

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 December 2008

The figures are unaudited

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

	AS AT 31/12/2008	AS AT 31/12/2007
ASSETS	RM'000	RM'000
Property, plant and equipment	150,018	142,597
Land held for property development	208,181	140,379
Investment properties	13,121	13,899
Prepaid land lease payments	62,667	17,144
Intangible asset	15,674	0
Investments in associates	47,259	44,090
Other investments	485	397
Deferred tax assets	2,006	1,097
	499,411	359,603
Current assets		
Property development costs	58,106	77,911
Inventories	221	0
Trade receivables	59,165	67,846
Other receivables	11,857	30,020
Tax recoverable	3,055	958
Cash and bank balances	123,414	126,797
	255,818	303,532
TOTAL ASSETS	755,229	663,135
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	108,031	107,563
Reserves	374,412	345,787
	482,443	453,350
Minority interests	5	7,237
Total equity	482,448	460,587
Non-current liabilities		
Borrowings	87,147	24,479
Deferred tax liabilities	11,228	10,444
	98,375	34,923
Current liabilities		
Borrowings	6,151	5,391
Trade payables	97,787	104,191
Other payables	66,887	57,394
Tax payable	3,581	649
	174,406	167,625
Total liabilities	272,781	202,548
TOTAL EQUITY AND LIABILITIES	755,229	663,135
Net assets per share (RM)	4.47	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 YEAR ENDED 31 DECEMBER 2008**

	3 Months Ended 31 Dec 2008		12 Months Ended 31 Dec 2008	
		2007		2007
Revenue	107,514	72,973	398,761	300,078
Operating profit	15,196	14,121	56,612	59,461
Interest expense	(571)	(577)	(2,418)	(2,599)
Interest income	539	694	2,626	2,694
Share of (loss)/profit of associated companies	(1,461)	3,336	3,157	8,784
Profit before taxation	13,703	17,574	59,977	68,340
Taxation	(3,679)	(2,451)	(15,939)	(16,556)
Profit for the period	10,024	15,123	44,038	51,784
Attributable to:				
Equity holders of the Company	10,031	14,573	41,993	49,295
Minority interests	(7)	550	2,045	2,489
	10,024	15,123	44,038	51,784
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	9.30	13.72	38.93	46.45
Diluted EPS	9.30	13.50	38.89	45.69

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 YEAR ENDED 31 DECEMBER 2008**

	<-----Attributable to Equity Holders of the Company----->								
	< ----- Non Distributable ----->				Share Option Reserve	Distributable Retained Profits	Total	Minority Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Reserve RM'000					
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	-	-	-	-	(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	
As at 1 January 2008	107,563	68,322	2,695	1,973	272,797	453,350	7,237	460,587	
Foreign currency translation	-	-	(1,016)	-	1,057	41	-	41	
Net profit for the year	-	-	-	-	41,993	41,993	2,045	44,038	
Acquisition of minority interest	-	-	-	-	-	-	(9,326)	(9,326)	
Acquisition of a subsidiary company	-	-	-	-	-	-	49	49	
Dividends	-	-	-	-	(14,379)	(14,379)	-	(14,379)	
Share options granted under ESOS	-	-	-	523	-	523	-	523	
Exercise of option under the ESOS	468	578	-	(131)	-	915	-	915	
As at 31 December 2008	108,031	68,900	1,679	2,365	301,468	482,443	5	482,448	

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 31 December 2008

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	12 Months Ended	
	31 Dec 2008 RM'000	31 Dec 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit before working capital changes	68,057	72,437
Decrease in receivables	27,119	(39,578)
Decrease in development properties	21,542	9,242
(Increase)/decrease in inventories	(221)	280
Increase/(decrease) in payables	3,058	(13,902)
Cash generated from operations	<u>119,555</u>	<u>28,479</u>
Taxes paid	(15,229)	(16,025)
Interest paid	(2,418)	(2,599)
Net cash generated from operating activities	<u>101,908</u>	<u>9,855</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in land held for development	(67,802)	23,037
Dividend received from an associated company	0	3,650
Purchase of property, plant and equipment	(19,799)	(8,710)
Purchase of investment properties	0	(255)
Prepayment of land lease	(46,290)	0
Purchase of a subsidiary - net of cash acquired	(51)	38
Purchase of shares from a minority interest	(25,000)	0
Purchase of shares in an associate company	(12)	0
Purchase of other investment	(88)	0
Proceeds from disposal of property, plant and equipment	620	327
Proceeds from disposal of an investment property	541	904
Interest received	2,626	2,694
Net cash (used in)/ generated from investing activities	<u>(155,255)</u>	<u>21,685</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	915	6,458
Dividends paid	(14,379)	(14,215)
Dividends paid to minority interests	0	(563)
Drawdown/(repayment) of borrowings	63,343	(21,967)
Net cash generated from/(used in) financing activities	<u>49,879</u>	<u>(30,287)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,468)	1,253
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>123,329</u>	<u>126,797</u>
	31 Dec 2008	31 Dec 2007
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	74,885	37,667
Fixed deposits	48,529	89,130
Bank overdrafts	(85)	0
	<u>123,329</u>	<u>126,797</u>
HDA included in cash and bank balances	<u>66,486</u>	<u>30,710</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 31 December 2008

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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	357	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>468</u>	

A8. Dividends paid

	12 months ended	
	31/12/2008 RM'000	31/12/2007 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	9,328	7,702	4,890	3,287
Property development	233,728	171,893	33,377	31,371
Construction	170,832	94,734	(1,158)	4,370
Education	92,793	83,726	22,637	20,460
Investment & others	48,583	95,215	42,026	96,151
	<u>555,264</u>	<u>453,270</u>	<u>101,772</u>	<u>155,639</u>
Inter-segment elimination	(156,503)	(153,192)	(41,795)	(87,299)
	<u>398,761</u>	<u>300,078</u>	<u>59,977</u>	<u>68,340</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(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.
- (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.
- (d) On 15 January 2009, BPSB, a wholly owned subsidiary of the Company, acquired 49,000 ordinary shares of RM1.00 each in SESB, representing the remaining 49% of the issued and paid up share capital of SESB, for a total cash consideration of RM15,190,000.

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

There was no commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2008.

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	15,101	19,799
Disposals	0	2,624
	<hr/>	<hr/>

A16. Related party transactions**Financial
Year-to-date
RM'000**

Acquisition of the remaining 15% equity interest in KDU from Rohana Tan Sri Mahmood, a director of the Company, which was approved by the shareholders at an Extraordinary General Meeting convened on 30 September 2008.	25,000
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	939
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	974
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	519
Disposal of motor vehicle to Rohana Tan Sri Mahmood	105
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	44
Rental charges paid to Mr. Edmund Ewe Thean Teik, spouse of Dr. Chia Chee Fen, who is a director of a subsidiary company.	24
	<hr/>
	27,605
	<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 RM107.5 million was higher compared with RM73.0 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 RM13.7 million was lower compared with RM17.6 million registered in the corresponding quarter last year attributed mainly to the share of loss from an associated company.

Group revenue for the financial year of RM398.8 million was higher compared with RM300.1 million recorded last year due to the same reasons as mentioned in the first paragraph.

Group PBT for the financial year of RM60.0 million was lower compared with RM68.3 million achieved last year due to the loss incurred by the construction sector stemming from the steep increase in the prices of construction raw materials, and substantially lower share of profit from an associated company.

B2. Comparison with preceding quarter's results

The Group's PBT of RM13.7 million for the current quarter was higher compared with RM11.0 million achieved in the preceding quarter mainly due to profit registered by the construction sector. The higher PBT was however, partly offset by the share of loss from an associated company.

B3. Commentary on prospects for 2009

In view of the prevailing adverse economic environment, the Group's results for 2009 is expected to be lower than that of the current financial year.

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	2,699	15,383
Under provided in prior year	1,275	681
Deferred tax	(295)	(125)
	<u>3,679</u>	<u>15,939</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 except for the disposal of investment properties which resulted in a gain on disposal of RM3,000 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 December 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 31 December 2008 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Bank overdraft	85
Revolving credits	1,167
Bankers' acceptances	3,281
Current portion of long term loan	1,618
	<hr/> 6,151
<u>Long-term borrowings (Secured)</u>	
Term loans	<hr/> 87,147

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/> 2,300	<hr/> 1,167

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 23 February 2009.

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 23 February 2009, 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

- (a) (i) A proposed final dividend of 8.0%, less tax at 25%, and a special dividend of 5.0%, less tax at 25%, for the financial year ended 31 December 2008 has been recommended by the directors;
- (ii) Amount per share - 13.00 sen less 25% tax;
- (iii) Previous corresponding period - a final dividend of 10.00 sen less 26% tax;
- (iv) Date payable - 15 June 2009; and
- (v) Date for entitlement to dividend:-
- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 29 May 2009 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: 21.00 sen per share, comprising 8.00 sen less tax at 26% and 13.00 sen less tax at 25%.

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)	10,031	41,993
Weighted average number of ordinary shares ('000)	107,836	107,863
Basic EPS (sen)	<u>9.30</u>	<u>38.93</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>10,031</u>	<u>41,993</u>
Weighted average number of ordinary shares ('000)	107,836	107,863
Effect of dilution ('000)	<u>35</u>	<u>104</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>107,871</u>	<u>107,967</u>
Diluted EPS (sen)	<u>9.30</u>	<u>38.89</u>