PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2013

The figures are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 31 MARCH 2013

	3 Months Ended 31 March		**3 Months Ended 31 March**	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Revenue	**110,480**	104,279	**110,480**	104,279
Operating profit	**20,675**	18,950	**20,675**	18,950
Interest expense	**(389)**	(674)	**(389)**	(674)
Interest income	**275**	811	**275**	811
Share of loss of associate	**(113)**	-	**(113)**	-
Profit before tax	**20,448**	19,087	**20,448**	19,087
Taxation	**(5,701)**	(5,684)	**(5,701)**	(5,684)
Profit for the period	**14,747**	13,403	**14,747**	13,403
Total profit attributable to:				
Owners of the Parent	**14,747**	13,403	**14,747**	13,403
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	**4.37**	3.97	**4.37**	3.97
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 2012.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 31 MARCH 2013

	3 Months Ended 31 March		**3 Months Ended 31 March**	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Profit for the period	**14,747**	13,403	**14,747**	13,403
Other comprehensive income	**(33)**	(99)	**(33)**	(99)
Total comprehensive income for the period	**14,714**	13,304	**14,714**	13,304
Total comprehensive income attributable to:				
Owners of the Parent	**14,714**	13,304	**14,714**	13,304

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2012.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	As at 31/3/2013	As at 31/12/2012
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	**319,438**	315,293
Land held for property development	**481,014**	515,608
Investment properties	**19,546**	19,630
Intangible asset	**15,674**	15,674
Investment in associates	**9,562**	9,565
Other investments	**342**	342
Deferred tax assets	**12,658**	11,763
	858,234	887,875
Current assets		
Property development costs	**69,044**	29,828
Trade receivables	**106,346**	101,752
Other receivables	**19,215**	15,438
Other current assets	**19,015**	12,542
Tax recoverable	**3,442**	5,249
Cash and bank balances	**109,618**	122,128
	326,680	286,937
Assets held for sale	**17,458**	17,458
	344,138	304,395
Total assets	**1,202,372**	1,192,270
Current liabilities		
Borrowings	**9,000**	14,460
Trade payables	**64,977**	79,137
Other payables	**64,687**	76,290
Tax payable	**5,104**	4,115
Other current liabilities	**63,867**	59,960
	207,635	233,962
Net current assets	**136,503**	70,433
Non-current liabilities		
Borrowings	**259,950**	238,235
Deferred tax liabilities	**20,136**	20,136
	280,086	258,371
Total liabilities	**487,721**	492,333
Equity attributable to equity holders of the Company		
Share capital	**168,906**	168,906
Reserves	**545,745**	531,031
Total equity	**714,651**	699,937
Total equity and liabilities	**1,202,372**	1,192,270
Net assets (NA) per share (RM)	**2.12**	2.07

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2012.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 31 MARCH 2013

		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 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**
As at 1 January 2013	168,906	41,631	-	489,400	699,937
Total comprehensive income	-	-	(33)	14,747	14,714
As at 31 March 2013	**168,906**	**41,631**	**(33)**	**504,147**	**714,651**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2012.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 31 March 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR PERIOD ENDED 31 MARCH 2013

	3 Months Ended	
	31/3/2013	31/3/2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**20,448**	19,087
Adjustment for:		
Non-cash items	**3,439**	3,583
Non-operating items	**228**	(145)
Operating profit before working capital changes	**24,115**	22,525
Increase in receivables	**(14,839)**	(26,887)
Decrease/(increase) in development properties	**480**	(1,768)
(Decrease)/Increase in payables	**(22,000)**	12,525
Cash (used in)/generated from operations	**(12,244)**	6,395
Taxes paid	**(3,802)**	(4,709)
Interest paid	**(2,684)**	(1,705)
Net cash used in operating activities	**(18,730)**	(19)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	**(2,808)**	(58)
Purchase of property, plant and equipment	**(7,502)**	(4,576)
Proceeds from disposal of property, plant and equipment	**-**	12
Interest received	**275**	811
Net cash used in investing activities	**(10,035)**	(3,811)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan	**31,303**	-
Repayment of borrowings	**(15,048)**	(3,855)
Net cash generated from/(used in) financing activities	**16,255**	(3,855)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(12,510)**	(7,685)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**122,128**	206,198
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**109,618**	198,513

	31/3/2013	31/3/2012
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	**13,480**	80,674
Fixed deposits	**96,138**	117,839
	109,618	198,513
Cash and bank balances held in HDA accounts	**9,041**	68,708

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2012.

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 2012. 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 2012.

A2. Changes in accounting policies

The new and revised FRSs, Amendments to FRS and IC Interpretations which are mandatory for companies with financial periods beginning on or after 1 January 2013 did not give rise to any significant effects on the financial statements of the Group.

Standards issued but not yet effective

The directors expect that the adoption of the new FRSs, Amendments to FRSs and Interpretations which are issued but not yet effective for the financial year ending 31 December 2013 will not have any material impact on the financial statements of the Group in the period of initial application.

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.

A2. Changes in accounting policies (cont'd.)

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 ending 31 December 2013 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 2012 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	
	2013	2012
	RM'000	RM'000
Depreciation of:		
- Property, plant and equipment	3,354	3,458
- Investment properties	84	125
Additions of allowance for impairment of trade and other receivables	120	18
Gain on disposal of:		
- Property, plant and equipment	0	10
Reversal of allowance for impairment of trade and other receivables	(76)	(5)
Net foreign exchange gain	(627)	(395)

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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Property development	45,718	44,643	11,270	13,705
Construction	52,710	52,662	(157)	(469)
Education	30,715	25,540	10,060	7,983
Investment & others	4,698	76,361	413	71,404
	133,841	199,206	21,586	92,623
Inter-segment elimination	(23,361)	(94,927)	(1,138)	(73,536)
	110,480	104,279	20,448	19,087

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 2012.

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

On 21 March 2013, the Company acquired a newly incorporated company, Paramount Property (PG) Sdn Bhd (formerly known as Pearl Cove Development Sdn Bhd) with an issued and paid up 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 31 March 2013 is as follows:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	52,323
Approved but not contracted for:-	
Property, plant & equipment	223,230
	275,553

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	7,502	7,502

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	34
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan has substantial interest	154
	188

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

Q1 FY13 vs Q1 FY12

For Q1FY13, the Group recorded an increase in both revenue and profit before tax (PBT) compared to Q1FY12. Group revenue increased by 6% to RM110.5 million in Q1FY13 (Q1FY12: RM104.3 million) while PBT for the same period increased by 7% to RM20.4 million (Q1FY12: RM19.1 million).

For Q1FY13, revenue for the property development division increased by 2% to RM45.7 million (Q1FY12: RM44.6 million) mainly due to contributions from a new development, Sejati Residences in Cyberjaya, and higher progressive billings from Bukit Banyan in Sungai Petani. However, PBT for the division for Q1FY13 decreased by 17% to RM11.3 million (Q1FY12: RM13.7 million) as a result of lower returns from low margin products from the Kemuning Utama development and higher operating costs stemming from new hires who are specialists in their fields of expertise, following the Group's strategic move to a new field of development i.e. integrated developments.

For Q1FY13, revenue for the construction division of RM52.7 million was maintained at the previous year's level. The division, however, recorded a loss before tax (LBT) of RM0.2 million (Q1FY12: RM0.5 million).

For Q1FY13, revenue for the education division increased by 20% to RM30.7 million (Q1FY12: RM25.5 million) attributed to higher revenue from Sri KDU's international secondary school and the establishment of an international primary school, which commenced operations in Q3FY12. As a result of the higher revenue, PBT for the division for Q1FY13 increased by 26% to RM10.1 million (Q1FY12: RM8 million).

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

For Q1FY13, the 19% increase in PBT to RM20.4 million (Q4FY12: RM17.2 million) was attributed to higher revenue recorded by Sri KDU's international school.

B3. Prospects

The Group's property development division is expected to register sustainable growth in sales for the remaining part of 2013. Strong sales were recorded from the Bukit Banyan development in Sungai Petani, which since its launch in Q2FY12, has enjoyed take up rates of close to 80%. The Group has also launched Sejati Residences, a high-end residential development in Cyberjaya, which was well received, and Utropolis, an 11.7-acre integrated development in Glenmarie, Shah Alam recently. Response to the first phase of Utropolis that comprise 414 units of apartments was overwhelming following a record number of registrations that exceeded more than 3,000 prospective purchasers. Another new development comprising industrial factories cum showrooms in Hicom Industrial Park in Shah Alam will be launched in the third quarter of this year.

The Group's wide array of offerings and its strong reputation for delivering quality products will mitigate the risks associated with the perennial challenges that tend to weigh down the property market, particularly on issues relating to affordability.

The lower locked-in sales brought forward as a result of the lull in progressive billings stemming from the protracted delays in procuring approvals and delayed launches in the previous years will, however, continue to have a negative impact on the performance of the property development division, which is expected to be lower than that of the previous year. Additionally, there are higher operating expenses budgeted to prepare for the launch of new developments, particularly advertising and promotional expenses and hiring of staff with different skill sets to support the diversification into integrated developments.

B3. Prospects (cont'd)

The performance of the construction division, on the other hand, is expected to be better than that of the previous year, as most of its external contracts reach mature or near completion stages of construction and new awards of contracts from in-house projects.

The Group's flagship school, Sri KDU, which operates the private school and the international schools began the year with strong enrolment numbers. This sector is expected to maintain momentum and drive the performance of the education division.

Amidst an intensive competitive environment and changes in government regulations that have negatively impacted student enrolment, KDU University College has taken steps to boost enrolment numbers. These include working to establish a stronger brand presence and place more emphasis on marketing activities, locally and internationally. Already we are seeing increased and more focused operating activities following the implementation of key strategic initiatives that we believe will improve operational efficiency as well as address market demands through the delivery of new programmes that are aligned with industry trends. While these initiatives will inevitably lead to downward pressure on margins, it will, on the upside, help drive enrolment numbers.

KDU College Penang's slew of strategic initiatives in product offerings through greater industry involvement and a more technology driven platform to maintain its status as an unrivalled provider of choice in Penang has allowed the college to drive its operating activities higher. The college has presented a proposal to the Ministry of Education to upgrade the college to University College status. The college has achieved an overall score of 90.07% in its MyQuest rating, a 4% improvement over the previous year. These initiatives should strengthen KDU College Penang's credentials as the preferred college in the northern region.

Overall the results for 2013 are expected to be lower than those recorded in the preceding year with property development and Sri KDU continuing to be the key drivers for the Group's performance.

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	6,575	6,575
Deferred tax	(874)	(874)
	5,701	5,701

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 17 January 2013, the Company proposed to establish a long term incentive plan (LTIP) of up to 10% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the Proposed LTIP for eligible employees and executive directors of the Group. The Proposed LTIP was approved by the shareholders at the Company's Extraordinary General Meeting held on 17 April 2013.

(ii) On 22 January 2013, the Company received approval from the Securities Commission Malaysia (SC) to establish a Private Debt Securities (PDS) programme to issue perpetual bonds of up to RM200 million.

(iii) On 4 February 2013, KDU University College Sdn Bhd (KDUUC), a wholly-owned subsidiary of the Company, received the approval from the SC to issue up to RM350 million Islamic Medium Term Notes Programme (Sukuk Programme).

(iv) On 6 February 2013, the Company and KDUUC executed the transactional documents for the establishment of the PDS programme and the Sukuk Programme, respectively.

B7. Borrowings and debts securities

The Group's borrowings and debts securities as at 31 March 2013 were as follows:

	RM'000
Short-term borrowings (Secured)	
Current portion of long term loans	9,000
Long-term borrowings (Secured)	
Term loans	259,950

B8. Realised and unrealised profits

The breakdown of retained profits as at 31 March 2013 and 31 March 2012 on a group basis, into realised and unrealised profits, is as follows:

	31/3/2013 RM'000	**31/3/2012 RM'000**
Total retained profits of the Company and its subsidiaries		
- Realised	640,428	616,304
- Unrealised	(7,066)	(6,905)
	633,362	609,399
Total share of retained profits/(loss) from associate		
- Realised	(119)	431
Less: Consolidation adjustments	(129,096)	(135,888)
Total Group retained profits	504,147	337,486

B9. Changes in material litigation

As at 20 May 2013, there were no changes in material litigation, including the status of pending litigation since the last annual reporting date of 31 December 2012.

B10. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2013.

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)	14,747	14,747
Weighted average number of ordinary shares ('000)	337,812	337,812
Basic EPS (sen)	4.37	4.37

(b) Diluted EPS

Not applicable to the Group.