

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 30 June 2009

The figures are unaudited

CONDENSED CONSOLIDATED BALANCE SHEET**AS AT 30 June 2009**

	AS AT 30/6/2009	AS AT 31/12/2008
ASSETS	RM'000	RM'000
Property, plant and equipment	147,571	150,018
Land held for property development	171,745	208,181
Investment properties	12,563	13,121
Prepaid land lease payments	63,672	62,667
Intangible asset	30,360	15,674
Investments in associates	50,308	47,259
Other investments	485	485
Deferred tax assets	1,440	2,006
	478,144	499,411
Current assets		
Property development costs	74,755	58,106
Inventories	0	221
Trade receivables	77,621	59,165
Other receivables	14,096	11,857
Tax recoverable	2,772	3,055
Cash and bank balances	152,751	123,414
	321,995	255,818
TOTAL ASSETS	800,139	755,229
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	108,107	108,031
Reserves	390,908	374,412
	499,015	482,443
Minority interests	0	5
Total equity	499,015	482,448
Non-current liabilities		
Borrowings	86,581	87,147
Deferred tax liabilities	11,938	11,228
	98,519	98,375
Current liabilities		
Borrowings	5,576	6,151
Trade payables	118,794	97,787
Other payables	73,799	66,887
Tax payable	4,436	3,581
	202,605	174,406
Total liabilities	301,124	272,781
TOTAL EQUITY AND LIABILITIES	800,139	755,229
Net assets per share (RM)	4.62	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 PERIOD ENDED 30 JUNE 2009**

	3 Months Ended 30 June		6 Months Ended 30 June	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	105,385	94,474	188,793	190,493
Operating profit	18,821	17,578	31,918	33,035
Interest expense	(466)	(608)	(943)	(1,304)
Interest income	405	560	893	1,280
Share of profit of associated companies	4,160	604	3,800	2,251
Profit before taxation	22,920	18,134	35,668	35,262
Taxation	(5,007)	(4,561)	(8,758)	(8,964)
Profit for the period	17,913	13,573	26,910	26,298
Attributable to:				
Equity holders of the Company	17,913	12,752	26,910	24,779
Minority interests	-	821	-	1,519
	17,913	13,573	26,910	26,298
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	16.58	11.83	24.90	23.00
Diluted EPS	16.45	11.73	24.71	22.80

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 PERIOD ENDED 30 JUNE 2009**

	<-----Attributable to Equity Holders of the Company----->							Minority Interests RM'000	Total Equity RM'000
	< ----- Non Distributable ----->			Share	Distributable	Total RM'000	Total RM'000		
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	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 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	
As at 30 June 2008	107,890	68,691	2,695	2,099	289,592	470,967	8,805	479,772	
As at 1 January 2009	108,031	68,900	1,679	2,365	301,468	482,443	5	482,448	
Net profit for the period	-	-	-	-	26,910	26,910	-	26,910	
Acquisition of minority interest	-	-	-	-	-	-	(5)	(5)	
Dividends	-	-	-	-	(10,538)	(10,538)	-	(10,538)	
Share options granted under ESOS	-	-	-	53	-	53	-	53	
Exercise of option under the ESOS	76	121	-	(50)	-	147	-	147	
As at 30 June 2009	108,107	69,021	1,679	2,368	317,840	499,015	-	499,015	

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.

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 30 June 2009

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009**

	6 Months Ended	
	30 June 2009	30 June 2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	28,366	18,958
Taxes paid	(6,344)	(6,181)
Interest paid	(1,446)	(1,304)
Net cash generated from operating activities	20,576	11,473
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in land held for development	36,436	(3,829)
Dividend received from an associated company	750	0
Purchase of property, plant and equipment	(2,036)	(3,060)
Prepayment of land lease	(1,013)	(39,020)
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	41	411
Proceeds from disposal of an investment property	458	0
Interest received	893	1,280
Net cash generated from/(used in) investing activities	20,294	(44,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	147	637
Dividends paid	(10,538)	(7,984)
Drawdown/(repayment) of borrowings	(1,057)	33,681
Net cash (used in)/generated from financing activities	(11,448)	26,334
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	29,422	(6,462)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	123,329	126,797
CASH AND CASH EQUIVALENTS AT END OF PERIOD	152,751	120,335
	30 June 2009	30 June 2008
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	55,470	47,216
Fixed deposits	97,281	73,119
	152,751	120,335
HDA included in cash and bank balances	48,769	43,574

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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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

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	50	2.01
Exercise of ESOS granted on 15 September 2006	15	1.66
Exercise of ESOS granted on 15 September 2008	11	1.97
	<u>76</u>	

A8. Dividends paid

	6 months ended	
	30/6/2009	30/6/2008
	RM'000	RM'000
Final dividends		
2008 - 8.0% less 25% income tax (2007 - 10.0% less 26% income tax)	6,485	7,984
Special dividends	4,053	0
2008 - 5.0% less 25% income tax		
	<u>10,538</u>	<u>7,984</u>

A9. Segment reporting for the current financial year to date

<u>Analysis by Business Segment</u>	Revenue		Profit before tax	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Property investment	4,645	4,665	2,432	2,592
Property development	116,782	112,959	16,172	17,953
Construction	74,474	84,697	2,510	(343)
Education	49,083	47,816	12,392	13,575
Investment & others	5,061	4,046	3,162	1,485
	<u>250,045</u>	<u>254,183</u>	<u>36,668</u>	<u>35,262</u>
Inter-segment elimination	(61,252)	(63,690)	(1,000)	0
	<u>188,793</u>	<u>190,493</u>	<u>35,668</u>	<u>35,262</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 30 June 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	981	2,036

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	419
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	745
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	252
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	57
Rental charges paid to Mr. Edmund Ewe Thean Teik, spouse of Dr. Chia Chee Fen, who is a director of a subsidiary company.	12
Sale of property to Bright Fusion Sdn Bhd, a company in which Dato' Teo Chiang Quan has substantial interest.	3,159
Sale of property to Mr. Liew Yin Chew, Mr. Chuan Yeong Ming and Ms. Tay Lee Kong and others, of whom the former three persons are directors of subsidiary companies.	3,660
	<hr/> 8,304 <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

For the current quarter under review, the Group achieved higher revenue and profit before tax of RM105.4 million and RM22.9 million, respectively, compared with RM94.5 million and RM18.1 million, respectively, recorded in the previous year corresponding period. The higher revenue was attributed to higher progressive billings from current property developments and sales from the new launch of Surian Industrial Park, Kota Damansara, while the higher PBT was attributed to a gain of RM4.7 million from the disposal of a piece of commercial land for the development of a hyper-market at Kemuning Utama Commercial Centre ("KUCC") and higher share of profits from associated companies.

For the financial period ended 30 June 2009, the Group recorded marginally lower revenue of RM188.8 million but a marginally higher PBT of RM35.7 million compared with RM190.5 million and RM35.3 million, respectively, recorded in the previous year corresponding period.

B2. Comparison with preceding quarter's results

The Group's PBT of RM22.9 million for the current quarter was higher compared with RM12.7 million recorded in the preceding quarter mainly due to a gain of RM4.7 million from the disposal of a piece of commercial land for the development of a hyper-market at KUCC and higher share of profits from associated companies.

B3. Commentary on prospects

The Group's results for 2009 are expected to be weaker than those of the previous financial year due to anticipated higher costs stemming from the upgrading and expansion plans of the educational services division to be incurred in the second half of the year and lower level of activity in the construction division.

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	4,206	7,483
Deferred tax	801	1,275
	<u>5,007</u>	<u>8,758</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 RM50,000 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 30 June 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 30 June 2009 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Revolving credit	1,320
Bankers' acceptance	2,638
Current portion of long term loan	1,618
	<hr/> 5,576 <hr/>
<u>Long-term borrowings (Secured)</u>	
Term loans	<hr/> 86,581 <hr/>

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/>	<hr/> 1,320 <hr/>

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 11 August 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 11 August 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 of Directors has declared an interim dividend of 8.00 sen per share, less tax at 25% (2008: 8.00 sen per share, less tax at 26%), and a special dividend of 5.00 sen per share, less tax at 25% in respect of the financial year ending 31 December 2009 which will be paid on 16 September 2009 to shareholders whose names appear on the Record of Depositors on 4 September 2009.

- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 4 September 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 to date is 13.00 sen per share, 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)	17,913	26,910
Weighted average number of ordinary shares ('000)	108,072	108,051
Basic EPS (sen)	<u>16.58</u>	<u>24.90</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>17,913</u>	<u>26,910</u>
Weighted average number of ordinary shares ('000)	108,072	108,051
Effect of dilution ('000)	<u>840</u>	<u>840</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>108,912</u>	<u>108,891</u>
Diluted EPS (sen)	<u>16.45</u>	<u>24.71</u>