

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 30 September 2011

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 SEPTEMBER 2011**

	3 Months Ended 30 September		9 Months Ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	108,925	98,288	334,776	329,344
Operating profit	22,889	26,837	81,182	81,493
Interest expense	(748)	(763)	(2,382)	(2,575)
Interest income	843	885	2,408	2,296
Share of profit of associated companies	-	4,791	-	8,846
Profit before taxation	22,984	31,750	81,208	90,060
Taxation	(8,093)	(10,157)	(25,662)	(27,053)
Profit for the period	14,891	21,593	55,546	63,007
Total profit attributable to: Owners of the Parent	14,891	21,593	55,546	63,007
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	4.41	6.62 *	16.44	19.47 *
Diluted EPS	N/A	N/A	N/A	N/A

* In accordance with FRS 133 Earnings Per Share, the comparatives have been restated to account for the effects of the bonus issue and share split.

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 30 SEPTEMBER 2011**

	3 Months Ended 30 September		9 Months Ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the period	14,891	21,593	55,546	63,007
Other comprehensive income	-	389	-	651
Total comprehensive income for the period	14,891	21,982	55,546	63,658
Total comprehensive income attributable to: Owners of the Parent	14,891	21,982	55,546	63,658

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

PARAMOUNT CORPORATION BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011**

	As at 30/9/2011	As at 31/12/2010
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	231,860	213,411
Land held for property development	151,390	157,904
Investment properties	32,908	31,953
Intangible asset	15,674	15,674
Investments in associates	221	221
Other investments	342	485
Deferred tax assets	10,631	10,889
	<u>443,026</u>	<u>430,537</u>
Current assets		
Property development costs	30,157	37,735
Trade receivables	78,149	68,744
Other receivables	139,707	79,750
Other current assets	4,099	7,142
Tax recoverable	7,332	7,163
Cash and bank balances	225,425	332,637
	<u>484,869</u>	<u>533,171</u>
Total assets	<u>927,895</u>	<u>963,708</u>
Current liabilities		
Borrowings	12,557	7,921
Trade payables	51,712	79,520
Other payables	68,496	94,888
Tax payable	7,727	698
Other current liabilities	77,311	82,453
	<u>217,803</u>	<u>265,480</u>
Net current assets	<u>267,066</u>	<u>267,691</u>
Non-current liabilities		
Borrowings	39,063	47,758
Deferred tax liabilities	15,330	15,330
	<u>54,393</u>	<u>63,088</u>
Total liabilities	<u>272,196</u>	<u>328,568</u>
Equity attributable to equity holders of the Company		
Share capital	168,906	120,647
Reserves	486,793	514,493
Total equity	<u>655,699</u>	<u>635,140</u>
Total equity and liabilities	<u>927,895</u>	<u>963,708</u>
Net assets (NA) per share (RM)	<u>1.94</u> *	<u>5.26</u> **

* Based on the enlarged shares in issue of 337,811,456 after the bonus issue and share split.

** Based on shares in issue of 120,646,949 before the bonus issue and share split.

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 30 September 2011

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 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	-	-	(23)	-	674	63,007	63,658	
Transactions with owners								
Dividends	-	-	-	-	-	(30,107)	(30,107)	
Issue of ordinary shares pursuant to ESOS	10,308	17,503	-	(2,288)	-	-	25,523	
Total transactions with owners	10,308	17,503	-	(2,288)	-	(30,107)	(4,584)	
As at 30 September 2010	120,647	89,890	1,656	-	978	373,899	587,070	
As at 1 January 2011	120,647	89,890	1,401	-	-	423,202	635,140	
Total comprehensive income for the period	-	-	-	-	-	55,546	55,546	
Transactions with owners								
Dividends	-	-	-	-	-	(34,987)	(34,987)	
Issue of ordinary shares pursuant to Bonus Issue	48,259	(48,259)	-	-	-	-	-	
Total transactions with owners	48,259	(48,259)	-	-	-	(34,987)	(34,987)	
As at 30 September 2011	168,906	41,631	1,401	-	-	443,761	655,699	

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 30 September 2011

The figures are audited

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 SEPTEMBER 2011**

	9 Months Ended	
	30/9/2011	30/9/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	6,282	90,316
Taxes paid	(18,543)	(25,224)
Interest paid	(2,382)	(2,228)
Net cash (used in)/generated from operating activities	(14,643)	62,864
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in land held for development	6,513	9,977
Dividends received from associated companies	-	2,097
Purchase of property, plant and equipment	(28,645)	(17,309)
Purchase of investment properties	(2,593)	-
Proceeds from disposal of property, plant and equipment	2,755	347
Proceeds from disposal of investment properties	2,233	3,571
Interest received	2,407	2,278
Net cash (used in)/generated from investing activities	(17,330)	961
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	25,523
Dividends paid	(71,181)	(30,107)
Repayment of borrowings	(4,058)	(31,402)
Net cash used in financing activities	(75,239)	(35,986)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(107,212)	27,839
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	332,637	207,535
CASH AND CASH EQUIVALENTS AT END OF YEAR	225,425	235,374
	30/9/2011	30/9/2010
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	73,926	60,324
Fixed deposits	151,499	175,050
	225,425	235,374
Cash and bank balances held in HDA accounts	67,828	56,860

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 30 September 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 except for the following:

- (i) Issuance of 48,258,779 new ordinary shares of RM1 each pursuant to the Bonus Issue; and
- (ii) Subdivision of the Company's existing 168,905,728 ordinary shares of RM1 each into 337,811,456 ordinary shares of RM0.50 each.

A8. Dividends paid

	9 months ended	
	30/9/2011 RM'000	30/9/2010 RM'000
Special interim dividend		
2010 - 40.00 sen less 25% income tax	36,194	0
Final dividends		
2010 - 20.00 sen less 25% income tax	18,097	7,930
(2009 - 9.00 sen less 25% income tax)		
Special dividend		
(2009 - 6.00 sen less 25% income tax)	0	5,287
Interim dividends		
2011 - 5.00 sen single tier		
(2010 - 11.00 sen tax exempt and 4.00 sen less 25% income tax)	16,890	16,890
	<u>71,181</u>	<u>30,107</u>

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	181,948	205,850	61,840	57,447
Construction	161,276	137,709	2,734	7,992
Education	72,134	72,823	15,777	18,555
Investment & others	29,340	65,962	21,240	63,413
	<u>444,698</u>	<u>482,344</u>	<u>101,591</u>	<u>147,407</u>
Inter-segment elimination	(109,922)	(153,000)	(20,383)	(57,347)
	<u>334,776</u>	<u>329,344</u>	<u>81,208</u>	<u>90,060</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.

A12. Changes in composition of the Group

- (i) On 10 June 2011, a new subsidiary company, Paramount Global Investments Pty Ltd (PGI), was incorporated in the Commonwealth of Australia with an issued and paid-up ordinary share capital of AUD2 comprising two ordinary shares;
- (ii) On 10 June 2011, PGI acquired a shelf company, Paramount Investments & Properties Pty Ltd (PIP), a company incorporated in the Commonwealth of Australia with an issued and paid-up ordinary share capital of AUD2 comprising two ordinary shares; and
- (iii) On 10 June 2011, PIP acquired one ordinary share representing 50% of the issued and paid-up ordinary share capital of VIP Paramount Pty Ltd, a company incorporated in the Commonwealth of Australia with an issued and paid-up ordinary share capital of AUD2/- comprising two ordinary shares, for a cash consideration of AUD1 only.

A13. Changes in contingent assets and contingent liabilities

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

A14. Capital commitment

The amount of commitments not provided for in the interim financial statements as at 30 September 2011 is as follows:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	16,895
Land held for property development	130,369
Approved but not contracted for:-	
Property, plant & equipment	3,216
	<u>150,480</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>11,484</u>	<u>28,645</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	356
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan has substantial interest	435
	<hr/>
	791
	<hr/>

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

For Q3 FY11, the Group recorded higher revenue of RM108.9 million compared with RM98.3 million recorded in Q3 FY10 mainly due to higher revenue recorded by the construction division. Profit before tax (PBT) for Q3 FY11 was, however, lower at RM23.0 million compared with Q3 FY10's RM31.8 million mainly due to lower contribution from the construction division and the educational services division. The higher contribution from construction in Q3 FY10 was due to the inclusion of share of profit from an associated company on a joint venture external project and compensation on material price escalation on an external project.

For 9 mths FY11, the Group recorded marginally higher revenue of RM334.8 million compared with RM329.3 million recorded in 9 mths FY10 due to the same reason as mentioned above. PBT for 9 mths FY11 was, however, lower at RM81.2 million compared with 9 mths FY10's RM90.1 million. The higher PBT for 9 mths FY10 was due to the inclusion of share of profit of RM8.8 million mainly from Jerneh Insurance Berhad, an associated company, which was disposed of in Q4 FY10.

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

Q3 FY11's PBT of RM23.0 million was lower compared with the Q2 FY11's PBT of RM32.5 million due to lower profits recorded by the property development division and the educational services division.

B3. Prospects

The property development division, underpinned by its lock-in sales, will continue to drive the performance of the Group for the remaining quarter of the year.

The business of the primary and secondary school continues to make good progress with the establishment of the international school that commenced business in the third quarter of the year to overwhelming response. Despite the challenging competitive conditions in the tertiary education industry, this sector is beginning to show signs of improvement with the investment in staff and facilities put in place.

Overall the Group remains fundamentally strong and the full year's performance is expected to be satisfactory.

B4. Profit forecast or profit guarantee

There were no profit forecast or profit guarantee for the current quarter and financial year to date.

B5. Taxation

The taxation charge included the following:

	Current Quarter RM'000	Financial Year-to-date RM'000
Current year provision	6,993	23,549
Under provided in prior year	1,482	1,482
Deferred tax	(382)	631
	<u>8,093</u>	<u>25,662</u>

The effective tax rate for the financial year was higher than the statutory income tax rate in Malaysia due to the 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 RM111,000 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 September 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, Paramount Property (Cjaya) Sdn Bhd (formerly known as Omni Assets Sdn Bhd), a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement (SPA) with Cyberview Sdn Bhd as a proprietor and Setia Haruman Sdn Bhd as a vendor, for the proposed acquisition of a piece of freehold residential land measuring in area approximately 50.01 acres identified as Block 17 within the Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan for a total cash consideration of RM78,423,681.60 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 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.
- (iv) The status of utilisation of proceeds arising from the disposal of Jerneh Insurance Berhad as at 14 November 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	54,499	35,807	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	130,800	94,993	35,807	

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 30 September 2011 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Current portion of long term loans	12,557
<u>Long-term borrowings (Secured)</u>	
Term loans	39,063

B10. Derivative financial instruments

There were no derivative financial instruments for the current financial quarter ended 30 September 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 30 September 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 30 September 2011 on a group basis, into realised and unrealised profits, is as follows:

	30/9/2011 RM'000	31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	595,867	572,250
- Unrealised	(4,511)	(3,342)
	<u>591,356</u>	<u>568,908</u>
Total share of retained profits from associate		
- Realised	209	209
Less: Consolidation adjustments	(147,804)	(145,915)
Total Group retained profits	<u>443,761</u>	<u>423,202</u>

B13. Changes in material litigation

As at 14 November 2011, there were no changes in material litigation, including the status of pending litigation since the last annual reporting date of 31 December 2010.

B14. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 30 September 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)	14,891	55,546
Weighted average number of ordinary shares ('000)	337,811	337,811
Basic EPS (sen)	<u>4.41</u>	<u>16.44</u>

(b) Diluted EPS

Not applicable to the Group.