

PARAGON UNION BERHAD (286457-V)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2009

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31/03/2009	Quarter	31/03/2009	Period
	RM'000	31/03/2008	RM'000	31/03/2008
	RM'000	RM'000	RM'000	RM'000
Revenue	13,910	31,475	13,910	31,475
Operating expenses	(13,546)	(31,243)	(13,546)	(31,243)
Other operating income	8	29	8	29
Profit from operations	372	261	372	261
Finance costs	(331)	(46)	(331)	(46)
Profit before taxation	41	215	41	215
Taxation	-	(73)	-	(73)
Profit for the period	41	142	41	142
Attributable to :				
Equity holders of the parent	41	142	41	142
Minority interest	-	-	-	-
	41	142	41	142
Earnings per share (sen)				
- Basic	0.06	0.22	0.06	0.22
- Fully Diluted	-	-	-	-

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008)

PARAGON UNION BERHAD (286457-V)

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2009

	As at End of Current Quarter 31/03/2009 RM'000	As at Preceding Financial Year End 31/12/2008 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	29,023	24,142
Prepaid Lease Payments	8,829	8,859
	37,851	33,000
Current Assets		
Inventories	16,301	15,928
Trade and Other Receivables	59,388	64,757
Current Tax Assets	440	484
Cash and Cash Equivalents	1,174	1,086
	77,304	82,255
TOTAL ASSETS	115,155	115,255
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share Capital	70,000	70,000
Reserves, non-distributable	805	826
Retained Profit	6,973	6,911
Treasury Shares, at cost	(4,213)	(4,209)
Total Equity	73,565	73,528
Non-Current Liabilities		
Deferred Tax Liabilities	3,056	3,056
Hire Purchase Liabilities	4,171	645
Bank Borrowings	5,153	5,307
	12,380	9,008
Current Liabilities		
Trade and Other Payables	6,536	9,842
Hire Purchase Liabilities	1,079	343
Borrowings	20,137	21,019
Current Tax Liabilities	1,456	1,516
	29,210	32,719
Total Liabilities	41,590	41,728
TOTAL EQUITY AND LIABILITIES	115,155	115,255
Net Assets Per Share (RM)	1.1367	1.1360

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008)

PARAGON UNION BERHAD (286457-V)

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

	← Attributable to Equity Holders of the Parent →					Total RM'000
	Share Capital RM'000	Asset Valuation Reserve RM'000	Merger Reserve RM'000	Retained Profit RM'000	Treasury Shares RM'000	
At 1 January 2009	70,000	5,444	(4,618)	6,911	(4,209)	73,528
Realisation of reserve on amortisation of revalued properties, representing net gain/(loss) recognised directly in equity	-	(21)	-	21	-	-
Net profit for the period	-	-	-	41	-	41
Total recognised income and expense for the period	-	(21)	-	62	-	41
Shares purchased during the period held as treasury shares	-	-	-	-	(3)	(3)
At 31 March 2009	70,000	5,423	(4,618)	6,973	(4,212)	73,565
At 1 January 2008	70,000	5,527	(4,618)	7,174	(3,858)	74,225
Realisation of reserve on amortisation of revalued properties, representing net gain/(loss) recognised directly in equity	-	(21)	-	21	-	-
Net profit for the period	-	-	-	142	-	142
Total recognised income and expense for the period	-	(21)	-	163	-	142
Shares purchased during the period held as treasury shares	-	-	-	-	(80)	(80)
At 31 March 2008	70,000	5,506	(4,618)	7,337	(3,938)	74,287

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008)

PARAGON UNION BERHAD (286457-V)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2009

	2009 3 Months Ended 31 March RM'000	2008 3 Months Ended 31 March RM'000
Operating Activities		
Net Profit Before Tax	41	215
Adjustments for non-cash flow :		
Interest expenses	331	46
Non-cash items	648	527
Non-operating items	(5)	(12)
Operating profit before working capital changes	1,016	776
Changes in working capital		
Net change in development properties	-	4,749
Net change in current assets	4,935	(5,299)
Net change in current liabilities	(4,455)	5,315
Cash generated from operations	1,496	5,541
Taxation paid	(15)	(138)
Interest paid	(312)	(38)
Interest received	-	24
Net cash from operating activities	1,170	5,389
Investing Activities		
Other investments	-	-
Other investing activities	(1,058)	(157)
Net cash used in investing activities	(1,058)	(157)
Financing Activities		
Repayment of term loans	(154)	(280)
Shares buy-back	(3)	(80)
Hire purchase interest	(19)	(9)
Payment of hire purchase instalments	(114)	(87)
Net cash used in financing activities	(291)	(455)
Net changes in cash and cash equivalents	(179)	4,777
Cash and cash equivalents brought forward	(12,166)	4,356
Cash and cash equivalents carried forward	(12,346)	9,133

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2008)

PARAGON UNION BERHAD (286457-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2009

NOTES TO THE INTERIM FINANCIAL REPORT

1) Accounting Policies

The interim financial report has been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134 : "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the 31 December 2008 Annual Financial Report.

The interim financial report has been prepared based on accounting policies and methods of computation which are consistent with those adopted in the 31 December 2008 Annual Financial Report.

The Group has not adopted the following new FRSs which have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:

	<u>Effective date for financial periods beginning on or after</u>
FRS 8 Operating Segments	1 July 2009
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010

FRS 4 is not relevant to the Group's operations. The possible impacts of applying FRS 7, FRS 8 and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

2) Qualified Audit Report

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

3) Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors for the financial period under review.

4) Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

5) Changes In Estimates

There were no material changes in estimates of amounts reported in prior interim periods of the current financial year or prior financial year that have had a material impact on the current quarter results.

6) Issuance and Repayment of Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period ended 31 March 2009 except for shares buy-back.

The particulars of shares buy-back in the financial period are as follows:

- i) The total number of shares purchased during the financial period : 7,100 Ordinary Shares of RM1.00 each.
- ii) The minimum price paid for each share purchased : RM0.420 each.
- iii) The maximum price paid for each share purchased : RM0.450 each.
- iv) The total amount paid for the shares purchased : RM3,372.
- v) Number of shares purchased retained in treasury : 7,100 Ordinary Shares of RM1.00 each.
- vi) Total number of shares retained in treasury as at 31 March 2009: 5,281,700 Ordinary Shares of RM1.00 each.
- vii) Number of shares purchased which were cancelled : Nil.
- viii) The total issued capital as diminished : Nil

7) Dividends Paid

The Company did not pay any dividend for the current quarter under review.

8) Segmental Analysis

	3 months ended		
	31 March 2009 RM'000	31 March 2008 RM'000	
Segment Revenue			
Manufacturing carpets development	13,910	11,969	Property
	-	19,506	
	-----	-----	
	13,910	31,475	
Elimination of inter-segment sales	-	-	
	-----	-----	
Total revenue	13,910	31,475	
	=====	=====	
Segment Results			
Manufacturing carpets	424	97	
Property development	(14)	183	
	-----	-----	
	410	280	
Eliminations	-	-	
	-----	-----	
	410	280	
Unallocated expenses	(38)	(19)	
	-----	-----	
Profit from operations	372	261	
	=====	=====	

9) Valuation of Property, Plant & Equipment

There were no amendments in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

10) Subsequent Material Events

There were no material events subsequent to the end of the interim period reported on that have not been reflected in the financial statements for the said period, made up to the date of issue of this quarterly report.

11) Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period under review, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

12) Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities (other than material litigation disclosed in Note 23) and contingent assets since the last annual balance sheet as at 31 December 2008 up to the date of issue of this quarterly report.

13) Performance Review

The Group recorded a gross revenue of RM13,910,000 in the current financial period compared to the corresponding period in the preceding year of RM31,475,000 and the Group's profit before taxation stood at RM41,000 compared to RM215,000 in the corresponding period in the preceding year.

The decreased in gross revenue was mainly attributed to Paragon Heights development which was at its project end. However, there is an increased in carpet segment due to higher revenue from export sector whereas profit before taxation has decreased due to higher finance costs.

14) Quarterly Profit Before Taxation Comparison

The Group recorded a gross revenue of RM13,910,000 in the current quarter compared to the immediate preceding quarter of RM23,736,000 and the Group's profit before taxation stood at RM41,000 compared to RM460,000 in the immediate preceding quarter.

The decreased in profit before taxation in the current quarter is consistent with lower gross revenue registered compared to the immediate preceding quarter.

15) Current Year Prospects

With tighter financing terms coupled with the reduction on secondhand cars trade-in values and the expected drop of 12.4% in vehicle sales which is forecasted by MAA for year 2009 compare to year 2008 actual total industry volume amidst the global slowdown, the performance of the local automotive industry will again depend on the various new models that will be launched. The group targets to supply carpets to Nissan and Proton models in the second quarter of 2009. On the automotive export scene, the Group has secured contract to supply more carpet products to Australia in the second quarter also.

On our commercial carpet division, the lower forecast of economic growth rate for the year 2009 will be seen as a challenge to the Group. We will increase our operational efficiency, effectiveness and cost management in order to weather these challenges. In addition to that, our new machineries have been successfully installed and commissioned for us to focus in the more profitable areas of the carpet business

Despite the termination of the acquisition of Dominion Park Sdn. Bhd., we will continue to build on the success and reputation of the Paragon Heights project and to broaden the earnings base of the Group by scouting for land and undertake viable property projects within its resources.

16) Profit Forecast or Profit Guarantee

This note is not applicable.

17) Taxation

There is not tax charge for the current quarter.

18) Profit/(Loss) on sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties for the current quarter under review.

19) Purchase and Disposal of Quoted Securities

- a) There was no purchase or disposal of quoted investments for the current quarter under review.
- b) There were no investments in quoted securities at the end of the reporting period.

20) Status of Corporate Proposals

There are no other corporate proposals, which have been announced by the Company but pending completion as at 21 May 2009 (being the latest practicable date which is not earlier than 7 days from the issue date of this quarterly report).

21) Group Borrowings

The total group borrowings are as follows:

	31 March 2009 RM'000
<u>Short Term Bank Borrowings</u>	
Secured:	
Bills payable	2,474
Bank overdrafts	9,794
Current portion of term loan	578

Sub-total	12,846

Unsecured:	
Bills payable	3,566
Bank overdrafts	3,725

Sub-total	7,291

Total	20,137
	=====
<u>Long Term Bank Borrowings</u>	
Secured Term Loan	5,153
	=====

22) Off-Balance Sheet Financial Instruments

There were no off-balance sheet financial instruments as at 21 May 2009, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

23) Material Litigation

i) Paragon Union Berhad v Transpac Capital Pte Ltd and Transpac Industrial Holdings Ltd

There were no changes in the status of the above material litigation since the previous quarter ended 31 December 2008.

ii) Paragon Union Berhad v Wong Chee Kong and Poh Hock Leng

There were no changes in the status of the above material litigation since the previous quarter ended 31 December 2008 except that the Court has fixed for a trial on 15 December 2009 and 16 December 2009.

iii) Paragon Union Berhad v Prestamewah Development Sdn. Bhd. and Liw Jun Wai

Paragon Union Berhad has obtained an Injunction Order ("the Order") from the High Court of Malaya on 27 April 2009 to compel Prestamewah Development Sdn. Bhd. and Liw Jun Wai (referred to as the First and Second Defendants respectively) to pay to the Court the total sum of RM18,000,000 (i.e. RM13,500,000 by Prestamewah Development Sdn. Bhd. and RM4,500,000 by Liw Jun Wai) and that this application be heard inter-partes on 12 May 2009. On that day, the Judge ordered a stay on the ex-parte Order Pending the hearing of Encl 4 & 9 on 18 June 2009.

24) Dividend

No dividend has been declared for the financial quarter ended 31 March 2009.

25) Earnings Per Share

The basic and diluted earnings per share have been calculated based on the consolidated net profit for the period and on weighted average number of ordinary shares in issue during the period.

i) Earnings

Net profit for the period
(RM'000)

	Current Year Quarter 31.03.2009	Preceding Year to date 31.03.2008	Current Year to date 31.03.2009	Preceding Year 31.03.2008
	41	142	41	142
	Current Year Quarter 31.03.2009	Preceding Year to date 31.03.2008	Current Year to date 31.03.2009	Preceding Year 31.03.2008

ii) Weighted average number of ordinary shares**Basic and diluted**

Weighted average number of ordinary shares at beginning of the period ('000)	64,726	65,456	64,726	65,456	
Effect of shares buyback during the period ('000)	(7)	(165)	(7)	(165)	
Weighted average number of ordinary shares at end of the period ('000)	64,719	65,291	64,719	65,291	of

The weighted average number of ordinary shares that would have been in issue after exercise of ESOS at fair value is anti-dilutive and is excluded in the computation of diluted earnings per share. Accordingly, there is no fully diluted earnings per share.