

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 30 September 2007

The figures are unaudited

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

	AS AT 30/9/2007	AS AT 31/12/2006
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	142,308	145,119
Land held for property development	148,684	163,416
Investment properties	14,323	14,830
Prepaid land lease payments	17,204	17,385
Investments in associates	42,944	38,999
Other investments	397	397
Deferred tax assets	2,650	4,099
	368,510	384,245
Current assets		
Property development costs	83,115	87,153
Inventories	12	280
Trade receivables	54,183	48,162
Other receivables	16,473	14,654
Tax recoverable	1,241	1,169
Cash and bank balances	133,795	125,919
	288,819	277,337
TOTAL ASSETS	657,329	661,582
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	107,341	104,126
Reserves	330,565	306,723
	437,906	410,849
Minority interests	7,073	5,311
Total equity	444,979	416,160
Non-current liabilities		
Borrowings	26,181	36,764
Deferred tax liabilities	11,925	11,083
	38,106	47,847
Current liabilities		
Borrowings	4,657	15,448
Trade payables	106,416	125,137
Other payables	60,710	54,299
Tax payable	2,461	2,691
	174,244	197,575
Total liabilities	212,350	245,422
TOTAL EQUITY AND LIABILITIES	657,329	661,582
Net assets per share (RM)	4.08	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 SEPTEMBER 2007**

	3 Months Ended 30 September		9 Months Ended 30 September	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	89,285	84,107	227,105	295,545
Operating profit	22,301	23,792	45,340	60,979
Interest expense	(590)	(1,459)	(2,022)	(4,542)
Interest income	892	555	2,000	1,319
Share of profit of associated companies	2,163	567	5,448	2,642
Profit before taxation	24,766	23,455	50,766	60,398
Taxation	(7,311)	(2,443)	(14,105)	(12,682)
Profit for the period	17,455	21,012	36,661	47,716
Attributable to:				
Equity holders of the Company	16,869	20,728	34,722	46,435
Minority interests	586	284	1,939	1,281
	17,455	21,012	36,661	47,716
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	15.90	19.96	32.86	44.74
Diluted EPS	15.61	N/A	32.34	N/A

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 SEPTEMBER 2007**

	<-----Attributable to Equity Holders of the Company----->							Minority Interests RM'000	Total Equity RM'000
	< ---- Non Distributable ---->						Total RM'000		
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits 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	-	-	-	-	46,435	46,435	1,281	47,716	
Dividends paid	-	-	-	-	(7,495)	(7,495)	(64)	(7,559)	
Share options granted under ESOS	-	50	-	483	-	533	-	533	
Exercise of option under the ESOS	522	527	-	-	-	1,049	-	1,049	
As at 30 September 2006	104,101	64,757	1,181	660	228,041	398,740	4,868	403,608	
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	-	-	-	-	34,722	34,722	1,939	36,661	
Dividends paid	-	-	-	-	(14,215)	(14,215)	(177)	(14,392)	
Share options granted under ESOS	-	-	-	515	-	515	-	515	
Exercise of option under the ESOS	3,215	3,281	-	(461)	-	6,035	-	6,035	
As at 30 September 2007	107,341	68,078	876	1,495	260,116	437,906	7,073	444,979	

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 SEPTEMBER 2007**

	9 Months Ended	
	30 Sept 2007	30 Sept 2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	38,669	112,873
Taxes paid	(12,115)	(14,969)
Retirement benefits paid	0	(6)
Interest paid	(2,022)	(4,542)
Interest received	2,000	1,319
Net cash generated from operating activities	26,532	94,675
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in land held for development	14,733	6,200
Dividend received from an associated company	1,460	1,440
Purchase of property, plant and equipment	(5,665)	(10,243)
Purchase of a subsidiary - net of cash acquired	39	0
Proceeds from disposal of property, plant and equipment	203	388
Proceeds from disposal of an investment property	305	61,551
Net cash generated from investing activities	11,075	59,336
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	6,035	1,049
Dividends paid	(14,215)	(7,495)
Dividends paid to minority interests	(177)	(64)
Repayment of borrowings	(20,999)	(33,417)
Net cash used in financing activities	(29,356)	(39,927)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,251	114,084
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	125,544	20,807
CASH AND CASH EQUIVALENTS AT END OF PERIOD	133,795	134,891
	30 Sept 2007	30 Sept 2006
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	48,000	62,493
Fixed deposits	85,795	73,107
Bank overdrafts	0	(709)
	133,795	134,891
HDA included in cash and bank balances	45,329	57,156

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 '000	Exercise price RM
Exercise of ESOS granted on 15 September 2005	1,994	2.01
Exercise of ESOS granted on 15 September 2006	1,221	1.66
	<u>3,215</u>	

A8. Dividends paid

	9 months ended	
	30/9/2007 RM'000	30/9/2006 RM'000
Final dividends		
2006 - 7.5% less 27% income tax (2005 - 7.5% less 28% income tax)	5,831	5,621
Special dividends		
2006 - 2.5% less 27% income tax (2005 - 2.5% less 28% income tax)	1,944	1,874
Interim dividends		
2007 - 6.0% tax exempt	6,440	0
	<u>14,215</u>	<u>7,495</u>

A9. Segment reporting for the current financial year to date

<u>Analysis by Business Segment</u>	Revenue		Profit before tax	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property investment	5,780	9,469	2,404	15,981
Property development	132,093	205,484	25,069	29,703
Construction	62,695	125,440	2,484	2,577
Education	62,390	53,628	14,891	7,217
Investment & others	10,437	12,087	9,998	9,304
	<u>273,395</u>	<u>406,108</u>	<u>54,846</u>	<u>64,782</u>
Inter-segment elimination	(46,290)	(110,563)	(4,080)	(4,384)
	<u>227,105</u>	<u>295,545</u>	<u>50,766</u>	<u>60,398</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

Save for the members' voluntary winding-up of Wangsa Merdu Sdn Bhd, a wholly owned subsidiary company on 25 October 2007, following the disposal of its sole asset, Regency Tower condominium, there were no other material events subsequent to the end of the current quarter.

A12. Changes in composition of the Group

Save for the Company's purchase of 51,000 ordinary shares of RM1.00 each in Jasarim Bina Sdn Bhd ("JBSB") on 27 September 2007 for a total cash consideration of RM51,000.00 to increase the Company's investment in JBSB to 100,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of JBSB, there were no other 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 September 2007 were as follows:

	RM'000
Leasing commitments	
Due within 12 months	30
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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	2,416	5,665
Disposals	0	58
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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	582
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	839
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	385
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	46
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	1,852
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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

Group revenue for the current quarter was higher at RM89.3 million compared with RM84.1 million recorded in the corresponding quarter last year due to the construction sector and educational services division registering higher revenue. The former was due to higher volume of external contracts while the latter was due to higher student enrolment.

Group profit before taxation ("PBT") for the current quarter was correspondingly higher at RM24.8 million compared with RM23.5 million registered in the corresponding quarter last year due to the property development and construction sectors and educational services division registering higher profits. It should be noted that in the corresponding quarter last year, the property investment sector recorded an exceptional gain of RM12.5 million arising from the disposal of Regency Tower.

Group revenue for the financial period ended 30 September 2007 was lower at RM227.1 million compared with RM295.5 million recorded in the corresponding period last year due to lower revenue registered by the property division. This was, in turn, due to lower progress billings.

Group PBT for the financial period ended 30 September 2007 was correspondingly lower at RM50.8 million compared with RM60.4 million registered in the corresponding period last year due to the gains recorded from the disposal of Regency Tower in 2006. However, the 2007 PBT was boosted by higher profits from the educational services division and 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 RM24.8 million compared with RM14.0 million in the preceding quarter. The improvement was mainly due to higher profits registered by the property development and construction sectors.

B3. Commentary on prospects

The Group's performance for the remaining quarter of the year is expected to be lower than that of the current quarter. Overall the Group's performance for 2007 is expected to be lower than that of 2006 due, in part, to an exceptional gain of RM12.5 million arising from the disposal of Regency Tower in 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	6,104	11,266
Under provided in prior year	547	547
Deferred tax	660	2,292
	<u>7,311</u>	<u>14,105</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. For the financial year todate, there was a gain of RM0.04 million from the disposal of an investment property.

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 September 2007.

B8. Corporate proposal

On 19 October 2007, the Company through its wholly-owned subsidiary, Jasarim Bina Sdn Bhd ("JBSB"), entered into a conditional sale and purchase agreement with Rangkaian Cipta Sdn Bhd ("RCSB") for the acquisition of a piece of leasehold land measuring in area 21,050 square meters together with the buildings constructed thereon ("the Property") from RCSB for a total cash consideration of RM43,034,620.00. The Property comprises the following:

- (i) The leasehold industrial land held under No. Hakmilik 17345, Lot 94 Bandar Petaling Jaya Daerah Petaling Negeri Selangor (previously H.S.(D) 201641 PT 11 Seksyen 13 Bandar Petaling Jaya Daerah Petaling Negeri Selangor) measuring 21,050 square meters with a leasehold term of 56 years expiring on 4 June 2063; and
- (ii) The buildings constructed on the Land ("the buildings"). The buildings are approximately 40 years old and have a lettable area of 126,900 square feet. The buildings are presently tenanted to third parties and are 100% occupied, generating total rental income of RM2,170,000/- per annum.

The proposed acquisition is pending the Foreign Investment Committee's approval, consent and/or non-objection to the sale and transfer of the Property from RCSB to JBSB or its nominee.

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 30 September 2007 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Revolving credit	230
Current portion of long term loan	4,427
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	4,657
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<u>Long-term borrowings (Secured)</u>	
Term loans	26,181
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The borrowings are all denominated in Ringgit Malaysia except for the following which is denominated in foreign currency:

	RMB'000	RM'000 Equivalent
Chinese Reminbi ("RMB")	500	230
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B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 9 November 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 November 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 30 September 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)	16,869	34,722
Weighted average number of ordinary shares ('000)	106,098	105,675
Basic EPS (sen)	<u>15.90</u>	<u>32.86</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>16,869</u>	<u>34,722</u>
Weighted average number of ordinary shares ('000)	106,098	105,675
Effect of dilution ('000)	<u>1,974</u>	<u>1,683</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>108,072</u>	<u>107,358</u>
Diluted EPS (sen)	<u>15.61</u>	<u>32.34</u>