

**PARAMOUNT CORPORATION BERHAD**

Interim Financial Report for the quarter ended 30 September 2008

The figures are unaudited

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

	<b>AS AT 30/9/2008</b>	<b>AS AT 31/12/2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
Property, plant and equipment	<b>138,003</b>	142,597
Land held for property development	<b>168,087</b>	140,379
Investment properties	<b>13,408</b>	13,899
Prepaid land lease payments	<b>62,256</b>	17,144
Investments in associates	<b>48,708</b>	44,090
Other investments	<b>397</b>	397
Deferred tax assets	<b>2,284</b>	1,097
	<b>433,143</b>	359,603
<b>Current assets</b>		
Property development costs	<b>60,952</b>	77,911
Trade receivables	<b>63,194</b>	71,756
Other receivables	<b>37,376</b>	30,020
Tax recoverable	<b>2,285</b>	958
Cash and bank balances	<b>116,168</b>	126,797
	<b>279,975</b>	307,442
<b>TOTAL ASSETS</b>	<b>713,118</b>	667,045
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	<b>108,028</b>	107,563
Reserves	<b>364,093</b>	345,787
	<b>472,121</b>	453,350
Minority interests	<b>9,338</b>	7,237
<b>Total equity</b>	<b>481,459</b>	460,587
<b>Non-current liabilities</b>		
Borrowings	<b>52,870</b>	24,479
Deferred tax liabilities	<b>10,900</b>	10,444
	<b>63,770</b>	34,923
<b>Current liabilities</b>		
Borrowings	<b>8,716</b>	5,391
Trade payables	<b>91,083</b>	104,191
Other payables	<b>63,650</b>	61,304
Tax payable	<b>4,440</b>	649
	<b>167,889</b>	171,535
<b>Total liabilities</b>	<b>231,659</b>	206,458
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>713,118</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 September 2008

The figures are unaudited

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

	<b>3 Months Ended 30 Sep 2008</b>		<b>9 Months Ended 30 Sep 2008</b>	
		2007		2007
Revenue	<b>100,754</b>	89,285	<b>291,247</b>	227,105
Operating profit	<b>8,381</b>	22,301	<b>41,416</b>	45,340
Interest expense	<b>(543)</b>	(590)	<b>(1,847)</b>	(2,022)
Interest income	<b>807</b>	892	<b>2,087</b>	2,000
Share of profit of associated companies	<b>2,367</b>	2,163	<b>4,618</b>	5,448
Profit before taxation	<b>11,012</b>	24,766	<b>46,274</b>	50,766
Taxation	<b>(3,296)</b>	(7,311)	<b>(12,260)</b>	(14,105)
Profit for the period	<b>7,716</b>	17,455	<b>34,014</b>	36,661
Attributable to:				
Equity holders of the Company	<b>7,183</b>	16,869	<b>31,962</b>	34,722
Minority interests	<b>533</b>	586	<b>2,052</b>	1,939
	<b>7,716</b>	17,455	<b>34,014</b>	36,661
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	<b>6.66</b>	15.90	<b>29.65</b>	32.86
Diluted EPS	<b>6.62</b>	15.61	<b>29.42</b>	32.34

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 September 2008

The figures are unaudited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

	<-----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	Share Option Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity 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	-	-	-	-	34,722	34,722	1,939	36,661	
Dividends	-	-	-	-	(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	
<b>As at 30 September 2007</b>	<b>107,341</b>	<b>68,078</b>	<b>876</b>	<b>1,495</b>	<b>260,116</b>	<b>437,906</b>	<b>7,073</b>	<b>444,979</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	-	-	-	-	31,962	31,962	2,052	34,014	
Acquisition of a subsidiary company	-	-	-	-	-	-	49	49	
Dividends	-	-	-	-	(14,379)	(14,379)	-	(14,379)	
Share options granted under ESOS	-	-	-	278	-	278	-	278	
Exercise of option under the ESOS	465	576	-	(131)	-	910	-	910	
<b>As at 30 September 2008</b>	<b>108,028</b>	<b>68,898</b>	<b>2,695</b>	<b>2,120</b>	<b>290,380</b>	<b>472,121</b>	<b>9,338</b>	<b>481,459</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 September 2008

The figures are unaudited

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

	<b>9 Months Ended</b>	
	<b>30 Sep 2008</b>	<b>30 Sep 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	52,194	38,669
Taxes paid	(10,528)	(12,115)
Interest paid	(1,847)	(2,022)
Interest received	2,087	2,000
Net cash generated from operating activities	<u>41,906</u>	<u>26,532</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase)/decrease in land held for development	(27,708)	14,733
Dividend received from an associated company	0	1,460
Purchase of property, plant and equipment	(4,698)	(5,665)
Prepayment of land lease	(38,756)	0
Purchase of a subsidiary - net of cash acquired	(51)	39
Proceeds from disposal of property, plant and equipment	431	203
Proceeds from disposal of an investment property	0	305
Net cash (used in)/ generated from investing activities	<u>(70,782)</u>	<u>11,075</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	910	6,035
Dividends paid	(14,379)	(14,215)
Dividends paid to minority interests	0	(177)
Drawdown/(repayment) of borrowings	31,716	(20,999)
Net cash generated from/(used in) financing activities	<u>18,247</u>	<u>(29,356)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(10,629)</u>	<u>8,251</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>126,797</u>	<u>125,544</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>116,168</u>	<u>133,795</u>
	<b>30 Sep 2008</b>	<b>30 Sep 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents comprise:		
Cash and bank balances	66,926	48,000
Fixed deposits	49,242	85,795
	<u>116,168</u>	<u>133,795</u>
HDA included in cash and bank balances	<u>61,266</u>	<u>45,329</u>

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 September 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	354	2.01
Exercise of ESOS granted on 15 September 2006	85	1.66
Exercise of ESOS granted on 15 September 2007	26	2.20
	<u>465</u>	

**A8. Dividends paid**

	9 months ended	
	30/9/2008 RM'000	30/9/2007 RM'000
Final dividends		
2007 - 10.0% less 26% income tax (2006 - 7.5% less 27% income tax)	7,984	5,831
Special dividends		
2006 - 2.5% less 27% income tax	0	1,944
Interim dividends		
2008 - 8.0% less 26% income tax (2007 - 6.0% tax exempt)	6,395	6,440
	<u>14,379</u>	<u>14,215</u>

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

<u>Analysis by Business Segment</u>	Revenue		Profit/(loss) before tax	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property investment	6,998	5,780	3,498	2,404
Property development	173,271	132,093	25,662	25,069
Construction	131,284	62,695	(2,915)	2,484
Education	69,940	62,390	18,023	14,891
Investment & others	4,757	10,437	2,006	9,998
	<u>386,250</u>	<u>273,395</u>	<u>46,274</u>	<u>54,846</u>
Inter-segment elimination	(95,003)	(46,290)	0	(4,080)
	<u>291,247</u>	<u>227,105</u>	<u>46,274</u>	<u>50,766</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(c).

## 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.
- (c) 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 deemed completed following the settlement of the balance purchase price on 9 October 2008.

## 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 September 2008 is as follow:

	<b>RM'000</b>
Approved and contracted for:-	
Land held for property development	24,441
Land held for private smart school	8,821
	<u>33,262</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:

	<b>Current Quarter RM'000</b>	<b>Financial Year-to-date RM'000</b>
Property, plant and equipment Additions	<u>1,638</u>	<u>4,698</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, companies in which Dato' Teo Chiang Quan, a director of the Company, has substantial interests	566
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	866
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	25
	<hr/>
	1,842
	<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 RM100.8 million was higher compared with RM89.3 million recorded in the corresponding quarter last year attributed to higher progressive billings by property development and construction sectors, and higher student enrolment by educational services division.

Group profit before taxation ("PBT") for the current quarter of RM11.0 million was lower compared with RM24.8 million registered in the corresponding quarter last year attributed mainly to the loss incurred by the construction sector due to the steep increase in the prices of construction materials.

Group revenue for the nine months ended 30 September 2008 of RM291.2 million was higher compared with RM227.1 million recorded in the corresponding period last year attributed to higher progressive billings by the property development and construction sectors, and higher student enrolment by the educational services division.

Group PBT for the nine months ended 30 September 2008 of RM46.3 million was lower compared with RM50.8 million registered in the corresponding period last year attributed to the loss incurred by the construction sector due to the steep increase in the prices of construction materials, and lower share of profit from an associated company.

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

The Group's PBT of RM11.0 million for the current quarter was lower compared with RM18.1 million recorded in the preceding quarter mainly due to lower profit recorded by the property development sector and higher loss incurred by construction sector.

### **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	3,314	12,684
Over provided in prior year	(594)	(594)
Deferred tax	576	170
	<u>3,296</u>	<u>12,260</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 September 2008.

## 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 September 2008 were as follows:

	<b>RM'000</b>
<u>Short-term borrowings (Secured)</u>	
Revolving credit	1,058
Bankers' acceptance	794
Current portion of long term loan	6,864
	<hr/> 8,716
<u>Long-term borrowings (Secured)</u>	
Term loans	<hr/> 52,870

The borrowings are all denominated in Ringgit Malaysia except for the following which is denominated in foreign currency:

	<b>RMB'000</b>	<b>RM'000 Equivalent</b>
Chinese Reminbi ("RMB")	<hr/> 2,300	<hr/> 1,058

## B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 11 November 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 11 November 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 30 September 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.

	<b>Current Quarter</b>	<b>Financial Year-to-date</b>
Profit for the period (RM'000)	7,183	31,962
Weighted average number of ordinary shares ('000)	107,833	107,807
Basic EPS (sen)	<u>6.66</u>	<u>29.65</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>7,183</u>	<u>31,962</u>
Weighted average number of ordinary shares ('000)	107,833	107,807
Effect of dilution ('000)	<u>738</u>	<u>848</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>108,571</u>	<u>108,655</u>
Diluted EPS (sen)	<u>6.62</u>	<u>29.42</u>