PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2012

The figures are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 31 MARCH 2012

	3 Months Ended 31 March			3 Months Ended 31 March		
	2012	2011		**2012**	2011	
	RM'000	RM'000		**RM'000**	RM'000	
Revenue	**104,279**	103,852		**104,279**	103,852	
Operating profit	**18,950**	25,706		**18,950**	25,706	
Interest expense	**(674)**	(880)		**(674)**	(880)	
Interest income	**811**	904		**811**	904	
Profit before tax	**19,087**	25,730		**19,087**	25,730	
Taxation	**(5,684)**	(7,239)		**(5,684)**	(7,239)	
Profit for the period	**13,403**	18,491		**13,403**	18,491	
Total profit attributable to:						
Owners of the Parent	**13,403**	18,491		**13,403**	18,491	
Earnings per share ("EPS") attributable to Owners of the Parent (sen):						
Basic EPS	**3.97**	5.48	*	**3.97**	5.48	*
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 2011.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2012

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 31 MARCH 2012

	3 Months Ended 31 March		**3 Months Ended 31 March**	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Profit for the period	**13,403**	18,491	**13,403**	18,491
Other comprehensive income	**(99)**	-	**(99)**	-
Total comprehensive income for the period	**13,304**	18,491	**13,304**	18,491
Total comprehensive income attributable to:				
Owners of the Parent	**13,304**	18,491	**13,304**	18,491

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2011.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2012

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	As at 31/3/2012	As at 31/12/2011
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	**308,803**	274,246
Land held for property development	**273,202**	232,964
Investment properties	**13,090**	13,753
Intangible asset	**15,674**	15,674
Investment in associates	**10,012**	10,111
Other investments	**342**	342
Deferred tax assets	**11,162**	10,872
	632,285	557,962
Current assets		
Property development costs	**26,278**	24,510
Trade receivables	**86,993**	76,666
Other receivables	**75,677**	131,780
Other current assets	**12,199**	11,589
Tax recoverable	**3,167**	3,906
Cash and bank balances	**198,513**	206,198
	402,827	454,649
Assets held for sale	**17,800**	17,800
	420,627	472,449
Total assets	**1,052,912**	1,030,411
Current liabilities		
Borrowings	**14,460**	14,700
Trade payables	**69,236**	70,853
Other payables	**63,910**	63,892
Tax payable	**7,713**	7,134
Other current liabilities	**76,182**	62,051
	231,501	218,630
Net current assets	**189,126**	253,819
Non-current liabilities		
Borrowings	**117,683**	121,298
Deferred tax liabilities	**18,436**	18,495
	136,119	139,793
Total liabilities	**367,620**	358,423
Equity attributable to equity holders of the Company		
Share capital	**168,906**	168,906
Reserves	**516,386**	503,082
Total equity	**685,292**	671,988
Total equity and liabilities	**1,052,912**	1,030,411
Net assets (NA) per share (RM)	**2.03**	1.99

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2011.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2012

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 MARCH 2012

		Non Distributable		Distributable	
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
As at 1 January 2011	120,647	89,890	1,401	423,202	635,140
Total comprehensive income	-	-	-	18,491	18,491
As at 31 March 2011	**120,647**	**89,890**	**1,401**	**441,693**	**653,631**
As at 1 January 2012	168,906	41,631	1,480	459,971	671,988
Total comprehensive income	-	-	(99)	13,403	13,304
As at 31 March 2012	**168,906**	**41,631**	**1,381**	**473,374**	**685,292**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2011.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2012

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 31 MARCH 2012

	3 Months Ended	
	31/3/2012	31/3/2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**19,087**	25,730
Adjustment for:		
Non-cash items	**3,583**	2,975
Non-operating items	**(145)**	(24)
Operating profit before working capital changes	**22,525**	28,681
Increase in receivables	**(26,887)**	(13,785)
(Increase)/decrease in development properties	**(1,768)**	4,165
Increase/(decrease) in payables	**12,525**	(20,640)
Cash generated from/(used in) operations	**6,395**	(1,579)
Taxes paid	**(4,709)**	(9,815)
Interest paid	**(1,705)**	(798)
Net cash used in operating activities	**(19)**	(12,192)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in land held for development	**(58)**	9,340
Purchase of property, plant and equipment	**(4,576)**	(8,909)
Purchase of investment properties	**-**	(106)
Proceeds from disposal of property, plant and equipment	**12**	-
Interest received	**811**	871
Net cash (used in)/generated from investing activities	**(3,811)**	1,196
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**-**	(36,194)
Repayment of borrowings	**(3,855)**	(290)
Net cash used in financing activities	**(3,855)**	(36,484)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,685)**	(47,480)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**206,198**	332,637
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**198,513**	285,157

	31/3/2012	31/3/2011
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	**80,674**	75,773
Fixed deposits	**117,839**	209,384
	198,513	285,157
Cash and bank balances held in HDA accounts	**68,708**	70,788

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 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 2011. 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 2011.

A2. Changes in accounting policies

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the period ended 31 March 2012 could be different if prepared under the MFRS Framework.

The Group will achieve its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2011 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

There was no dividend paid during the current quarter and financial year to date.

A9. Profit before tax

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

	3 months ended 31 March	
	2012	**2011**
	RM'000	**RM'000**
Depreciation of:		
- Property, plant and equipment	3,458	2,883
- Investment properties	125	92
Gain on disposal of:		
- Property, plant and equipment	10	0
Additions of allowance for impairment of trade and other receivables	18	11
Reversal of allowance for impairment of trade and other receivables	(5)	(53)
Bad debts written off	0	75
Net foreign exchange gain	(395)	(67)

Save for the items disclosed in the Income Statement and the note above, other items pursuant to Appendix 9B Note16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

A10. Segment reporting for the current financial year to date

Analysis by Business Segment	Revenue 2012 RM'000	Revenue 2011 RM'000	Profit before tax 2012 RM'000	Profit before tax 2011 RM'000
Property development	44,643	62,444	13,705	19,140
Construction	52,662	44,618	(469)	315
Education	25,540	23,074	7,983	4,347
Investment & others	76,361	2,928	71,404	1,928
	199,206	133,064	92,623	25,730
Inter-segment elimination	(94,927)	(29,212)	(73,536)	0
	104,279	103,852	19,087	25,730

A11. 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 2011.

A12. 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.

A13. 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.

A14. Changes in contingent assets and contingent liabilities

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

A15. Capital commitment

The amount of commitments not provided for in the interim financial statements as at 31 March 2012 is as follows:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	457
Land held for property development	143,870
	144,327

A16. 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	4,576	4,576

A17. 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	10
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan has substantial interest	145
Sale of property to a child of Mr Ong Keng Siew, a director of the Company	384
Sale of properties to Dato' Liew Yin Chew, Mr Foong Poh Seng, Mr Ooi Hun Peng, Datin Teh Geok Lian and Ms Tay Lee Kong, directors of subsidiaries	1,504
Sale of property to the spouse of Mr Wang Chong Hwa, a director of subsidiary	384
	2,427

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

<u>Q1 FY12 vs Q1 FY11</u>

The Group's revenue for Q1 FY12 increased marginally to RM104.3 million from RM103.9 million recorded in Q1 FY11. Profit before tax (PBT) for Q1 FY12, however, decreased by 26% to RM19.0 million from RM25.7 million recorded in Q1 FY11.

Revenue for the property development division decreased by 29% to RM44.6 million in Q1 FY12 from RM62.4 million recorded in Q1 FY11. The lower revenue was due to lower progressive billings recorded by the Kemuning Utama (KU) development as it nears completion, and the Surian Industrial Park development, which was completed in June 2011. As a result of the lower revenue, PBT for the division decreased by 17% to RM13.7 million from RM19.1 million recorded in Q1 FY11.

Revenue for the construction division increased by 18% to RM52.7 million in Q1 FY12 from RM44.6 million recorded in Q1 FY11 attributed to higher progressive billings on the advancing stages of contracts secured in the previous financial year. The division recorded a loss before tax of RM0.5 million in Q1 FY12 against a PBT of RM0.3 million recorded in Q1 FY11 due to rising construction cost.

Revenue for the education division increased by 10% to RM25.5 million in Q1 FY12 from RM23.1 million recorded in Q1 FY11, boosted by a new stream of income - the new international school. PBT for the division increased by 86% to RM8.0 million from RM4.3 million recorded in Q1 FY11.

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

Q1 FY12's PBT decreased by 33% compared with RM28.2 million recorded in Q4 FY11 due to lower profits recorded by the property development and construction divisions.

B3. Prospects

The property development division's lock-in sales carried forward, new launches from existing development projects and commencement of three new development projects will underpin the division's sales for the remaining part of 2012. Bukit Banyan in the Northern Region, launched its first phase of double storey-linked houses in April, 2012, and has thus far sold more than 50% of the units launched. The higher salary increment for civil servants under the improved Malaysian Remuneration System or Sistem Saraan Malaysia, announced in the 2012 Budget, has positively impacted sales in this Northern development. Historically, our customers have always comprised a large percentage of civil servant purchasers. Additionally, we continue to provide tailored incentives to assist new homebuyers. Another two new developments, namely, Sejati Residences in Cyberjaya and the development in Glenmarie, will be launched in the second half of 2012.

The construction division will continue to operate in an intensely competitive environment. Given the challenges of rising construction costs - escalating raw material prices and shortage of skilled labour – the sector is facing the challenging task of maintaining profit margins. The division is, however, in negotiations with Principals to recover part of the rising raw material costs on finalization of accounts.

Despite the challenging competitive conditions in the education industry, especially in the tertiary sector, the performance of the education division is expected to be stable. The upgrading of the Damansara Jaya campus to university college status and the development of proprietary programmes, and the significant investments in upgrading both the tertiary campus facilities as well as human and technological resources will enable us to remain competitive and grow. The primary and secondary school education with its expansion into international school has positioned us well to respond to changes in customer preference.

B3. Prospects (cont'd)

The deferment of the launching of Bukit Banyan and Sejati Residences from 2011 to 2012, due to protracted delays in approvals, has resulted in the Group having lower forward lock-in sales at the start of 2012 and a lull of what would have been maintainable progressive billings and earnings in 2012. The performance of the education division will be maintained driven largely by the primary and secondary school. Overall, the results for 2012 are expected to be lower than those of 2011.

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	5,130	5,130
Deferred tax	554	554
	5,684	5,684

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. Corporate proposal

(i) 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 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.

(ii) On 12 March 2012, Current Connection Sdn Bhd, a wholly-owned subsidiary of the Company, entered into an agreement with Spansion (Kuala Lumpur) Sdn Bhd, for the acquisition of all that piece of freehold land measuring in area approximately 30 acres or 121,457 square metres held under H.S.(D) 236400, Lot P.T. 510 Pekan Hicom, District of Petaling, Selangor Darul Ehsan together with the single storey factory erected thereon with a combined built-up area of about 180,000 square feet for a total cash consideration of RM125,000,000 on the terms and conditions as contained in the agreement.

B6. Corporate proposal (cont'd)

(iii) The status of utilisation of proceeds arising from the disposal of Jerneh Insurance Berhad as at 14 May 2012 is as follow:

	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
(i)	Future expansion plans and general working capital requirements	90,306	90,306	0
(ii)	Special dividend	36,194	36,194	0
(iii)	Expenses related to the disposal	4,300	4,300	0
	Total	130,800	130,800	0

B7. Borrowings and debts securities

The Group's borrowings and debts securities as at 31 March 2012 were as follows:

	RM'000
Short-term borrowings (Secured)	
Current portion of long term loans	14,460
Long-term borrowings (Secured)	
Term loans	117,683

B8. Realised and unrealised profits

The breakdown of retained profits as at 31 March 2012 and 2011 on a group basis, into realised and unrealised profits, is as follows:

	31/3/2012 RM'000	**31/3/2011 RM'000**
Total retained profits of the Company and its subsidiaries		
- Realised	616,304	592,698
- Unrealised	(6,905)	(4,853)
	609,399	587,845
Total share of retained profits from associate		
- Realised	431	209
Less: Consolidation adjustments	(136,456)	(146,361)
Total Group retained profits	473,374	441,693

B9. Changes in material litigation

As at 14 May 2012, there were no changes in material litigation, including the status of pending litigation since the last annual reporting date of 31 December 2011.

B10. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2012.

B11. 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)	13,403	13,403
Weighted average number of ordinary shares ('000)	337,812	337,812
Basic EPS (sen)	3.97	3.97

(b) Diluted EPS

Not applicable to the Group.