PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 30 September 2015

The figures are unaudited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR PERIOD ENDED 30 SEPTEMBER 2015

	3 Months Ended 30 September		9 Months Ended 30 September	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**147,717**	120,371	**427,975**	352,387
Operating profit	**24,118**	19,670	**79,919**	66,512
Interest expense	**(1,557)**	(22)	**(4,049)**	(270)
Interest income	**710**	1,034	**2,996**	3,199
Share of profit/(loss) of associate	**(35)**	(84)	**88**	(238)
Profit before tax	**23,236**	20,598	**78,954**	69,203
Taxation	**(6,094)**	(4,351)	**(21,303)**	(15,215)
Profit for the period	**17,142**	16,247	**57,651**	53,988
Profit attributable to:				
Ordinary equity holders of the Company	**15,530**	14,635	**52,780**	52,376
Holder of private debt securities of the Company	**1,612**	1,612	**4,871**	1,612
	17,142	16,247	**57,651**	53,988
Earnings per share ("EPS") attributable to Ordinary equity holders of the Company (sen):				
Basic EPS	**3.68**	3.64	**12.50**	13.99
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 2014.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 30 September 2015

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR PERIOD ENDED 30 SEPTEMBER 2015

	3 Months Ended 30 September		**9 Months Ended 30 September**	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Profit for the period	**17,142**	16,247	**57,651**	53,988
Other comprehensive income	**685**	(532)	**809**	(139)
Total comprehensive income for the period	**17,827**	15,715	**58,460**	53,849
Total comprehensive income attributable to:				
Ordinary equity holders of the Company	**16,215**	14,103	**53,589**	52,237
Holder of private debt securities of the Company	**1,612**	1,612	**4,871**	1,612
	17,827	15,715	**58,460**	53,849

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 30 September 2015

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	As at 30/9/2015	As at 31/12/2014
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	**421,000**	434,848
Land held for property development	**793,305**	530,440
Investment properties	**142,588**	108,583
Intangible asset	**15,674**	15,674
Investment in associates	**10,146**	8,084
Other investments	**340**	340
Deferred tax assets	**17,055**	13,477
	1,400,108	1,111,446
Current assets		
Property development costs	**136,324**	149,814
Inventories	**1,626**	399
Trade receivables	**69,168**	82,004
Other receivables	**23,819**	28,746
Other current assets	**76,896**	68,757
Tax recoverable	**8,760**	8,585
Other investments	**1,455**	270
Cash and cash equivalents	**139,074**	192,270
	457,122	530,845
Assets held for sale	**13,840**	9,900
	470,962	540,745
Total assets	**1,871,070**	1,652,191
Current liabilities		
Borrowings	**90,172**	112,821
Trade payables	**61,116**	109,821
Other payables	**93,089**	105,176
Tax payable	**9,572**	5,391
Other current liabilities	**98,829**	76,788
	352,778	409,997
Net current assets	**118,184**	130,748
Non-current liabilities		
Borrowings	**426,622**	272,270
Deferred tax liabilities	**17,907**	18,080
	444,529	290,350
Total liabilities	**797,307**	700,347
Equity		
Share capital	**211,132**	211,132
Reserves	**662,844**	640,925
Private debt securities	**199,787**	99,787
Total equity	**1,073,763**	951,844
Total equity and liabilities	**1,871,070**	1,652,191
Net assets (NA) per share (RM)	**2.07**	2.02

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

PARAMOUNT CORPORATION BERHAD
Interim Financial Report for the quarter ended 30 September 2015

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR PERIOD ENDED 30 SEPTEMBER 2015

		<-------Non Distributable------>		Distributable	Private	
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	debt securities RM'000	Total Equity RM'000
As at 1 January 2015	211,132	91,149	(1,129)	550,905	99,787	951,844
Total comprehensive income	-	-	809	52,780	4,871	58,460
Transactions with owners						
Issuance of private debt securities						
- Issuance of private debt securities	-	-	-	-	100,000	100,000
- Private debt securities expenses	-	-	-	-	-	-
Private debt securities distribution	-	-	-	-	(4,871)	(4,871)
Dividends	-	-	-	(31,670)	-	(31,670)
Total transactions with owners	**-**	**-**	**-**	**(31,670)**	**95,129**	**63,459**
As at 30 September 2015	**211,132**	**91,149**	**(320)**	**572,015**	**199,787**	**1,073,763**
As at 1 January 2014	168,906	41,631	(1,006)	517,567	-	727,098
Total comprehensive income	-	-	(139)	52,376	1,612	53,849
Transactions with owners						
Issuance of private debt securities						
- Issuance of private debt securities	-	-	-	-	50,000	50,000
- Private debt securities expenses	-	-	-	-	(213)	(213)
Issuance of ordinary shares						
- Rights issue	42,226	50,672	-	-	-	92,898
- Rights issue expenses	-	(1,154)	-	-	-	(1,154)
Private debt securities distribution	-	-	-	-	(1,612)	(1,612)
Dividends	-	-	-	(29,136)	-	(29,136)
Total transactions with owners	**42,226**	**49,518**	**-**	**(29,136)**	**48,175**	**110,783**
As at 30 September 2014	**211,132**	**91,149**	**(1,145)**	**540,807**	**49,787**	**891,730**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

The figures are unaudited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR PERIOD ENDED 30 SEPTEMBER 2015

	9 Months Ended	
	30/9/2015	30/9/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**78,954**	69,203
Adjustment for:		
Non-cash items	**15,990**	9,325
Non-operating items	**246**	(18,644)
Operating profit before working capital changes	**95,190**	59,884
Decrease/(increase) in receivables	**12,624**	(2,592)
Decrease/(increase) in development properties	**13,490**	(4,662)
(Increase)/decrease in inventories	**(1,227)**	1,334
(Decrease)/increase in payables	**(42,918)**	17,814
Cash generated from operations	**77,159**	71,778
Taxes paid	**(21,049)**	(18,005)
Interest paid	**(14,299)**	(10,764)
Net cash generated from operating activities	**41,811**	43,009
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	**(253,036)**	(47,934)
Grants received	**14,102**	-
Purchase of property, plant and equipment	**(20,613)**	(124,560)
Purchase of investment properties	**(33,606)**	(11,027)
Proceeds from disposal of property, plant and equipment	**1,173**	369
Proceeds from disposal of assets held for sale	**-**	42,083
Movement in other investment	**(1,185)**	(279)
Interest received	**2,995**	3,199
Net cash used in investing activities	**(290,170)**	(138,149)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(31,670)**	(29,136)
Proceeds from borrowings	**220,310**	42,879
(Repayment of)/proceeds from Islamic Medium Term Notes	**(21,600)**	21,600
Proceeds from Rights issue	**-**	92,898
Payment of Rights issue related expenses	**-**	(1,154)
Proceeds from issuance of PDS	**100,000**	50,000
Payment of PDS related expenses	**-**	(213)
PDS distribution	**(4,871)**	(1,612)
Repayment of borrowings	**(70,378)**	(31,609)
Net cash generated from financing activities	**191,791**	143,653
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(56,568)**	48,513
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**192,270**	110,544
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**135,702**	159,057

	30/9/2015	30/9/2014
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	**94,369**	59,397
Fixed deposits	**44,705**	99,660
Overdrafts	**(3,372)**	-
	135,702	159,057
Cash and bank balances held in HDA accounts	**72,453**	39,636

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2014.

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 2014. 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 2014.

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 2015 did not have 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 FRS, Amendments to FRS and IC Interpretations which are issued but not yet effective for the financial year ending 31 December 2015 will not have any material impact on the financial statements of the Group and the Company in the period of initial application, other than as disclosed below:

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the 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 2013, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, 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 five years. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the definition of Transitioning Entities and have opted to defer the adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company 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.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2014 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

Save for items disclosed in Note A9, 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:

(a) **RM200.0 Million PDS Programme**
On 21 September 2015, the Company issued RM100 million in nominal value of PDS. The PDS are perpetual in nature and are redeemable at the option of the Company on the 5th and 7th anniversary of the issue date, in the amount of RM50 million each.

(b) **RM350.0 Million Sukuk Programme**
On 26 January 2015, KDU redeemed RM21.6 million in nominal value of Sukuk Ijarah that were issued under the Sukuk Programme on 23 June 2014.

A8. Dividends paid

	9 months ended	
	30/9/2015	**30/9/2014**
	RM'000	**RM'000**
Final dividends 2014 - 5.50 sen single tier (2013 - 5.50 sen single tier)	21,113	18,580
Interim dividends 2015 - 2.50 sen single tier (2014 - 2.50 sen single tier)	10,557	10,556
	31,670	29,136

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Depreciation of:				
- Property, plant and equipment	5,460	3,112	15,936	9,302
- Investment properties	7	7	21	21
Additions of allowance for impairment of trade and other receivables	78	(149)	203	106
Bad debts written off	1	(22)	10	0
Gain on disposal of:				
- Property, plant and equipment	(4)	(369)	(722)	(369)
- Assets held for sale	0	0	0	(15,548)
Reversal of allowance for impairment of trade and other receivables	158	(49)	(132)	(64)
Net derivative (gain)/loss on interest rate swap	(933)	155	(204)	237
Net foreign exchange (gain)/loss	(363)	(110)	(429)	(466)

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	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property	317,530	253,588	64,905	54,718
Education	109,829	97,026	17,774	19,245
Investment & others	85,478	51,703	71,041	40,814
	512,837	402,317	153,720	114,777
Inter-segment elimination	(84,862)	(49,930)	(74,766)	(45,574)
	427,975	352,387	78,954	69,203

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 2014.

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 except as disclosed in Note A13(b).

A13. Changes in composition of the Group

(a) On 8 July 2015, the Company acquired a company, Cosmo Knowledge Sdn Bhd with an issued and paid up share capital of RM2, which subsequently changed its name to Paramount Education (Klang) Sdn Bhd.

(b) On 22 October 2015, the Company acquired a company, Super Ace Resources Sdn Bhd with 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 2015 were as follows:

	RM'000
Approved and contracted for:-	
Investment properties	32,605
Property, plant & equipment	12,530
	45,135
Approved but not contracted for:-	
Investment properties	24,977
Property, plant & equipment	180,741
	205,718
	250,853

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	3,006	20,613

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 Datoô Teo Chiang Quan, a director of the Company, has substantial interests	325
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of DatoôTeo Chiang Quan has substantial interest	463
Interior design contract charges paid to Damansara Uptown Interiors Sdn Bhd, a company in which a brother of DatoôTeo Chiang Quan has substantial interest	1,196
Sale of motor vehicles to Ms Tay Lee Kong, Mr Wang Chong Hwa, Mr Ooi Hun Peng and Mr Chuan Yeong Ming, directors of subsidiaries	251
	2,235

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

3Q2015 vs 3Q2014

Group revenue for 3Q2015 grew by 23% to RM147.7 million (3Q2014: RM120.4 million) with higher revenue contribution from both the Property and Education Divisions. Group Profit before tax (PBT) increased by 13% to RM23.2 million (3Q2014: RM20.6 million).

Revenue for the Property Division grew 27% to RM111.4 million (3Q2014:RM88 million) attributable to higher sales and progressive billings registered on the Utropolis in Glenmarie, Shah Alam and Sekitar26 Business in Shah Alam developments. As a result of the higher revenue, PBT for the Property Division increased by 16% to RM 18.6 million (3Q2014: RM16 million).

Revenue for the Education Division (comprising the primary & secondary school and the tertiary education) grew 15% to RM36.3 million (3Q2014: RM31.7 million) with higher revenue contribution from both the primary & secondary school and the tertiary education stemming from higher new student enrolments.

PBT for the Education Division, however, decreased by 11% to RM5.5 million (3Q2014: RM6.2 million) due to KDU University College incurring higher losses stemming from the onset of depreciation charges and interest costs on its new campus in Utropolis, Glenmarie this year.

9M2015 vs 9M2014

Group revenue for 9M2015 grew 21% to RM428 million (9M2014: RM352.4 million) with higher revenue contributions from both the Property and Education Divisions. As a result of the higher revenue, group PBT increased by 14% to RM78.9 million (9M2014: RM69.2 million).

Revenue for the Property Division grew 25% to RM317.5 million (9M2014: RM253.6 million) attributable to higher sales and progressive billings registered on the Sejati Residences in Cyberjaya, Utropolis in Glenmarie, Shah Alam, Sekitar26 Business in Shah Alam and Bukit Banyan in Sungai Petani developments. As a result of the higher revenue, PBT for the division increased by 19% to RM64.9 million (9M2014: RM54.7 million).

Revenue for the Education Division grew 13% to RM109.8 million (9M2014: RM97 million) with higher revenue contribution from both the primary & secondary school and the tertiary education stemming from higher new student enrolments.

While the primary and secondary school recorded a higher PBT compared with the corresponding period last year, KDU University College incurred higher losses due to the onset of depreciation charges and interest costs on its new campus in Utropolis, Glenmarie this year. Overall, PBT for the Education division decreased by 7% to RM17.8 million (9M2014: RM19.2 million).

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

Group PBT for 3Q2015 of RM23.2 million was comparable with the preceding quarter's PBT of RM22.1 million.

B3. Prospects

Malaysia's property market is expected to remain subdued due to the cautious spending sentiments and tighter lending policies. Despite challenging market conditions, Paramount Property's developments have performed well with new launches enjoying take up rates of between 50% and 70%.

In the Klang Valley, Paramount Utropolis, an integrated development anchored by the new 10-acre KDU University College campus and surrounded by 8 blocks of residential apartments and SOHO's, a 120,000-sq ft mall, has been enjoying strong sales since its launch in 2013. Sejati Residences, despite its higher end residential offering and corresponding price point, has enjoyed decent sales due to its attractive value offerings. Paramount Property has also extended its affordable home offering to the Klang Valley with the recent launch of the first phase of Greenwoods Salak Perdana development.

In the North, Paramount Property's developments that offer affordable residential landed properties - Bukit Banyan and Bandar Laguna Merbok - have been enjoying consistent sales.

Paramount Property has recorded new sales of 374 units of properties with a sales value of RM306.37 million in 9M2015 from its ongoing development projects, with locked in sales of RM400 million as at 30 September 2015.

The primary & secondary school and tertiary segments continue to face intense competition amidst the current economic slowdown. As a result, customers have taken a more cautious approach and are more discerning in their choices.

Despite the challenges of competition, the tertiary education sector recorded a growth in new student enrolment in 2015 in comparison to the previous year mainly attributable to its value offerings in a new state-of-the-art campus in Utropolis, Glenmarie.

The entry of new players in the primary and secondary school market coupled with existing players, who are upgrading and expanding their capacity, have led to more aggressive market practices. The primary and secondary schools with its strong value proposition are, however, operating at close to full capacity and will continue to drive the performance of the division to register strong revenue and profits, while the college in Penang continues to deliver consistent performance. This will mitigate the expected losses of KDU University College stemming from the onset of the depreciation charges and interest costs on the new campus in Utropolis, Glenmarie, which opened in January, 2015.

Barring unforeseen circumstances, the overall group performance will be better than 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**
Income tax	7,646	25,115
Deferred tax	(1,552)	(3,812)
	6,094	21,303

The effective tax rate for the financial period 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 17 November 2015, 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 2015 were as follows:

	RM'000
Short-term borrowings	
Bank overdrafts - Secured	3,372
Current portion of long term loans - Secured	86,800
	90,172
Long-term borrowings (Secured)	
Term loans	327,008
Islamic Medium Term Notes	99,614
	426,622

B8. Realised and unrealised profits

The breakdown of retained profits as at 30 September 2015 and 30 September 2014 on a group basis, into realised and unrealised profits, were as follows:

	30/9/2015 RM'000	30/9/2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	783,590	749,645
- Unrealised	(1,484)	(9,129)
	782,106	740,516
Total share of loss from associate		
- Realised	(438)	(438)
Less: Consolidation adjustments	(209,653)	(199,271)
Total Group retained profits	572,015	540,807

B9. Derivative financial instrument

The outstanding interest rate swap contracts as at 30 September 2015 were as follows:

	Contract amount	Net Fair value Assets/ (Liabilities)
	RM'000	RM'000
Interest rate swap*		
- More than 3 years	119,700	309

* The contracts effectively swapped the Group's floating interest rate to fixed interest rate to hedge against interest rate fluctuation.

B10. Fair value gain/(loss)

	Current Quarter RM'000	Financial Year-to-date RM'000
Interest rate swap	933	204

Basis of fair value measurement: The differences between floating and fixed interest rates.

Reason for gain: The floating interest rate has moved favourably for the Group from the last measurement date.

B11. Changes in material litigation

As at 17 November 2015, there were no changes in material litigation, including the status of pending litigation since the last annual reporting date of 31 December 2014.

B12. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 30 September 2015.

B13. 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)	15,530	52,780
Weighted average number of ordinary shares ('000)	422,265	422,265
Basic EPS (sen)	3.68	12.50

(b) Diluted EPS

Not applicable to the Group.