

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2011

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 31 MARCH 2011**

	3 Months Ended 31 March		3 Months Ended 31 March	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	103,852	102,358	103,852	102,358
Operating profit	25,706	20,522	25,706	20,522
Interest expense	(880)	(1,228)	(880)	(1,228)
Interest income	904	834	904	834
Share of profit of associated companies	-	1,981	-	1,981
Profit before taxation	25,730	22,109	25,730	22,109
Taxation	(7,239)	(6,423)	(7,239)	(6,423)
Profit for the period	18,491	15,686	18,491	15,686
Total profit attributable to: Owners of the Parent	18,491	15,686	18,491	15,686
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	15.33	14.02	15.33	14.02
Diluted EPS	N/A	13.81	N/A	13.81

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2010.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 31 MARCH 2011**

	3 Months Ended 31 March		3 Months Ended 31 March	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	18,491	15,686	18,491	15,686
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	18,491	15,686	18,491	15,686
Total comprehensive income attributable to: Owners of the Parent	18,491	15,686	18,491	15,686

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2010.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	As at 31/3/2011	As at 31/12/2010
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	219,436	213,411
Land held for property development	148,564	157,904
Investment properties	32,130	31,953
Intangible asset	15,674	15,674
Investments in associates	221	221
Other investments	485	485
Deferred tax assets	9,930	10,889
	<u>426,440</u>	<u>430,537</u>
Current assets		
Property development costs	33,570	37,735
Trade receivables	82,004	68,744
Other receivables	82,635	79,750
Other current assets	4,570	7,142
Tax recoverable	10,535	7,163
Cash and bank balances	285,157	332,637
	<u>498,471</u>	<u>533,171</u>
Total assets	<u>924,911</u>	<u>963,708</u>
Current liabilities		
Borrowings	7,921	7,921
Trade payables	62,628	79,520
Other payables	58,990	94,888
Tax payable	536	698
Other current liabilities	78,407	82,453
	<u>208,482</u>	<u>265,480</u>
Net current assets	<u>289,989</u>	<u>267,691</u>
Non-current liabilities		
Borrowings	47,468	47,758
Deferred tax liabilities	15,330	15,330
	<u>62,798</u>	<u>63,088</u>
Total liabilities	<u>271,280</u>	<u>328,568</u>
Equity attributable to equity holders of the Company		
Share capital	120,647	120,647
Reserves	532,984	514,493
Total equity	<u>653,631</u>	<u>635,140</u>
Total equity and liabilities	<u>924,911</u>	<u>963,708</u>
Net assets per share (RM)	<u>5.42</u>	<u>5.26</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2010.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2011

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 MARCH 2011**

	< ----- Non Distributable ----- >							
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Fair Value Adjustment Reserve RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000	
As at 1 January 2010	110,339	72,387	1,679	2,288	304	340,999	527,996	
Total comprehensive income for the period	-	-	-	-	-	15,686	15,686	
Transactions with owners								
Exercise of option under the ESOS	2,369	3,097	-	(554)	-	-	4,912	
As at 31 March 2010	112,708	75,484	1,679	1,734	304	356,685	548,594	
As at 1 January 2011	120,647	89,890	1,401	-	-	423,202	635,140	
Total comprehensive income for the period	-	-	-	-	-	18,491	18,491	
As at 31 March 2011	120,647	89,890	1,401	-	-	441,693	653,631	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2010.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2011

The figures are audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 31 MARCH 2011**

	3 Months Ended	
	31 March 2011	31 March 2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in)/generated from operations	(1,579)	22,626
Taxes paid	(9,815)	(8,039)
Interest paid	(798)	(880)
Net cash (used in)/generated from operating activities	(12,192)	13,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in land held for development	9,340	7,067
Dividends received from associated companies	-	750
Purchase of property, plant and equipment	(8,909)	(4,856)
Purchase of investment properties	(106)	-
Proceeds from disposal of property, plant and equipment	-	54
Interest received	871	804
Net cash generated from investing activities	1,196	3,819
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	4,912
Dividend paid	(36,194)	-
Repayment of borrowings	(290)	(641)
Net cash (used in)/generated from financing activities	(36,484)	4,271
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(47,480)	21,797
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	332,637	207,535
CASH AND CASH EQUIVALENTS AT END OF YEAR	285,157	229,332
	31 March 2011	31 March 2010
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	75,773	73,593
Fixed deposits	209,384	155,739
	285,157	229,332
Cash and bank balances held in HDA accounts	70,788	65,864

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2010.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2011

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 2010. 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 2010.

A2. Changes in accounting policies

The issuance of various new and revised Amendments to FRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2011 did not have any significant impact on the financial statements of the Group.

Standards issued but not yet effective

The directors expect that the revised FRS, IC Interpretations and Amendments to IC Interpretation which are issued but not yet effective for the financial year ending 31 December 2011 will not have any material impact on the financial statements of the Group in the period of initial application, except as discussed below.

IC Interpretation 15 - Agreement for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of evaluating the impact of this Interpretation.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2010 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

There were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year to date.

A8. Dividends paid

A special dividend of 40% less 25% taxation amounting to RM36,194,000 was paid during the current quarter.

A9. Segment reporting for the current financial year to date

<u>Analysis by Business Segment</u>	Revenue		Profit before tax	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Property development	62,444	64,912	19,140	13,692
Construction	44,618	38,779	315	1,463
Education	23,074	23,774	4,347	6,710
Investment & others	2,928	4,354	1,928	244
	<u>133,064</u>	<u>131,819</u>	<u>25,730</u>	<u>22,109</u>
Inter-segment elimination	(29,212)	(29,461)	0	0
	<u>103,852</u>	<u>102,358</u>	<u>25,730</u>	<u>22,109</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 2010.

A11. Subsequent events

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial report except as disclosed in note B8(iv).

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

The amount of commitments not provided for in the interim financial statements as at 31 March 2011 is as follows:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	15,640
Land held for property development	70,581
Approved but not contracted for:-	
Property, plant & equipment	16,776
Land held for property development	110,000
	<u>212,997</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>8,909</u>	<u>8,909</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	23
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan has substantial interest	145
	<u>168</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.

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

B1. Review of performance

Revenue for Q1, 2011 grew marginally by 1.5% to RM103.9 million from RM102.4 million recorded in the corresponding quarter last year.

The Group's profit before tax for the same quarter grew by 16.3% to RM25.7 million from RM22.1 million registered in the corresponding quarter last year. The higher profit was attributable to a better performance achieved by the property development sector notwithstanding the lower contribution from the educational services division, in particular, the tertiary education sector that continues to face stiff competition in an industry that is becoming increasingly overcrowded following the establishment of new and large state-of-the-art campuses by competitors.

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

The current quarter's profit before tax was substantially lower compared with the preceding Q4, 2010 profit before tax of RM87.1 million due to the recognition of a RM60.84 million gain resulting from the disposal of Jerneh Insurance Berhad in Q4, 2010.

B3. Prospects

The performance of the Group for the next three quarters will be driven mainly by the property development sector, underpinned by lock-in sales from robust demands that continue to spill into 2011.

The performance of the tertiary education sector will continue to be challenging. Bringing our 30 years of achievements to bear on these challenges, we are, going forward, confident of attaining our strategic objectives. Towards this end, we have made significant investments in the upgrading of campus facilities as well as human and technological resources that are necessary to enable us to remain competitive and seize opportunities in the market. On the positive side, we expect the performance of the primary and secondary school sector to be maintained while the establishment of the international school in the fourth quarter of the year should boost the profitability of the educational services division.

While the Group remains fundamentally strong, the challenging conditions that exist in the education industry may impact our performance.

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	7,179	7,179
Deferred tax	60	60
	<u>7,239</u>	<u>7,239</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 2011.

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. The Company has submitted the application for sub-division and it is pending State Exco approval.
- (ii) On 1 June 2010, OASB, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement (SPA) with Cyberview Sdn Bhd as a proprietor and Setia Haruman Sdn Bhd as a vendor, for the proposed acquisition of a piece of freehold residential land measuring in area approximately 50.01 acres identified as Block 17 within the Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan for a total cash consideration of RM78,423,681.60 on the terms and conditions as contained in the SPA. The Foreign Investment Committee has approved the sale. The disposal is pending the issuance of a separate title from the Land Office.
- (iii) On 24 February 2011, the Company proposed the following:
 - (a) Bonus issue of 48,258,779 new ordinary shares of RM1 each in the Company ("PCB shares") to be credited as fully paid-up on the basis of 2 new PCB shares for every 5 existing PCB shares held on an entitlement date to be determined ("Proposed Bonus Issue");
 - (b) Subdivision of every 1 ordinary share of RM1 each in the Company after the Proposed Bonus Issue into 2 ordinary shares of RM0.50 each in the Company ("Proposed Subdivision"); and
 - (c) Amendment to the Memorandum of Association of the Company to reflect the Proposed Subdivision.

(Collectively referred to as the "Proposals")

On 20 April 2011, Bursa Malaysia Securities Berhad, subject to certain conditions, approved the listing and quotation of 48,258,779 new ordinary shares to be issued pursuant to the Proposed Bonus Issue and the Proposed Subdivision. The Proposals are now subject to approval from the shareholders of the Company.

- (iv) On 29 April 2011, Berkeley Sdn Bhd, a wholly-owned subsidiary of the Company, entered into an agreement with FK Realty Sdn Bhd, a subsidiary of Fung Keong Rubber Manufactory (Malaya) Sdn Berhad, for the acquisition of nine parcels of contiguous freehold land measuring in total area approximately 29.16 acres located in Klang, Mukim of Kapar for a total cash consideration of RM110,000,000 on the terms and conditions as contained in the agreement.

B8. Corporate proposal (Cont'd)

- (v) The status of utilisation of proceeds arising from the disposal of Jerneh Insurance Berhad as at 18 May 2011 is as follow:

Purpose	Proposed Utilisation	Actual Utilisation	Balance	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	
(i) Future expansion plans and general working capital requirements	90,306	27,544	62,762	By November 2012
(ii) Special dividend	36,194	36,194	0	5 January 2011
(iii) Expenses related to the disposal	4,300	4,300	0	By February 2011
Total	<u>130,800</u>	<u>68,038</u>	<u>62,762</u>	

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 31 March 2011 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Current portion of long term loans	7,921
<u>Long-term borrowings (Secured)</u>	
Term loans	<u>47,468</u>

B10. Derivative financial instruments

There were no derivative financial instruments for the current financial quarter ended 31 March 2011.

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 2011. All financial liabilities are measured at the amortised cost using the effective interest method. Hence, no gains or losses were recognised for changes in the fair values of these liabilities.

B12. Realised and unrealised profits

The breakdown of retained profits as at 31 March 2011 on a group basis, into realised and unrealised profits, is as follows:

	31/3/2011 RM'000	31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	592,698	572,250
- Unrealised	(4,853)	(3,342)
	<u>587,845</u>	<u>568,908</u>
Total share of retained profits from associate		
- Realised	209	209
Less: Consolidation adjustments	(146,361)	(145,915)
Total Group retained profits	<u>441,693</u>	<u>423,202</u>

B13. Changes in material litigation

As at 18 May 2011, there were no changes in material litigation, including the status of pending litigation since the last annual balance sheet date of 31 December 2010.

B14. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2011.

B15. 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)	18,491	18,491
Weighted average number of ordinary shares ('000)	120,647	120,647
Basic EPS (sen)	<u>15.33</u>	<u>15.33</u>

(b) Diluted EPS

Not applicable to the Group.