

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 30 June 2007

The figures are unaudited

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007**

	AS AT 30/6/2007	AS AT 31/12/2006
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	142,658	145,119
Land held for property development	165,342	163,416
Investment properties	14,361	14,830
Prepaid land lease payments	17,265	17,385
Investments in associates	40,824	38,999
Other investments	397	397
Deferred tax assets	3,009	4,099
	383,856	384,245
Current assets		
Property development costs	86,144	87,153
Inventories	300	280
Trade receivables	47,071	48,162
Other receivables	12,997	14,654
Tax recoverable	2,543	1,169
Cash and bank balances	137,889	125,919
	286,944	277,337
TOTAL ASSETS	670,800	661,582
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	106,302	104,126
Reserves	326,779	306,723
	433,081	410,849
Minority interests	6,664	5,311
Total equity	439,745	416,160
Non-current liabilities		
Borrowings	27,349	36,764
Deferred tax liabilities	11,624	11,083
	38,973	47,847
Current liabilities		
Borrowings	4,829	15,448
Trade payables	130,936	125,137
Other payables	54,271	54,299
Tax payable	2,046	2,691
	192,082	197,575
Total liabilities	231,055	245,422
TOTAL EQUITY AND LIABILITIES	670,800	661,582
Net assets per share (RM)	4.07	3.95

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 PERIOD ENDED 30 JUNE 2007**

	3 Months Ended 30 June		6 Months Ended 30 June	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	76,330	99,018	137,820	211,438
Operating profit	11,994	16,374	23,039	37,187
Interest expense	(609)	(1,289)	(1,432)	(3,083)
Interest income	578	462	1,108	764
Share of profit of associated companies	2,039	1,558	3,285	2,075
Profit before taxation	14,002	17,105	26,000	36,943
Taxation	(3,641)	(4,299)	(6,794)	(10,239)
Profit for the period	10,361	12,806	19,206	26,704
Attributable to:				
Equity holders of the Company	9,718	12,310	17,853	25,707
Minority interests	643	496	1,353	997
	10,361	12,806	19,206	26,704
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	9.22	11.87	17.00	24.80
Diluted EPS	9.04	11.86	16.73	24.76

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 PERIOD ENDED 30 JUNE 2007**

	<-----Attributable to Equity Holders of the Company----->							Minority Interests RM'000	Total Equity RM'000
	< ---- Non Distributable ---->			Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000			
	Share Capital RM'000	Share Premium RM'000	Translation Reserve 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 period	-	-	-	-	25,707	25,707	997	26,704	
Share options granted under ESOS	-	-	-	355	-	355	-	355	
Exercise of option under the ESOS	304	307	-	-	-	611	-	611	
As at 30 June 2006	103,883	64,487	1,181	532	214,808	384,891	4,648	389,539	
As at 1 January 2007	104,126	64,797	876	1,441	239,609	410,849	5,311	416,160	
Net profit for the period	-	-	-	-	17,853	17,853	1,353	19,206	
Share options granted under ESOS	-	-	-	343	-	343	-	343	
Exercise of option under the ESOS	2,176	2,190	-	(330)	-	4,036	-	4,036	
As at 30 June 2007	106,302	66,987	876	1,454	257,462	433,081	6,664	439,745	

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.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2007**

	6 Months Ended	
	30 June 2007	30 June 2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	38,757	82,537
Taxes paid	(7,181)	(6,506)
Interest paid	(1,432)	(3,083)
Interest received	1,108	764
Net cash generated from operating activities	<u>31,252</u>	<u>73,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	(1,925)	(4,903)
Dividend received from an associated company	1,460	1,440
Purchase of property, plant and equipment	(3,249)	(8,273)
Proceeds from disposal of property, plant and equipment	125	33
Proceeds from disposal of an investment property	305	172
Net cash used in investing activities	<u>(3,284)</u>	<u>(11,531)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4,036	611
Repayment of borrowings	(19,991)	(1,837)
Net cash used in financing activities	<u>(15,955)</u>	<u>(1,226)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,013	60,955
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	125,544	20,807
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>137,557</u>	<u>81,762</u>
	30 June 2007	30 June 2006
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	62,489	47,513
Fixed deposits	75,400	44,189
Bank overdrafts	(332)	(9,940)
	<u>137,557</u>	<u>81,762</u>
HDA included in cash and bank balances	<u>59,937</u>	<u>40,410</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	1,209	2.01
Exercise of ESOS granted on 15 September 2006	967	1.66
	<u>2,176</u>	

A8. Dividends paid

There were no dividends paid 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	3,850	7,375	1,546	2,648
Property development	75,562	148,418	10,552	21,390
Construction	37,740	91,046	220	3,798
Education	42,228	36,599	10,047	5,790
Investment & others	6,233	8,786	5,635	6,911
	<u>165,613</u>	<u>292,224</u>	<u>28,000</u>	<u>40,537</u>
Inter-segment elimination	(27,793)	(80,786)	(2,000)	(3,594)
	<u>137,820</u>	<u>211,438</u>	<u>26,000</u>	<u>36,943</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 30 June 2007 were as follows:

	RM'000
Property, plant and equipment	
Approved and contracted for	1,265
Leasing commitments	
Due within 12 months	75
	<u>1,340</u>

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	1,337	3,249
Disposals	26	58
	<u> </u>	<u> </u>

A16. Related party transactions

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

260

Insurance premiums charged by Jerneh Insurance Berhad, an associated company

651

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

256

Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest

20

1,187

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 22.9% to RM76.3 million from RM99.0 million recorded in the corresponding quarter last year. This decrease was mainly due to lower revenue registered by the property development and property investment sectors.

The Group's profit before taxation ("PBT") for the current quarter decreased by 18.1% to RM14.0 million from RM17.1 million earned in the corresponding quarter last year. The decrease was mainly due to lower profit registered by the property division. However, this was partially offset by higher profit from the educational services division and higher share of profit from an associated company.

The Group's revenue for the financial period ended 30 June 2007 decreased by 34.8% to RM137.8 million from RM211.4 million recorded in the corresponding period last year. This decrease was mainly due to lower revenue registered by the property division.

The Group's profit before taxation ("PBT") for the financial period ended 30 June 2007 decreased by 29.5% to RM26.0 million from RM36.9 million earned in the corresponding period last year. The decrease was mainly due to lower profit registered by the property division. 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 higher at RM14.0 million compared with RM12.0 million in the preceding quarter. The improvement was mainly due to higher profit registered by the property development sector and higher share of profit from an associated company.

B3. Commentary on prospects

The Group's performance for the second half of the year is expected to be comparable to that of the first half. While contribution from the property division is expected to be better attributed to higher progressive billings, the educational services division is expected to register lower contribution due to lower revenue to be recorded. 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	2,872	5,162
Deferred tax	769	1,632
	<u>3,641</u>	<u>6,794</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 except for the disposal of an investment property which resulted in a gain on disposal of RM0.04 million 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 30 June 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 30 June 2007 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Bank overdrafts	332
Revolving credit	46
Current portion of long term loan	4,427
Hire purchase payables	24
	<u>4,829</u>
<u>Long-term borrowings (Secured)</u>	
Term loans	27,287
Hire purchase payables	62
	<u>27,349</u>

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 9 August 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 9 August 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 of Directors has declared an interim tax exempt dividend of 6.00 sen per share, (2006: 5.50 sen per share, less tax at 28%) in respect of the financial year ending 31 December 2007 which will be paid on 28 September 2007 to shareholders whose names appear on the Record of Depositors on 14 September 2007.

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 September 2007 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 6.00 sen per share tax exempt.

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)	9,718	17,853
Weighted average number of ordinary shares ('000)	105,428	105,027
Basic EPS (sen)	9.22	17.00

- (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)	9,718	17,853
Weighted average number of ordinary shares ('000)	105,428	105,027
Effect of dilution ('000)	2,096	1,695
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	107,524	106,722
Diluted EPS (sen)	9.04	16.73