

PARAMOUNT CORPORATION BERHAD

Interim Financial Report for the quarter ended 31 December 2009

The figures are audited

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

	AS AT 31/12/2009	AS AT 31/12/2008
	RM'000	RM'000
ASSETS		
Property, plant and equipment	139,675	150,018
Land held for property development	170,976	208,181
Investment properties	14,142	13,121
Prepaid land lease payments	63,450	62,667
Intangible asset	15,674	15,674
Investments in associates	54,264	47,259
Other investments	485	485
Deferred tax assets	4,934	2,006
	463,600	499,411
Current assets		
Property development costs	56,287	58,106
Inventories	0	221
Trade receivables	87,997	55,355
Due from customers on contracts	108	3,810
Other receivables	20,410	11,857
Tax recoverable	4,099	3,055
Cash and bank balances	207,535	123,414
	376,436	255,818
TOTAL ASSETS	840,036	755,229
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	110,339	108,031
Reserves	414,147	374,412
	524,486	482,443
Minority interests	0	5
Total equity	524,486	482,448
Non-current liabilities		
Borrowings	85,551	87,147
Deferred tax liabilities	13,866	11,228
	99,417	98,375
Current liabilities		
Borrowings	1,813	6,151
Trade payables	109,592	80,532
Due to customers on contracts	28,014	17,255
Other payables	72,984	66,887
Tax payable	3,730	3,581
	216,133	174,406
Total liabilities	315,550	272,781
TOTAL EQUITY AND LIABILITIES	840,036	755,229
Net assets per share (RM)	4.75	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 YEAR ENDED 31 DECEMBER 2009**

	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	104,516	107,514	404,909	398,761
Operating profit	18,530	15,196	69,865	56,612
Interest expense	(849)	(571)	(2,432)	(2,418)
Interest income	698	539	2,104	2,626
Share of profit of associated companies	3,583	(1,461)	9,795	3,157
Profit before taxation	21,962	13,703	79,332	59,977
Taxation	(7,622)	(3,679)	(21,804)	(15,939)
Profit for the period	14,340	10,024	57,528	44,038
Attributable to:				
Equity holders of the Company	14,340	10,031	57,528	41,993
Minority interests	-	(7)	-	2,045
	14,340	10,024	57,528	44,038
Earnings per share ("EPS") attributable to equity holders of the Company (sen):				
Basic EPS	13.16	9.30	52.96	38.93
Diluted EPS	12.92	9.30	51.99	38.89

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 CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	12 Months Ended	
	31 Dec 2009 RM'000	31 Dec 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	148,407	119,555
Taxes paid	(22,989)	(15,229)
Interest paid	(3,790)	(2,418)
Net cash generated from operating activities	<u>121,628</u>	<u>101,908</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in land held for development	(16,690)	(67,802)
Dividend received from an associated company	2,790	0
Purchase of property, plant and equipment	(8,032)	(19,799)
Purchase of investment properties	(4,111)	0
Prepayment of land lease	(510)	(46,290)
Purchase of a subsidiary - net of cash acquired	0	(51)
Purchase of shares from minority interest	(15,236)	(25,000)
Purchase of shares in an associate company	0	(12)
Purchase of other investment	0	(88)
Proceeds from disposal of property, plant and equipment	92	620
Proceeds from disposal of land held for development	23,303	0
Proceeds from disposal of investment properties	1,239	541
Interest received	2,104	2,626
Net cash used in investing activities	<u>(15,051)</u>	<u>(155,255)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4,681	915
Dividends paid	(21,203)	(14,379)
Drawdown/(repayment) of borrowings	(5,849)	63,343
Net cash (used in)/generated from financing activities	<u>(22,371)</u>	<u>49,879</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	84,206	(3,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	123,329	126,797
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>207,535</u>	<u>123,329</u>
	31 Dec 2009	31 Dec 2008
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	61,216	74,885
Fixed deposits	146,319	48,529
Bank overdrafts	0	(85)
	<u>207,535</u>	<u>123,329</u>
HDA included in cash and bank balances	<u>55,511</u>	<u>66,486</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 December 2009

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 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	
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	
As at 1 January 2009	108,031	68,900	1,679	2,365	301,468	482,443	5	482,448	
Net profit for the year	-	-	-	-	57,528	57,528	-	57,528	
Acquisition of minority interest	-	-	-	-	-	-	(5)	(5)	
Dividends	-	-	-	-	(21,203)	(21,203)	-	(21,203)	
Share options granted under ESOS	-	-	-	1,037	-	1,037	-	1,037	
Exercise of option under the ESOS	2,308	3,487	-	(1,114)	-	4,681	-	4,681	
As at 31 December 2009	110,339	72,387	1,679	2,288	337,793	524,486	-	524,486	

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 31 December 2009

The figures are audited

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	1,366	2.01
Exercise of ESOS granted on 15 September 2006	119	1.66
Exercise of ESOS granted on 15 September 2007	245	2.20
Exercise of ESOS granted on 15 September 2008	316	1.97
Exercise of ESOS granted on 15 September 2009	262	2.20
	<u>2,308</u>	

A8. Dividends paid

	12 months ended	
	31/12/2009	31/12/2008
	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

<u>Analysis by Business Segment</u>	Revenue		Profit before tax	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property investment	9,729	9,328	4,171	4,890
Property development	262,242	233,728	39,725	33,377
Construction	142,458	170,832	7,322	(1,158)
Education	98,476	92,793	21,316	22,637
Investment & others	49,671	48,583	47,679	42,026
	<u>562,576</u>	<u>555,264</u>	<u>120,213</u>	<u>101,772</u>
Inter-segment elimination	(157,667)	(156,503)	(40,881)	(41,795)
	<u>404,909</u>	<u>398,761</u>	<u>79,332</u>	<u>59,977</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.

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.
- (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.
- (c) On 9 December 2009, the Company purchased two shelf companies, namely, Macro Victory Sdn Bhd ("MVSB") and Agolden Project Sdn Bhd ("APSB"). MVSB and APSB have 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 respectively.

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 amount of commitments not provided for in the interim financial statements as at 31 December 2009 is as follow:

	RM'000
Approved and contracted for:-	
Property, plant & equipment	56,497
Investment properties	1,155
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	57,652
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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	4,708	8,032
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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	1,014
Insurance premiums charged by Jerneh Insurance Berhad, an associated company	1,216
Rental charges paid to Damansara Uptown One Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	519
Rental charges paid to Uptown Conference Centre Sdn Bhd, a company in which a brother of Dato' Teo Chiang Quan, has substantial interest	118
Rental charges paid to Mr. Edmund Ewe Thean Teik, spouse of Dr. Chia Chee Fen, who is a director of a subsidiary company.	24
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 Dato' 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
Sale of properties to Dato' Teo Chiang Quan	2,055
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	11,765
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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 financial year ended 31 December 2009, the Group's profit before tax (PBT) grew by 32% from RM60 million in the previous year to RM79.3 million on the back of revenue totaling RM404.9 million. The main contributor to this growth was from the Group's property division, particularly property development and construction. This was attributable to the strong sales enjoyed by the Kemuning Utama and Surian Industrial Park developments and the turnaround in the performance of the construction sector to profitability. In addition, the division recorded a gain of RM4.7 million on the disposal of a piece of commercial land.

For the quarter under review, the Group recorded lower revenue of RM104.5 million but a higher PBT of RM22.0 million compared with the previous year's corresponding period of revenue of RM107.5 million and a PBT of RM13.7 million. The lower revenue was due to the lower activities of the construction sector while the higher PBT was due to higher profits recorded by the property development sector and the construction sector, which had recovered bad debts provided for in the previous year's corresponding period, and share of profits from an associated company, which had recorded a loss in the previous year's corresponding period.

B2. Comparison with preceding quarter's results

The Group's PBT of RM22.0 million for the current quarter was marginally higher compared with the PBT of RM21.7 million recorded in the preceding quarter due mainly to higher profit from the construction sector, which was, however, offset by the lower profits from the educational services division as a result of higher costs stemming from the ongoing upgrading and expansion of the division.

B3. Commentary on prospects

The Group's prospects are expected to be satisfactory given the buoyant property market and its substantial lock-in unbilled sales as at 31 December 2009. Revenue for the educational services division is expected to grow but due to costs budgeted for the ongoing upgrading and expansion of the division, profitability is expected to be maintained.

In view of this, the operational profits of the Group is expected to be comparable to that 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	8,513	22,378
Over provided in prior year	47	(284)
Deferred tax	(938)	(290)
	<u>7,622</u>	<u>21,804</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 loss of RM39,000 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 31 December 2009.

B8. Corporate proposal

- (i) 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.
- (ii) On 20 November 2009, the Company made an application to Bank Negara Malaysia for the commencement of preliminary negotiations for the acquisition by interested parties of the Group's 20% equity interest in Jerneh Insurance Berhad. The application was approved on 1 December 2009.

B9. Borrowings and debts securities

The Group's borrowings and debts securities as at 31 December 2009 were as follows:

	RM'000
<u>Short-term borrowings (Secured)</u>	
Current portion of long term loan	1,813
<u>Long-term borrowings (Secured)</u>	
Term loans	<u>85,551</u>

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 23 February 2010.

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. BSB's appeal was dismissed by the Court of Appeal on 4 February 2010.

The dismissal will not have any adverse material effect on the financial position of the Group.

As at 23 February 2010, 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

- (a) (i) A proposed final dividend of 9.0%, less tax at 25%, and a special dividend of 6.0%, less tax at 25%, for the financial year ended 31 December 2009 has been recommended by the directors;
- (ii) Amount per share - 15.00 sen less 25% tax;
- (iii) Previous corresponding period - a final dividend of 13.00 sen less 25% tax;
- (iv) Date payable - 16 June 2010; and
- (v) Date for entitlement to dividend:-
- (a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 9 June 2010 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: 28.00 sen per share, less tax at 25%. (2008: 8.00 sen per share less tax at 26% and 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)	14,340	57,528
Weighted average number of ordinary shares ('000)	108,964	108,622
Basic EPS (sen)	<u>13.16</u>	<u>52.96</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>14,340</u>	<u>57,528</u>
Weighted average number of ordinary shares ('000)	108,964	108,622
Effect of dilution ('000)	<u>2,028</u>	<u>2,028</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>110,992</u>	<u>110,650</u>
Diluted EPS (sen)	<u>12.92</u>	<u>51.99</u>