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

The figures are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 SEPTEMBER 2013

	3 Months Ended 30 September		9 Months Ended 30 September	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**123,633**	111,978	**376,630**	335,100
Operating profit	**17,457**	20,208	**53,936**	58,888
Interest expense	**(187)**	(688)	**(851)**	(2,166)
Interest income	**226**	565	**899**	2,314
Share of loss of associate	**(14)**	-	**(201)**	-
Profit before tax	**17,482**	20,085	**53,783**	59,036
Taxation	**(3,767)**	(5,299)	**(14,636)**	(16,017)
Profit for the period	**13,715**	14,786	**39,147**	43,019
Total profit attributable to:				
Owners of the Parent	**13,715**	14,786	**39,147**	43,019
Earnings per share ("EPS") attributable to Owners of the Parent (sen):				
Basic EPS	**4.06**	4.38	**11.59**	12.73
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 September 2013

The figures are unaudited

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

	3 Months Ended 30 September		**9 Months Ended 30 September**	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Profit for the period	**13,715**	14,786	**39,147**	43,019
Other comprehensive income	**312**	89	**(656)**	(46)
Total comprehensive income for the period	**14,027**	14,875	**38,491**	42,973
Total comprehensive income attributable to:				
Owners of the Parent	**14,027**	14,875	**38,491**	42,973

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 September 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	As at 30/9/2013	As at 31/12/2012
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	**344,294**	315,293
Land held for property development	**431,511**	515,608
Investment properties	**15,799**	19,630
Intangible asset	**15,674**	15,674
Investment in associates	**8,923**	9,565
Other investments	**342**	342
Deferred tax assets	**12,487**	11,763
	829,030	887,875
Current assets		
Property development costs	**142,486**	29,828
Trade receivables	**114,463**	101,752
Other receivables	**33,873**	15,438
Other current assets	**22,176**	12,542
Tax recoverable	**3,121**	5,249
Cash and bank balances	**92,024**	122,128
	408,143	286,937
Assets held for sale	**20,956**	17,458
	429,099	304,395
Total assets	**1,258,129**	1,192,270
Current liabilities		
Borrowings	**22,602**	14,460
Trade payables	**85,913**	79,137
Other payables	**69,866**	76,290
Tax payable	**4,119**	4,115
Other current liabilities	**63,009**	59,960
	245,509	233,962
Net current assets	**183,590**	70,433
Non-current liabilities		
Borrowings	**279,383**	238,235
Deferred tax liabilities	**20,145**	20,136
	299,528	258,371
Total liabilities	**545,037**	492,333
Equity attributable to equity holders of the Company		
Share capital	**168,906**	168,906
Reserves	**544,186**	531,031
Total equity	**713,092**	699,937
Total equity and liabilities	**1,258,129**	1,192,270
Net assets (NA) per share (RM)	**2.11**	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 September 2013

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 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	-	-	(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**
As at 1 January 2013	168,906	41,631	-	489,400	699,937
Total comprehensive income	-	-	(656)	39,147	38,491
Transactions with owners					
Dividends	-	-	-	(25,336)	(25,336)
As at 30 September 2013	**168,906**	**41,631**	**(656)**	**503,211**	**713,092**

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 September 2013

The figures are unaudited

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

	9 Months Ended	
	30/9/2013	30/9/2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**53,783**	59,036
Adjustment for:		
Non-cash items	**10,516**	10,782
Non-operating items	**(241)**	(1,841)
Operating profit before working capital changes	**64,058**	67,977
Increase in receivables	**(40,777)**	(38,804)
Increase in development properties	**(12,784)**	(8,926)
Increase in payables	**3,186**	8,703
Cash generated from operations	**13,683**	28,950
Taxes paid	**(13,222)**	(17,283)
Interest paid	**(8,645)**	(6,693)
Net cash (used in)/generated from operating activities	**(8,184)**	4,974
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	**(7,982)**	(134,329)
Purchase of property, plant and equipment	**(39,066)**	(12,928)
Payment for investment properties under construction	**(720)**	-
Proceeds from disposal of property, plant and equipment	**48**	345
Proceeds from disposal of assets held for sale	**948**	399
Interest received	**898**	2,314
Net cash used in investing activities	**(45,874)**	(144,199)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(25,336)**	(16,891)
Drawdown of term loan	**31,303**	100,000
Issuance of Islamic Medium Term Notes - Net	**37,535**	-
Repayment of borrowings	**(19,548)**	(11,085)
Net cash generated from financing activities	**23,954**	72,024
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(30,104)**	(67,201)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**122,128**	206,198
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**92,024**	138,997

	30/9/2013	30/9/2012
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	**28,598**	38,849
Fixed deposits	**63,426**	100,148
	92,024	138,997
Cash and bank balances held in HDA accounts	**16,145**	30,245

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 annual period beginning on or after 1 January 2014. On 7 August 2013, MASB further announced to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all Transitioning Entities for annual period beginning on or after 1 January 2015. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 2015. 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 2015.

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

	9 months ended	
	30/9/2013	**30/9/2012**
	RM'000	**RM'000**
Final dividends		
2012 - 5.00 sen single tier (2011 - 5.00 sen single tier)	16,891	16,891
Interim dividends		
2013 - 2.50 sen single tier	8,445	0
	25,336	16,891

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Depreciation of:				
- Property, plant and equipment	3,443	3,575	10,151	10,608
- Investment properties	91	27	251	174
Additions of allowance for impairment of trade and other receivables	141	47	285	244
Gain on disposal of:				
- Property, plant and equipment	(48)	(258)	(48)	(299)
- Assets held for sale	0	0	(146)	0
Gain on deregistration of a subsidiary	0	(1,401)	0	(1,401)
Reversal of allowance for impairment of trade and other receivables	28	(25)	0	(53)
Net foreign exchange (gain)/loss	39	(787)	(619)	(1,196)

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	159,874	156,488	32,124	44,589
Construction	216,704	163,822	2,898	(79)
Education	91,557	79,265	19,096	20,275
Investment & others	31,132	210,113	18,646	182,278
	499,267	609,688	72,764	247,063
Inter-segment elimination	(122,637)	(274,588)	(18,981)	(188,027)
	376,630	335,100	53,783	59,036

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

(i) 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.

(ii) On 26 September 2013, Supreme Essence Sdn Bhd, a wholly-owned subsidiary company of the Company, has been placed under Members' Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.

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 2013 is as follows:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	150,010
Approved but not contracted for:-	
Property, plant & equipment	93,132
	243,142

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	12,067	39,066

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	410
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan has substantial interest	463
Sale of properties to Dato' Teo Chiang Quan	3,023
Sale of property to spouse of Dato' Teo Chiang Quan	577
Sale of properties to a child of Dato' Teo Chiang Quan	3,019
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
	11,816

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 FY13 vs Q3 FY12

Overall the Group's revenue for Q3 FY13 increased by 10% to RM123.6 million (Q3 FY12: RM112.0). Profit before tax (PBT) for Q3 FY13, however, decreased by 13% to RM17.5 million (Q3 FY12: RM20.1 million).

While revenue for the construction and the education divisions for Q3 FY13 improved by 42% and 22%, respectively, to RM75.2 million (Q3 FY12: RM52.9 million) and RM31.4 million (Q3 FY12: RM25.8 million), revenue for the property development division decreased marginally by 5% to RM51.2 million (Q3 FY12: RM53.8 million). The improved revenue from the construction division was due to the near completion stage of its external projects while the improved revenue from the education division was due to the higher revenue registered by the Sri KDU primary and secondary schools.

Except for the construction division which also registered a higher PBT of RM2.7 million compared with a loss before tax (LBT) of RM136,000 in Q3 FY12, both the property development and education divisions registered a decline in PBT by 46% and 8%, respectively, to RM9.3 million (Q3 FY12: RM17.1 million) and RM4.8 million (Q2 FY12: RM5.2 million). The lower PBT registered by the property development division was mainly due to lower lock in sales that were carried forward and the lower progressive billings on construction works that recently commenced on newly launched projects. The lower PBT from the education division was mainly due to the higher LBT registered by the University College.

YTD FY13 vs YTD FY12

Overall, the Group's revenue for 9mths FY13 increased by 12% to RM376.6 million (9mths FY12: RM335.1 million). PBT for the same period, however, decreased by 9% to RM53.8 million (9mths FY12: RM59.0 million).

All the three divisions registered higher revenue for the 9mths FY13. Revenue for the property development division increased marginally by 2% to RM159.9 million (9mths FY12: RM156.5 million) mainly due to contribution from new developments, namely, Sejati Residences in Cyberjaya and Utropolis in Glenmarie, and higher progressive billings from Bukit Banyan in Sungai Petani. Revenue for the education division increased by 16% to RM91.6 million (9mths FY12: RM79.3 million) due to higher revenue registered by Sri KDU. Revenue for the construction division increased by 32% to RM216.7 million (9mths FY12: 2012: RM163.8 million).

Except for the construction division which had registered a higher PBT of RM2.9 million compared with a LBT of RM79,000 in 9mths FY12, both the property development and education divisions registered a decline in PBT by 28% and 6%, respectively, to RM32.1 million (9mths FY12: RM44.6 million) and RM19.1 million (9mths FY12: RM20.3 million). The lower PBT registered by the property development division was mainly due to a high composition of lower margin products from the Kemuning Utama development and higher staff costs due to new hires required following the move to integrated development. The lower PBT from the education division was mainly due to the higher LBT registered by the University College stemming from lower revenue and higher operating costs.

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

For Q3 FY13, the Group PBT increased by 10% to RM17.5 million (Q2 FY13: RM15.9 million).

B3. Prospects

The performance for the remaining quarter of the year is expected to be maintained as a result of the property division’s better than expected sales from existing developments, namely, Bukit Banyan development in Sungai Petani, as well as new developments, namely, Utropolis in Glenmarie and Sejati Residences in Cyberjaya that have resulted in steady lock in sales to date. Equally, notwithstanding the University College’s efforts to improve its enrolment numbers amidst an intensively competitive environment, the outstanding contributions by the Sri KDU primary and secondary schools will continue to drive the education division’s performance with KDU College Penang well on track to achieve yet another steady quarter.

Based on the cumulative results thus far, it is envisaged that the overall Group performance for 2013 will be comparable with that of the previous year.

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	4,423	14,439
Over provided in prior year	(377)	(377)
Deferred tax	(279)	574
	3,767	14,636

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 November 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 September 2013 were as follows:

	RM'000
Short-term borrowings (Secured)	
Current portion of long term loans	22,602
Long-term borrowings (Secured)	
Term loans	241,848
Islamic Medium Term Notes	37,535
	279,383

B8. Realised and unrealised profits

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

	30/9/2013 RM'000	30/9/2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	641,159	607,896
- Unrealised	(7,666)	(4,935)
	633,493	602,961
Total share of retained profits/(loss) from associate		
- Realised	(190)	431
- Unrealised	(567)	0
Less: Consolidation adjustments	(129,525)	(127,427)
Total Group retained profits	503,211	475,965

B9. Changes in material litigation

As at 20 November 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 30 September 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)	13,715	39,147
Weighted average number of ordinary shares ('000)	337,812	337,812
Basic EPS (sen)	4.06	11.59

(b) Diluted EPS

Not applicable to the Group.