PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 30 September 2012

The figures are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 SEPTEMBER 2012

	3 Months Ended 30 September		9 Months Ended 30 September	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**111,978**	108,925	**335,100**	334,776
Operating profit	**20,208**	22,889	**58,888**	81,182
Interest expense	**(688)**	(748)	**(2,166)**	(2,382)
Interest income	**565**	843	**2,314**	2,408
Profit before tax	**20,085**	22,984	**59,036**	81,208
Taxation	**(5,299)**	(8,093)	**(16,017)**	(25,662)
Profit for the period	**14,786**	14,891	**43,019**	55,546
Total profit attributable to:				
Owners of the Parent	**14,786**	14,891	**43,019**	55,546
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	**4.38**	4.41	**12.73**	16.44
Diluted EPS	**N/A**	N/A	**N/A**	N/A

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 30 September 2012

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 30 SEPTEMBER 2012

	3 Months Ended 30 September		9 Months Ended 30 September	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Profit for the period	**14,786**	14,891	**43,019**	55,546
Other comprehensive income	**89**	-	**(46)**	-
Total comprehensive income for the period	**14,875**	14,891	**42,973**	55,546
Total comprehensive income attributable to:				
Owners of the Parent	**14,875**	14,891	**42,973**	55,546

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 30 September 2012

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	As at 30/9/2012	As at 31/12/2011
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	**310,592**	274,246
Land held for property development	**410,968**	232,964
Investment properties	**12,405**	13,753
Intangible asset	**15,674**	15,674
Investment in associates	**10,065**	10,111
Other investments	**342**	342
Deferred tax assets	**13,226**	10,872
	773,272	557,962
Current assets		
Property development costs	**33,436**	24,510
Trade receivables	**95,484**	76,666
Other receivables	**75,150**	131,780
Other current assets	**14,825**	11,589
Tax recoverable	**4,566**	3,906
Cash and bank balances	**138,997**	206,198
	362,458	454,649
Assets held for sale	**18,726**	17,800
	381,184	472,449
Total assets	**1,154,456**	1,030,411
Current liabilities		
Borrowings	**14,460**	14,700
Trade payables	**64,803**	70,853
Other payables	**79,033**	63,892
Tax payable	**8,934**	7,134
Other current liabilities	**71,802**	62,051
	239,032	218,630
Net current assets	**142,152**	253,819
Non-current liabilities		
Borrowings	**210,453**	121,298
Deferred tax liabilities	**18,436**	18,495
	228,889	139,793
Total liabilities	**467,921**	358,423
Equity attributable to equity holders of the Company		
Share capital	**168,906**	168,906
Reserves	**517,629**	503,082
Total equity	**686,535**	671,988
Total equity and liabilities	**1,154,456**	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 30 September 2012

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 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	-	-	-	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**
As at 1 January 2012	168,906	41,631	1,480	459,971	671,988
Total comprehensive income	-	-	(46)	43,019	42,973
Realised upon deregistration of a subsidiary	-	-	(1,401)	-	(1,401)
Transactions with owners					
Dividends	-	-	-	(27,025)	(27,025)
As at 30 September 2012	**168,906**	**41,631**	**33**	**475,965**	**686,535**

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.

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 SEPTEMBER 2012

	9 Months Ended	
	30/9/2012	30/9/2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**59,036**	81,208
Adjustment for:		
Non-cash items	**10,782**	9,694
Non-operating items	**(1,841)**	(1,768)
Operating profit before working capital changes	**67,977**	89,134
Increase in receivables	**(38,804)**	(77,048)
(Increase)/decrease in development properties	**(8,926)**	7,578
Increase/(decrease) in payables	**8,703**	(13,382)
Cash generated from operations	**28,950**	6,282
Taxes paid	**(17,283)**	(18,543)
Interest paid	**(6,693)**	(2,382)
Net cash generated from/(used in) operating activities	**4,974**	(14,643)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in land held for development	**(134,329)**	6,513
Purchase of property, plant and equipment	**(12,928)**	(28,645)
Purchase of investment properties	**-**	(2,593)
Proceeds from disposal of property, plant and equipment	**345**	2,755
Proceeds from disposal of investment properties	**399**	2,233
Interest received	**2,314**	2,407
Net cash used in investing activities	**(144,199)**	(17,330)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(16,891)**	(71,181)
Drawdown of term loan	**100,000**	-
Repayment of borrowings	**(11,085)**	(4,058)
Net cash generated from/(used in) financing activities	**72,024**	(75,239)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(67,201)**	(107,212)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**206,198**	332,637
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**138,997**	225,425

	30/9/2012	30/9/2011
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	**38,849**	73,926
Fixed deposits	**100,148**	151,499
	138,997	225,425
Cash and bank balances held in HDA accounts	**30,245**	67,828

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. On 30 June 2012, MASB announced that the Transitioning Entities are allowed to extend their deferment on the adoption of MFRS Framework for another year. As such, the MFRS Framework will be mandatory for all companies for annual period beginning on or after 1 January 2014. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2014. 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 30 June 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 2014.

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

	9 months ended	
	30/9/2012	**30/9/2011**
	RM'000	**RM'000**
Special interim dividend		
2010 - 40.00 sen less 25% income tax	0	36,194
Final dividends		
2011 - 5.00 sen single tier	16,891	18,097
(2010 - 20.00 sen less 25% income tax)		
Interim dividend		
2011 - 5.00 sen single tier	0	16,890
	16,891	71,181

A9. Profit before tax

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

	3 months ended 30 September		9 months ended 30 September	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Depreciation of:				
- Property, plant and equipment	3,575	3,173	10,608	9,073
- Investment properties	27	232	174	478
Impairment of:				
- Other investments	0	143	0	143
Additions of allowance for impairment of trade and other receivables	47	(75)	244	77
Bad debts written off	0	179	0	268
Gain on disposal of:				
- Property, plant and equipment	(258)	(1,502)	(299)	(1,633)
- Investment properties	0	(111)	0	(111)
Reversal of allowance for impairment of trade and other receivables	(25)	(73)	(53)	(210)
Gain on deregistration of a subsidiary	(1,401)	0	(1,401)	0
Net foreign exchange (gain)/loss	(787)	(437)	(1,196)	(390)

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		Profit before tax	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Property development	156,488	181,948	44,589	61,840
Construction	163,822	161,276	(79)	2,734
Education	79,265	72,134	20,275	15,777
Investment & others	210,113	29,340	182,278	21,240
	609,688	444,698	247,063	101,591
Inter-segment elimination	(274,588)	(109,922)	(188,027)	(20,383)
	335,100	334,776	59,036	81,208

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

(a) On 6 July 2012, Paramount Corporation Limited, a wholly owned subsidiary company of the Company, incorporated in Hong Kong, has been deregistered.

(b) On 23 August 2012, the Company acquired a shelf company, Fabulous Knowledge Sdn Bhd (FKSB). FKSB 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.

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 30 September 2012 is as follows:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	12,736
Land held for property development	31,370
Approved but not contracted for:-	
Property, plant & equipment	273,121
	317,227

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	5,224	12,928

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	98
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan has substantial interest	435
Sale of properties to Dato' Teo Chiang Quan	1,460
Sale of property to a child of Mr Ong Keng Siew, a director of the Company	374
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	1,888
Sale of property to the spouse of Mr Wang Chong Hwa, a director of subsidiary	384
	4,639

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

Q3 FY12 vs Q3 FY11

The Group's revenue for Q3 FY12 increased marginally by 3% to RM112.0 million from RM108.9 million in Q3 FY11. Profit before tax (**PBT**) for Q3 FY12 decreased by 13% to RM20.1 million from RM23.0 million recorded in Q3 FY11.

Revenue for the property development division for Q3 FY12 decreased by 3% to RM54.8 million from RM56.7 million in Q3 FY11 mainly due to lower progressive billings stemming from the completion of the Surian Industrial Park development and several phases in the Kemuning Utama development in 2011, as the development nears completion. PBT for the division for Q3 FY12 decreased by 10% to RM17.1 million from RM18.9 million in Q3 FY11 due to the lower revenue and margins stemming from a composition of mixed products that included low medium cost apartments.

Revenue for the construction division for Q3 FY12 decreased marginally by 2% to RM52.9 million from RM53.7 million in Q3 FY11 due to slower than scheduled progress of work on several external projects. The division recorded a loss before tax (**LBT**) of RM136,000 in Q3 FY12 compared with a PBT of RM1.4 million in Q3 FY11 due to squeeze on margins stemming from rising construction costs.

Revenue for the education division for Q3 FY12 increased by 9% to RM25.8 million from RM23.6 million in Q3 FY11 attributed to higher revenue from the international secondary school, which was in its first full year of operations. PBT for the division for Q3 FY12 increased by 16% to RM5.2 million from RM4.5 million in Q3 FY11 attributed to the higher revenue and better margins from the international secondary school.

YTD FY12 vs YTD FY11

The Group's revenue for 9mths FY12 increased marginally to RM335.1 million from RM334.8 million in 9mths FY11. PBT for 9mths FY12 decreased by 27% to RM59.0 million from RM81.2 million in 9mths FY11.

Revenue for the property development division for 9mths FY12 decreased by 14% to RM156.5 million from RM182.0 million in 9mths FY11 mainly due to lower progressive billings stemming from the completion of the Surian Industrial Park development and several phases in the Kemuning Utama development in 2011, as the development nears completion. PBT for the division for 9mths FY12 decreased by 28% to RM44.6 million from RM61.8 million in 9mths FY11 due to the lower revenue and margins stemming from a composition of mixed products that included low medium cost apartments.

Revenue for the construction division for 9mths FY12 increased marginally by 2% to RM163.8 million from RM161.3 million in 9mths FY11 attributed to higher progressive billings stemming from the recognition of progressive billings from new projects. The division recorded a LBT of RM79,000 in 9mths FY12 compared with a PBT of RM2.7 million in 9mths FY11 due to squeeze on margins stemming from rising construction costs.

Revenue for the education division for 9mths FY12 increased by 10% to RM79.3 million from RM72.1 million in 9mths FY11 attributed to higher revenue from the international secondary school, which was in its first full year of operation. PBT for the division for 9mths FY12 increased by 28% to RM20.3 million from RM15.8 million in 9mths FY11 attributed to the higher revenue and better margins from the international secondary school.

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

Q3 FY12's PBT of RM20.1 million was comparable with Q2 FY12's PBT of RM19.9 million.

B3. Prospects

The Group's prospects for the remaining part of the year is expected to be satisfactory.

The property development division's lock-in sales carried forward and commencement of the Bukit Banyan development project in Sungai Petani will underpin the division's sales for the remaining part of 2012. Bukit Banyan launched its first phase of double storey-linked houses in April 2012 and semi-detached houses in August this year and has, thus far, sold more than 60% of the units launched.

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.

Despite the stiff competition and challenging conditions that are prevalent in the education industry, especially in the tertiary sector, the performance of the education division is expected to be stable with the primary and secondary schools, as leading revenue drivers. Unlike the University College (**UC**) in Petaling Jaya, the college in Penang has seen an improvement in student enrolment. Notwithstanding, the UC remains confident of increasing its enrolment numbers going forward on the back of various initiatives that are being undertaken including developing proprietary programmes that are more global in content, recruiting talents in the academic and support arenas, introducing more innovative pedagogies, and making significant investments in upgrading both the campus facilities as well as human and technological resources. The primary and secondary schools education with its expansion into the international secondary school and, more recently, primary international school has positioned us well to respond to changes in customer preference.

The deferment of the launching of scheduled developments, 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, which is expected to remain stable and on track, will continue to be driven largely by the primary and secondary schools. Overall, the Group's 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	11,332	20,689
Over provided in prior year	(2,424)	(2,424)
Deferred tax	(3,609)	(2,248)
	5,299	16,017

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

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.

B7. Borrowings and debts securities

The Group's borrowings and debts securities as at 30 September 2012 were as follows:

	RM'000
Short-term borrowings (Secured)	
Current portion of long term loans	14,460
Long-term borrowings (Secured)	
Term loans	210,453

B8. Realised and unrealised profits

The breakdown of retained profits as at 30 September 2012 and 30 September 2011 on a group basis, into realised and unrealised profits, is as follows:

	30/9/2012 RM'000	30/9/2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	607,896	595,867
- Unrealised	(4,935)	(4,511)
	602,961	591,356
Total share of retained profits from associate		
- Realised	431	209
Less: Consolidation adjustments	(127,427)	(147,804)
Total Group retained profits	475,965	443,761

B9. Changes in material litigation

As at 27 November 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 30 September 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)	14,786	43,019
Weighted average number of ordinary shares ('000)	337,812	337,812
Basic EPS (sen)	4.38	12.73

(b) Diluted EPS

Not applicable to the Group.