

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2010

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 31 MARCH 2010**

	3 Months Ended 31 March		3 Months Ended 31 March	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	102,358	83,408	102,358	83,408
Operating profit	20,522	13,097	20,522	13,097
Interest expense	(1,228)	(477)	(1,228)	(477)
Interest income	834	488	834	488
Share of profit/(loss) of associated companies	1,981	(360)	1,981	(360)
Profit before taxation	22,109	12,748	22,109	12,748
Taxation	(6,423)	(3,751)	(6,423)	(3,751)
Profit for the period	15,686	8,997	15,686	8,997
Total profit attributable to: Owners of the Parent	15,686	8,997	15,686	8,997
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	14.02	8.33	14.02	8.33
Diluted EPS	13.81	8.32	13.81	8.32

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2009.

PARAMOUNT CORPORATION BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 31 MARCH 2010**

	3 Months Ended 31 March		3 Months Ended 31 March	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	15,686	8,997	15,686	8,997
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	15,686	8,997	15,686	8,997
Total comprehensive income attributable to:				
Owners of the Parent	15,686	8,997	15,686	8,997

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2009.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2010

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2010**

	AS AT 31/3/2010	AS AT 31/12/2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	205,555	202,259
Land held for property development	163,909	170,976
Investment properties	14,923	15,008
Intangible asset	15,674	15,674
Investments in associates	58,680	54,264
Other investments	485	485
Deferred tax assets	3,967	4,934
	<u>463,193</u>	<u>463,600</u>
Current assets		
Property development costs	53,500	56,287
Trade receivables	85,884	87,997
Due from customers on contracts	1,463	108
Other receivables	22,348	20,410
Tax recoverable	6,902	4,099
Cash and bank balances	229,332	207,535
	<u>399,429</u>	<u>376,436</u>
TOTAL ASSETS	<u>862,622</u>	<u>840,036</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent:		
Share capital	112,708	110,339
Reserves	435,886	414,147
Total equity	<u>548,594</u>	<u>524,486</u>
Non-current liabilities		
Borrowings	85,853	85,551
Deferred tax liabilities	13,866	13,866
	<u>99,719</u>	<u>99,417</u>
Current liabilities		
Borrowings	870	1,813
Trade payables	104,270	109,592
Due to customers on contracts	28,514	28,014
Other payables	76,701	72,984
Tax payable	3,954	3,730
	<u>214,309</u>	<u>216,133</u>
Total liabilities	<u>314,028</u>	<u>315,550</u>
TOTAL EQUITY AND LIABILITIES	<u>862,622</u>	<u>840,036</u>
Net assets per share (RM)	<u>4.87</u>	<u>4.75</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2009.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2010

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 March 2010**

	<-----Attributable to owners of the parent----->								
	<----- Non Distributable ----->			Share	Fair Value	Distributable	Non		Total
	Share	Share	Translation	Share	Adjustment	Retained	Total	Controlling	Equity
	Capital	Premium	Reserve	Option	Reserve	Earnings	RM'000	Interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2009	108,031	68,900	1,679	2,365	-	301,468	482,443	5	482,448
Total comprehensive income for the period	-	-	-	-	-	8,997	8,997	-	8,997
Acquisition of minority interest	-	-	-	-	-	-	-	(5)	(5)
Share options granted under ESOS	-	-	-	26	-	-	26	-	26
As at 31 March 2009	108,031	68,900	1,679	2,391	-	310,465	491,466	-	491,466
As at 1 January 2010	110,339	72,387	1,679	2,288	-	337,793	524,486	-	524,486
Effect arising from adoption of FRS 139	-	-	-	-	304	3,206	3,510	-	3,510
As at 1 January 2010, as restated	110,339	72,387	1,679	2,288	304	340,999	527,996	-	527,996
Total comprehensive income for the period	-	-	-	-	-	15,686	15,686	-	15,686
Issue of ordinary shares pursuant to ESOS	2,369	3,097	-	(554)	-	-	4,912	-	4,912
As at 31 March 2010	112,708	75,484	1,679	1,734	304	356,685	548,594	-	548,594

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2009.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2010

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
AS AT 31 March 2010**

	3 Months Ended	
	31 Mar 2010	31 Mar 2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	22,626	23,743
Taxes paid	(8,039)	(3,335)
Interest paid	(880)	(980)
Net cash generated from operating activities	13,707	19,428
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in land held for development	7,067	(2,318)
Dividend received from an associated company	750	0
Purchase of property, plant and equipment	(4,856)	(1,555)
Purchase of shares from minority interest	0	(15,235)
Proceeds from disposal of property, plant and equipment	54	16
Proceeds from disposal of an investment property	0	280
Interest received	804	488
Net cash generated from/(used in) investing activities	3,819	(18,324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4,912	0
Drawdown/(repayment) of borrowings	(641)	(807)
Net cash generated from/(used in) financing activities	4,271	(807)
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,797	297
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	207,535	123,329
CASH AND CASH EQUIVALENTS AT END OF PERIOD	229,332	123,626
	31 Mar 2010	31 Mar 2009
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	73,593	85,951
Fixed deposits	155,739	37,675
	229,332	123,626
HDA included in cash and bank balances	65,864	71,076

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2009.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2010

The figures are unaudited

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

A1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations with effect from 1 January 2010.

On 1 January 2010, the Group adopted the following FRSs:

FRSs, Amendments to FRSs and IC Interpretations

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (as revised in 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellation
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Improvement to FRSs 2009	Improvement to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

A2. Changes in accounting policies (cont'd.)

Other than for the application of FRS 8, FRS 101, FRS 117 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 8: Operating Segments

Prior to the adoption of FRS 8, the Group's segment reporting was based on a primary reporting format of business segments and a secondary reporting format of geographical segments. FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This FRS did not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statements (revised)

The FRS 101 introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This FRS did not have any impact on the financial position and results of the Group.

(c) Amendments to FRSs 'Improvements to FRSs (2009)' - FRS 117: Leases

FRS 117 clarifies on the classification of leases of land and buildings. The resulting effect of this FRS taking effect was the reclassification of prepaid leases on land back into property, plant and equipment, rather than being separately classified under prepaid lease payments on the consolidated statement of financial position, as disclosed below:

	As previously stated RM'000	Restated RM'000
Statement of Financial Position		
Non-current assets		
Property, plant & equipment	139,675	202,259
Investment properties	14,142	15,008
Prepaid land lease payments	63,450	0

(d) FRS 139: Financial Instruments: Recognition and Measurement

The FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This FRS did not have any significant impact on the financial position and results of the Group.

(d) **FRS 139: Financial Instruments: Recognition and Measurement (cont'd.)**

Impact on the opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

	Previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
Assets			
Investment in associates	54,264	3,185	57,449
Trade receivables	87,997	(868)	87,129
Liabilities			
Trade payables	109,592	(1,193)	108,399
Equity			
Fair value adjustment reserve	0	304	304
Retained earnings	337,793	3,206	340,999

A3. Audit report qualification

The audit report for the financial year ended 31 December 2009 was not subject to any qualification.

A4. Seasonal or cyclical factors

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

A5. Exceptional or unusual items

There were no items of an exceptional or unusual nature that have affected the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year to date.

A6. Changes in estimates of amounts reported previously

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

A7. Debt and equity securities

Save as disclosed below, there were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities.

	No. of shares issued '000	Exercise price RM
Exercise of ESOS granted on 15 September 2005	1,274	2.01
Exercise of ESOS granted on 15 September 2006	52	1.66
Exercise of ESOS granted on 15 September 2007	245	2.20
Exercise of ESOS granted on 15 September 2008	127	1.97
Exercise of ESOS granted on 15 September 2009	671	2.20
	<u>2,369</u>	

A8. Dividends paid

There were no dividends paid or declared during the current quarter.

A9. Segment reporting for the current financial year to date

<u>Analysis by Business Segment</u>	Revenue		Profit before tax	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property development	64,912	47,468	13,692	5,309
Construction	38,779	39,198	1,463	518
Education	23,774	23,813	6,710	5,967
Investment & others	4,354	4,341	244	954
	<u>131,819</u>	<u>114,820</u>	<u>22,109</u>	<u>12,748</u>
Inter-segment elimination	(29,461)	(31,412)	0	0
	<u>102,358</u>	<u>83,408</u>	<u>22,109</u>	<u>12,748</u>

A10. Carrying amount of revalued assets

The valuations of property, plant and equipment and investment properties have been brought forward without amendments from the financial statements for the financial year ended 31 December 2009.

A11. Subsequent events

There were no material events subsequent to the end of the current quarter.

A12. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year to date.

A13. Changes in contingent assets and contingent liabilities

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

A14. Capital commitment

There amount of commitments not provided for in the interim financial statements as at 31 March 2010 is as follow:

Approved and contracted for:-	RM'000
Property, plant & equipment	<u>53,029</u>

A15. Capital expenditure

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

	Current Quarter RM'000	Financial Year-to-date RM'000
Property, plant and equipment Additions	4,856	4,856

A16. Related party transactions

	Financial Year-to-date RM'000
Purchase of computers and peripherals from ECS ICT Bhd and its subsidiaries, a group of companies in which Dato' Teo Chiang Quan, a director of the Company, has substantial interests	558
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	225
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	143
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	6
Rental charges paid to Mr. Edmund Ewe Thean Teik, spouse of Dr. Chia Chee Fen, who is a director of a subsidiary company.	6
	<u>938</u>

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

A17. Comparatives

Certain comparatives have been reclassified to conform with the current financial period's presentation.

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

B1. Review of performance

For the first quarter under review, the Group achieved a profit before tax (PBT) of RM22.1 million on the back of revenue of RM102.3 million compared with the PBT and revenue of RM12.7 million and RM83.4 million, respectively, achieved in the corresponding period last year. The growth in PBT and revenue came mainly from the Surian Industrial Park (SIP) development in Kota Damansara. Additionally the construction and educational services also contributed to the earnings and revenue growth.

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

The Group's current quarter PBT of RM22.1 million was marginally higher than the preceding quarter's PBT of RM22.0 million.

B3. Prospects

Given further improvements in the Malaysian economy expected in 2010, the Group's prospects for the rest of the year are expected to be good.

The property division is optimistic of achieving a better performance in 2010 given the buoyant property market and the lock-in unbilled sales brought forward.

The expansion plans for the educational services division that began in the second half of 2009 will continue well into 2010/2011. As a result, the performance of the division for the year would be affected due to the budgeted costs for the ongoing upgrading and expansion plans.

B4. Profit forecast or profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and shortfall in profit guarantee are not applicable.

B5. Taxation

The taxation charge included the following:

	Current Quarter RM'000	Financial Year-to-date RM'000
Current year provision	5,730	5,730
Deferred tax	693	693
	<u>6,423</u>	<u>6,423</u>

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

B6. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and properties for the current quarter and financial year to date.

B7. Quoted securities

- (i) There were no purchases and disposals of quoted securities by the Group for the current quarter and financial year to date.
- (ii) There were no investments in quoted securities as at 31 March 2010.

B8. Corporate proposal

- (i) On 3 November 2009, the Company entered into a conditional Sale Agreement (SA) with The Titular Superior of the Brothers of Saint Gabriel, for the acquisition of a piece of freehold vacant land measuring in area approximately 21.7 acres forming part of the land held under Geran 48178, Lot 1179, Mukim Damansara, Daerah Petaling, Negeri Selangor (the Master Title) for a total cash consideration calculated at the rate of RM66/- per sq. ft. and estimated at a total sum of RM62,386,632 only subject to the sub-division of the Master Title and on the terms and conditions as contained in the SA.
- (ii) On 20 November 2009, the Company made an application to Bank Negara Malaysia (BNM) for the commencement of preliminary negotiations for the acquisition by interested parties of the Group's 20% equity interest in Jerneh Insurance Berhad (JIB). The application was approved on 1 December 2009.

On 18 May 2010, the Company submitted an application to BNM for the approval of the Minister of Finance pursuant to Section 67 of the Insurance Act 1996, to enter into an agreement with a potential buyer for the proposed disposal of the Group's 20% equity interest in JIB to the said potential buyer.

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 31 March 2010 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Current portion of long term loan	870
<u>Long-term borrowings (Secured)</u>	
Term loans	85,853

B10. Derivative financial instruments

There were no derivative financial instruments for the current financial quarter ended 31 March 2010.

B11. Gains and Losses arising from fair value changes of financial liabilities

There were no financial liabilities measured at fair value through profit or loss for the current financial quarter ended 31 March 2010. All financial liabilities are measured at the amortised cost effective interest method. Hence, no gains or losses were recognised for changes in the fair values of these liabilities.

B12. Changes in material litigation

Berkeley Sdn Bhd ("BSB"), a wholly owned subsidiary, had appealed against the decision of the High Court dismissing BSB's claim against Consolidated Plantations Bhd ("CPB"), inter alia, for RM34,152,136.00 arising from CPB's breach of a contract dated 5 September 1973 with respect to the purchase from CPB of a portion of land held under Lot 11811 (Lot 3903) Grant 23893, Mukim Bukit Raja, Kelang, Selangor. BSB's appeal was dismissed by the Court of Appeal on 4 February 2010.

The dismissal will not have any adverse material effect on the financial position of the Group.

BSB has decided to appeal to the Federal Court and an application for leave to appeal has been made.

As at 18 May 2010, there were no changes in material litigation, including the status of pending litigation since the last annual balance sheet date of 31 December 2009.

B13. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2010.

B14. Earnings per share

(a) Basic EPS

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

	Current Quarter	Financial Year-to-date
Profit for the period (RM'000)	15,686	15,686
Weighted average number of ordinary shares ('000)	111,893	111,893
Basic EPS (sen)	<u>14.02</u>	<u>14.02</u>

(b) Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the quarter and financial year to date have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

Profit for the period (RM'000)	<u>15,686</u>	<u>15,686</u>
Weighted average number of ordinary shares ('000)	111,893	111,893
Effect of dilution ('000)	<u>1,677</u>	<u>1,677</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>113,570</u>	<u>113,570</u>
Diluted EPS (sen)	<u>13.81</u>	<u>13.81</u>