

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 December 2007

The figures are unaudited

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

	<u>AS AT 31/12/2007</u>	<u>AS AT 31/12/2006</u>
ASSETS	RM'000	RM'000
Property, plant and equipment	142,597	145,119
Land held for property development	140,379	163,416
Investment properties	13,899	14,830
Prepaid land lease payments	17,144	17,385
Investments in associates	44,090	38,999
Other investments	397	397
Deferred tax assets	1,097	1,998
	<u>359,603</u>	<u>382,144</u>
Current assets		
Property development costs	77,911	87,153
Inventories	0	280
Trade receivables	71,756	48,162
Other receivables	30,020	14,654
Tax recoverable	958	1,169
Cash and bank balances	126,797	125,919
	<u>307,442</u>	<u>277,337</u>
TOTAL ASSETS	<u>667,045</u>	<u>659,481</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	107,563	104,126
Reserves	345,787	306,723
	<u>453,350</u>	<u>410,849</u>
Minority interests	7,237	5,311
Total equity	<u>460,587</u>	<u>416,160</u>
Non-current liabilities		
Borrowings	24,479	36,764
Deferred tax liabilities	10,444	8,982
	<u>34,923</u>	<u>45,746</u>
Current liabilities		
Borrowings	5,391	15,448
Trade payables	104,191	125,137
Other payables	61,304	54,299
Tax payable	649	2,691
	<u>171,535</u>	<u>197,575</u>
Total liabilities	<u>206,458</u>	<u>243,321</u>
TOTAL EQUITY AND LIABILITIES	<u>667,045</u>	<u>659,481</u>
Net assets per share (RM)	<u>4.21</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.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 December 2007

The figures are unaudited

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	3 Months Ended 31 December		12 Months Ended 31 December	
	2007	2006	2007	2006
Revenue	72,973	71,783	300,078	367,328
Operating profit	14,121	19,851	59,461	80,830
Interest expense	(577)	(929)	(2,599)	(5,470)
Interest income	694	594	2,694	1,912
Share of profit of associated companies	3,336	2,461	8,784	5,103
Profit before taxation	17,574	21,977	68,340	82,375
Taxation	(2,451)	(6,102)	(16,556)	(18,784)
Profit for the period	15,123	15,875	51,784	63,591
Attributable to:				
Equity holders of the Company	14,573	15,432	49,295	61,867
Minority interests	550	443	2,489	1,724
	15,123	15,875	51,784	63,591
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	13.72	14.81	46.45	59.56
Diluted EPS	13.50	14.79	45.69	59.35

The Condensed Consolidated Income Statements 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 December 2007

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

	<-----Attributable to Equity Holders of the Company----->							
	< ---- Non Distributable ----->							
		Share	Distributable					
	Capital RM'000	Premium RM'000	Reserve RM'000	Reserve RM'000	Profits RM'000	Total RM'000	Interests RM'000	Equity RM'000
As at 1 January 2006	103,579	64,180	1,181	177	189,101	358,218	3,651	361,869
Foreign currency translation	-	-	(305)	-	258	(47)	-	(47)
Net profit for the year	-	-	-	-	61,867	61,867	1,724	63,591
Dividends paid	-	-	-	-	(11,617)	(11,617)	(64)	(11,681)
Share options granted under ESOS	-	-	-	1,337	-	1,337	-	1,337
Exercise of option under the ESOS	547	617	-	(73)	-	1,091	-	1,091
As at 31 December 2006	104,126	64,797	876	1,441	239,609	410,849	5,311	416,160
As at 1 January 2007	104,126	64,797	876	1,441	239,609	410,849	5,311	416,160
Foreign currency translation	-	-	1,819	-	(1,892)	(73)	-	(73)
Net profit for the year	-	-	-	-	49,295	49,295	2,489	51,784
Dividends paid	-	-	-	-	(14,215)	(14,215)	(563)	(14,778)
Share options granted under ESOS	-	-	-	1,036	-	1,036	-	1,036
Exercise of option under the ESOS	3,437	3,525	-	(504)	-	6,458	-	6,458
As at 31 December 2007	107,563	68,322	2,695	1,973	272,797	453,350	7,237	460,587

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 December 2007

The figures are unaudited

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	12 Months Ended	
	31 Dec 2007	31 Dec 2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	28,479	143,560
Taxes paid	(16,025)	(17,682)
Retirement benefits paid	0	(2,518)
Interest paid	(2,599)	(5,470)
Interest received	2,694	1,912
Net cash generated from operating activities	12,549	119,802
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in land held for development	23,037	(19,434)
Dividend received from an associated company	3,650	1,440
Purchase of property, plant and equipment	(8,710)	(12,756)
Purchase of investment properties	(255)	(237)
Purchase of a subsidiary - net of cash acquired	38	0
Proceeds from disposal of property, plant and equipment	327	1,972
Proceeds from disposal of an investment property	904	60,432
Net cash generated from investing activities	18,991	31,417
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	6,458	1,091
Dividends paid	(14,215)	(11,617)
Dividends paid to minority interests	(563)	(64)
Repayment of borrowings	(21,967)	(35,934)
Net cash used in financing activities	(30,287)	(46,524)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,253	104,695
EFFECTS OF EXCHANGE RATE CHANGES	0	42
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	125,544	20,807
CASH AND CASH EQUIVALENTS AT END OF YEAR	126,797	125,544
	31 Dec 2007	31 Dec 2006
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	37,667	77,954
Fixed deposits	89,130	47,965
Bank overdrafts	0	(375)
	126,797	125,544
HDA included in cash and bank balances	30,710	71,686

The Condensed Consolidated Cash Flow Statement 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 December 2007

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 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 MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources and Amendment to FRS 119²⁰⁰⁴: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures which will be effective for annual periods beginning on or after 1 January 2007. These FRSs are, however, not applicable to the Group.

In addition, the Group has early adopted the following FRSs, amendments to FRS and IC Interpretations which is mandatory for financial periods beginning on or after 1 July 2007:

- FRS 107 - Cash Flow-Statements
- FRS 111 - Construction Contracts
- FRS 112 - Income taxes
- FRS 118 - Revenue
- FRS 119 - Employee Benefits
- FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance
- FRS 126 - Accounting and Reporting by Retirement Benefits Plans
- FRS 134 - Interim Financial Reporting
- FRS 137 - Provisions, Contingent Liabilities and Contingent Assets
- IC Interpretation 1: Changes in Existing Decommissioning, Restoration & Similar Liabilities
- IC Interpretation 2: Members' Shares in Co-operative Entities & Similar Instruments
- IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds
- IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment
- IC Interpretation 7: Applying the Restatement Approach under IAS 29²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies
- IC Interpretation 8: Scope of FRS 2

FRS 120, IC Interpretation 1, 2, 5, 6, 7 and 8 are not relevant to the Group. The adoption of revised FRS 107, 111, 112, 118, 134 and 137 does not result in significant changes in accounting policies of the Group. The revised FRSs are expected to have no significant impact on the financial statements of the Group upon their application.

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

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	2,089	2.01
Exercise of ESOS granted on 15 September 2006	1,309	1.66
Exercise of ESOS granted on 15 September 2007	39	2.20
	<u>3,437</u>	

A8. Dividends paid

	12 months ended	
	31/12/2007	31/12/2006
	RM'000	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 (2006 - 5.5% less 28% income tax)	6,440	4,122
	<u>14,215</u>	<u>11,617</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	7,702	11,401	3,287	16,795
Property development	171,893	250,847	31,371	41,890
Construction	94,734	145,718	4,370	6,602
Education	83,726	72,541	20,460	9,526
Investment & others	95,215	41,693	96,151	38,847
	<u>453,270</u>	<u>522,200</u>	<u>155,639</u>	<u>113,660</u>
Inter-segment elimination	(153,192)	(154,872)	(87,299)	(31,285)
	<u>300,078</u>	<u>367,328</u>	<u>68,340</u>	<u>82,375</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 that have not been reflected in the interim financial report other than those mentioned in Note B 8(b) & 8(c).

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 other than those mentioned below:

- On 27 September 2007, the Company purchased 51,000 ordinary shares of RM1.00 each in Jasarim Bina Sdn Bhd ("JBSB") for a total cash consideration of RM51,000.00 thereby increasing 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.
- On 25 October 2007, Wangsa Merdu Sdn Bhd, a wholly owned subsidiary of the Company, following the disposal of its sole asset, Regency Tower condominium, was placed under Members' Voluntary Winding-up. There were no material impact to the Group's financial position and results arising from the voluntary winding-up.

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

There amount of commitments not provided for in the interim financial statements as at 31 December 2007 is as follow:

Commitment to purchase development lands	RM'000
Approved and contracted for	92,640
Approved but not contracted for	12,807
	<u>105,447</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	3,045	8,710
Disposals	64	122
	<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	879
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	996
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	513
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	72
	<hr/>
	2,460
	<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

Group revenue for the current quarter was higher at RM73.0 million compared with RM71.8 million recorded in the corresponding quarter last year due mainly to higher revenue recorded by the construction sector and educational services division. 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 lower at RM17.6 million compared with RM22.0 million registered in the corresponding quarter last year due to lower profits from the property division. However, this was partially boosted by higher profits from the educational services division.

Group revenue for the financial year was lower at RM300.1 million compared with RM367.3 million recorded last year due to lower revenue registered by the property division, which, in turn, due to lower progress billings.

Group PBT for the financial year was correspondingly lower at RM68.3 million compared with RM82.4 million registered last year due to the gains of RM12.5 million 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 lower at RM17.6 million compared with RM24.8 million in the preceding quarter mainly due to lower profits registered by the property development and construction sectors.

B3. Commentary on prospects

The Group's performance for all divisions for 2008 is expected to be comparable to that of 2007. While revenue from the property and construction division is expected to be higher due to projected higher sales of properties developed by the Group, margins are expected to be lower due to higher cost of materials.

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	1,572	12,838
Under provided in prior year	808	1,355
Deferred tax	71	2,363
	<u>2,451</u>	<u>16,556</u>

The effective tax rate for the financial year 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 to date, there was a gain of RM0.02 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 31 December 2007.

B8. Corporate proposal

- (a) On 21 September 2007, Seleksi Megah Sdn Bhd ("SMSB"), a wholly owned subsidiary company of the Company, entered into a conditional agreement with Oji Screens Sdn Bhd for the acquisition of a piece of leasehold vacant industrial land known as Lot 7, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 5.12 acres or 223,027 square feet for a total cash consideration of RM20,518,484. The proposal is pending the approvals of the Foreign Investment Committee, Perbadanan Kemajuan Negeri Selangor and, if required, the State Authority.
- (b) On 19 October 2007, Jasarim Bina Sdn Bhd ("JBSB"), a wholly owned subsidiary company of the Company, entered into a conditional sale and purchase agreement with Rangkaian Cipta Sdn Bhd ("RCSB") for the acquisition of a piece of industrial land known as No. 76, Jalan University, 46200 Petaling Jaya, Selangor Darul Ehsan, measuring 21,050 square meters with a leasehold term of 56 years expiring on 4 June 2063 together with the buildings, currently 100% tenanted to third parties, constructed on the land from RCSB for a total cash consideration of RM43,034,620.

The purchase was completed on 20 February 2008.

B8. Corporate proposal (Contd.)

- (c) On 22 January 2008, the Company purchased a shelf company, Broad Projects Sdn Bhd ("BPSB"), and on the same date, BPSB acquired 51,000 ordinary shares of RM1.00 each in Supreme Essence Sdn Bhd ("SESB"), representing 51% of the issued and paid up share capital of SESB for a total cash consideration of RM51,000.
- (d) On 22 January 2008, SESB entered into a conditional Sale and Purchase Agreement with Perfect Resources (M) Sdn Bhd ("PRSB") for the acquisition of two pieces of 99-year leasehold vacant industrial land known as Lot 2 and Lot 4, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor measuring approximately 13.21 acres or 575,471 square feet for a total cash consideration of RM30,773,550. The proposal is pending the approvals of the Foreign Investment Committee and the State Authority.
- (e) On 5 February 2008, SMSB entered into a conditional agreement with Sunhom Sdn Bhd for the acquisition of a piece of leasehold vacant industrial land known as Lot 9, Jalan Teknologi 3/1, Taman Sains Selangor 1, Kota Damansara, Petaling Jaya, Selangor Darul Ehsan measuring 4.33 acres or 188,615 square feet for a total cash consideration of RM19,410,790. The proposal is pending the approvals of the Foreign Investment Committee, Perbadanan Kemajuan Negeri Selangor and, if required, the State Authority.

B9. Borrowings and debts securities

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

	RM'000
<u>Short-term borrowings (Secured)</u>	
Revolving credit	368
Current portion of long term loan	5,023
	<hr/> 5,391
<u>Long-term borrowings (Secured)</u>	
Term loans	<hr/> 24,479

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")	<hr/> 800	<hr/> 368

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 21 February 2008.

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 21 February 2008, 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

- (a)
- (i) A proposed final dividend of 10.0% less tax at 26% for the financial year ended 31 December 2007 has been recommended by the directors;
 - (ii) Amount per share - 10.00 sen less 26% tax;
 - (iii) Previous corresponding period - a final dividend of 7.50 sen and a special dividend of 2.50 sen less 27% tax;
 - (iv) Date payable - 9 June 2008; and
 - (v) Date for entitlement to dividend:-
 - (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 26 May 2008 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.
- (b) The total dividend for the current financial year: 16.00 sen per share, comprising 6.00 sen tax exempt and 10.00 sen less tax at 26%. (2006 : 15.50 sen per share, comprising 5.50 sen less tax at 28% and 10.00 sen less tax at 27%)

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)	14,573	49,295
Weighted average number of ordinary shares ('000)	106,251	106,130
Basic EPS (sen)	<u>13.72</u>	<u>46.45</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>14,573</u>	<u>49,295</u>
Weighted average number of ordinary shares ('000)	106,251	106,130
Effect of dilution ('000)	<u>1,705</u>	<u>1,750</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>107,956</u>	<u>107,880</u>
Diluted EPS (sen)	<u>13.50</u>	<u>45.69</u>