

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2008

The figures are unaudited

CONDENSED CONSOLIDATED BALANCE SHEET**AS AT 31 March 2008**

	AS AT 31/3/2008	AS AT 31/12/2007
	RM'000	RM'000
ASSETS		
Property, plant and equipment	141,581	142,597
Land held for property development	187,871	140,379
Investment properties	13,566	13,899
Prepaid land lease payments	17,084	17,144
Investments in associates	45,737	44,090
Other investments	397	397
Deferred tax assets	238	1,097
	406,474	359,603
Current assets		
Property development costs	73,299	77,911
Trade receivables	68,253	71,756
Other receivables	32,768	30,020
Tax recoverable	1,953	958
Cash and bank balances	81,637	126,797
	257,910	307,442
TOTAL ASSETS	664,384	667,045
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	107,699	107,563
Reserves	358,036	345,787
	465,735	453,350
Minority interests	7,984	7,237
Total equity	473,719	460,587
Non-current liabilities		
Borrowings	21,967	24,479
Deferred tax liabilities	10,828	10,444
	32,795	34,923
Current liabilities		
Borrowings	8,432	5,391
Trade payables	90,310	104,191
Other payables	57,563	61,304
Tax payable	1,565	649
	157,870	171,535
Total liabilities	190,665	206,458
TOTAL EQUITY AND LIABILITIES	664,384	667,045
Net assets per share (RM)	4.32	4.21

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2007.

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**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2008**

	3 Months Ended 31 March 2008		3 Months Ended 31 March 2007	
Revenue	96,019	61,490	96,019	61,490
Operating profit	15,457	11,045	15,457	11,045
Interest expense	(696)	(823)	(696)	(823)
Interest income	720	530	720	530
Share of profit of associated companies	1,647	1,246	1,647	1,246
Profit before taxation	17,128	11,998	17,128	11,998
Taxation	(4,403)	(3,153)	(4,403)	(3,153)
Profit for the period	12,725	8,845	12,725	8,845
Attributable to:				
Equity holders of the Company	12,027	8,135	12,027	8,135
Minority interests	698	710	698	710
	12,725	8,845	12,725	8,845
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	11.17	7.80	11.17	7.80
Diluted EPS	11.08	7.66	11.08	7.66

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2007.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2008**

	<-----Attributable to Equity Holders of the Company----->							Minority Interests RM'000	Total Equity RM'000
	< ---- Non Distributable ---->								
	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			
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	
As at 1 January 2008	107,563	68,322	2,695	1,973	272,797	453,350	7,237	460,587	
Net profit for the quarter	-	-	-	-	12,027	12,027	698	12,725	
Acquisition of a subsidiary company	-	-	-	-	-	-	49	49	
Share options granted under ESOS	-	-	-	93	-	93	-	93	
Exercise of option under the ESOS	136	156	-	(27)	-	265	-	265	
As at 31 March 2008	107,699	68,478	2,695	2,039	284,824	465,735	7,984	473,719	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2007.

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Interim Financial Report for the quarter ended 31 March 2008

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2008**

	3 Months Ended	
	31 Mar 2008	31 Mar 2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	6,006	3,867
Taxes paid	(3,240)	(3,633)
Interest paid	(696)	(823)
Interest received	720	530
Net cash generated from/(used in) operating activities	<u>2,790</u>	<u>(59)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in land held for development	(47,492)	1,009
Dividend received from an associated company	0	1,460
Purchase of property, plant and equipment	(1,341)	(1,912)
Purchase of a subsidiary - net of cash acquired	(51)	0
Proceeds from disposal of property, plant and equipment	139	51
Proceeds from disposal of an investment property	0	305
Net cash (used in)/generated from investing activities	<u>(48,745)</u>	<u>913</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	265	860
Drawdown/(repayment) of borrowings	530	(18,868)
Net cash generated from/(used in) financing activities	<u>795</u>	<u>(18,008)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(45,160)	(17,154)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	126,797	125,544
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>81,637</u>	<u>108,390</u>
	31 Mar 2008	31 Mar 2007
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	41,809	47,282
Fixed deposits	39,828	61,108
	<u>81,637</u>	<u>108,390</u>
HDA included in cash and bank balances	<u>39,315</u>	<u>41,812</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2007.

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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 2007. 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 2007.

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 2007.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2007 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	72	2.01
Exercise of ESOS granted on 15 September 2006	38	1.66
Exercise of ESOS granted on 15 September 2007	26	2.20
	<u>136</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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property investment	1,920	1,925	817	746
Property development	56,966	35,286	6,995	4,071
Construction	37,449	15,557	869	468
Education	23,493	20,435	7,040	5,181
Investment & others	2,157	4,098	1,407	3,532
	<u>121,985</u>	<u>77,301</u>	<u>17,128</u>	<u>13,998</u>
Inter-segment elimination	(25,966)	(15,811)	0	(2,000)
	<u>96,019</u>	<u>61,490</u>	<u>17,128</u>	<u>11,998</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 2007.

A11. Subsequent events

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

A12. Changes in composition of the Group

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.

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 commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2008 is as follow:

	RM'000
Approved and contracted for:-	
Land held for property development	49,033
Land held for private smart school	11,761
	<u>60,794</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	<u>1,341</u>	<u>1,341</u>

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	201
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	324
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	128
	<u>653</u>

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 of RM96.0 million was higher compared with RM61.5 million recorded in the corresponding quarter last year attributed to higher progressive billings by the property development and construction sectors and higher student enrolment by the educational services division.

As a result of the higher revenue, Group profit before taxation ("PBT") for the current quarter of RM17.1 million was correspondingly higher compared with RM12.0 million registered in the corresponding quarter last year.

B2. Comparison with preceding quarter's results

The Group's PBT of RM17.1 million for the current quarter was marginally lower compared with RM17.5 million recorded in the preceding quarter mainly due to lower share of profit from an associated company.

B3. Commentary on prospects

Based on the Group's first quarter results, the Group's performance is expected to be comparable to that of 2007.

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	3,324	3,324
Deferred tax	1,079	1,079
	<u>4,403</u>	<u>4,403</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 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 2008.

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 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.
- (c) 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.
- (d) On 25 March 2008, Janahasil Sdn Bhd ("JSB"), a wholly-owned subsidiary of KDU College Sdn Bhd, which is, in turn, a 85% owned subsidiary of the Company, entered into a Sale and Purchase Agreement ("SPA") with Nusajaya Rise Sdn Bhd (Nusajaya Rise) and UEM Land Sdn Bhd (UEM Land), a wholly-owned subsidiary of UEM World Berhad, for the acquisition of a 10-acre freehold agricultural land forming part of the land held under H.S. (D) 450559 No. Lot PTD 153275 in Mukim Pulau, Daerah Johor Bahru, Johor Darul Takzim for a total cash consideration of RM13,068,000. The proposal is pending the approval of the Foreign Investment Committee.

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 31 March 2008 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Revolving credit	736
Bankers' acceptance	1,417
Current portion of long term loan	6,279
	<hr/>
	8,432
	<hr/>
<u>Long-term borrowings (Secured)</u>	
Term loans	21,967
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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")	1,600	736

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 13 May 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 13 May 2008, there were no changes in material litigation, including the status of pending litigation since the last annual balance sheet date of 31 December 2007.

B12. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2008.

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)	12,027	12,027
Weighted average number of ordinary shares ('000)	107,658	107,658
Basic EPS (sen)	11.17	11.17

(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)	12,027	12,027
Weighted average number of ordinary shares ('000)	107,658	107,658
Effect of dilution ('000)	874	874
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	108,532	108,532
Diluted EPS (sen)	11.08	11.08