

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 30 September 2009

The figures are unaudited

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

	AS AT 30/9/2009	AS AT 31/12/2008
ASSETS	RM'000	RM'000
Property, plant and equipment	145,879	150,018
Land held for property development	161,885	208,181
Investment properties	12,489	13,121
Prepaid land lease payments	63,763	62,667
Intangible asset	28,406	15,674
Investments in associates	51,187	47,259
Other investments	485	485
Deferred tax assets	3,767	2,006
	467,861	499,411
Current assets		
Property development costs	73,986	58,106
Inventories	0	221
Trade receivables	74,164	59,165
Other receivables	14,861	11,857
Tax recoverable	2,165	3,055
Cash and bank balances	183,980	123,414
	349,156	255,818
TOTAL ASSETS	817,017	755,229
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	109,385	108,031
Reserves	397,817	374,412
	507,202	482,443
Minority interests	0	5
Total equity	507,202	482,448
Non-current liabilities		
Borrowings	86,167	87,147
Deferred tax liabilities	12,300	11,228
	98,467	98,375
Current liabilities		
Borrowings	3,487	6,151
Trade payables	128,008	97,787
Other payables	72,989	66,887
Tax payable	6,864	3,581
	211,348	174,406
Total liabilities	309,815	272,781
TOTAL EQUITY AND LIABILITIES	817,017	755,229
Net assets per share (RM)	4.64	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 SEPTEMBER 2009**

	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	111,600	100,754	300,393	291,247
Operating profit	19,417	8,381	51,335	41,416
Interest expense	(640)	(543)	(1,583)	(1,847)
Interest income	513	807	1,406	2,087
Share of profit of associated companies	2,412	2,367	6,212	4,618
Profit before taxation	21,702	11,012	57,370	46,274
Taxation	(5,424)	(3,296)	(14,182)	(12,260)
Profit for the period	16,278	7,716	43,188	34,014
Attributable to:				
Equity holders of the Company	16,278	7,183	43,188	31,962
Minority interests	-	533	-	2,052
	16,278	7,716	43,188	34,014
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	15.00	6.66	39.91	29.65
Diluted EPS	14.77	6.62	39.29	29.42

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 SEPTEMBER 2009**

	<-----Attributable to Equity Holders of the Company----->								
	< ----- Non Distributable ----->				Share Distributable		Total	Minority	Total
	Share	Share	Translation	Option	Retained	Profits			
	Capital	Premium	Reserve	Reserve	Profits	Profits	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	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	
As at 30 September 2008	108,028	68,898	2,695	2,120	290,380	472,121	9,338	481,459	
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	-	-	-	-	43,188	43,188	-	43,188	
Acquisition of minority interest	-	-	-	-	-	-	(5)	(5)	
Dividends	-	-	-	-	(21,203)	(21,203)	-	(21,203)	
Share options granted under ESOS	-	-	-	79	-	79	-	79	
Exercise of option under the ESOS	1,354	2,230	-	(889)	-	2,695	-	2,695	
As at 30 September 2009	109,385	71,130	1,679	1,555	323,453	507,202	-	507,202	

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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Interim Financial Report for the quarter ended 30 September 2009

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

	9 Months Ended	
	30 Sep 2009 RM'000	30 Sep 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	64,938	52,194
Taxes paid	(10,697)	(10,528)
Interest paid	(2,941)	(1,847)
Net cash generated from operating activities	51,300	39,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in land held for development	46,294	(27,708)
Dividend received from an associated company	2,283	0
Purchase of property, plant and equipment	(3,324)	(4,698)
Prepayment of land lease	(504)	(38,756)
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	431
Proceeds from disposal of investment properties	458	0
Interest received	1,406	2,087
Net cash generated from/(used in) investing activities	31,419	(68,695)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	2,695	910
Dividends paid	(21,203)	(14,379)
Drawdown/(repayment) of borrowings	(3,560)	31,716
Net cash (used in)/generated from financing activities	(22,068)	18,247
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	60,651	(10,629)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	123,329	126,797
CASH AND CASH EQUIVALENTS AT END OF PERIOD	183,980	116,168
	30 Sep 2009	30 Sep 2008
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	66,123	66,926
Fixed deposits	117,857	49,242
	183,980	116,168
HDA included in cash and bank balances	54,876	61,266

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 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	901	2.01
Exercise of ESOS granted on 15 September 2006	101	1.66
Exercise of ESOS granted on 15 September 2007	100	2.20
Exercise of ESOS granted on 15 September 2008	252	1.97
	<u>1,354</u>	

A8. Dividends paid

	9 months ended	
	30/9/2009	30/9/2008
	RM'000	RM'000
Final dividend		
2008 - 8.0% less 25% income tax (2007 - 10.0% less 26% income tax)	6,485	7,984
Special dividend		
2008 - 5.0% less 25% income tax	4,053	0
Interim dividend		
2009 - 8.0% less 25% income tax (2008 - 8.0% less 25% income tax)	6,563	6,395
Special dividend		
2009 - 5.0% less 25% income tax	4,102	0
	<u>21,203</u>	<u>14,379</u>

A9. Segment reporting for the current financial year to date

Analysis by Business Segment	Revenue		Profit before tax	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Property investment	6,962	6,998	3,425	3,498
Property development	195,377	173,271	30,915	25,662
Construction	107,299	131,284	4,092	(2,915)
Education	72,563	69,940	17,425	18,023
Investment & others	7,415	4,757	1,513	2,006
	<u>389,616</u>	<u>386,250</u>	<u>57,370</u>	<u>46,274</u>
Inter-segment elimination	(89,223)	(95,003)	0	0
	<u>300,393</u>	<u>291,247</u>	<u>57,370</u>	<u>46,274</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 that have not been reflected in the interim financial report other than those mentioned in Note B8.

A12. Changes in composition of the Group

- (a) 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.
- (b) On 2 November 2009, the Company purchased a shelf company, Instant Fusion Sdn Bhd ("IFSB"). IFSB has an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each and an issued and paid up share capital of RM2.

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 September 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	1,288	3,324

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	807
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	850
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	379
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	83
Rental charges paid to Mr. Edmund Ewe Thean Teik, spouse of Dr. Chia Chee Fen, who is a director of a subsidiary company.	18
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/> 8,956 <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

The Group turned in an improved set of results for the quarter under review with revenue of RM111.6 million and profit before tax of RM21.7 million compared with RM100.7 million and RM11.0 million, respectively, recorded in the previous year's corresponding quarter. For the nine months ended 30 September 2009, the Group also recorded a higher revenue of RM300.4 million and profit before tax of RM57.4 million compared with the previous year's corresponding period of RM291.2 million and RM46.3 million, respectively.

The higher revenue was attributed to higher progressive billings from and take-up rates on sales of its ongoing residential development, Kemuning Utama, and its newly launched commercial development, Surian Industrial Park. The higher profit before tax was due to higher profits recorded by the property development sector, which included a gain of RM4.7 million realised on the disposal of a piece of commercial land, and the construction sector, which recorded a loss in the previous year's corresponding period due to the escalation in raw material prices, recording a profit in the period under review.

B2. Comparison with preceding quarter's results

The Group's PBT of RM21.7 million for the current quarter was marginally lower compared with RM22.9 million recorded in the preceding quarter due to a gain of RM4.7 million realised on the disposal of a piece of commercial land recorded in the preceding quarter.

B3. Commentary on prospects

The lock-in sales recorded by the property development sector to date and the recovery of bad debts provided for in previous years by the construction sector will have a positive impact on the results in the remaining quarter. On the other hand, the results of the educational services division are expected to be lower due to higher costs stemming from the upgrading and expansion plans of the tertiary education sector. In view of the above, the Board expects the Group's results for the financial year to be better than those of the previous 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	6,382	13,865
Over provided in prior year	(331)	(331)
Deferred tax	(627)	648
	<u>5,424</u>	<u>14,182</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. For the financial year to date, there was a gain of RM50,000 from the disposal of investment properties.

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 2009.

B8. Corporate proposal

On 3 November 2009, the Company entered into a conditional Sale Agreement (SA) with The Titular Superior of the Brothers of Saint Gabriel, for the acquisition of a piece of freehold vacant land measuring in area approximately 21.7 acres forming part of the land held under Geran 48178, Lot 1179, Mukim Damansara, Daerah Petaling, Negeri Selangor (the Master Title) for a total cash consideration calculated at the rate of RM66/- per sq. ft. and estimated at a total sum of RM62,386,632 only subject to the sub-division of the Master Title and on the terms and conditions as contained in the SA.

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 30 September 2009 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Bankers' acceptance	1,869
Current portion of long term loan	1,618
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	3,487
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<u>Long-term borrowings (Secured)</u>	
Term loans	86,167
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The borrowings are all denominated in Ringgit Malaysia.

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at 10 November 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 10 November 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 30 September 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)	16,278	43,188
Weighted average number of ordinary shares ('000)	108,530	108,204
Basic EPS (sen)	<u>15.00</u>	<u>39.91</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>16,278</u>	<u>43,188</u>
Weighted average number of ordinary shares ('000)	108,530	108,204
Effect of dilution ('000)	<u>1,715</u>	<u>1,715</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>110,245</u>	<u>109,919</u>
Diluted EPS (sen)	<u>14.77</u>	<u>39.29</u>