PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 30 June 2013

The figures are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 June 2013

	3 Months Ended 30 June		6 Months Ended 30 June	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**142,517**	118,843	**252,997**	223,122
Operating profit	**15,804**	19,730	**36,479**	38,680
Interest expense	**(275)**	(804)	**(664)**	(1,478)
Interest income	**398**	938	**673**	1,749
Share of loss of associate	**(74)**	-	**(187)**	-
Profit before tax	**15,853**	19,864	**36,301**	38,951
Taxation	**(5,168)**	(5,034)	**(10,869)**	(10,718)
Profit for the period	**10,685**	14,830	**25,432**	28,233
Total profit attributable to:				
Owners of the Parent	**10,685**	14,830	**25,432**	28,233
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	**3.16**	4.39	**7.53**	8.36
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 30 June 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 30 June 2013

	3 Months Ended 30 June		**6 Months Ended 30 June**	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Profit for the period	**10,685**	14,830	**25,432**	28,233
Other comprehensive income	**(935)**	136	**(968)**	37
Total comprehensive income for the period	**9,750**	14,966	**24,464**	28,270
Total comprehensive income attributable to:				
Owners of the Parent	**9,750**	14,966	**24,464**	28,270

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 30 June 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	As at 30/6/2013	As at 31/12/2012
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	**335,589**	315,293
Land held for property development	**475,488**	515,608
Investment properties	**21,013**	19,630
Intangible asset	**15,674**	15,674
Investment in associates	**8,664**	9,565
Other investments	**342**	342
Deferred tax assets	**10,882**	11,763
	867,652	887,875
Current assets		
Property development costs	**87,129**	29,828
Trade receivables	**116,063**	101,752
Other receivables	**18,647**	15,438
Other current assets	**21,032**	12,542
Tax recoverable	**4,034**	5,249
Cash and bank balances	**131,445**	122,128
	378,350	286,937
Assets held for sale	**16,656**	17,458
	395,006	304,395
Total assets	**1,262,658**	1,192,270
Current liabilities		
Borrowings	**20,394**	14,460
Trade payables	**94,417**	79,137
Other payables	**68,667**	76,290
Tax payable	**4,997**	4,115
Other current liabilities	**61,769**	59,960
	250,244	233,962
Net current assets	**144,762**	70,433
Non-current liabilities		
Borrowings	**284,768**	238,235
Deferred tax liabilities	**20,136**	20,136
	304,904	258,371
Total liabilities	**555,148**	492,333
Equity attributable to equity holders of the Company		
Share capital	**168,906**	168,906
Reserves	**538,604**	531,031
Total equity	**707,510**	699,937
Total equity and liabilities	**1,262,658**	1,192,270
Net assets (NA) per share (RM)	**2.09**	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 30 June 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 June 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	-	-	37	28,233	28,270
Transactions with owners					
Dividend	-	-	-	(16,891)	(16,891)
As at 30 June 2012	**168,906**	**41,631**	**1,517**	**471,313**	**683,367**
As at 1 January 2013	168,906	41,631	-	489,400	699,937
Total comprehensive income	-	-	(968)	25,432	24,464
Transactions with owners					
Dividend	-	-	-	(16,891)	(16,891)
As at 30 June 2013	**168,906**	**41,631**	**(968)**	**497,941**	**707,510**

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 30 June 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 June 2013

	6 Months Ended	
	30/6/2013	30/6/2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**36,301**	38,951
Adjustment for:		
Non-cash items	**6,869**	7,195
Non-operating items	**31**	(323)
Operating profit before working capital changes	**43,201**	45,823
Increase in receivables	**(26,004)**	(17,467)
Increase in development properties	**(10,379)**	(7,597)
Decrease in payables	**9,210**	5,006
Cash generated from operations	**16,028**	25,765
Taxes paid	**(7,893)**	(7,396)
Interest paid	**(5,642)**	(3,563)
Net cash generated from operating activities	**2,493**	14,806
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	**(1,823)**	(122,106)
Purchase of property, plant and equipment	**(26,999)**	(7,704)
Payment for investment properties under construction	**(1,550)**	-
Proceeds from disposal of property, plant and equipment	**-**	78
Proceeds from disposal of assets held for sale	**948**	-
Interest received	**672**	1,749
Net cash used in investing activities	**(28,752)**	(127,983)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(16,891)**	(16,891)
Drawdown of term loan	**31,303**	100,000
Issuance of Islamic Medium Term Notes - Net	**37,535**	-
Repayment of borrowings	**(16,371)**	(7,470)
Net cash generated from financing activities	**35,576**	75,639
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**9,317**	(37,538)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**122,128**	206,198
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**131,445**	168,660

	30/6/2013	30/6/2012
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	**28,788**	40,896
Fixed deposits	**102,657**	127,764
	131,445	168,660
Cash and bank balances held in HDA accounts	**16,652**	33,412

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, except the following:

On 28 June 2013, KDU University College Sdn Bhd, a wholly owned subsidiary of the Company, made the first issuance of RM39.0 million in nominal value of Islamic Medium Term Notes with a seven (7) years tenure under the Sukuk Programme.

A8. Dividends paid

	6 months ended	
	30/6/2013	**30/6/2012**
	RM'000	**RM'000**
Final dividends		
2012 - 5.00 sen single tier	16,891	16,891
(2011 - 5.00 sen single tier)		
	16,891	16,891

A9. Profit before tax

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

	3 months ended 30 June		6 months ended 30 June	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Depreciation of:				
- Property, plant and equipment	3,354	3,575	6,708	7,033
- Investment properties	76	22	160	147
Additions of allowance for impairment of trade and other receivables	24	179	144	197
Gain on disposal of:				
- Property, plant and equipment	0	31	0	41
- Assets held for sale	146	0	146	0
Reversal of allowance for impairment of trade and other receivables	48	(23)	(28)	(28)
Net foreign exchange gain	(31)	(14)	(658)	(409)

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

	Revenue		Profit before tax	
Analysis by Business Segment	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Property development	108,630	101,660	22,826	27,484
Construction	141,490	110,935	144	57
Education	60,116	53,430	14,311	15,119
Investment & others	26,794	88,684	17,834	79,613
	337,030	354,709	55,115	122,273
Inter-segment elimination	(84,033)	(131,587)	(18,814)	(83,322)
	252,997	223,122	36,301	38,951

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 30 June 2013 is as follows:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	164,102
Approved but not contracted for:-	
Property, plant & equipment	93,657
	257,759

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	19,497	26,999

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	373
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan has substantial interest	308
Sale of properties to Dato' Teo Chiang Quan	3,023
Sale of property to spouse of Dato' Teo Chiang Quan	577
Sale of property to a child of Dato' Teo Chiang Quan	2,442
Sale of property to a child of Mr Ong Keng Siew, a director of the Company	553
Sale of property to Mr Ong Keng Siew and his children	553
Sale of properties to Dato' Liew Yin Chew, Mr Foong Poh Seng, Mr Wang Chong Hwa, Datin Teh Geok Lian, directors of subsidiaries	2,670
Sale of property to Mr Ooi Hun Peng, a director of subsidiary, and his spouse	548
	11,047

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

Q2 FY13 vs Q2 FY12

The Group's revenue for Q2 FY13 increased by 20% to RM142.5 million (Q2 FY12: RM118.8). Profit before tax (PBT) for Q2 FY13, however, decreased by 21% to RM15.8 million (Q2 FY12: RM19.9 million).

For Q2 FY13, revenue for the property development division increased by 10% to RM62.9 million (Q2 FY12: RM57.0 million) mainly due to contributions from new developments, namely, Sejati Residences in Cyberjaya and Utropolis in Glenmarie, and higher progressive billings from Bukit Banyan in Sungai Petani. PBT for the division for Q2 FY13, however, decreased by 16% to RM11.6 million (Q2 FY12: RM13.8 million) as a result of lower returns from low margin products from the Kemuning Utama development and higher operating costs stemming from new hires following the Group's move into integrated developments.

For Q2 FY13, revenue for the construction division increased by 52% to RM88.8 million (Q2 FY12: RM58.3 million). The division, however, recorded a lower PBT of RM0.3 million (Q2 FY12: RM0.5 million).

For Q2 FY13, revenue for the education division increased marginally by 5% to RM29.4 million (Q2 FY12: RM27.9 million) due to higher revenue from Sri KDU's international school that has expanded its offering to include the primary school. PBT for the division for Q2 FY13, however, decreased by 39% to RM4.3 million (Q2 FY12: RM7.1 million) mainly due to lower revenue recorded coupled with higher operating costs incurred by the tertiary education sector, particularly the Petaling Jaya campuses.

YTD FY13 vs YTD FY12

The Group's revenue for 1HFY13 increased by 13% to RM253.0 million (1H FY12: RM223.1 million). PBT for the same period, however, decreased by 7% to RM36.3 million (1H FY12: RM38.9 million).

Revenue for the property development division for 1H FY13 increased by 7% to RM108.6 million (1H FY12: RM101.7 million) mainly due to contributions from new developments, namely, Sejati Residences in Cyberjaya and Utropolis in Glenmarie, and higher progressive billings from Bukit Banyan in Sungai Petani. PBT for the division for 1HFY13, however, decreased by 17% to RM22.8 million (1HFY12: RM27.5 million) as a result of lower returns from low margin products from the Kemuning Utama development and higher operating costs stemming from new hires following the Group's move into integrated developments.

Revenue for the construction division for 1H FY13 increased by 28% to RM141.5 million (1H: 2012: RM110.9 million). The division recorded a PBT of RM144,000 (1H FY12: RM57,000).

For 1H FY13, revenue for the education division increased by 13% to RM60.1 million (1HFY12: RM53.4 million) due to higher revenue from Sri KDU's international school that has expanded its range of offerings to the primary school. PBT for the division for 1H FY13, however, decreased marginally by 5% to RM14.3 million (1H FY12: RM15.1 million). The lower PBT was mainly due to lower revenue recorded coupled with higher operating costs incurred by the tertiary education sector, particularly the Petaling Jaya campuses.

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

For Q2 FY13, the 22% decrease in PBT to RM15.9 million (Q1 FY13: RM20.4 million) was due to lower PBT recorded by the education division.

B3. Prospects

The Group's property development division is expected to be stable with the lock-in sales registered in the first half of the year, namely, from Bukit Banyan development in Sungai Petani and Utropolis development in Glenmarie. Another new development comprising industrial factories cum showrooms in Hicom Industrial Park in Shah Alam was launched recently.

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 deferred launches in the previous years will, however, continue to have a negative impact on the performance of the property development division, for the current year, which is expected to be lower than that of the previous year. Additionally, there are higher operating expenses budgeted to prepare for new launches from existing and new developments, particularly advertising and promotional expenses, and hiring of staff with different skill sets to support the diversification into mixed-use integrated developments.

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 school will continue to 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 improve enrolment numbers. These include strengthening the leadership team, development of academic programmes that are aligned with industry trends and meet market demands, and placing more emphasis on marketing activities, both locally and internationally. We are seeing some early fruits since the implementation of these more focused operating activities. While admittedly the initiatives taken will, in the short-and medium-term, have a strong bearing on already squeezed margins, they are regarded as important measures needed to drive KDU University College's enrolment numbers, and more importantly, help regain lost ground in the long-term.

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 a 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.

Overall the results for 2013 are expected to be lower than those recorded in the preceding year with property development and the private and international schools continuing to remain 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	3,441	10,016
Deferred tax	1,727	853
	5,168	10,869

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

As at 20 August 2013, there were no corporate proposals announced but not completed.

B7. Borrowings and debts securities

The Group's borrowings and debts securities as at 30 June 2013 were as follows:

	RM'000
Short-term borrowings (Secured)	
Bankers' acceptance	927
Current portion of long term loans	19,467
	20,394
Long-term borrowings (Secured)	
Term loans	247,233
Islamic Medium Term Notes	37,535
	284,768

B8. Realised and unrealised profits

The breakdown of retained profits as at 30 June 2013 and 30 June 2012 on a group basis, into realised and unrealised profits, is as follows:

	30/6/2013 RM'000	30/6/2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	637,511	612,240
- Unrealised	(9,136)	(5,183)
	628,375	607,057
Total share of retained profits/(loss) from associate		
- Realised	(175)	431
- Unrealised	(842)	0
Less: Consolidation adjustments	(129,417)	(136,175)
Total Group retained profits	497,941	471,313

B9. Changes in material litigation

As at 20 August 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 of Directors has declared an interim single tier dividend of 2.50 sen per share, (2012: 3.00 sen per share, single tier) in respect of the financial year ending 31 December 2013, which will be paid on 26 September 2013 to shareholders whose names appear on the Record of Depositors on 10 September 2013.

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 September 2013 in respect of ordinary transfers.

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

The total dividend for the current financial year to date is 2.50 sen per share, single tier. (2012: 3.00 sen per share, single tier)

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)	10,685	25,432
Weighted average number of ordinary shares ('000)	337,812	337,812
Basic EPS (sen)	3.16	7.53

(b) Diluted EPS

Not applicable to the Group.