165,500	56,553,000[3]	13.65
Southern Realty (Malaya) Sdn Bhd	10,496,500	57,718,500[4]	16.13
Banting Hock Hin Estate Co Sdn Bhd	644,000	68,215,000[5]	16.28

Notes:

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

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

(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.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2016

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Director	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
Dato' Teo Chiang Quan	5,610,500	1.33	111,033,500	26.25
Ong Keng Siew	3,987,700	0.94	-	-
Jeffrey Chew Sun Teong	323,300	0.08	-	-
Dato' Md Taib bin Abdul Hamid	-	-	175,000	0.04
Datuk Seri Michael Yam Kong Choy	132,500	0.03	-	-

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

EMPLOYEES SHARE SCHEME

2015 Long Term Incentive Plan (LTIP) Award

Executive Director	Type of LTIP Shares	Awarded	Vested	Outstanding
Jeffrey Chew Sun Teong	Restricted Shares (**RS**)	444,800	148,300	296,500
	Performance-based Shares (**PS**)	Up to 996,400	-	Up to 996,400

2016 LTIP Award

Executive Director	Type of LTIP Shares	Awarded	Vested	Outstanding
Jeffrey Chew Sun Teong	RS	501,700	-	501,700
	PS	Up to 1,260,400	-	Up to 1,260,400

LIST OF TOP 10 PROPERTIES

Held by the Group

	Location of Property	Date of Acquisition	Description & Existing Use	Age of Building	Tenure	Land Area (Sq.Ft.)	NBV (RM'000) As at 31.12.2015
1	Lots 17171-17176, 17182, 17184-17185 PT 56231-56327, 56556-56557 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	02.01.2015	Land approved for commercial and residential development - Greenwoods, Salak Perdana	-	Freehold	10,170,389	233,064
2	Lot PT 35291 Mukim of Damansara District of Petaling Selangor Darul Ehsan	31.01.2012	KDU University College campus	1 year	Freehold	435,626	212,160
3	Lots 75, 164, 203-206, 932-935, 1873-1875, 2518 & 2519 Mukim Kapar, District of Klang Selangor Darul Ehsan	02.12.2011 and 24.09.2012	Land approved for commercial and residential use (Held for development)	-	Freehold	1,447,766	169,530
4	Lot PT 510, Pekan Hicom District of Petaling Selangor Darul Ehsan	07.06.2012	Land approved for industrial and commercial development - Sekitar26	-	Freehold	754,895	98,996
5	Lot PT 35292 Mukim of Damansara District of Petaling Selangor Darul Ehsan	31.01.2012	Land approved for commercial development - Paramount Utropolis	-	Freehold	385,506	90,345
6	No 3, 5 & 7, Jalan Teknologi 2/1 Taman Sains Selangor Seksyen 2, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	28.04.2000	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 & Sri KDU International School)	5 - 14 years	99 years lease expiring 25.01.2104	520,579	88,008
7	Block 17 Cyberjaya Flagship Zone Mukim Dengkil Daerah Sepang Selangor Darul Ehsan	31.12.2012	Land approved for residential development - Sejati Residences	-	Freehold	1,386,226	75,687
8	Lot PT 5827 Mukim 13 Seberang Prai Selatan Penang	05.12.2014	Land approved for commercial and residential use (Held for development)	-	Freehold	884,717	72,758
9	Mukim of Sungai Petani District of Kuala Muda Kedah Darul Aman	23.06.2006	Land approved for commercial and residential development - Bukit Banyan	-	Freehold	14,755,223	69,070
10	Lot 94, Section 13 Town of Petaling Jaya District of Petaling Selangor Darul Ehsan	20.02.2008	Land approved for commercial and residential use (Held for development)	-	99 years lease expiring 04.06.2063	225,680	61,519

STATEMENT OF DIRECTORS' RESPONSIBILITY

In relation to the Financial Statements

This statement is prepared as required by the Main Market 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 Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company 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 the Company, and to prevent and detect fraud and other irregularities.

3

THE FINANCIALS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

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	74,181	58,990

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 2014 were as follows:

	RM'000
In respect of the financial year ended 31 December 2014 as reported in the directors' report of that year:	
Final single tier dividend of 5.0 sen on 422,265,000 ordinary shares, declared on 24 February 2015 and paid on 24 June 2015	**21,113**
In respect of the financial year ended 31 December 2015:	
Interim single tier dividend of 2.5 sen on 422,265,000 ordinary shares, declared on 26 August 2015 and paid on 25 September 2015	**10,557**
	31,670

At the forthcoming Annual General Meeting, a final single tier dividend of 5.75 sen, in respect of the financial year ended 31 December 2015 on 422,265,000 ordinary shares, amounting to a dividend payable of RM24,280,000 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 2016.

DIRECTORS' REPORT

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' Rohana Tan Sri Mahmood
- Datuk Seri Yam Kong Choy
- Quah Chek Tin
- Chew Sun Teong *(appointed on 8 June 2015)*
- Dato' Haji Azlan bin Hashim *(resigned on 22 December 2015)*

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 38 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 of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	At 1 January 2015/date of appointment	**Acquired**	**Sold**	**At 31 December 2015**
The Company				
Direct Interest				
Dato' Teo Chiang Quan	5,610,500	-	-	5,610,500
Ong Keng Siew	3,987,700	-	-	3,987,700
Datuk Seri Yam Kong Choy	132,500	-	-	132,500
Chew Sun Teong	175,000	-	-	175,000
Deemed Interest				
Dato' Teo Chiang Quan	111,033,500	-	-	111,033,500
Dato' Md Taib bin Abdul Hamid	175,000	-	-	175,000

DIRECTORS' REPORT

Directors' interests (cont'd.)

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.

A director of the Company by virtue of his participation in the long term incentive plan ("LTIP"), may be entitled to additional interest in the shares of the Company as disclosed under Employee Share Scheme.

The other directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

Issue of Private Debt Securities ("PDS")

During the financial year, the Company issued the remaining RM100,000,000 (2014: RM100,000,000) in nominal value of PDS pursuant to the PDS programme.

The PDS holders are conferred a right to receive distribution on a semi-annual basis from their issue date at the rates of 2.75% and 3.00% above the COF per annum, subject to a yearly step-up rate after the first call date.

The PDS have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 21 September 2020 and 21 September 2022, in the amount of RM50,000,000 each, together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

These PDS were issued for the Company's working capital purposes as well as to finance future capital expenditure, land bank for development and investment in education business.

Employee Share Scheme

On 17 September 2013, a long term incentive plan ("LTIP") was implemented, which includes the allotment and issuance of new ordinary shares of RM0.50 each in the Company to eligible employees and executive directors of the Group and the Company, provided that the total number of shares so allotted shall not at any time exceed ten percentage (10%) of the issued and paid-up share capital of the Company ("LTIP shares").

During the year, the Company made its first award of up to 5,444,300 LTIP shares, comprising the following:

(a) 2,200,100 LTIP shares under the restricted share incentive plan to be vested one-third annually over a period of three (3) years with the first vesting commencing 13 March 2016; and

(b) up to 3,244,200 LTIP shares under the performance-based share incentive plan to be vested on 13 March 2018.

The LTIP shares were awarded, without any cash consideration, to those who have attained the identified performance objective of the Group and the Company. It serves to attract, retain, motivate and reward valuable employees of the Group and the Company.

DIRECTORS' REPORT

Employee Share Scheme (cont'd.)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted LTIP shares to subscribe for less than 174,100 ordinary shares of RM0.50 each. The list of directors and employees shares to subscribe for 174,100 or more ordinary shares of RM0.50 each during the financial year is as follows:

Name	Up to Number of LTIP Shares
Chew Sun Teong	1,441,200
Datin Teh Geok Lian	495,800
Beh Chun Chong	325,500
Tay Lee Kong	316,500
Khong Yoon Loong	285,200*
Foong Poh Seng	233,200
Ooi Chooi Mei	217,600
Chong Beng Keok	210,600
Liew Yin Chew	208,000
Jeffrey Quah Chuan Tatt	174,100

* The LTIP shares were forfeited as the employee has resigned subsequent to the award date but prior to the vesting date.

The fair value per LTIP share of the restricted shares ("RS") granted at the grant date were estimated to be RM1.468, RM1.399 and RM1.334 respectively in the three (3) vesting periods. The fair value per LTIP share of the performance share ("PS") granted at the grant date was estimated to be RM1.089.

The fair value of the LTIP shares granted is estimated at the grant date using a Monte Carlo Simulation pricing model, taking into account the terms and conditions upon which the instruments were granted.

Further information on LTIP shares is disclosed in Note 34 to the financial statements.

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.

Subsequent events

There were no subsequent event occuring after the reporting date.

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 1 March 2016.

Dato' Teo Chiang Quan **Chew Sun Teong**

STATEMENT BY DIRECTORS

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

We, Dato' Teo Chiang Quan and Chew Sun Teong, 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 81 to 160 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 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 44 to the financial statements on page 161 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 1 March 2016.

Dato' Teo Chiang Quan

Chew Sun Teong

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 81 to 161 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 1 March 2016

Foong Poh Seng

Before me,

Commissioner for Oaths

NG SAY HUNG
No. B185
No. 69A, Jalan SS21/37
Damansara Utama (Up Town)
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 2015 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 information, as set out on pages 81 to 160.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance and cash flows of the Group and of the Company for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

To the Members of Paramount Corporate Berhad

Report on other legal and regulatory requirements

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

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

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

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

Other matters

The supplementary information set out in Note 44 on page 161 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

Ng Yee Yee
No. 3176/05/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia
1 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Revenue	4	**576,034**	510,043
Other income		**29,081**	41,934
Property development costs	13(b)	**(255,744)**	(211,081)
Construction contract costs		**(11,748)**	(56,369)
Employee benefits expense	5	**(122,254)**	(102,971)
Depreciation		**(19,262)**	(12,413)
Other expenses		**(88,795)**	(82,841)
Finance costs	7	**(5,660)**	(273)
Share of gain/(loss) of associates		**42**	(273)
Profit before tax	8	**101,694**	85,756
Income tax expense	9	**(27,513)**	(21,670)
Profit net of tax		**74,181**	64,086
Profit attributable to:			
Ordinary equity holders of the Company		**67,681**	62,474
Holders of Private Debt Securities ("PDS") of the Company		**6,500**	1,612
		74,181	64,086
Earnings per share ("EPS") attributable to ordinary equity holders of the Company (sen)			
- Basic	10(a)	**16.03**	16.17
- Diluted	10(b)	**15.82**	-

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	2015 RM'000	2014 RM'000
Profit net of tax	**74,181**	64,086
Foreign currency translation	**861**	(123)
Total comprehensive income	**75,042**	63,963
Total comprehensive income attributable to:		
Ordinary equity holders of the Company	**68,542**	62,351
Holders of PDS of the Company	**6,500**	1,612
	75,042	63,963

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	2015 RM'000	2014 RM'000
Non-current assets			
Property, plant and equipment	12	**435,089**	434,848
Land held for property development	13(a)	**837,395**	530,440
Investment properties	14	**154,040**	108,583
Intangible asset	16	**15,674**	15,674
Investments in associates	18	**10,153**	8,084
Other investments	19	**340**	340
Deferred tax assets	31	**27,228**	13,477
		1,479,919	1,111,446
Current assets			
Property development costs	13(b)	**125,709**	149,814
Inventories	20	**953**	399
Trade receivables	21	**91,976**	82,004
Other receivables	22	**14,542**	28,746
Other current assets	23	**52,083**	68,757
Tax recoverable		**4,579**	8,585
Other investments	19	**279**	270
Cash and bank balances	26	**149,644**	192,270
		439,765	530,845
Assets held for sale	15	**10,539**	9,900
		450,304	540,745
Total assets		**1,930,223**	1,652,191

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Note	2015 RM'000	2014 RM'000
Current liabilities			
Borrowings	27	**102,187**	112,821
Trade payables	28	**78,464**	109,821
Other payables	29	**104,814**	105,176
Tax payable		**7,593**	5,391
Other current liabilities	30	**84,426**	76,788
		377,484	409,997
Net current assets		**72,820**	130,748
Non-current liabilities			
Borrowings	27	**447,430**	272,270
Deferred tax liabilities	31	**14,686**	18,080
		462,116	290,350
Total liabilities		**839,600**	700,347
Equity			
Share capital	32	**211,132**	211,132
Reserves		**679,704**	640,925
Private debt securities	33	**199,787**	99,787
Total equity		**1,090,623**	951,844
Total equity and liabilities		**1,930,223**	1,652,191

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	<------------- Non-distributable			------------->	Distributable		
	Share capital RM'000	Share premium RM'000	Employee Share reserve# RM'000	Translation reserve RM'000	Retained earnings (Note 35) RM'000	Private debt securities RM'000	Total equity RM'000
At 1 January 2015	**211,132**	**91,149**	**-**	**(1,129)**	**550,905**	**99,787**	**951,844**
Total comprehensive income	**-**	**-**	**-**	**861**	**67,681**	**6,500**	**75,042**
Transactions with owners							
Issuance of private debt securities (Note 33)	**-**	**-**	**-**	**-**	**-**	**100,000**	**100,000**
Award of LTIP shares to employees (Note 34)	**-**	**-**	**1,907**	**-**	**-**	**-**	**1,907**
Private debt securities distribution	**-**	**-**	**-**	**-**	**-**	**(6,500)**	**(6,500)**
Dividends (Note 11)	**-**	**-**	**-**	**-**	**(31,670)**	**-**	**(31,670)**
Total transactions with owners	**-**	**-**	**1,907**	**-**	**(31,670)**	**93,500**	**63,737**
At 31 December 2015	**211,132**	**91,149**	**1,907**	**(268)**	**586,916**	**199,787**	**1,090,623**

	<------------- Non-distributable		------------->	Distributable		
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained earnings (Note 35) RM'000	Private debt securities RM'000	Total equity RM'000
At 1 January 2014	168,906	41,631	(1,006)	517,567	-	727,098
Total comprehensive income	-	-	(123)	62,474	1,612	63,963
Transactions with owners						
Issuance of private debt securities (Note 33)						
- Issuance of private debt securities	-	-	-	-	100,000	100,000
- Private debt securities expenses	-	-	-	-	(213)	(213)
Issuance of ordinary shares						
- Rights issue (Note 32)	42,226	50,672	-	-	-	92,898
- Rights issue expenses	-	(1,154)	-	-	-	(1,154)
Private debt securities distribution	-	-	-	-	(1,612)	(1,612)
Dividends (Note 11)	-	-	-	(29,136)	-	(29,136)
Total transactions with owners	42,226	49,518	-	(29,136)	98,175	160,783
At 31 December 2014	211,132	91,149	(1,129)	550,905	99,787	951,844

This represents reserve relating to fair valuation of restricted shares and performance shares under the long term incentive plan ("LTIP").

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before tax	**101,694**	85,756
Adjustments for:		
Depreciation of property, plant and equipment	**19,234**	12,385
Depreciation of investment properties	**28**	28
Property, plant and equipment written off	**41**	285
Impairment of asset held for sale	**100**	3,793
Additions of allowance for impairment of receivables	**99**	255
Reversal of allowance for impairment of receivables	**-**	(104)
Share-based payment	**1,907**	-
Bad debts written off	**179**	280
Loss/(gain) on disposal of assets held for sale	**154**	(14,283)
Gain on disposal of property, plant and equipment	**(965)**	(420)
Gain on disposal of investment properties	**-**	(1,269)
Unrealised foreign exchange loss	**222**	57
Share of (gain)/loss of associates	**(42)**	273
Net derivative loss/(gain) from interest rate swap	**78**	(4)
Interest expense	**5,660**	273
Interest income	**(4,817)**	(5,074)
Operating profit before working capital changes	**123,572**	82,231
Decrease/(increase) in receivables	**20,628**	(34,454)
Decrease/(increase) in development properties	**28,372**	(14,270)
(Increase)/decrease in inventories	**(554)**	1,333
(Decrease)/increase in payables	**(24,137)**	55,643
Cash generated from operations	**147,881**	90,483
Taxes paid	**(38,450)**	(26,941)
Interest paid	**(21,909)**	(16,609)
Net cash generated from operating activities	**87,522**	46,933

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	2015 RM'000	2014 RM'000
Cash flows from investing activities		
Increase in land held for development	**(296,993)**	(39,414)
Grants received	**14,101**	-
Purchase of property, plant and equipment	**(39,361)**	(170,361)
Purchase of investment properties	**(43,674)**	(32,328)
Proceeds from disposal of property, plant and equipment	**3,143**	934
Proceeds from disposal of asset held for sale	**2,946**	36,546
Proceeds from disposal of investment properties	**-**	5,000
Movement in other investment	**(9)**	1,262
Interest received	**4,817**	5,074
Investment in an associate company	**(1,310)**	-
Net cash used in investing activities	**(356,340)**	(193,287)
Cash flows from financing activities		
Dividends paid	**(31,670)**	(29,136)
Proceeds from rights issue	**-**	92,898
Payment of rights issue related expenses	**-**	(1,154)
Proceeds from issuance of PDS	**100,000**	100,000
Payment of PDS related expenses	**-**	(213)
Payment of PDS distribution	**(6,500)**	(1,612)
Proceeds from issuance of Islamic Medium Term Notes ("iMTN")	**-**	65,490
Repayment of iMTN	**(21,600)**	-
Drawdown of borrowings	**239,000**	43,303
Repayment of borrowings	**(55,411)**	(41,496)
Placement in banks restricted for use	**527**	(3,645)
Net cash generated from financing activities	**224,346**	224,435
Net (decrease)/increase in cash and cash equivalents	**(44,472)**	78,081
Cash and cash equivalents at beginning of year	**188,625**	110,544
Cash and cash equivalents at end of year (Note 26)	**144,153**	188,625

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

INCOME STATEMENT
For the financial year ended 31 December 2015

	Note	2015 RM'000	2014 RM'000
Revenue	4	**96,293**	110,307
Other income		**357**	408
Employee benefits expense	5	**(12,300)**	(8,430)
Depreciation		**(671)**	(644)
Other expenses		**(14,944)**	(5,259)
Finance costs	7	**(8,811)**	(7,763)
Profit before tax	8	**59,924**	88,619
Income tax expense	9	**(934)**	(346)
Profit net of tax, representing total comprehensive income for the year		**58,990**	88,273
Total comprehensive income attributable to:			
Ordinary equity holders of the Company		**52,490**	86,661
Holders of PDS of the Company		**6,500**	1,612
		58,990	88,273

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

STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Note	2015 RM'000	2014 RM'000
Non-current assets			
Property, plant and equipment	12	**1,735**	2,310
Investment properties	14	**660**	675
Investments in subsidiaries	17	**710,678**	657,266
Other investments	19	**165**	165
Deferred tax assets	31	**-**	51
		713,238	660,467
Current assets			
Other receivables	22	**1,765**	7,070
Tax recoverable		**-**	765
Due from subsidiaries	25	**434,212**	245,218
Cash and cash equivalents	26	**23,705**	89,757
		459,682	342,810
Total assets		**1,172,920**	1,003,277
Current liabilities			
Other payables	29	**6,510**	4,022
Tax payable		**53**	-
Due to subsidiaries	25	**211,162**	166,827
		217,725	170,849
Net current assets		**241,957**	171,961
Non-current liabilities			
Deferred tax liabilities	31	**40**	-
Total liabilities		**217,765**	170,849
Equity			
Share capital	32	**211,132**	211,132
Reserves		**544,236**	521,509
Private debt securities	33	**199,787**	99,787
		955,155	832,428
Total equity and liabilities		**1,172,920**	1,003,277

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

		Non-distributable		Distributable		
	Share capital RM'000	Share premium RM'000	Employee share reserve# RM'000	Retained earnings (Note 35) RM'000	Private debt securities RM'000	Total equity RM'000
At 1 January 2015	**211,132**	**91,149**	**-**	**430,360**	**99,787**	**832,428**
Total comprehensive income	**-**	**-**	**-**	**52,490**	**6,500**	**58,990**
Transactions with owners						
Issuance of private debt securities (Note 33)	**-**	**-**	**-**	**-**	**100,000**	**100,000**
Award of LTIP shares to employees (Note 34)	**-**	**-**	**1,907**	**-**	**-**	**1,907**
Private debt securities distribution	**-**	**-**	**-**	**-**	**(6,500)**	**(6,500)**
Dividends (Note 11)	**-**	**-**	**-**	**(31,670)**	**-**	**(31,670)**
Total transactiosn with owners	**-**	**-**	**1,907**	**(31,670)**	**93,500**	**63,737**
At 31 December 2015	**211,132**	**91,149**	**1,907**	**451,180**	**199,787**	**955,155**

		Non-Distributable	Distributable		
	Share capital RM'000	Share premium RM'000	Retained earnings (Note 35) RM'000	Private debt securities RM'000	Total equity RM'000
At 1 January 2014	168,906	41,631	372,835	-	583,372
Total comprehensive income	-	-	86,661	1,612	88,273
Transactions with owners					
Issuance of private debt securities (Note 33)					
- Issuance of private debt securities	-	-	-	100,000	100,000
- Private debt securities expenses	-	-	-	(213)	(213)
Issuance of ordinary shares					
- Rights issue (Note 32)	42,226	50,672	-	-	92,898
- Rights issue expenses	-	(1,154)	-	-	(1,154)
Private debt securities distribution	-	-	-	(1,612)	(1,612)
Dividends (Note 11)	-	-	(29,136)	-	(29,136)
Total transactions with owners	42,226	49,518	(29,136)	98,175	160,783
At 31 December 2014	211,132	91,149	430,360	99,787	832,428

This represents reserve relating to the fair valuation of restricted shares and performance shares under long term incentive plan ("LTIP").

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2015

	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before tax	**59,924**	88,619
Adjustments for:		
Depreciation of property, plant and equipment	**656**	629
Depreciation of investment properties	**15**	15
Interest expense	**8,811**	7,763
Impairment of investment in subsidiaries	**11,748**	-
Share-based payment	**847**	-
Gain on disposal of property, plant and equipment	**(357)**	(69)
Dividend income	**(65,062)**	(88,000)
Interest income	**(16,035)**	(9,724)
Operating profit/(loss) before working capital changes	**547**	(767)
Decrease/(increase) in receivables	**5,305**	(1,698)
Increase in payables	**2,488**	734
Cash generated from/(used in) operations	**8,340**	(1,731)
Interest paid	**(8,811)**	(7,763)
Net tax paid	**(25)**	(57)
Net cash used in operating activities	**(496)**	(9,551)
Cash flows from investing activities		
Interest received	**16,035**	9,724
Dividends received	**65,062**	88,000
Subscription of ordinary shares in subsidiaries	**(51,131)**	(6,268)
Subscription of Non-cumulative Redeemable Convertible Preference Shares in subsidiaries	**(29,029)**	(133,999)
Redemption of Non-cumulative Redeemable Convertible Preference Shares by subsidiaries	**15,000**	69,935
Proceeds from disposal of property, plant and equipment	**378**	69
Purchase of property, plant and equipment	**(102)**	(1,824)
Net cash generated from investing activities	**16,213**	25,637
Cash flows from financing activities		
Proceeds from rights issue	**-**	92,898
Payment of rights issue related expenses	**-**	(1,154)
Proceeds from issuance of PDS	**100,000**	100,000
Payment of PDS related expenses	**-**	(213)
PDS distribution	**(6,500)**	(1,612)
Dividends paid	**(31,670)**	(29,136)
Changes in subsidiaries balances	**(143,599)**	(130,471)
Net cash (used in)/generated from financing activities	**(81,769)**	30,312
Net (decrease)/increase in cash and cash equivalents	**(66,052)**	46,398
Cash and cash equivalents at beginning of year	**89,757**	43,359
Cash and cash equivalents at end of year (Note 26)	**23,705**	89,757

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 1 March 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

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

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

2.2 Changes in accounting policies

The new and revised FRSs, Amendments to FRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2015 did not have any significant effect 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 IC Interpretations which are issued but not yet effective for the financial year ended 31 December 2015 will not have any material impact on the financial statements of the Group and of the Company in the period of initial application, other than as disclosed below:

Amendments to FRS 101*: Disclosure Initiatives*

The amendments to FRS 101 include narrow-focus improvements in the following five areas:
(i) Materiality
(ii) Disaggregation and subtotals
(iii) Notes structure
(iv) Disclosure of accounting policies
(v) Presentation of items of other comprehensive income arising from equity accounted investments

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

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

FRS 9 *Financial Instruments*

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

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2013, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2013, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for four years. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the definition of Transitioning Entities and have opted to defer the adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

2.4 Basis of consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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

2.4 Basis of consolidation (cont'd.)

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

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

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

2.5 Investment in subsidiaries

A subsidiary is an entity over which the Company controls and the Company has the following:

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

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

2.6 Investment in associates

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

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

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

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

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

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

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

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

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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

2.7 Goodwill (cont'd.)

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

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

2.8 Property, plant and equipment

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

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

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

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

Freehold land has an unlimited useful life and therefore is not depreciated. Long term leasehold land is depreciated over the remaining period of their respective leases, ranging from 50 to 99 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

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

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

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.

2.9 Investment properties

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

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

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

(a) Is the asset being constructed in a developed liquid market?
(b) Has a construction contract with the contractor been signed?
(c) Have the required building and letting permits been obtained?
(d) What percentage of rentable area has been pre-leased to tenants?

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

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

2.10 Assets held for sale

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

Immediately before classification as held for sale, the assets are measured in accordance to Note 2.8 and Note 2.9 to the financial statements. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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

2.10 Assets held for sale (cont'd.)

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

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

2.11 Land held for property development and property development costs

(a) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date to the estimated total property development costs.

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

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

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

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

2.12 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.13 Inventories

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

2.14 Impairment of non-financial assets

The Group and the Company assess 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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

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

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

2.15 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or 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.

Financial assets that are applicable to the Group and the Company are financial assets at fair value through profit or loss and loans and receivables.

Subsequent measurement

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

i) Financial assets at fair value through profit or loss

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

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

ii) Loans and receivables

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

Derecognition

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

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

2.16 Impairment of financial assets

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

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

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

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

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

2.17 Cash and cash equivalents

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

2.18 Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

2.19 Financial liabilities

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

Financial liabilities are recognised in the statements of financial position when, and only when, the Group or 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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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

2.19 Financial liabilities (cont'd.)

i) Financial liabilities at fair value through profit or loss

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

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

ii) Other financial liabilities

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

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

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.20 Borrowing costs

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

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

2.21 Share capital and share issuance expenses

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

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

2.22 Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.23 Leases

(a) As lessee

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

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefits or incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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

2.24 Revenue and other income recognition

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

(a) Sale of development properties

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

(b) Construction contracts

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

(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 over the term of the membership.

(h) Management fees

Management fees are recognised when services are rendered.

2.25 Income taxes

(a) Current tax

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

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

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

2.25 Income taxes (cont'd.)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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

2.25 Income taxes (cont'd.)

(c) Goods and Service Tax (GST)

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in other payables or other receivables in the statement of financial position.

2.26 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

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

(c) Employee share scheme

Employees of the Group and the Company receive remuneration in the form of share as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share reserve, over the Vesting Period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the Vesting Period has expired and the Group's and the Company's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the shares do not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group, the Company or the employee, this is accounted for as a cancellation.

In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the Vesting Period is recognised immediately in profit or loss upon cancellation. The employee share reserve is transferred to retained earnings upon expiry of the shares. When the shares are exercised, the employee share reserve is transferred to share capital if new shares are issued, or to treasury shares if the shares are satisfied by the reissuance of treasury shares.

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

2.27 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.28 Financial guarantee contracts

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

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

2.29 Contingencies

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

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

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 Fair value measurement

The Group measures financial instruments, such as, derivative at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 40 to the financial statements.

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

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

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

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

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

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

2.31 Fair value measurement (cont'd.)

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

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

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

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

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

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

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

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

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

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

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

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

2.32 Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the grant is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

3. Significant accounting estimates and judgements

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

3.1 Judgements made in applying accounting policies

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

Classification between investment properties and property, plant and equipment

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

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

3.2 Key sources of estimation uncertainty

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

(a) Construction costs and property development

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

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

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

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

(b) Impairment of goodwill

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

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

(c) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 9 to the financial statements.

(d) 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 estimate 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.

(e) Depreciation of property, plant and equipment

The cost of freehold and leasehold building is depreciated on a straight-line basis over estimated useful life. Management estimates the useful life of this freehold and leasehold building to be 50 years from the date of completion or acquisition, based on normal life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the estimated useful life and residual value of the asset. The carrying amount of the Group's freehold and leasehold building is diclosed in note 12 to the financial statements.

(f) Employee share scheme

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share scheme, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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4. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of properties	**413,384**	307,385	**-**	-
Construction contracts	**12,982**	68,267	**-**	-
Educational fees	**147,909**	131,152	**-**	-
Membership fee	**742**	777	**-**	-
Interest income from:				
- Deposits with licensed banks	**964**	2,412	**959**	2,409
- Advances to subsidiaries	**-**	-	**15,076**	7,315
Dividends from subsidiaries	**-**	-	**65,062**	88,000
Management fees from subsidiaries	**-**	-	**15,143**	12,533
Rental income	**53**	50	**53**	50
	576,034	510,043	**96,293**	110,307

5. Employee benefits expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages and salaries	**98,681**	85,906	**9,263**	6,612
Contributions to defined contribution plan	**11,707**	10,142	**1,119**	797
Share-based payment*	**1,907**	-	**847**	-
Other benefits	**10,012**	8,631	**1,071**	1,021
	122,307	104,679	**12,300**	8,430
Less: Amount included in costs of construction contracts (Note 24)	**(53)**	(1,708)	**-**	-
	122,254	102,971	**12,300**	8,430

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM5,133,000 (2014: RM2,236,000) and RM4,109,000 (2014: RM1,417,000) respectively.

* On 13 March 2015, the Group granted up to 5,444,300 shares to employees and executive directors of the Group under the long term incentive plan ("LTIP"), comprises the restricted share incentive plan and performance-based share incentive plan. Further details are disclosed in Note 34 to the financial statements.

6. Directors' remuneration

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Directors of the Company				
Executive:				
Salaries	**2,535**	1,200	**2,036**	761
Fees	**113**	67	**113**	67
Bonus and other benefits	**1,994**	737	**1,578**	444
Defined contribution plan	**491**	232	**382**	145
Executive directors' remuneration excluding benefits-in-kind	**5,133**	2,236	**4,109**	1,417
Estimated monetary value of benefits-in-kind	**117**	111	**69**	39
	5,250	2,347	**4,178**	1,456
Non-executive:				
Fees	**504**	528	**484**	498
	5,754	2,875	**4,662**	1,954

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	
	2015	**2014**
Executive director:		
RM2,300,001 - RM2,350,000	**-**	1
RM2,450,001 - RM2,500,000	**1**	-
RM2,750,001 - RM2,800,000	**1**	-
Non-executive directors:		
RM50,000 - RM100,000	**5**	4
RM100,001 - RM150,000	**1**	2

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7. Finance costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
- Term loans	**16,040**	12,795	**-**	-
- Islamic Medium Term Notes (iMTN)	**5,297**	3,763	**-**	-
- Other borrowings	**736**	51	**211**	14
- Advances from subsidiaries	**-**	-	**8,600**	7,749
	22,073	16,609	**8,811**	7,763
Less: Interest expense capitalised in:				
- Investment properties (Note 14)	**(1,811)**	(1,407)	**-**	-
- Capital work-in-progress (Note 12(c))	**(373)**	(3,763)	**-**	-
- Land held for property development (Note 13)	**(9,962)**	(7,298)	**-**	-
- Property development costs (Note 13)	**(4,267)**	(3,868)	**-**	-
	5,660	273	**8,811**	7,763

8. Profit before tax

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-executive directors' remuneration (Note 6)	**504**	528	**484**	498
Auditors' remuneration				
- statutory audit	**385**	354	**100**	95
Operating lease:				
- minimum lease payments for premises	**2,526**	5,203	**608**	606
- minimum lease payments for equipment	**1,330**	1,112	**-**	-
Direct operating expenses of investment properties	**34**	12	**6**	5
Impairment of asset held for sale	**100**	3,793	**-**	-

8. Profit before tax (cont'd.)

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Depreciation of:				
- property, plant and equipment	**19,234**	12,385	**656**	629
- investment properties	**28**	28	**15**	15
Property, plant and equipment written off	**41**	285	**-**	-
Loss/(gain) on disposal of:				
- assets held for sale	**154**	(14,283)	**-**	-
- property, plant and equipment	**(965)**	(420)	**(357)**	(69)
- investment properties	**-**	(1,269)	**-**	-
Additions of allowance for impairment of receivables (Notes 21 and 22)	**99**	255	**-**	-
Reversal of allowance for impairment of receivables (Notes 21 and 22)	**-**	(104)	**-**	-
Bad debts written off	**179**	280	**-**	-
Interest income from:				
- deposits with licensed banks	**(4,817)**	(5,074)	**(959)**	(2,409)
- advances to subsidiaries	**-**	-	**(15,076)**	(7,315)
Rental income	**(7,020)**	(6,145)	**-**	-
Net foreign exchange (gain)/loss:				
- realised	**(388)**	(494)	**-**	-
- unrealised	**222**	57	**-**	-
Net derivative loss/(gain) on interest rate swaps	**78**	(4)	**-**	-

During the financial year, the Group recognised a net loss of RM78,000 (2014: net gain of RM4,000) arising from fair value changes of interest rate swaps. The fair value changes are attributable to changes in interest rate yield. The method and assumptions applied in determining the fair value of interest rate swaps are disclosed in Note 40 to the financial statements.

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9. Income tax expense

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current income tax:				
Malaysian income tax	**45,171**	28,641	**684**	307
(Over)/under provision in prior years	**(513)**	(3,271)	**159**	76
	44,658	25,370	**843**	383
Deferred tax (Note 31):				
Relating to origination and reversal of temporary differences	**(17,570)**	(4,061)	**(32)**	40
Under/(over) provision in prior years	**425**	361	**123**	(77)
	(17,145)	(3,700)	**91**	(37)
Income tax expense	**27,513**	21,670	**934**	346

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016. The effect on the change in tax rate is adjusted for in current year.

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

9. Income tax expense (cont'd.)

A reconciliation of tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	2015 RM'000	2014 RM'000
Group		
Profit before tax	**101,694**	85,756
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	**25,424**	21,439
Effect of share of results of associates	**(11)**	68
Income not subject to tax	**(482)**	(2,821)
Effect of reduction in tax rate on deferred tax recognised	**315**	-
Effect of utilisation of tax incentive	**(45)**	(146)
Effect of PDS's distribution deductible for tax purposes	**(1,625)**	(403)
Expenses not deductible for tax purposes	**6,400**	4,778
Utilisation of previously unrecognised tax losses	**(1,345)**	(137)
Utilisation of previously unrecognised unabsorbed capital allowances	**(1,933)**	-
Utilisation of previously unrecognised other deductible temporary differences	**(282)**	-
Deferred tax assets not recognised in respect of unutilised tax losses and unabsorbed capital allowances	**1,185**	1,802
Under provision of deferred tax in prior year	**425**	361
Over provision of current income tax in prior year	**(513)**	(3,271)
Income tax expense	**27,513**	21,670
Company		
Profit before tax	**59,924**	88,619
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	**14,981**	22,155
Income not subject to tax	**(16,355)**	(22,085)
Effect of PDS's distribution deductible for tax purposes	**(1,625)**	(403)
Expenses not deductible for tax purposes	**3,651**	680
Under provision of deferred tax in prior year	**159**	76
Under/(over) provision of current income tax in prior year	**123**	(77)
Income tax expense	**934**	346

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

10. Earnings per share

(a) Basic

	Group	
	2015	**2014**
Profit attributable to ordinary equity holders of the Company (RM'000)	**67,681**	62,474
Issued ordinary shares at beginning of the year ('000)	**422,265**	337,812
Effect of Rights Issue ('000)	**-**	48,517
Weighted average number of ordinary shares in issue ('000)	**422,265**	386,329
Basic earnings per share (sen)	**16.03**	16.17

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of the dilutive instruments of the Group.

	Group 2015
Profit attributable to ordinary equity holders of the Company (RM'000)	**67,681**
Weighted average number of ordinary shares in issue ('000)	**422,265**
Assumed shares issued from the LTIP ('000)	**5,444**
Adjusted weighted average number of ordinary shares ('000)	**427,709**
Diluted earnings per share (sen)	**15.82**

In the previous financial year, the Group has no potential ordinary shares in issue and therefore, diluted earnings per share was not presented.

11. Dividends

	Amount		Net dividends paid per ordinary share	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**Sen**	**Sen**
Recognised during the year:				
For the financial year ended 31 December 2015				
Interim single tier dividend of 2.5 sen	**10,557**	-	**2.5**	-
For the financial year ended 31 December 2014				
Interim single tier dividend of 2.5 sen	**-**	10,556	**-**	2.5
Final single tier dividend of 5.0 sen	**21,113**	-	**5.0**	-
For the financial year ended 31 December 2013				
Final single tier dividend of 5.5 sen	**-**	18,580	**-**	5.5
	31,670	29,136	**7.5**	8.0

At the forthcoming Annual General Meeting, a final single tier dividend of 5.75 sen, in respect of the financial year ended 31 December 2015 on 422,265,000 ordinary shares, amounting to a dividend payable of RM24,280,000 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 2016.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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 2014	321,242	123,675	444,917
Additions	164,967	9,157	174,124
Transfer to land held for development (Note 13)	(28,860)	-	(28,860)
Transfer to investment properties (Note 14)	(19,343)	-	(19,343)
Disposals	-	(4,104)	(4,104)
Write-offs	-	(5,361)	(5,361)
At 31 December 2014	**438,006**	**123,367**	**561,373**
Additions	**18,896**	**20,838**	**39,734**
Reclassification	**(19,937)**	**19,937**	**-**
Grants received	**(14,101)**	**-**	**(14,101)**
Transfer to assets held for sale (Note 15)	**(4,200)**	**-**	**(4,200)**
Disposals	**-**	**(8,853)**	**(8,853)**
Write-offs	**-**	**(938)**	**(938)**
At 31 December 2015	**418,664**	**154,351**	**573,015**
At 31 December 2015			
At cost	**416,682**	**154,351**	**571,033**
At valuation	**1,982**	**-**	**1,982**
	418,664	**154,351**	**573,015**
At 31 December 2014			
At cost	436,024	123,367	559,391
At valuation	1,982	-	1,982
	438,006	123,367	561,373

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

	Land and building* RM'000	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000	Total RM'000
Group (cont'd.)			
Accumulated depreciation and impairment			
At 1 January 2014	31,686	95,740	127,426
Depreciation charge for the year	2,595	9,790	12,385
Transfer to land held for development (Note 13)	(2,766)	-	(2,766)
Transfer to investment properties (Note 14)	(1,854)	-	(1,854)
Disposals	-	(3,590)	(3,590)
Write-off	-	(5,076)	(5,076)
At 31 December 2014	**29,661**	**96,864**	**126,525**
Depreciation charge for the year	**6,191**	**13,043**	**19,234**
Transfer to assets held for sale (Note 15)	**(261)**	**-**	**(261)**
Disposals	**-**	**(6,675)**	**(6,675)**
Write-off	**-**	**(897)**	**(897)**
At 31 December 2015	**35,591**	**102,335**	**137,926**
Net carrying amount			
At 31 December 2015			
At cost	**381,091**	**52,016**	**433,107**
At valuation	**1,982**	**-**	**1,982**
	383,073	**52,016**	**435,089**
At 31 December 2014			
At cost	406,363	26,503	432,866
At valuation	1,982	-	1,982
	408,345	26,503	434,848

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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 2014	14,573	152,723	51,499	102,447	321,242
Additions	-	535	-	164,432	164,967
Transfer to land held for development (Note 13)	-	(28,860)	-	-	(28,860)
Transfer to investment properties (Note 14)	-	(19,343)	-	-	(19,343)
At 31 December 2014	**14,573**	**105,055**	**51,499**	**266,879**	**438,006**
Additions	**-**	**(53)**	**950**	**17,999**	**18,896**
Grants received	**-**	**-**	**(14,101)**	**-**	**(14,101)**
Reclassification	**33,314**	**-**	**194,519**	**(247,770)**	**(19,937)**
Transfer to assets held for sale (Note 15)	**-**	**(4,200)**	**-**	**-**	**(4,200)**
At 31 December 2015	**47,887**	**100,802**	**232,867**	**37,108**	**418,664**
At 31 December 2015					
At cost	**45,905**	**100,802**	**232,867**	**37,108**	**416,682**
At valuation	**1,982**	**-**	**-**	**-**	**1,982**
	47,887	**100,802**	**232,867**	**37,108**	**418,664**
At 31 December 2014					
At cost	12,591	105,055	51,499	266,879	436,024
At valuation	1,982	-	-	-	1,982
	14,573	105,055	51,499	266,879	438,006

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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

* Land and building (cont'd.)

	Freehold land RM'000	Long term leasehold land and building RM'000	Freehold building RM'000	Capital work-in progress RM'000	Total RM'000
Group (cont'd.)					
Accumulated depreciation					
At 1 January 2014	-	13,972	17,714	-	31,686
Depreciation charge for the year	-	1,090	1,505	-	2,595
Transfer to land held for development (Note 13)	-	(2,766)	-	-	(2,766)
Transfer to investment properties (Note 14)	-	(1,854)	-	-	(1,854)
At 31 December 2014	**-**	**10,442**	**19,219**	**-**	**29,661**
Depreciation charge for the year	**-**	**1,344**	**4,847**	**-**	**6,191**
Reclassification	**-**	**1,254**	**(1,254)**	**-**	**-**
Transfer to assets held for sale (Note 15)	**-**	**(261)**	**-**	**-**	**(261)**
At 31 December 2015	**-**	**12,779**	**22,812**	**-**	**35,591**
Net carrying amount					
At 31 December 2015					
At cost	**45,905**	**88,023**	**210,055**	**37,108**	**381,091**
At valuation	**1,982**	**-**	**-**	**-**	**1,982**
	47,887	**88,023**	**210,055**	**37,108**	**383,073**
At 31 December 2014					
At cost	12,591	94,613	32,280	266,879	406,363
At valuation	1,982	-	-	-	1,982
	14,573	94,613	32,280	266,879	408,345

NOTES TO THE FINANCIAL STATEMENTS
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12. Property, plant and equipment (cont'd.)

	Plant, equipment, furniture, fixtures, fitting and motor vehicles RM'000
Company	
Cost	
At 1 January 2014	4,294
Additions	1,824
Disposals	(182)
Write-off	(920)
At 31 December 2014	**5,016**
Additions	**102**
Disposals	**(912)**
At 31 December 2015	**4,206**
Accumulated depreciation	
At 1 January 2014	3,179
Depreciation charge for the year	629
Disposals	(182)
Write-off	(920)
At 31 December 2014	**2,706**
Depreciation charge for the year	**656**
Disposals	**(891)**
At 31 December 2015	**2,471**
Net carrying amount	
At 31 December 2015	**1,735**
At 31 December 2014	2,310

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

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

Year of valuation	**Description of property**	**Amount RM'000**	**Basis of valuation**
1980	Freehold land in Petaling Jaya	1,982	Direct comparison method and the contractor's method of valuation

Had the revalued freehold land been carried at historical cost, the net book value of the freehold land that would have been included in the financial statements of the Group as at 31 December 2015 would be RM35,000 (2014: RM35,000).

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

	Group	
	2015 RM'000	**2014 RM'000**
Capital work-in-progress	**-**	266,879
Freehold land and buildings	**212,160**	-
	212,160	266,879

(c) The Group's capital work-in-progress includes borrowing costs capitalised arising from borrowings drawndown specifically for the purpose of the construction of the building. During the financial year, the borrowing costs capitalised as cost of capital work-in-progress amounted to RM373,000 (2014: RM3,763,000).

NOTES TO THE FINANCIAL STATEMENTS
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13. Land held for property development and property development costs

(a) Land held for property development

	Group 2015 RM'000	Group 2014 RM'000
Freehold land		
At 1 January	**354,532**	318,995
Additions	**263,314**	52,700
Transfer to property development costs (Note 13(b))	**(14,004)**	(17,163)
At 31 December	**603,842**	354,532
Leasehold land		
At 1 January	**65,828**	39,734
Transfer from property, plant and equipment (Note 12)	**-**	26,094
At 31 December	**65,828**	65,828
Development costs		
At 1 January	**110,080**	98,905
Costs incurred during the financial year	**77,367**	32,321
Transfer to property development costs (Note 13(b))	**(19,722)**	(21,146)
At 31 December	**167,725**	110,080
Carrying amount at 31 December	**837,395**	530,440

(b) Property development costs, at cost

	Group 2015 RM'000	Group 2014 RM'000
Freehold land		
At 1 January	**196,001**	182,991
Reversal of completed projects	**(4,949)**	(4,127)
Transfer from land held for property development (Note 13(a))	**14,004**	17,163
Transfer to inventories (Note 20)	**(57)**	(26)
At 31 December	**204,999**	196,001

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

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Cumulative property development costs		
At 1 January	**1,288,183**	1,165,454
Cost incurred during the year	**198,866**	191,357
Transfer from land held for property development (Note 13(a))	**19,722**	21,146
Transfer to inventories (Note 20)	**(896)**	(373)
Reversal of completed projects	**(102,199)**	(89,401)
At 31 December	**1,403,676**	1,288,183
Cumulative costs recognised in income statement		
At 1 January	**(1,334,370)**	(1,216,817)
Recognised during the financial year	**(255,744)**	(211,081)
Reversal of completed projects	**107,148**	93,528
At 31 December	**(1,482,966)**	(1,334,370)
Property development costs at 31 December	**125,709**	149,814

The freehold land held for property development with carrying value of RM553,471,000 (2014: RM230,912,270) has been pledged as security for term loans as disclosed in Note 27 to the financial statements.

The Group's land held for property development and property development cost include borrowing costs arising from borrowings drawndown specifically for the purpose of the construction of the projects. During the financial year, the borrowing costs capitalised amounted to RM14,229,000 (2014: RM11,166,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

14. Investment properties

Group

	Freehold buildings RM'000	Freehold land RM'000	Leasehold land and buildings RM'000	Investment properties under construction RM'000	Total RM'000
Cost					
At 1 January 2014	1,382	2,835	8,867	53,434	66,518
Additions	-	-	-	33,735	33,735
Transfer from property, plant and equipment (Note 12)	-	-	-	17,489	17,489
Disposal	-	-	(8,867)	-	(8,867)
At 31 December 2014	**1,382**	**2,835**	**-**	**104,658**	**108,875**
Additions	**-**	**-**	**-**	**45,485**	**45,485**
At 31 December 2015	**1,382**	**2,835**	**-**	**150,143**	**154,360**
Accumulated depreciation and impairment losses					
At 1 January 2014	264	-	5,136	-	5,400
Depreciation charge for the year	28	-	-	-	28
Disposal	-	-	(5,136)	-	(5,136)
At 31 December 2014	**292**	**-**	**-**	**-**	**292**
Depreciation charge for the year	**28**	**-**	**-**	**-**	**28**
At 31 December 2015	**320**	**-**	**-**	**-**	**320**
Net carrying amount					
At 31 December 2015	**1,062**	**2,835**	**-**	**150,143**	**154,040**
At 31 December 2014	1,090	2,835	-	104,658	108,583
Fair value					
At 31 December 2015	**2,730**	**6,170**	**-**	*	**8,900**
At 31 December 2014	2,490	5,670	-	*	8,160

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

14. Investment properties (cont'd.)

	Company Building RM'000
Cost	
At 1 January 2014/31 December 2014/31 December 2015	750
Accumulated depreciation	
At 1 January 2014	60
Depreciation charge for the year	15
At 31 December 2014	**75**
Depreciation charge for the year	**15**
At 31 December 2015	**90**
Net carrying amount	
At 31 December 2015	**660**
At 31 December 2014	675
Fair value	
At 31 December 2015	**1,800**
At 31 December 2014	1,800

The freehold land of the Group with carrying value of RM38,721,090 (2014: RM38,721,090) has been pledged as security for term loans as disclosed in Note 27 to the financial statements.

The fair value of the investment properties of the Group and of the Company disclosed were estimated by the directors based on internal appraisal of fair values of comparable properties. Details of valuation techniques and inputs used are disclosed in Note 40 to the financial statements.

The Group's investment properties under construction include borrowing costs arising from borrowings drawndown specifically for the purpose of the construction of the investment properties. During the financial year, the borrowing costs capitalised amounted to RM1,811,000 (2014: RM1,407,000).

NOTES TO THE FINANCIAL STATEMENTS
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15. Assets held for sale

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

	RM'000
Group	
Carrying amount	
At 31 December 2013 and 1 January 2014	35,956
Impairment (Note 8)	(3,793)
Disposals	(22,263)
At 31 December 2014	**9,900**
Impairment (Note 8)	**(100)**
Transfer from property, plant and equipment (Note 12)	**3,939**
Disposals	**(3,200)**
At 31 December 2015	**10,539**

As at 31 December 2015, RM10,539,000 pertains to real properties held for sale which remain unsold as a result of government measures relating to the real property market. The Group has taken necessary actions and these real properties are being actively marketed at a price that is reasonable, given the change in circumstances.

16. Intangible asset

	Group	
	2015 RM'000	2014 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 13% (2014: 11%) used is pre-tax and reflects specific risks relating to the industry.

16. Intangible asset (cont'd.)

(b) Growth rate

The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industry relevant to the CGU.

(c) Budgeted gross margin

The gross margin is based on average values achieved in the three years preceding the start of the budget period, adjusted for expected efficiency improvements, market and economic conditions and internal resource efficiency, where applicable.

(d) Terminal growth rate

Terminal growth rate used for identified CGUs are based on the average anticipated growth rate of the respective economies. The terminal growth rate used for identified CGUs are in the range of 2% (2014: 2%).

Sensitivity to changes in assumptions

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

17. Investments in subsidiaries

	Company	
	2015 RM'000	**2014 RM'000**
Unquoted shares, at cost	**305,411**	254,280
Investment in Non-cumulative Redeemable Convertible Preference Shares ("NCRCPS")	**474,830**	515,736
Less: Redemption of NCRCPS	**(15,000)**	(69,935)
Less: Accumulated impairment losses	**(54,563)**	(42,815)
	710,678	657,266

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.

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17. Investments in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Effective interest 2015 %	Effective interest 2014 %	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	RM5,000	Property investment
Paramount Engineering & Construction Sdn. Bhd.	**100**	100	RM5,000	Building and engineering contractor
Paramount Construction Sdn. Bhd.	**100**	100	RM5,000	Building and engineering contractor
Paramount Property Construction Sdn. Bhd.	**100**	100	RM5,000	Building and engineering contractor
Seleksi Megah Sdn. Bhd.	**100**	100	RM5,000	Property development
Paramount Projects Sdn. Bhd.	**100**	100	RM1,000	Building and engineering contractor and project management and property development
Paramount Property (Shah Alam) Sdn. Bhd.	**100**	100	RM5,000	Property development
KDU University College Sdn. Bhd.	**100**	100	RM15,000	Educational services
Janahasil Sdn. Bhd.	**100**	100	RM1,000	Property investment
KDU Smart School Sdn. Bhd.	**100**	100	RM20,000	Educational services
Paramount Property Holdings Sdn. Bhd.	**100**	100	RM10,000	Inactive

17. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Effective interest 2015 %	Effective interest 2014 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia (cont'd.)				
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 Utropolis Retail Sdn. Bhd.	**100**	100	RM5,000	Property investment and management
KDU Management Development Centre Sdn. Bhd.	**100**	100	RM10,000	Management and educational services
Paramount Property Development Sdn. Bhd.	**100**	100	RM5,000	Property development
Jasarim Bina Sdn. Bhd.	**100**	100	RM5,000	Property investment
Supreme Essence Sdn. Bhd.	**100**	100	RM5,000	In the process of winding up
Broad Projects Sdn. Bhd.	**100**	100	RM5,000	Investment holding and car park operator
KDU College (PJ) Sdn. Bhd.	**100**	100	RM5,000	Educational services
KDU University College (PG) Sdn. Bhd. (formerly known as KDU College (PG) Sdn. Bhd.)	**100**	100	RM15,000	Educational services
Paramount Property (Glenmarie) Sdn. Bhd.	**100**	100	RM5,000	Property development

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17. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Effective interest 2015 %	Effective interest 2014 %	Paid-up capital '000	Principal activities
Incorporated in Malaysia (cont'd.)				
Paramount Property (Cjaya) Sdn. Bhd.	**100**	100	RM5,000	Property development
Utropolis Sdn. Bhd.	**100**	100	RM1	Inactive
Paramount Property (PG) Sdn. Bhd.	**100**	100	RM5,000	Property development
Carp Legacy Sdn. Bhd.	**100**	100	RM5,000	Investment holding and car park operator
Paramount Property (PW) Sdn. Bhd.	**100**	100	RM5,000	Property development and investment holding
Paramount Construction (PG) Sdn. Bhd.	**100**	100	RM5,000	Building and engineering contractor
Paramount Property (Sepang) Sdn. Bhd. (formerly known as Lagun Pertiwi Sdn. Bhd.)	**100**	100	RM5,000	Property development
Paramount Education (Klang) Sdn. Bhd. (formerly known as Cosmo Knowledge Sdn. Bhd.)	**100**	-	RM1,000	Inactive
Super Ace Resources Sdn. Bhd.	**100**	-	*	Inactive
Incorporated in Commonwealth of Australia				
Paramount Global Investments Pty Ltd	**100**	100	**	Investment holding
Paramount Investments & Properties Pty Ltd	**100**	100	**	Investment holding

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

(i) On 8 July 2015, the Company acquired Paramount Education (Klang) Sdn. Bhd. (formerly known as Cosmo Knowledge Sdn. Bhd.) with an issued and paid-up share capital of RM2 for RM2.

(ii) On 22 October 2015, the Company acquired Super Ace Resources Sdn. Bhd. with an issued and paid-up share capital of RM2 for RM2.

18. Investments in associates

	Group	
	2015	**2014**
	RM'000	**RM'000**
Unquoted shares, at cost	**10,978**	9,668
Share of post-acquisition reserves	**(825)**	(1,584)
	10,153	8,084

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Assets and liabilities		
Current assets, representing total assets	**26,402**	24,019
Current liabilities, representing total liabilities	**6,096**	7,851
Results		
Revenue	**19**	22
Profit/(loss) for the year	**84**	(261)

During the year, the share of post-acquisition reserves includes the effect of foreign currency translation gains of RM717,000 (2014: RM458,000).

Reconciliation of net assets to carrying amount as at 31 December:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Net assets	**20,306**	16,168
Interest in associates	**50%**	50%
Group's share of net assets, representing carrying amount of investment in associates	**10,153**	8,084

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18. Investments in associates (cont'd.)

Details of the associates are as follows:

Name of associates	Effective Interest 2015 %	Effective Interest 2014 %	Paid-up capital '000	Principal activities
Incorporated in Commonwealth of Australia				
VIP Paramount Pty Ltd*	**50**	50	**	Trustee
VIP Paramount Unit Trust*	**50**	50	AUD6,000	Inactive

* Equity accounted based on management financial statements. The financial year end of the associates is coterminous with the financial year end of the Group.

** Paid-up capital of AUD2

AUD Represents currency denoted in Australian Dollars

19. Other investments

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current:				
Club memberships, at cost	**483**	483	**165**	165
Less: Accumulated impairment losses	**(143)**	(143)	**-**	-
	340	340	**165**	165
Current:				
Proceeds Account	**32**	30	**-**	-
Finance Service Reserve Account ("FSRA")	**1**	1	**-**	-
Other deposits with licensed banks	**246**	239	**-**	-
	279	270	**-**	-
	619	610	**165**	165

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

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

19. Other investments (cont'd.)

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

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

As at the reporting date, the balances in the Proceeds Account and FSRA are placed in short term deposits for varying periods of between five months and twelve months and earn interest of 3.05% to 3.20% (2014: 3.05% to 3.20%) per annum. Both the Proceeds Account and FSRA are secured against the Sukuk Programme as disclosed in Note 27 to the financial statements.

Other deposits with licensed banks relates to deposit pledged as security for bank guarantee facility granted by a licensed bank. The said deposit is placed for a period of 4 months (2014: 4 months) and earns interest of 3.10% (2014: 3.10%) per annum.

20. Inventories

	Group	
	2015 RM'000	**2014 RM'000**
At cost		
Completed properties (Note 13(b))	**953**	399

21. Trade receivables

	Group	
	2015 RM'000	**2014 RM'000**
Third parties	**44,443**	61,756
Stakeholders' sum	**36,569**	6,074
Retention sums on contracts	**11,526**	14,663
	92,538	82,493
Less: Allowance for impairment	**(562)**	(489)
Trade receivables, net	**91,976**	82,004

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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21. Trade receivables (cont'd.)

Ageing analysis of trade receivables

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Neither past due nor impaired	**66,880**	61,806
1 to 30 days past due not impaired	**20,620**	4,262
31 to 60 days past due not impaired	**1,812**	360
61 to 90 days past due not impaired	**1,816**	246
91 to 120 days past due not impaired	**848**	847
More than 121 days past due not impaired	**-**	14,483
	25,096	20,198
Impaired	**562**	489
	92,538	82,493

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

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

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Trade receivables - nominal amount	**562**	489
Less: Allowance for impairment	**(562)**	(489)
	-	-

21. Trade receivables (cont'd.)

Movement in allowance accounts:

	Group	
	2015	**2014**
	RM'000	**RM'000**
At 1 January	**489**	355
Addition during the year (Note 8)	**73**	255
Reversal for the year (Note 8)	**-**	(83)
Written off during the year	**-**	(38)
At 31 December	**562**	489

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.

22. Other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits	**10,702**	17,556	**250**	6,476
Sundry receivables	**3,768**	11,023	**1,515**	594
Derivative asset from interest rate swap	**120**	210	**-**	-
	14,590	28,789	**1,765**	7,070
Less: Allowance for impairment	**(48)**	(43)	**-**	-
Other receivables, net	**14,542**	28,746	**1,765**	7,070

Included in deposits for the Group and the Company in prior year were earnest deposits paid for the purchase of land amounted to RM6,261,000.

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

NOTES TO THE FINANCIAL STATEMENTS
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22. Other receivables (cont'd.)

Movement in allowance accounts:

	Group 2015 RM'000	Group 2014 RM'000
At 1 January	**43**	83
Addition during the year (Note 8)	**26**	-
Reversal during the year (Note 8)	**-**	(21)
Written off during the year	**(21)**	(19)
At 31 December	**48**	43

23. Other current assets

	Group 2015 RM'000	Group 2014 RM'000
Prepaid expenses	**1,783**	1,447
Accrued billings in respect of property development costs	**47,175**	64,656
Due from customers on contracts (Note 24)	**3,125**	2,654
	52,083	68,757

24. Due from/(to) customers on contracts

	Group 2015 RM'000	Group 2014 RM'000
Construction contract costs incurred to date	**1,674,520**	1,557,327
Less: Reversal for completed projects	**(193,803)**	(126,994)
Construction contract costs incurred to date for contracts in progress	**1,480,717**	1,430,333
Attributable profits	**91,020**	87,537
Less: Reversal for completed projects	**(11,930)**	(7,095)
Attributable profits to date for contracts in progress	**79,090**	80,442
	1,559,807	1,510,775
Less: Progress billings	**(1,772,551)**	(1,666,244)
Add: Reversal for completed projects	**205,733**	134,089
Progress billings to date for contracts in progress	**(1,566,818)**	(1,532,155)
	(7,011)	(21,380)
Due from customers on contracts (Note 23)	**3,125**	2,654
Due to customers on contracts (Note 30)	**(10,136)**	(24,034)
	(7,011)	(21,380)

24. Due from/(to) customers on contracts (cont'd.)

The costs incurred to date on construction contracts of the Group include employee benefits expense of RM53,000 (2014: RM1,708,000) incurred during the financial year.

25. Due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, repayable on demand and bear interest of 4.70% to 6.50% (2014: 4.70% to 6.50%) per annum.

26. Cash and bank balances

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and at banks	**107,023**	91,381	**1,195**	1,915
Deposits with licensed banks	**42,621**	100,889	**22,510**	87,842
Cash and bank balances	**149,644**	192,270	**23,705**	89,757
Deposits restricted for use	**(3,118)**	(3,645)	**-**	-
Bank overdraft (Note 27)	**(2,373)**	-	**-**	-
Cash and cash equivalents	**144,153**	188,625	**23,705**	89,757

Included in cash and cash equivalents of the Group are amounts of RM80,170,000 (2014: RM38,263,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 which are restricted from use in other operations

Included in deposits with licensed banks of the Group are amount of RM3,118,000 (2014: RM3,645,000) in the Financial Service Reserve Account ("FSRA") and Debt Service Reserve Account ("DSRA") which are restricted in usage and do not form part of cash & cash equivalents. The FSRA is secured against the Sukuk Programme as disclosed in Note 27 to the financial statements.

Included in cash on hand and at banks of the Group and of the Company are interest-bearing bank balances amounting to RM16,436,000 (2014: RM34,883,000) and RM1,094,000 (2014: RM1,845,000) which bear interest ranging from 1.50% to 2.50% (2014: 1.50% to 2.50%) per annum.

Deposits with licensed banks are made for varying periods of between 1 day and 3 months (2014: 1 day and 3 months) depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2015 for the Group and the Company were 1.50% to 4.00% (2014: 1.50% to 3.65%) per annum and 1.50% to 4.00% (2014: 1.50% to 3.65%) per annum respectively.

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

NOTES TO THE FINANCIAL STATEMENTS
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27. Borrowings

	Group 2015 RM'000	Group 2014 RM'000
Current		
Secured:		
Bank overdraft - Floating rate (Note 26)	**2,373**	-
Term loans - Floating rate	**99,814**	91,221
Islamic Medium Term Notes ("iMTN") - Floating rate	**-**	21,600
	102,187	112,821
Non-current		
Secured:		
Term loans - Floating rate	**347,782**	172,786
iMTN - Floating rate	**99,648**	99,484
	447,430	272,270
Total	**549,617**	385,091

The maturities of the borrowings as at 31 December 2015 and 31 December 2014 are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Within one year	**102,187**	112,821
More than 1 year and less than 2 years	**51,486**	51,771
More than 2 years and less than 5 years	**87,520**	115,799
More than 5 years	**308,424**	104,700
	549,617	385,091

On 31 January 2013, KDUUC received approval from the Securities Commission in Malaysia for the issuance of up to RM350,000,000 iMTN pursuant to an iMTN Programme ("Sukuk Programme").

The Sukuk Programme bears interest ("Sukuk Profit") at the prevailing cost of funds of the iMTN holder ("Cost of Funds") plus 0.75% per annum for the first four years since the first drawdown date and Cost of Funds plus 1.00% per annum from the fifth year up to the seventh year. The average effective Sukuk Profit rate is 4.91% (2014: 5.00%) per annum during the financial year.

27. Borrowings (cont'd.)

The Sukuk Programme is secured by the following:

(i) First legal charge over the building as disclosed in Note 12(b);

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

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

(iv) A legal charge and assignment of the Proceeds Account and FSRA as disclosed in Note 19 and Note 26 to the financial statements; and

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

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

(i) Fixed charge and deposit of land titles over the leasehold land and buildings and land held for property development of the Group as disclosed in Notes 12(b) and 13(b) to the financial statements respectively; and

(ii) Fixed charge and deposit of land titles over the freehold land of the Group as disclosed in Note 14 to the financial statements.

The effective interest rates of the term loans as at 31 December 2015 and 31 December 2014 are as follows:

	2015 per annum	**2014 per annum**
Term loans:		
- Floating rates	**4.6% - 5.0%**	4.6% - 5.0%

The management of the interest rate risk of the Group is disclosed in Note 41(c) to the financial statements.

28. Trade payables

	Group	
	2015 RM'000	**2014 RM'000**
Trade payables	**45,620**	72,671
Retention sums on contracts	**32,844**	37,150
	78,464	109,821

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2014: 30 to 90 days).

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29. Other payables

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Sundry payables	**77,448**	78,165	**6,494**	4,006
Tenants deposits	**114**	1,879	**16**	16
Refundable deposits	**27,159**	25,027	**-**	-
Derivative liability from interest rate swap	**93**	105	**-**	-
	104,814	105,176	**6,510**	4,022

Sundry payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 90 days (2014: 30 to 90 days).

The Group uses interest rate swap to hedge cash flow interest rate risk arising from a floating rate term loan. The nominal amount for the interest rate swaps entered into during the financial year is RM57,000,000 (2014: RM57,000,000). The interest rate swaps receive floating interest equal to the KLIBOR, pays a fixed rate of interest of 3.98% and 4.08% (2014: 3.98% and 4.08%) per annum, and matures on 30 June 2018.

30. Other current liabilities

	Group	
	2015 RM'000	**2014 RM'000**
Progress billings in respect of property development costs	**44,523**	24,842
Due to customers on contracts (Note 24)	**10,136**	24,034
Tuition fees received in advance	**29,767**	27,912
	84,426	76,788

31. Deferred tax (assets)/liabilities

Group	**2015 RM'000**	**2014 RM'000**
At 1 January	**4,603**	8,303
Recognised in the income statement (Note 9)	**(17,145)**	(3,700)
At 31 December	**(12,542)**	4,603
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(27,228)**	(13,477)
Deferred tax liabilities	**14,686**	18,080
	(12,542)	4,603

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

	At 1 January 2015 RM'000	Recognised in the income statement RM'000	At 31 December 2015 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	**18,080**	**(3,394)**	**14,686**
Deferred tax assets of the Group:			
Unutilised tax losses and unabsorbed capital allowances	**(5,477)**	**(7,502)**	**(12,979)**
Deferred development expenditure	**(4,107)**	**(9,819)**	**(13,926)**
Others	**(3,893)**	**3,570**	**(323)**
	(13,477)	**(13,751)**	**(27,228)**
	4,603	**(17,145)**	**(12,542)**

	At 1 January 2014 RM'000	Recognised in the income statement RM'000	At 31 December 2014 RM'000
Deferred tax liabilities of the Group:			
Property, plant and equipment	17,679	401	18,080
Deferred tax assets of the Group:			
Unutilised tax losses and unabsorbed capital allowances	(1,928)	(3,549)	(5,477)
Deferred development expenditure	(4,337)	230	(4,107)
Others	(3,111)	(782)	(3,893)
	(9,376)	(4,101)	(13,477)
	8,303	(3,700)	4,603

Company	2015 RM'000	2014 RM'000
At 1 January	**(51)**	(14)
Recognised in the income statement (Note 9)	**91**	(37)
At 31 December	**40**	(51)

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

	Company		
	At 1 January 2015 RM'000	Recognised in the income statement RM'000	At 31 December 2015 RM'000
Deferred tax liabilities of the Company:			
Property, plant and equipment	**(51)**	**91**	**40**

	At 1 January 2014 RM'000	Recognised in the income statement RM'000	At 31 December 2014 RM'000
Deferred tax assets of the Company:			
Property, plant and equipment	(14)	(37)	(51)

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

	Group	
	2015 RM'000	2014 RM'000
Unutilised tax losses	**16,467**	21,756
Unabsorbed capital allowances	**2,944**	10,928
Other deductible temporary differences	**11**	1,142
	19,422	33,826

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

32. Share capital

	Number of ordinary shares		Amounts	
	2015	**2014**	**2015**	**2014**
	'000	**'000**	**RM'000**	**RM'000**
Authorised share capital				
At 1 January	**1,000,000**	400,000	**500,000**	200,000
Increased during the year	**-**	600,000	**-**	300,000
At 31 December	**1,000,000**	1,000,000	**500,000**	500,000
Issued and fully paid				
At 1 January	**422,265**	337,812	**211,132**	168,906
Ordinary shares issued pursuant to Rights Issue	**-**	84,453	**-**	42,226
At 31 December	**422,265**	422,265	**211,132**	211,132

In the previous financial year, the Company:

(a) increased its authorised share capital from RM200,000,000 comprising 400,000,000 ordinary shares of RM0.50 each to RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each by the creation of additional 600,000,000 ordinary shares of RM0.50 each; and

(b) increased its issued and paid-up share capital from RM168,906,000 to RM211,132,000 by way of issuance of 84,453,000 ordinary shares of RM0.50 each ("Right Shares") on the basis of every one (1) new rights share for every four (4) existing ordinary shares held at an issue price of RM1.10 each per share for a total cash consideration of RM92,898,000 for repayment of existing bank borrowings, working capital purposes and defray estimated expenses in relation to the rights issues proposal. The excess of rights issue proceed over par value of the shares of RM50,672,000 has been credited to the share premium acccount.

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

33. Private debt securities

	Group	
	2015	**2014**
	RM'000	**RM'000**
Private debt securities	**199,787**	99,787

On 21 September 2015, the Company issued the remaining RM100,000,000 (2014: RM100,000,000) in nominal value of PDS pursuant to the PDS programme.

The PDS holders are conferred a right to receive distribution on a semi-annual basis from their issue date at the rates of 2.75% and 3.00% above the COF per annum and a rate of 6.5% per annum, subject to a yearly step-up rate after the first call date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

33. Private debt securities (cont'd.)

The PDS have no fixed maturity and are redeemable in whole, but not in part, at the Company's option on or after 6 February 2019 in the amount of RM100,000,000, 21 September 2020 and 21 September 2021 in the amount of RM50,000,000 each, together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company will not declare, pay dividends or make similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

These PDS were issued for the Company's working capital purposes as well as to finance future capital expenditure, land bank for development and investment in education business.

34. Employee share scheme

On 17 September 2013, the long term incentive plan ("LTIP") was implemented, which includes the allotment and issuance of new ordinary shares of RM0.50 each in the Company to eligible employees and executive directors of the Group, provided that the total number of shares so allotted shall not at any time exceed ten percentage (10%) of the issued and paid-up share capital of the Company ("LTIP shares").

During the year, the Company made its first award of up to 5,444,300 LTIP shares, comprising the following:

(a) 2,200,100 LTIP shares under the restricted share incentive plan to be vested one-third annually over a period of three (3) years with the first vesting commencing 13 March 2016; and

(b) up to 3,244,200 LTIP shares under the performance-based share incentive plan to be vested on 13 March 2018.

The LTIP shares were awarded, without any cash consideration to those who have attained the identified performance objective of the Group. It serves to attract, retain, motivate and reward valuable employees of the Group.

Fair value of shares granted

The fair values per share of the restricted shares ("RS") granted at the grant date were estimated to be RM1.468, RM1.399 and RM1.334 respectively in the three (3) vesting periods. The fair value per share of the performance share ("PS") granted at the grant date was estimated to be RM1.089.

The fair value of the shares granted is estimated at the grant date using a Monte Carlo Simulation pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the shares scheme pricing model:

	PS	RS
Dividend yield (%)	4.90%	4.90%
Expected volatility (%)	22.98%	22.98%
Risk-free interest rate (% p.a)	3.48%	3.48%
Expected life of the scheme (Years)	3 years	Annually for 3 years
Underlying share price	RM1.54	RM1.54

The expected life of the share scheme is based on the contractual life of the scheme. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the scheme, is indicative of future trends, which may not necessarily be the actual outcome.

35. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 and 31 December 2014 under the single tier system.

36. Operating lease arrangements

(a) The Group and the Company as lessee

The Group and the Company have entered into non-cancellable operating lease agreements for the use of land, buildings and certain plant and equipment. These leases have an average life of 3 years with no renewal or purchase option included in the contracts.

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Future minimum lease payments:				
Not later than 1 year	**1,689**	1,925	**669**	567
Later than 1 year and not later than 5 years	**1,630**	638	**1,297**	-
	3,319	2,563	**1,966**	567

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

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment property portfolio. These leases have remaining non-cancellable lease terms of between 2 and 3 years.

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

	Group	
	2015 RM'000	**2014 RM'000**
Not later than 1 year	**694**	694
Later than 1 year and not later than 5 years	**323**	602
	1,017	1,296

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

37. Commitments

	Group	
	2015	**2014**
	RM'000	**RM'000**
Capital expenditure		
Approved and contracted for:		
- Property, plant and equipment	**10,618**	-
- Investment properties	**23,778**	53,982
- Land held for property development	**-**	10,635
Approved but not contracted for:		
- Property, plant and equipment	**180,796**	-
- Investment properties	**20,638**	11,764
- Land held for property development	**-**	222,836
	235,830	299,217

	Company	
	2015	**2014**
	RM'000	**RM'000**
Approved but not contracted for:		
- Land held for property development	**-**	222,836

38. Related party disclosures

(a) Sale and purchase of goods and services

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**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	**352**	544	**41**	23

38. Related party disclosures (cont'd.)

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Interior design contracts paid to Damansara Uptown Interiors Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has financial interest	**1,196**	2,543	**-**	1,888
Sale of a property to Mr Ooi Hun Peng, a director of a subsidiary	**-**	620	**-**	-
Sale of properties to Ms Eunice Teo Wan Tien, the daughter of Dato' Teo Chiang Quan	**-**	850	**-**	-
Sale of motor vehicles to Ms Tay Lee Kong, Mr Wang Chong Hwa, Mr Ooi Hun Peng and Mr Chuan Yeong Meng directors of subsidiaries	**251**	-	**68**	-
Rental charges paid to Damansara Uptown One Sdn. Bhd., a company in which a brother of Dato' Teo Chiang Quan, has financial interest	**621**	622	**621**	621

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

38. 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		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Short term employee benefits	**15,046**	10,415	**7,904**	4,547
Defined contribution plan	**1,484**	1,177	**751**	515
	16,530	11,592	**8,655**	5,062

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

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

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Directors of the Company				
Executive	**5,250**	2,347	**4,178**	1,456
Non-executive	**504**	528	**484**	498
	5,754	2,875	**4,662**	1,954

39. Classification of financial instruments

		Group		Company	
	Note	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Trade receivables	21	**91,976**	82,004	**-**	-
Other receivables (other than derivative asset)	22	**14,422**	28,536	**1,765**	7,070
Amount due from subsidiaries		**-**	-	**434,212**	245,218
Other investment	*	**279**	270	**-**	-
Cash and cash equivalents	26	**143,153**	188,625	**23,705**	89,757
Total loans and receivables		**250,830**	299,435	**459,682**	342,045

39. Classification of financial instruments (cont'd.)

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Derivative asset, included in other receivables, representing total financial asset at fair value through profit or loss	22	**120**	210	**-**	-
Trade payables	28	**78,464**	109,821	**-**	-
Other payables (other than derivative liability)	*	**102,978**	103,339	**6,354**	3,860
Amount due to subsidiaries		**-**	-	**211,162**	166,827
Borrowings	27	**549,617**	385,091	**-**	-
Total financial liabilities carried at amortised cost		**731,059**	598,251	**217,516**	170,687
Derivative liability, included in other payables, representing total financial liability at fair value through profit or loss	29	**93**	105	**-**	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

40. Fair value of assets and liabilities

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2015				
Group				
Assets for which fair values are disclosed				
Investment properties	**-**	**-**	**8,660**	**8,660**
Assets and liabilities measured at fair value				
Derivative				
Interest rate swap - assets	**-**	**120**	**-**	**120**
Interest rate swap - liabilities	**-**	**(93)**	**-**	**(93)**
Company				
Assets for which fair values are disclosed				
Investment properties	**-**	**-**	**1,800**	**1,800**
31 December 2014				
Group				
Assets for which fair values are disclosed				
Investment properties	-	-	8,160	8,160
Assets and liabilities measured at fair value				
Derivative				
Interest rate swap - assets	-	210	-	210
Interest rate swap - liabilities	-	(105)	-	(105)
Company				
Assets for which fair values are disclosed				
Investment properties	-	-	1,800	1,800

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

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

Level 2 fair value measurements

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

Derivatives

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

Level 3 fair value measurements

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

Investment properties

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

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

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

41. 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 Chief Financial Officer. The Board Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

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

(a) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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

(a) Credit risk (cont'd.)

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

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM506,041,000 (2014: RM318,835,000) relating to guarantee extended in support of banking and other credit facilities granted to subsidiaries.

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:

	2015		2014	
	RM'000	% of total	RM'000	% of total
Group				
Property development	**77,251**	**84%**	29,561	36%
Construction	**14,294**	**16%**	51,798	63%
Education	**431**	*****	645	1%
	91,976	**100%**	82,004	100%

* Represents 0.47%.

As at 31 December 2015, approximately 6% (2014: 22%) of the Group's trade receivables is due from a major customer.

(b) Liquidity risk

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

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

41. 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.

	2015 RM'000			
	On demand or within one year	One to five years	More than five years	Total
Group				
Financial liabilities:				
Trade and other payables	**181,535**	**-**	**-**	**181,535**
Borrowings	**122,375**	**403,843**	**121,712**	**647,930**
Total undiscounted financial liabilities	**303,910**	**403,843**	**121,712**	**829,465**
Company				
Financial liabilities:				
Other payables	**6,354**	**-**	**-**	**6,354**
Due to subsidiaries	**221,087**	**-**	**-**	**221,087**
Total undiscounted financial liabilities	**227,441**	**-**	**-**	**227,441**

	2014 RM'000			
	On demand or within one year	One to five years	More than five years	Total
Group				
Financial liabilities:				
Trade and other payables	213,265	-	-	213,265
Borrowings	130,642	210,781	112,634	454,057
Total undiscounted financial liabilities	343,907	210,781	112,634	667,322
Company				
Financial liabilities:				
Other payables	3,860	-	-	3,860
Due to subsidiaries	174,668	-	-	174,668
Total undiscounted financial liabilities	178,528	-	-	178,528

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

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

(c) Interest rate risk

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

The Group's exposure to interest rate risk arises primarily from their floating rate borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group enters into interest rate swap to effectively convert its floating rate term loan to a fixed rate term loan.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rate had been 50 basis points lower/higher with all other variables held constant, the Company's property, plant and equipment, investment properties, land held for development and property development costs would have been RM2,736,220 (2014: RM1,944,468) lower/higher arising mainly as a result of lower/higher interest expense on floating rate term loans capitalised in land held for development and property development costs. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

42. Capital management

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

The Group monitors capital using debt to equity ratio, which is total debts divided by total equity.

		Group	
	Note	**2015**	**2014**
Total debts (RM'000)	27	**549,617**	385,091
Total equity (RM'000)		**1,090,623**	951,844
Debts to equity ratio		**50%**	40%

43. Segment information

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

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

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

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

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

	Property		Education		Investment and others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000		2015 RM'000	2014 RM'000
Revenue:											
External customers	**427,108**	376,429	**147,909**	131,152	**1,017**	2,462	**-**	-		**576,034**	510,043
Inter-segment sales	**-**	-	**-**	-	**95,507**	56,135	**(95,507)**	(56,135)	A	**-**	-
Total revenue	**427,108**	376,429	**147,909**	131,152	**96,524**	58,597	**(95,507)**	(56,135)		**576,034**	510,043
Results:											
Interest income	**5,759**	5,145	**2,696**	2,082	**18,830**	12,276	**(22,468)**	(14,429)	A	**4,817**	5,074
Interest expense	**495**	142	**4,973**	-	**8,811**	5,342	**(8,619)**	(5,211)	A	**5,660**	273
Depreciation and amortisation	**2,026**	2,398	**16,387**	9,193	**849**	822	**-**	-		**19,262**	12,413
Share of results of associates	**-**	-	**-**	-	**42**	(273)	**-**	-		**42**	(273)
Segment profit	**83,881**	68,314	**21,650**	24,604	**70,996**	41,704	**(74,833)**	(48,866)	B	**101,694**	85,756
Assets:											
Investment in associates	**-**	-	**-**	-	**10,153**	8,084	**-**	-		**10,153**	8,084
Additions to non-current assets	**343,469**	88,299	**36,870**	174,516	**45,561**	30,065	**-**	-	C	**425,900**	292,880
Segment assets	**1,510,533**	1,230,590	**605,579**	536,272	**620,509**	471,206	**(806,398)**	(585,877)	D	**1,930,223**	1,652,191
Segment liabilities	**896,999**	697,337	**237,450**	245,303	**334,023**	252,549	**(628,872)**	(494,842)	E	**839,600**	700,347

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

43. Segment information (cont'd.)

(a) Inter-segment revenues and expenses are eliminated on consolidation.

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

	2015 RM'000	2014 RM'000
Inter-segment dividends	**(65,062)**	(36,000)
Inter-segment interests	**(13,849)**	(9,218)
Other inter-segment transactions	**4,078**	(3,648)
	(74,833)	(48,866)

(c) Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	**39,734**	174,124
Land held for property development	**340,681**	85,021
Investment properties	**45,485**	33,735
	425,900	292,880

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

	2015 RM'000	2014 RM'000
Investment in associates	**(482)**	(520)
Inter-segment assets	**(749,302)**	(528,534)
Unrealised gains from inter-segment transactions	**(56,614)**	(56,823)
	(806,398)	(585,877)

(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 2015 and 2014, there is no revenue concentration from a single customer that exceeds 10% of the total Group's revenue.

44. 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 2015 and 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	**773,816**	759,666	**451,220**	430,309
- Unrealised	**11,962**	(6,001)	**(40)**	51
	785,778	753,665	**451,180**	430,360
Total share of retained earnings from associates				
- Realised	**(482)**	(524)	**-**	-
Less: Consolidation adjustments	**(198,380)**	(202,236)	**-**	-
Retained earnings as per financial statements	**586,916**	550,905	**451,180**	430,360

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Sixth Annual General Meeting of the Company will be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 25 May 2016 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the year ended 31 December 2015 together with the Reports of the Directors and the Auditors thereon. (Please see Explanatory Note A)

2. To approve the declaration of a single-tier final dividend of 5.75 sen per share in respect of the year ended 31 December 2015. **Resolution 1**

3. To approve the payment of Directors' fees of RM597,547.95 for the year ended 31 December 2015. **Resolution 2**

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

   (a) Mr Ong Keng Siew **Resolution 3**
   (b) Mr Quah Chek Tin (Please see Explanatory Note B) **Resolution 4**

5. To re-elect Mr Jeffrey Chew Sun Teong who retires pursuant to Article 119(e) of the Company's Articles of Association. **Resolution 5**

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

   "That Dato' Md Taib bin Abdul Hamid, a Director who retires in accordance with Section 129(2) 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." (Please see Explanatory Note B) **Resolution 6**

7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

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

   "That in accordance with Section 129(6) of the Companies Act, 1965 Tan Sri James Foong Cheng Yuen be and is hereby appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." (Please see Explanatory Note C) **Resolution 8**

9. 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." (Please see Explanatory Note D) **Resolution 9**

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders, a single-tier final dividend of 5.75 sen per share in respect of the year ended 31 December 2015, will be paid on 15 June 2016 to shareholders whose names appear in the Record of Depositors on 1 June 2016.

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 1 June 2016 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
NG WAI PENG
Secretaries

Petaling Jaya
Selangor Darul Ehsan
29 April 2016

NOTES

Record of Depositors

In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2016 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the Forty-Sixth 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/her/its 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 Note A

Item 1 on the Agenda is meant for discussion only as pursuant to Section 169(1) of the Companies Act, 1965, the Audited Financial Statements do not require the formal approval of the shareholders. Hence, the matter will not be put forward for voting.

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

Explanatory Note B

The Board has conducted an assessment on the independence of all Independent Directors of the Company, including Mr Quah Chek Tin and Dato' Md Taib bin Abdul Hamid who have served the Board as Independent Non-Executive Directors for more than nine (9) years, and are seeking re-election at the Forty-Sixth AGM pursuant to Article 119 (a) of the Company's Articles of Association and Section 129(6) of the Companies Act, 1965, respectively. The Board is satisfied that both Mr Quah and Dato' Taib have fulfilled all criteria for re-election to the Board, the detailed explanation of which is disclosed in the Statement on Corporate Governance on pages 50 and 51 of this annual report.

Explanatory Note C

The Directors of the Company have, pursuant to Article 119(d) of the Company's Articles of Association, nominated the appointment of Tan Sri James Foong Cheng Yuen, aged 70, as an Independent Non-Executive Director of the Company. A Notice of Nomination dated 29 March 2016 from the Directors is included on page 165 of this report and the Notice of Consent dated 29 March 2016 from Tan Sri James Foong consenting to the nomination and signifying his candidature for the office as an Independent Non-Executive Director of the Company is included on page 166 of this annual report.

Tan Sri James Foong Cheng Yuen, a Malaysian, aged 70, graduated from the University of London with LL.B. (Honours) in 1969 and was called to the English Bar by the Honourable Society of the Inner Temple in 1970. Subsequently, he was called to the Malaysian Bar as an advocate and solicitor in 1971. He was engaged in private legal practice in both criminal and civil law, majoring in insurance law from 1971 to 1990. While in practice, he acted as legal adviser to numerous guilds and associations in Malaysia. He was a Commissioner of Oath and Public Notary. He was conferred an honorary Doctorate of Laws degree by the University of the West of England in 2011. He was also made Bencher of the Honourable Society of the Inner Temple, London in 2009.

He was appointed as Judicial Commissioner in 1990 and elevated to be High Court Bench in 1992. He also served as a High Court Judge at Kuala Lumpur (Criminal Division), Johor Bahru, Shah Alam, Kuala Lumpur (Civil Division), Ipoh, and Kuala Lumpur (Family Division and Civil Division). He was elevated to the Court of Appeal in 2005 and subsequently elevated to the Federal Court (Malaysia Supreme Court) in 2009. As a Federal Court Judge, he was made a Managing Judge of the Civil Division of the High Court at Kuala Lumpur and of the High Court and Subordinate Courts in the State of Penang. He retired from the Malaysian Judiciary on 25 February 2012.

He sits on the board as an Independent Non-Executive Director of Genting Berhad and Only World Group Holdings Berhad.

Tan Sri James Foong does not have any family relationship with any Director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

The appointment of Tan Sri James Foong will increase the Board's composition of Independent Non-Executive Directors to 75%.

Explanatory Note D

The Ordinary Resolution proposed under item 9, 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-Fifth AGM held on 3 June 2015, which will lapse at the conclusion of the Forty-Sixth 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.

NOTICE OF NOMINATION

Date: 29 March 2016

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

Dear Mesdames,

NOTICE OF NOMINATION

Pursuant to Article 119 (d) of the Company's Articles of Association, we, the undersigned, being all the Directors of Paramount Corporation Berhad, hereby nominate Tan Sri James Foong Cheng Yuen, aged 70, to the Board of Directors as an Independent Non-Executive Director at the forthcoming Annual General Meeting of the Company.

Yours faithfully

....
DATO' TEO CHIANG QUAN

....
JEFFREY CHEW SUN TEONG

....
DATO' MD TAIB BIN ABDUL HAMID

....
DATO' ROHANA TAN SRI MAHMOOD

....
DATUK SERI MICHAEL YAM KONG CHOY

....
ONG KENG SIEW

....
QUAH CHEK TIN

NOTICE OF CONSENT

Tan Sri James Foong Cheng Yuen
B-3-2, 1 Persiaran Persekutuan
50480 Kuala Lumpur

Date: 29 March 2016

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

Dear Sirs,

NOTICE OF CONSENT

I, Tan Sri James Foong Cheng Yuen, give my consent to the nomination, signifying my candidature for the office as an Independent Non-Executive Director of Paramount Corporation Berhad.

Yours faithfully

TAN SRI JAMES FOONG CHENG YUEN

PROXY FORM

Paramount Corporation Berhad (8578-A)

PARAMOUNT

I/We ____

(name of shareholder as per NRIC or name of Company, in capital letters)

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

Contact No. ______________ of ______________________________

____

(full address)

being a member of Paramount Corporation Berhad (**the Company**) 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-Sixth Annual General Meeting of the Company to be held at Saujana Ballroom, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 25 May 2016 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	Final Dividend		
Resolution 2	Directors' Fees		
Re-election and re-appointment of Directors:			
Resolution 3	Mr Ong Keng Siew		
Resolution 4	Mr Quah Chek Tin		
Resolution 5	Mr Jeffrey Chew Sun Teong		
Resolution 6	Dato' Md Taib bin Abdul Hamid		
Resolution 7	Re-appointment of Auditors and to fix their remuneration		
Resolution 8	Appointment of Tan Sri James Foong Cheng Yuen as a Director		
Resolution 9	Authority to Directors to issue shares		

Dated this ______________ day ______________ 2016.

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/her/its 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/her 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.
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/she thinks fit.
5. The proxy form 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 meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 May 2016 (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 SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Fold along this line (2)

Paramount Corporation Berhad (8578-A)
Level 8, Uptown 1, 1 Jalan SS21/58
Damansara Uptown, 47400 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 7712 3333
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