

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2007

The figures are unaudited

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007**

	AS AT 31/3/2007	AS AT 31/12/2006
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	144,206	145,119
Land held for property development	162,407	163,416
Investment properties	14,443	14,830
Prepaid land lease payments	17,325	17,385
Investments in associates	38,785	38,999
Other investments	397	397
Deferred tax assets	3,497	4,099
	<u>381,060</u>	<u>384,245</u>
Current assets		
Property development costs	94,426	87,153
Inventories	309	280
Trade receivables	40,717	48,162
Other receivables	7,992	14,654
Tax recoverable	1,824	1,169
Cash and bank balances	108,390	125,919
	<u>253,658</u>	<u>277,337</u>
TOTAL ASSETS	<u>634,718</u>	<u>661,582</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	104,626	104,126
Reserves	315,390	306,723
	<u>420,016</u>	<u>410,849</u>
Minority interests	6,021	5,311
Total equity	<u>426,037</u>	<u>416,160</u>
Non-current liabilities		
Borrowings	28,490	36,764
Deferred tax liabilities	11,343	11,083
	<u>39,833</u>	<u>47,847</u>
Current liabilities		
Borrowings	4,480	15,448
Trade payables	105,854	125,137
Other payables	56,512	54,299
Tax payable	2,002	2,691
	<u>168,848</u>	<u>197,575</u>
Total liabilities	<u>208,681</u>	<u>245,422</u>
TOTAL EQUITY AND LIABILITIES	<u>634,718</u>	<u>661,582</u>
Net assets per share (RM)	<u>4.01</u>	<u>3.95</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2006.

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**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2007**

	3 Months Ended 31 March		3 Months Ended 31 March	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Revenue	61,490	112,420	61,490	112,420
Operating profit	11,045	20,813	11,045	20,813
Interest expense	(823)	(1,794)	(823)	(1,794)
Interest income	530	302	530	302
Share of profit of associated companies	1,246	517	1,246	517
Profit before taxation	11,998	19,838	11,998	19,838
Taxation	(3,153)	(5,940)	(3,153)	(5,940)
Profit for the period	8,845	13,898	8,845	13,898
Attributable to:				
Equity holders of the Company	8,135	13,397	8,135	13,397
Minority interests	710	501	710	501
	8,845	13,898	8,845	13,898
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	7.80	12.93	7.80	12.93
Diluted EPS	7.66	12.91	7.66	12.91

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2006.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2007**

	<-----Attributable to Equity Holders of the Company----->						Total RM'000	Minority Interests RM'000	Total Equity RM'000
	< ---- Non Distributable ---->			Share Option Reserve RM'000	Distributable Retained Profits RM'000				
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000	
As at 1 January 2006	103,579	64,180	1,181	177	189,101	358,218	3,651	361,869	
Net profit for the quarter	-	-	-	-	13,397	13,397	501	13,898	
Share options granted under ESOS	-	-	-	176	-	176	-	176	
As at 31 March 2006	103,579	64,180	1,181	353	202,498	371,791	4,152	375,943	
As at 1 January 2007	104,126	64,797	876	1,441	239,609	410,849	5,311	416,160	
Net profit for the quarter	-	-	-	-	8,135	8,135	710	8,845	
Share options granted under ESOS	-	-	-	172	-	172	-	172	
Exercise of option under the ESOS	500	460	-	(100)	-	860	-	860	
As at 31 March 2007	104,626	65,257	876	1,513	247,744	420,016	6,021	426,037	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2006.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2007

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2007**

	3 Months Ended	
	31 Mar 2007	31 Mar 2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	3,867	80,920
Taxes paid	(3,633)	(3,718)
Interest paid	(823)	(1,794)
Interest received	530	302
Net cash (used in)/generated from operating activities	<u>(59)</u>	<u>75,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in land held for development	1,009	(2,423)
Dividend received from an associated company	1,460	1,440
Purchase of property, plant and equipment	(1,912)	(3,281)
Proceeds from disposal of property, plant and equipment	51	33
Proceeds from disposal of an investment property	305	-
Net cash received from/(used in) investing activities	<u>913</u>	<u>(4,231)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	860	-
Repayment of borrowings	(18,868)	(13,143)
Net cash used in financing activities	<u>(18,008)</u>	<u>(13,143)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(17,154)</u>	58,336
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>125,544</u>	20,807
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>108,390</u>	<u>79,143</u>
	31 Mar 2007	31 Mar 2006
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	47,282	90,646
Fixed deposits	61,108	17,599
Bank overdrafts	-	(29,102)
	<u>108,390</u>	<u>79,143</u>
HDA included in cash and bank balances	<u>41,812</u>	<u>83,761</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2006.

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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 2006. 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 2006.

A2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2006 except for the adoption of FRS 124 on Related Party Transaction which is effective for the financial period beginning 1 January 2007.

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the abovementioned FRS does not have significant financial impact on the Group.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2006 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

Save as disclosed below, there were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities.

	No. of shares issued	Exercise price
	'000	RM
Exercise of ESOS granted on 15 September 2005	84	2.01
Exercise of ESOS granted on 15 September 2006	416	1.66
	<u>500</u>	

A8. Dividends paid

There were no dividends paid or declared during the current quarter.

A9. Segment reporting for the current financial year to date

<u>Analysis by Business Segment</u>	Revenue		Profit before tax	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Property investment	1,925	3,648	746	1,289
Property development	35,286	81,273	4,071	12,152
Construction	15,557	49,034	468	2,242
Education	20,435	17,584	5,181	3,041
Investment & others	4,098	5,495	3,532	3,989
	<u>77,301</u>	<u>157,034</u>	<u>13,998</u>	<u>22,713</u>
Inter-segment elimination	(15,811)	(44,614)	(2,000)	(2,875)
	<u>61,490</u>	<u>112,420</u>	<u>11,998</u>	<u>19,838</u>

A10. 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 2006.

A11. Subsequent events

There were no material events subsequent to the end of the current quarter.

A12. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year to date.

A13. Changes in contingent assets and contingent liabilities

There were no contingent assets or contingent liabilities of the Group since the last annual balance sheet date.

A14. Capital commitment

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2007 were as follows:

Leasing commitments	RM'000
Due within 12 months	119
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A15. 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	1,912	1,912
	<hr/>	<hr/>

A16. Related party transactions

	Financial Year-to-date RM'000
Purchase of computers and peripherals from ECS K U Sdn Bhd and its subsidiaries, a group of companies in which Dato' Teo Chiang Quan, a director of the Company, has substantial interests	45
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	396
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	128
	<hr/>
	569
	<hr/>

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. Performance review

The Group's revenue for the current quarter decreased by 45.3% to RM61.5 million from RM112.4 million recorded in the corresponding quarter last year. This decrease was mainly due to lower revenue registered by the property development and construction sectors. However, the decrease was partially offset by higher revenue from the educational services division.

The Group's profit before taxation ("PBT") for the current quarter decreased by 39.4% to RM12.0 million from RM19.8 million earned in the corresponding quarter last year. The decrease was mainly due to lower profit registered by the property development and construction sectors. However, this was partially offset by higher profit from the educational services division and higher share of profit from an associated company.

B2. Comparison with preceding quarter's results

The Group's PBT for the current quarter was lower at RM12.0 million compared with RM22.0 million in the preceding quarter. The decrease was mainly due to lower revenue registered by the property development and construction sectors and lower share of profit from an associated company. However, the educational services division recorded a higher profit as compared to the preceding quarter.

B3. Commentary on prospects

The Group's performance is largely driven by the level of activity from the property development sector. With the northern development project nearing completion and lower progressive billings from the Klang Valley development project, the contribution from the property division is expected to be lower. On a more positive note, the contribution from the educational services division is expected to improve. Overall the Group's performance for 2007 is expected to be lower than that of 2006.

B4. Profit forecast or profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and shortfall in profit guarantee are not applicable.

B5. Taxation

The taxation charge included the following:

	Current Quarter RM'000	Financial Year-to-date RM'000
Current year provision	2,290	2,290
Deferred tax	863	863
	<u>3,153</u>	<u>3,153</u>

The effective tax rate for the periods presented above was higher than the statutory income tax rate in Malaysia due to losses of certain subsidiaries that were not available for fully set off against taxable profits of other subsidiaries and certain expenses which were not deductible for tax purposes.

B6. Sale of unquoted investments and/or properties

There were no sales of unquoted investments and properties for the current quarter and financial year to date.

B7. Quoted securities

- (i) There were no purchases and disposals of quoted securities by the Group for the current quarter and financial year to date.
- (ii) There were no investments in quoted securities as at 31 March 2007.

B8. Corporate proposal

There were no corporate proposals announced but not completed at the date of issue of this report.

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 31 March 2007 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Current portion of long term loan	4,427
Hire purchase payables	53
	<hr/> 4,480
<u>Long-term borrowings (Secured)</u>	
Term loans	28,395
Hire purchase payables	95
	<hr/> 28,490

The borrowings are all denominated in Ringgit Malaysia.

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 14 May 2007.

B11. Changes in material litigation

Berkeley Sdn Bhd ("BSB"), a wholly owned subsidiary, had appealed against the decision of the High Court dismissing BSB's claim against Consolidated Plantations Bhd ("CPB"), inter alia, for RM34,152,136.00 arising from CPB's breach of a contract dated 5 September 1973 with respect to the purchase from CPB of a portion of land held under Lot 11811 (Lot 3903) Grant 23893, Mukim Bukit Raja, Kelang, Selangor. The Court of Appeal has yet to set the date for hearing for the above case.

BSB's claim and appeal will not have any adverse material effect on the financial position of the Group.

As at 14 May 2007, there were no changes in material litigation, including the status of pending litigation since the last annual balance sheet date of 31 December 2006.

B12. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2007.

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)	8,135	8,135
Weighted average number of ordinary shares ('000)	104,334	104,334
Basic EPS (sen)	<u>7.80</u>	<u>7.80</u>

(b) Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the quarter and financial year to date have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

Profit for the period (RM'000)	<u>8,135</u>	<u>8,135</u>
Weighted average number of ordinary shares ('000)	104,334	104,334
Effect of dilution ('000)	<u>1,847</u>	<u>1,847</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>106,181</u>	<u>106,181</u>
Diluted EPS (sen)	<u>7.66</u>	<u>7.66</u>