

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 30 June 2010

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 JUNE 2010**

	3 Months Ended 30 June		6 Months Ended 30 June	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	128,698	105,385	231,056	188,793
Operating profit	34,134	18,821	54,656	31,918
Interest expense	(584)	(466)	(1,812)	(943)
Interest income	577	405	1,411	893
Share of profit of associated companies	2,074	4,160	4,055	3,800
Profit before taxation	36,201	22,920	58,310	35,668
Taxation	(10,473)	(5,007)	(16,896)	(8,758)
Profit for the period	25,728	17,913	41,414	26,910
Total profit attributable to: Owners of the Parent	25,728	17,913	41,414	26,910
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	22.66	16.58	36.23	24.90
Diluted EPS	22.54	16.45	35.98	24.71

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 30 JUNE 2010**

	3 Months Ended 30 June		6 Months Ended 30 June	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Profit for the period	25,728	17,913	41,414	26,910
Other comprehensive income	262	-	262	-
Total comprehensive income for the period	25,990	17,913	41,676	26,910
Total comprehensive income attributable to:				
Owners of the Parent	25,990	17,913	41,676	26,910

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 30 June 2010

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	AS AT 30/6/2010	AS AT 31/12/2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	208,790	202,259
Land held for property development	157,667	170,976
Investment properties	11,983	15,008
Intangible asset	15,674	15,674
Investments in associates	59,669	54,264
Other investments	485	485
Deferred tax assets	3,912	4,934
	458,180	463,600
Current assets		
Property development costs	50,204	56,287
Trade receivables	87,814	87,997
Due from customers on contracts	1,587	108
Other receivables	31,271	20,410
Tax recoverable	5,639	4,099
Cash and bank balances	231,644	207,535
	408,159	376,436
Assets held for sale	1,998	0
	410,157	376,436
TOTAL ASSETS	868,337	840,036
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent:		
Share capital	117,482	110,339
Reserves	455,650	414,147
Total equity	573,132	524,486
Non-current liabilities		
Borrowings	55,398	85,551
Deferred tax liabilities	13,866	13,866
	69,264	99,417
Current liabilities		
Borrowings	870	1,813
Trade payables	114,516	109,592
Due to customers on contracts	24,518	28,014
Other payables	78,146	72,984
Tax payable	7,891	3,730
	225,941	216,133
Total liabilities	295,205	315,550
TOTAL EQUITY AND LIABILITIES	868,337	840,036
Net assets per share (RM)	4.88	4.75

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 30 June 2010

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 JUNE 2010**

	<-----Attributable to owners of the parent----->								
	<----- Non Distributable ----->			Share	Fair Value	Distributable	Non		Total
	Share	Share	Translation	Option	Adjustment	Retained	Total	Controlling	
	Capital	Premium	Reserve	Reserve	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	-	-	-	-	-	26,910	26,910	-	26,910
Acquisition of minority interest	-	-	-	-	-	-	-	(5)	(5)
Dividends	-	-	-	-	-	(10,538)	(10,538)	-	(10,538)
Share options granted under ESOS	-	-	-	53	-	-	53	-	53
Exercise of option under the ESOS	76	121	-	(50)	-	-	147	-	147
As at 30 June 2009	108,107	69,021	1,679	2,368	-	317,840	499,015	-	499,015
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	-	-	-	-	262	41,414	41,676	-	41,676
Dividends	-	-	-	-	-	(13,217)	(13,217)	-	(13,217)
Issue of ordinary shares pursuant to ESOS	7,143	10,946	-	(1,412)	-	-	16,677	-	16,677
As at 30 June 2010	117,482	83,333	1,679	876	566	369,196	573,132	-	573,132

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 30 June 2010

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR PERIOD ENDED 30 JUNE 2010**

	6 Months Ended	
	30 June 2010	30 June 2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	60,747	28,366
Taxes paid	(13,257)	(6,344)
Interest paid	(1,409)	(1,446)
Net cash generated from operating activities	46,081	20,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in land held for development	13,310	36,436
Dividends received from associated companies	2,097	750
Purchase of property, plant and equipment	(12,145)	(2,036)
Prepayment of land lease	0	(1,013)
Purchase of shares from minority interest	0	(15,235)
Proceeds from disposal of property, plant and equipment	99	41
Proceeds from disposal of investment properties	908	458
Interest received	1,396	893
Net cash generated from investing activities	5,665	20,294
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	16,677	147
Dividends paid	(13,217)	(10,538)
Repayment of borrowings	(31,097)	(1,057)
Net cash used in financing activities	(27,637)	(11,448)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,109	29,422
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	207,535	123,329
CASH AND CASH EQUIVALENTS AT END OF PERIOD	231,644	152,751
	30 June 2010	30 June 2009
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	83,350	55,470
Fixed deposits	148,294	97,281
	231,644	152,751
HDA included in cash and bank balances	76,822	48,769

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 30 June 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	2,324	2.01
Exercise of ESOS granted on 15 September 2006	157	1.66
Exercise of ESOS granted on 15 September 2007	657	2.20
Exercise of ESOS granted on 15 September 2008	197	1.97
Exercise of ESOS granted on 15 September 2009	2,045	2.20
Exercise of ESOS granted on 1 April 2010	1,763	3.07
	<u>7,143</u>	

A8. Dividends paid

	6 months ended	
	30/6/2010	30/6/2009
	RM'000	RM'000
Final dividends		
2009 - 9.0% less 25% income tax (2008 - 8.0% less 25% income tax)	7,930	6,485
Special dividends		
2009 - 6.0% less 25% income tax (2008 - 5.0% less 25% income tax)	5,287	4,053
	13,217	10,538

A9. Segment reporting for the current financial year to date

<u>Analysis by Business Segment</u>	Revenue		Profit before tax	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Property development	148,761	116,782	39,684	16,172
Construction	90,595	74,474	5,177	2,510
Education	49,402	49,083	13,013	12,392
Investment & others	31,232	9,706	29,180	4,594
	319,990	250,045	87,054	35,668
Inter-segment elimination	(88,934)	(61,252)	(28,744)	0
	231,056	188,793	58,310	35,668

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

On 6 August 2010, Paramount Corporation Limited (PCL), a wholly owned subsidiary of the Company, completed the disposal of its investment properties, which was classified as assets held for sale as at 30 June 2010, for a cash consideration of RM2,343,000 (HKD5,600,000).

A12. Changes in composition of the Group

On 31 May 2010, the Company purchased a shelf company, Omni Assets Sdn Bhd (OASB). OASB has an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each and an issued and paid up share capital of RM2.

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 30 June 2010 is as follow:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	53,029
Land held for property development	70,581
	<u>123,610</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	<u>7,289</u>	<u>12,145</u>

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	804
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	892
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	290
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	16
Sale of properties to directors of subsidiary companies	1,695
Rental charges paid to Mr. Edmund Ewe Thean Teik, the spouse of Dr. Chia Chee Fen, who is a director of a subsidiary company.	12
	<u>3,709</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 quarter under review, the Group's revenue increased by 22.1% to RM128.7 million from RM105.4 million recorded in the corresponding period last year. Profit before tax (PBT) for the same period increased by 58.1% to RM36.2 million from RM22.9 million recorded in the corresponding period last year. For the six months ended 30 June 2010, revenue increased by 22.4% to RM231.1 million from RM188.8 million recorded in the corresponding period last year while PBT increased by 63.3% to RM58.3 million from RM35.7 million recorded in the corresponding period last year.

The better performance was attributed to the strong sales and higher progressive billings from lock-in sales by property development mainly the Kemuning Utama and Surian Industrial Park projects. The construction and educational services businesses also contributed positively to the better performance.

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

The Group's current quarter PBT of RM36.2 million represented an increase of 63.8% compared with the preceding quarter's PBT of RM22.1 million attributed to higher profit contribution from the Kemuning Utama project and higher margins recorded by construction.

B3. Prospects

The Group's prospects for the remaining 6 months of the year are expected to be good 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 by 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	10,431	16,161
Deferred tax	42	735
	<u>10,473</u>	<u>16,896</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 except for the disposal of investment properties which resulted in a gain on disposal of RM59,000 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 30 June 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.

- (iii) On 1 June 2010, OASB, a wholly-owned subsidiary of the Company, entered into a conditional Sale Agreement (SA) with Cyberview Sdn Bhd as a proprietor and Setia Haruman Sdn Bhd as a vendor, for the proposed acquisition of a piece of freehold residential land measuring in area approximately 50.01 acres identified as Block 17 within the Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan for a total cash consideration of RM78,423,681.60 on the terms and conditions as contained in the SA.

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 30 June 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	55,398

B10. Derivative financial instruments

There were no derivative financial instruments for the current financial quarter ended 30 June 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 30 June 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.

BSB decided to appeal to the Federal Court but our application for leave to appeal was dismissed.

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

As at 17 August 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 of Directors has declared an interim dividend of 15.00 sen per share, comprising 11.00 sen per share, tax exempt, and 4.00 sen per share, less tax at 25%, (2009: 8.00 sen per share, less tax at 25%, and a special dividend of 5.00 sen per share, less tax at 25%) in respect of the financial year ending 31 December 2010, which will be paid on 17 September 2010 to shareholders whose names appear on the Record of Depositors on 8 September 2010.

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 September 2010 in respect of ordinary transfers.
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

The total dividend for the current financial year to date is 15.00 sen per share comprising 11.00 sen, tax exempt, and 4.00 sen, less tax at 25%.

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)	25,728	41,414
Weighted average number of ordinary shares ('000)	113,516	114,324
Basic EPS (sen)	22.66	36.23

(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)	25,728	41,414
Weighted average number of ordinary shares ('000)	113,516	114,324
Effect of dilution ('000)	614	764
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	114,130	115,088
Diluted EPS (sen)	22.54	35.98