

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 March 2009

The figures are unaudited

CONDENSED CONSOLIDATED BALANCE SHEET**AS AT 31 March 2009**

	AS AT 31/3/2009	AS AT 31/12/2008
ASSETS	RM'000	RM'000
Property, plant and equipment	148,502	150,018
Land held for property development	210,499	208,181
Investment properties	12,795	13,121
Prepaid land lease payments	63,415	62,667
Intangible asset	30,906	15,674
Investments in associates	46,899	47,259
Other investments	485	485
Deferred tax assets	1,920	2,006
	515,421	499,411
Current assets		
Property development costs	55,810	58,106
Inventories	0	221
Trade receivables	54,505	59,165
Other receivables	13,894	11,857
Tax recoverable	2,820	3,055
Cash and bank balances	123,626	123,414
	250,655	255,818
TOTAL ASSETS	766,076	755,229
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	108,031	108,031
Reserves	383,435	374,412
	491,466	482,443
Minority interests	0	5
Total equity	491,466	482,448
Non-current liabilities		
Borrowings	86,743	87,147
Deferred tax liabilities	11,616	11,228
	98,359	98,375
Current liabilities		
Borrowings	5,664	6,151
Trade payables	97,437	97,787
Other payables	69,862	66,887
Tax payable	3,288	3,581
	176,251	174,406
Total liabilities	274,610	272,781
TOTAL EQUITY AND LIABILITIES	766,076	755,229
Net assets per share (RM)	4.55	4.47

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2008.

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**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2009**

	3 Months Ended 31 March 2009		3 Months Ended 31 March 2008	
Revenue	83,408	96,019	83,408	96,019
Operating profit	13,097	15,457	13,097	15,457
Interest expense	(477)	(696)	(477)	(696)
Interest income	488	720	488	720
Share of (loss)/profit of associated companies	(360)	1,647	(360)	1,647
Profit before taxation	12,748	17,128	12,748	17,128
Taxation	(3,751)	(4,403)	(3,751)	(4,403)
Profit for the period	8,997	12,725	8,997	12,725
Attributable to:				
Equity holders of the Company	8,997	12,027	8,997	12,027
Minority interests	-	698	-	698
	8,997	12,725	8,997	12,725
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	8.33	11.17	8.33	11.17
Diluted EPS	8.32	11.08	8.32	11.08

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2008.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2009**

	<-----Attributable to Equity Holders of the Company----->								
	< ----- Non Distributable ----->						Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Distributable Retained Profits RM'000				
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	
As at 1 January 2009	108,031	68,900	1,679	2,365	301,468	482,443	5	482,448	
Net profit for the quarter	-	-	-	-	8,997	8,997	-	8,997	
Acquisition of minority interest	-	-	-	-	-	-	(5)	(5)	
Share options granted under ESOS	-	-	-	26	-	26	-	26	
As at 31 March 2009	108,031	68,900	1,679	2,391	310,465	491,466	-	491,466	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2008.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2009**

	3 Months Ended	
	31 Mar 2009	31 Mar 2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	23,743	6,006
Taxes paid	(3,335)	(3,240)
Interest paid	(980)	(696)
Net cash generated from operating activities	<u>19,428</u>	<u>2,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	(2,318)	(47,492)
Purchase of property, plant and equipment	(1,055)	(1,341)
Prepayment of land lease	(500)	0
Purchase of a subsidiary - net of cash acquired	0	(51)
Purchase of shares from minority interest	(15,235)	0
Proceeds from disposal of property, plant and equipment	16	139
Proceeds from disposal of an investment property	280	0
Interest received	488	720
Net cash used in investing activities	<u>(18,324)</u>	<u>(48,025)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	0	265
Drawdown/(repayment) of borrowings	(807)	530
Net cash generated (used in)/from financing activities	<u>(807)</u>	<u>795</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	297	(45,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	123,329	126,797
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>123,626</u>	<u>81,637</u>
	31 Mar 2009	31 Mar 2008
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	85,951	41,809
Fixed deposits	37,675	39,828
	<u>123,626</u>	<u>81,637</u>
HDA included in cash and bank balances	<u>71,076</u>	<u>39,315</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2008.

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Interim Financial Report for the quarter ended 31 March 2009

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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 2008. 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 2008.

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 2008.

A3. Audit report qualification

The audit report for the financial year ended 31 December 2008 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

There were no other issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year to date.

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property investment	2,321	1,920	1,304	817
Property development	47,468	56,966	5,309	6,995
Construction	39,198	37,449	518	869
Education	23,813	23,493	5,967	7,040
Investment & others	2,020	2,157	(350)	1,407
	<u>114,820</u>	<u>121,985</u>	<u>12,748</u>	<u>17,128</u>
Inter-segment elimination	(31,412)	(25,966)	0	0
	<u>83,408</u>	<u>96,019</u>	<u>12,748</u>	<u>17,128</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 2008.

A11. Subsequent events

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

A12. Changes in composition of the Group

On 15 January 2009, Broad Projects Sdn Bhd, a wholly owned subsidiary of the Company, acquired 49,000 ordinary shares of RM1.00 each in Supreme Essence Sdn Bhd (SESB), representing the remaining 49% of the issued and paid up share capital of SESB, for a total cash consideration of RM15,190,000. The goodwill recognised on this acquisition amounted to RM15,231,000.

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 March 2009.

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	1,055	1,055

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	153
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	581
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	126
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	26
Rental charges paid to Mr. Edmund Ewe Thean Teik, spouse of Dr. Chia Chee Fen, who is a director of a subsidiary company.	6
	<u>892</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 RM83.4 million was lower compared with RM96.0 million recorded in the corresponding quarter last year due to lower revenue recorded by the property development sector.

Group profit before taxation ("PBT") for the current quarter of RM12.7 million was correspondingly lower compared with RM17.1 million registered in the corresponding quarter last year due to lower profit achieved by the property development sector and share of loss from an associated company.

B2. Comparison with preceding quarter's results

The Group's PBT of RM12.7 million for the current quarter was lower compared with RM13.7 million recorded in the preceding quarter mainly due to lower profit recorded by the property development and construction sectors.

B3. Commentary on prospects

In view of the prevailing adverse economic environment, the Group's results for 2009 are expected to be lower compared with the previous 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	3,277	3,277
Deferred tax	474	474
	<u>3,751</u>	<u>3,751</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 RM30,000 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 March 2009.

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 March 2009 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Revolving credit	1,320
Bankers' acceptance	2,726
Current portion of long term loan	1,618
	<hr/> 5,664
<u>Long-term borrowings (Secured)</u>	
Term loans	<hr/> 86,743

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/> 2,600	<hr/> 1,320

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 12 May 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 12 May 2009, there were no changes in material litigation, including the status of pending litigation since the last annual balance sheet date of 31 December 2008.

B12. Dividends payable

The Board does not recommend the payment of any dividend for the current financial quarter ended 31 March 2009.

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)	8,997	8,997
Weighted average number of ordinary shares ('000)	108,031	108,031
Basic EPS (sen)	<u>8.33</u>	<u>8.33</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>8,997</u>	<u>8,997</u>
Weighted average number of ordinary shares ('000)	108,031	108,031
Effect of dilution ('000)	<u>148</u>	<u>148</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>108,179</u>	<u>108,179</u>
Diluted EPS (sen)	<u>8.32</u>	<u>8.32</u>