

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the quarter ended 30 June 2008

The figures are unaudited

**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 30 June 2008**

	<b>AS AT 30/6/2008</b>	<b>AS AT 31/12/2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	<b>138,966</b>	142,597
Land held for property development	<b>144,208</b>	140,379
Investment properties	<b>13,487</b>	13,899
Prepaid land lease payments	<b>61,619</b>	17,144
Investments in associates	<b>46,341</b>	44,090
Other investments	<b>397</b>	397
Deferred tax assets	<b>2,669</b>	1,097
	<b>407,687</b>	359,603
<b>Current assets</b>		
Property development costs	<b>71,061</b>	77,911
Trade receivables	<b>65,382</b>	71,756
Other receivables	<b>34,740</b>	30,020
Tax recoverable	<b>2,281</b>	958
Cash and bank balances	<b>120,335</b>	126,797
	<b>293,799</b>	307,442
<b>TOTAL ASSETS</b>	<b>701,486</b>	667,045
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	<b>107,890</b>	107,563
Reserves	<b>363,077</b>	345,787
	<b>470,967</b>	453,350
Minority interests	<b>8,805</b>	7,237
<b>Total equity</b>	<b>479,772</b>	460,587
<b>Non-current liabilities</b>		
Borrowings	<b>55,353</b>	24,479
Deferred tax liabilities	<b>10,681</b>	10,444
	<b>66,034</b>	34,923
<b>Current liabilities</b>		
Borrowings	<b>8,197</b>	5,391
Trade payables	<b>83,693</b>	104,191
Other payables	<b>57,700</b>	61,304
Tax payable	<b>6,090</b>	649
	<b>155,680</b>	171,535
<b>Total liabilities</b>	<b>221,714</b>	206,458
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>701,486</b>	667,045
<b>Net assets per share (RM)</b>	<b>4.37</b>	4.21

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

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the quarter ended 30 June 2008

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**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2008**

	<b>3 Months Ended 30 June 2008</b>		<b>6 Months Ended 30 June 2008</b>	
		2007		2007
Revenue	<b>94,474</b>	76,330	<b>190,493</b>	137,820
Operating profit	<b>17,578</b>	11,994	<b>33,035</b>	23,039
Interest expense	<b>(608)</b>	(609)	<b>(1,304)</b>	(1,432)
Interest income	<b>560</b>	578	<b>1,280</b>	1,108
Share of profit of associated companies	<b>604</b>	2,039	<b>2,251</b>	3,285
Profit before taxation	<b>18,134</b>	14,002	<b>35,262</b>	26,000
Taxation	<b>(4,561)</b>	(3,641)	<b>(8,964)</b>	(6,794)
Profit for the period	<b>13,573</b>	10,361	<b>26,298</b>	19,206
Attributable to:				
Equity holders of the Company	<b>12,752</b>	9,718	<b>24,779</b>	17,853
Minority interests	<b>821</b>	643	<b>1,519</b>	1,353
	<b>13,573</b>	10,361	<b>26,298</b>	19,206
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	<b>11.83</b>	9.22	<b>23.00</b>	17.00
Diluted EPS	<b>11.73</b>	9.04	<b>22.80</b>	16.73

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

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the quarter ended 30 June 2008

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 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			
<b>As at 1 January 2007</b>	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	
<b>As at 30 June 2007</b>	<b>106,302</b>	<b>66,987</b>	<b>876</b>	<b>1,454</b>	<b>257,462</b>	<b>433,081</b>	<b>6,664</b>	<b>439,745</b>	
<b>As at 1 January 2008</b>	107,563	68,322	2,695	1,973	272,797	453,350	7,237	460,587	
Net profit for the period	-	-	-	-	24,779	24,779	1,519	26,298	
Acquisition of a subsidiary company	-	-	-	-	-	-	49	49	
Dividends	-	-	-	-	(7,984)	(7,984)	-	(7,984)	
Share options granted under ESOS	-	-	-	185	-	185	-	185	
Exercise of option under the ESOS	327	369	-	(59)	-	637	-	637	
<b>As at 30 June 2008</b>	<b>107,890</b>	<b>68,691</b>	<b>2,695</b>	<b>2,099</b>	<b>289,592</b>	<b>470,967</b>	<b>8,805</b>	<b>479,772</b>	

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.

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the quarter ended 30 June 2008

The figures are unaudited

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2008**

	<b>6 Months Ended</b>	
	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	18,958	38,757
Taxes paid	(6,181)	(7,181)
Interest paid	(1,304)	(1,432)
Interest received	1,280	1,108
Net cash generated from operating activities	<u>12,753</u>	<u>31,252</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in land held for development	(3,829)	(1,925)
Dividend received from an associated company	0	1,460
Purchase of property, plant and equipment	(3,060)	(3,249)
Prepayment of land lease	(39,020)	0
Purchase of a subsidiary - net of cash acquired	(51)	0
Proceeds from disposal of property, plant and equipment	411	125
Proceeds from disposal of an investment property	0	305
Net cash used in investing activities	<u>(45,549)</u>	<u>(3,284)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	637	4,036
Dividends paid	(7,984)	0
Drawdown/(repayment) of borrowings	33,681	(19,991)
Net cash generated from/(used in) financing activities	<u>26,334</u>	<u>(15,955)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<b>(6,462)</b>	12,013
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<b>126,797</b>	125,544
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b><u>120,335</u></b>	<b><u>137,557</u></b>
	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents comprise:		
Cash and bank balances	47,216	62,489
Fixed deposits	73,119	75,400
Bank overdrafts	0	(332)
	<u>120,335</u>	<u>137,557</u>
HDA included in cash and bank balances	<b><u>43,574</u></b>	<b><u>59,937</u></b>

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

**PARAMOUNT CORPORATION BERHAD**  
**Interim Financial Report for the quarter ended 30 June 2008**

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 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.

	<b>No. of shares issued</b>	<b>Exercise price</b>
	<b>'000</b>	<b>RM</b>
Exercise of ESOS granted on 15 September 2005	228	2.01
Exercise of ESOS granted on 15 September 2006	73	1.66
Exercise of ESOS granted on 15 September 2007	26	2.20
	<u>327</u>	

**A8. Dividends paid**

On 9 June 2008, a final dividend of 10%, less 26% income tax, in respect of the financial year ended 31 December 2007 amounting to RM7,984,000 was paid during the financial year to date.

**A9. Segment reporting for the current financial year to date**

<u>Analysis by Business Segment</u>	<b>Revenue</b>		<b>Profit/(loss) before tax</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property investment	4,665	3,850	2,592	1,546
Property development	112,959	75,562	17,953	10,552
Construction	84,697	37,740	(343)	220
Education	47,816	42,228	13,575	10,047
Investment & others	4,046	6,233	1,485	5,635
	<u>254,183</u>	<u>165,613</u>	<u>35,262</u>	<u>28,000</u>
Inter-segment elimination	(63,690)	(27,793)	0	(2,000)
	<u>190,493</u>	<u>137,820</u>	<u>35,262</u>	<u>26,000</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 that have not been reflected in the interim financial report other than those mentioned in Note A12(b) & B8(d).

## A12. Changes in composition of the Group

- (a) On 22 January 2008, the Company purchased a shelf company, Broad Projects Sdn Bhd ("BPSB"), and on the same date, BPSB subscribed for 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.
- (b) On 3 July 2008, Paramount Engineering & Construction Sdn Bhd ("PEC"), a wholly-owned subsidiary, entered into a Joint Venture ("JV") agreement with Kane Constructions Pty Ltd ("Kane"), a company incorporated in Australia to provide construction management services for the construction of a new building and upgrading and refurbishing of the existing buildings and runways at the Royal Australian Air Force base at Butterworth. A 40% PEC-owned : 60% Kane-owned equity joint venture company, Kane Paramount Sdn Bhd ("Kane Paramount") has been formed to undertake the project.

## 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 30 June 2008 is as follow:

	<b>RM'000</b>
Approved and contracted for:-	
Land held for property development	49,648
Land held for private smart school	8,821
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	58,469
	<hr/>

## 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:

	<b>Current Quarter RM'000</b>	<b>Financial Year-to-date RM'000</b>
Property, plant and equipment Additions	<hr/> 1,719	<hr/> 3,060

**A16. Related party transactions**

	<b>Financial Year-to-date RM'000</b>
Purchase of computers and peripherals from ECS K U Sdn Bhd and its subsidiaries, 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	766
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	256
	<hr/> <b>1,282</b> <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 of RM94.5 million was higher compared with RM76.3 million recorded in the corresponding quarter last year attributed to higher progressive billings by property development, and higher student enrolment by educational services.

Group profit before taxation ("PBT") for the current quarter of RM18.1 million was correspondingly higher compared with RM14.0 million registered in the corresponding quarter last year.

Group revenue for the six months ended 30 June 2008 of RM190.5 million was higher compared with RM137.8 million recorded in the corresponding period last year attributed to higher progressive billings by property development and construction, and higher student enrolment by the educational services.

Group PBT for the six months ended 30 June 2008 of RM35.3 million was higher compared with RM26.0 million registered in the corresponding period last year attributed to higher revenue from property development and educational services, which was partially offset by the loss incurred by construction due to the steep increase in the prices of raw materials, and lower share of profit from an associated company.

**B2. Comparison with preceding quarter's results**

The Group's PBT of RM18.1 million for the current quarter was higher compared with RM17.1 million recorded in the preceding quarter mainly due to higher profit from property development, which was partially offset by the loss incurred by construction, and lower share of profit from an associated company.

**B3. Commentary on prospects**

The property development sector is expected to maintain its performance for the rest of the year. The performances of the educational and the construction sectors are expected to be affected by competitive and inflationary pressures in the uncertain economic environment.

**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:

	<b>Current Quarter RM'000</b>	<b>Financial Year-to-date RM'000</b>
Current year provision	6,046	9,370
Deferred tax	(1,485)	(406)
	<u>4,561</u>	<u>8,964</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 30 June 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 approvals of the Foreign Investment Committee and Perbadanan Kemajuan Negeri Selangor were obtained on 13 May 2008 and 23 May 2008 respectively.
- (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 approval of the Foreign Investment Committee was obtained on 20 May 2008.
- (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 approvals of the Perbadanan Kemajuan Negeri Selangor and Foreign Investment Committee were obtained on 23 May 2008 and 3 June 2008 respectively.

All the above transactions are pending the approval of the State Authority.

## B8. Corporate proposal (Contd.)

- (d) On 18 July 2008, the Company entered into a conditional share sale agreement with Rohana Tan Sri Mahmood, a director of the Company, to acquire 353,000 ordinary shares of RM1.00 each in KDU College Sdn Bhd ("KDU"), representing the remaining 15% equity interest in KDU not already owned by the Company, for a total cash consideration of RM25,000,000. The proposal is pending the approvals of the Foreign Investment Committee, the Ministry of Higher Education, Malaysia and the shareholders of the Company at an Extraordinary General Meeting to be convened.

## B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 30 June 2008 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Revolving credit	1,058
Bankers' acceptance	1,502
Current portion of long term loan	5,637
	<hr/>
	8,197
	<hr/>
<u>Long-term borrowings (Secured)</u>	
Term loans	55,353
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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")	2,300	1,058
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## B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 12 August 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 12 August 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 of Directors has declared an interim dividend of 8.00 sen per share, less tax at 26% (2007: 6.00 sen per share, tax exempt) in respect of the financial year ending 31 December 2008 which will be paid on 18 September 2008 to shareholders whose names appear on the Record of Depositors on 10 September 2008.

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 September 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.

The total dividend for the current financial year to date is 8.00 sen per share, less tax at 26%.

## 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.

	<b>Current Quarter</b>	<b>Financial Year-to-date</b>
Profit for the period (RM'000)	12,752	24,779
Weighted average number of ordinary shares ('000)	107,784	107,742
Basic EPS (sen)	<u>11.83</u>	<u>23.00</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>12,752</u>	<u>24,779</u>
Weighted average number of ordinary shares ('000)	107,784	107,742
Effect of dilution ('000)	<u>931</u>	<u>931</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>108,715</u>	<u>108,673</u>
Diluted EPS (sen)	<u>11.73</u>	<u>22.80</u>