

# **PARAGON UNION BERHAD**

Company No. 286457-V  
(Incorporated in Malaysia)

## **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

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**PARAGON UNION BERHAD (286457-V)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/12 RM'000	Preceding Year Corresponding Quarter 30/06/2011 RM'000	Current Year To Date 30/06/12 RM'000	Preceding Year To Date 30/06/2011 RM'000
Revenue	12,701	12,273	22,891	27,081
Operating expenses	(11,940)	(12,421)	(22,242)	(26,139)
Other operating income	2	2	4	3
Profit from operations	763	(146)	653	945
Finance costs	(373)	(390)	(723)	(757)
Profit/(Loss) before exceptional item and taxation	390	(536)	(70)	187
Exceptional item		-		-
Profit/(Loss) before taxation	390	(536)	(70)	187
Taxation				
Profit/(Loss) for the period	390	(536)	(70)	187
Attributable to :				
Equity holders of the parent	390	(536)	(70)	187
Non-controlling interest		-		-
	390	(536)	(70)	187
Earnings/(Loss) per share (sen)				
- Basic	0.60	(0.83)	(0.11)	0.29
- Fully Diluted	-	-	-	-

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

# PARAGON UNION BERHAD (286457-V)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2012

(The figures have not been audited)

	As at End of Current Quarter 30/06/2012  RM'000	As at Preceding Financial Year End 31/12/2011 (restated) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	33,026	34,157
Deferred Tax Asset		
	<b>33,026</b>	<b>34,157</b>
<b>Current Assets</b>		
Inventories	23,709	22,130
Trade and Other Receivables	29,738	30,307
Tax recoverable	685	671
Cash and Cash Equivalents	1,030	2,827
	<b>55,162</b>	<b>55,935</b>
<b>TOTAL ASSETS</b>	<b>88,188</b>	<b>90,092</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share Capital	70,000	70,000
Reserves, non-distributable	(4,618)	(4,618)
Retained earnings	(2,553)	(2,483)
Treasury Shares, at cost	(4,221)	(4,221)
<b>Equity attributable to equity holders of the parent/Total equity</b>	<b>58,608</b>	<b>58,678</b>
<b>Non-controlling interests</b>	<b>(2)</b>	<b>(2)</b>
	<b>58,606</b>	<b>58,676</b>
<b>Non-Current Liabilities</b>		
Deferred Tax Liabilities	2,833	2,833
Hire Purchase Liabilities	636	1,242
Bank Borrowings	3,149	3,477
	<b>6,618</b>	<b>7,552</b>
<b>Current Liabilities</b>		
Trade and Other Payables	4,414	7,107
Hire Purchase Liabilities	1,161	1,104
Bank Borrowings	16,810	15,071
Tax Payables	579	582
	<b>22,964</b>	<b>23,864</b>
<b>TOTAL LIABILITIES</b>	<b>29,582</b>	<b>31,416</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>88,188</b>	<b>90,092</b>
<b>Net Assets Per Share (RM)</b>	<b>0.91</b>	<b>0.91</b>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited Annual Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

# PARAGON UNION BERHAD (286457-V)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

	Attributable to Equity Holders of the Parent				Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Non Distributable			Distributable				
	Share Capital RM'000	Assets Valuation Reserve RM'000	Merger Reserve RM'000	Treasury Shares RM'000				
<b>Balance as at 1 January 2012</b>	70,000	5,196	(4,618)	(4,221)	(7,679)	58,678	(2)	58,676
Effect of adoption of MFRS 1		(5,196)			5,196			
<b>Balance as at 1 January 2012 (restated)</b>	70,000		(4,618)	(4,221)	(2,483)	58,678	(2)	58,676
Net profit for the period					(70)	(70)		(70)
Total recognised income and expense for the period					(70)	(70)		(70)
<b>Balance as at 30 June 2012</b>	70,000		(4,618)	(4,221)	(2,553)	58,608	(2)	58,606
<b>Balance as at 1 January 2011</b>	70,000	5,279	(4,618)	(4,221)	(7,558)	58,882		58,882
Effect of adoption of MFRS 1		(5,279)			5,279			
<b>Balance as at 1 January 2011 (restated)</b>	70,000		(4,618)	(4,221)	(2,279)	58,882		58,882
Net profit for the period					187	187		187
Total recognised income and expense for the period					187	187		187
<b>Balance as at 30 June 2011 (restated)</b>	70,000		(4,618)	(4,221)	(2,092)	59,069		59,069

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Annual Financial Statement for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements)

**PARAGON UNION BERHAD (286457-V)**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2012**  
**(The figures have not been audited)**

	<b>6 Months Period Ended 30.06.2012 (Unaudited) RM'000</b>	<b>6 Months Corresponding Period Ended 30.06.2011 (Unaudited) RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(70)	187
Adjustments for:		
Depreciation on property, plant and equipment	1,302	1,295
Impairment for trade receivables	240	210
Loss on disposal of property, plant and equipment	13	
Property, plant and equipment written off	2	
Interest expenses	723	757
Interest income	(4)	(2)
Operating profit before working capital changes	<u>2,206</u>	<u>2,448</u>
Changes in working capital:		
Inventories	(1,580)	(2,432)
Trade & other receivables	329	3,070
Trade & other payables	<u>(2,693)</u>	<u>(1,527)</u>
Cash used in operations	(1,738)	1,559
Interest paid	(723)	(757)
Income tax paid	(16)	(51)
<b>Net cash (used in) / from operating activities</b>	<u>(2,477)</u>	<u>751</u>
<b>Cash flows from investing activities</b>		
Interest received	4	2
Purchase of property, plant & equipment	(190)	(147)
Proceeds from disposal of property, plant and equipment	3	17
<b>Net cash used in investing activities</b>	<u>(183)</u>	<u>(129)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	874	998
Repayments of hire purchase instalments	<u>(549)</u>	<u>(534)</u>
<b>Net cash from financing activities</b>	<u>325</u>	<u>464</u>
<b>Net changes in cash and cash equivalents</b>	(2,335)	1,085
<b>Cash and cash equivalent at beginning of period</b>	<u>(9,233)</u>	<u>(9,970)</u>
<b>Cash and cash equivalent at end of period</b>	<u>(11,568)</u>	<u>(8,885)</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	1,030	3,475
Bank overdraft	<u>(12,598)</u>	<u>(12,360)</u>
Cash and cash equivalents at end of the period	<u>(11,568)</u>	<u>(8,885)</u>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**Selected Explanatory Notes:**

- **Part A – Explanatory Notes Pursuant to FRS 134 (Interim Financial Reporting)**
- **Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad**

**Part A - Explanatory Notes Pursuant to FRS134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 : “Interim Financial Reporting” and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited Financial Statements for the financial year ended 31 December 2011. 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 financial year ended 31 December 2011.

**A2. Accounting policies**

The Group falls within the scope definition of Non Transitioning Entities. As such, the adoption of the Malaysian Financial Reporting Standards (“MFRS”) will be mandatory for the Group for the annual periods beginning on or after 1 January 2012. Consequently, the Group has applied MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards. The MFRSs adopted for the current interim financial period are as follows:

		Effective date for financial periods beginning on or after
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
MFRS 2	Share-based Payment	1 January 2012
MFRS 3	Business Combinations	1 January 2012
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2012
MFRS 7	Financial Instruments: Disclosures	1 January 2012
MFRS 8	Operating Segments	1 January 2012
MFRS 101	Presentation of Financial Statements	1 January 2012
MFRS 102	Inventories	1 January 2012
MFRS 107	Statement of Cash Flows	1 January 2012
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2012
MFRS 110	Events After the Reporting Period	1 January 2012
MFRS 112	Income Taxes	1 January 2012
MFRS 116	Property, Plant and Equipment	1 January 2012
MFRS 117	Leases	1 January 2012
MFRS 118	Revenue	1 January 2012
MFRS 119	Employee Benefits	1 January 2012
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012

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MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2012
MFRS 123	Borrowing Costs	1 January 2012
MFRS 124	Related Party Disclosures	1 January 2012
MFRS 126	Accounting and Reporting by Retirement Benefit Plans	1 January 2012
MFRS 127	Consolidated and Separate Financial Statements	1 January 2012
MFRS 128	Investments in Associates	1 January 2012
MFRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2012
MFRS 131	Interests in Joint Ventures	1 January 2012
MFRS 132	Financial Instruments: Presentation	1 January 2012
MFRS 133	Earnings Per Share	1 January 2012
MFRS 134	Interim Financial Reporting	1 January 2012
MFRS 136	Impairment of Assets	1 January 2012
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
MFRS 138	Intangible Assets	1 January 2012
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2012
MFRS 140	Investment Property	1 January 2012
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2012
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2012
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2012
IC Interpretation 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2012
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2012
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2012
IC Interpretation 13	Customer Loyalty Programmes	1 January 2012
IC Interpretation 14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 January 2012
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 January 2012
IC Interpretation 18	Transfers of Assets from Customers	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2012
IC Interpretation 107	Introduction of the Euro	1 January 2012
IC Interpretation 110	Government Assistance - No Specific Relation to Operating Activities	1 January 2012
IC Interpretation 112	Consolidation - Special Purpose Entities	1 January 2012
IC Interpretation 113	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	1 January 2012
IC Interpretation 115	Operating Leases - Incentives	1 January 2012
	Income Taxes - Changes in the Tax	1 January 2012

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IC Interpretation 125	Status of an Entity or its Shareholders	
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2012
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services	1 January 2012
IC Interpretation 132	Intangible Assets - Web Site Costs	1 January 2012

As at 30 June 2012, the following FRSs and IC Interpretations were in issue but not yet effective and have not been applied by the Group:

		<u>Effective date for financial periods beginning on or after</u>
Amendments to MFRS 101	Presentation of items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 1	Government Loans	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in June 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in June 2011)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements 2009-2011 Cycle		1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
	Financial Instruments (IFRS 9 issued by IASB in October 2010)	

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirement under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Interim Report are consistent with the audited financial statements for the financial year ended 31 December 2011 except as below :

**a) Property, plant and equipment ("PPE")**

The Group has previously adopted the transitional provisions of MASB Approved Accounting Standard IAS 16 ( revised ). By virtue of this transitional provision, the Group's PPE continues to be stated at its 1998 valuation. Upon transition to MFRS, the Group has elected to use its previously revalued factory buildings carrying amount as deemed cost. Accordingly, the revaluation reserve of RM5,279,000 ( 30 June 2011 : RM5,237,000 ; 31 December 2011 : RM5,196,000 ) was reclassified to retained earnings.



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The reconciliation of equity for the comparative periods and equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

**Reconciliation of equity as at 1 January 2011; 30 June 2011 and 31 December 2011.**

	<b>FRS as at 01.01.2011 RM'000</b>	<b>Reclassifications RM'000</b>	<b>MFRS as at 01.01.2011 RM'000</b>
<b>Equity</b>			
Revaluation reserve	5,279	(5,279)	-
Retained earnings	(7,558)	5,279	(2,279)

  

	<b>FRS as at 30.06.2011 RM'000</b>	<b>Reclassifications RM'000</b>	<b>MFRS as at 30.6.2011 RM'000</b>
<b>Equity</b>			
Revaluation reserve	5,237	(5,237)	-
Retained earnings	(7,329)	5,237	(2,092)

  

	<b>FRS as at 31.12.2011 RM'000</b>	<b>Reclassifications RM'000</b>	<b>MFRS as at 31.12.2011 RM'000</b>
<b>Equity</b>			
Revaluation reserve	5,196	(5,196)	-
Retained earnings	(7,679)	5,196	(2,483)

**A3. Qualification of Annual Financial Statements**

There has not been any qualification made by the auditors on the annual financial statements of the Group for the financial year ended 31 December 2011.

**A4. Seasonal or cyclical factors**

The Group's business operation results were not materially affected by any seasonal or cyclical factors during the current quarter under review and financial year to date.

**A5. Unusual items due to their nature, size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group during the current quarter under review and financial year to date.

**A6. Material changes in estimates**

There was no material changes in estimates of amounts reported in the previous financial years which have a material impact in the current quarter under review.

**A7. Issuances, cancellation, repurchase resale and repayment of debts and equity**

There was no issuances and repayment of debt and equity securities, share buy-back, share cancellations and resale of treasury shares in the current quarter under review and financial year to date.

**A8. Dividends paid**

There was no dividend paid during the current quarter under review and financial year to date.

**A9. Segment Information**

Segmental information in respect of the Group's business segments is as follows:-

	Automotive		Commercial		Consolidated	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	10,047	12,732	12,844	14,349	22,891	27,081
Segment results	435	1,338	614	(237)	1,049	1,101
Unallocated Revenue					4	2
Unallocated expenses					(1,123)	(916)
Profit / (Loss) before taxation					(70)	187

**A10. Valuation of property, plant & equipment**

The property, plant and equipment of the Group are stated at cost less accumulated depreciation and accumulated impairment losses except for buildings which are stated at valuation carried out in 1998 less accumulated depreciation and any accumulated impairment losses. There was no revaluation of property, plant and equipment for the current quarter and financial period ended 30 June 2012.

**A11. Subsequent material events**

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

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial period ended 30 June 2012.

**A13. Changes in contingent assets or contingent liabilities**

There were no material changes to the contingent assets or contingent liabilities disclosed since the last annual financial report for the year ended 31 December 2011 up to the date of issue of this quarterly report.

**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of performance**

**Group Performance**

Description	Current Quarter YTD Ended 30.06.2012 RM'000	Corresponding Quarter YTD Ended 30.06.2011 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	22,891	27,081	(4,190)	(15.5%)
(Loss)/Profit before tax	(70)	189	(259)	(137.0%)

The Group recorded a revenue of RM23.0 million for the current period as compared to RM27.1 million in the previous corresponding year period, representing a decrease of RM4.2 million or -15.5%. The decrease in revenue was mainly due to the significant decline in demand of automotive and commercial segment resulted from the Japan Tsunami and lower sales contribution from dealer and hospitality division respectively as compared to the performance in 2011.

The Group also reported loss before tax of RM70,000 in current period, a decrease of 137.0% against the profit before tax of RM189,000 in the previous corresponding year period was attributed by the significant decline in revenue in the current period under review.

**B2. Comparison with preceding quarter's result**

**Group Performance**

Description	Current Quarter RM'000	Immediate Preceding Quarter RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	12,701	10,190	2,511	24.6%
(Loss)/Profit before tax	390	(460)	850	184.8%

The Group's revenue has increased by 24.6% to RM12.7 million for the current quarter from RM10.2 million generated in the immediate preceding quarter. The Group registered a profit before tax of RM0.4 million in current quarters, representing an increase of RM0.8 million from loss before tax of RM0.5 million in the immediate preceding quarter.

The increase in revenue in the current quarter as compared to previous quarter was mainly contributed by the revenue growth in commercial segment which accounted for 82.2% on the total revenue growth, particularly from the hospitality and dealer division.

The improvement in profitability for the current quarter was mainly attributable to the better sales performance.

**B3. Prospects for financial year 2012**

The current quarter experienced a slight improvement in the overall sales performance, compared to the immediate preceding quarter. The better sales performance were attributed to the recovering of the automotive sector and the slight improved market confidence in the country. Provided that the overall economic sentiment continue to improve, the Group short term prospects would likely to remain moderate even though the company is relatively well positioned to benefit from the recently awarded projects from BMW, Volvo, Nissan and Suzuki. As for the commercial sector the company have secured several sizeable projects such as Le Meridian, Novotel, Pullman Hotel and 6-Season Hotel in Bangladesh and InterContinental Hotel in Saudi Arabia.

**B4. Explanatory notes on variances with profit forecasts or profit guarantee**

Not applicable as the Group does not make any profit forecast for current financial year in any public document.

**B5. Taxation**

There was no provision for taxation for the current quarter under review.

**B6. Corporate proposals**

There was no corporate proposal announced in the current quarter ended 30 June 2012.

**B7. Profit/(loss) before taxation**

Profit/(loss) before taxation is derived after charging/(crediting):

	Current Quarter YTD Ended 30 June 2012	Preceding Corresponding Quarter YTD Ended 30 June 2011
	RM'000	RM'000
Interest income	(2)	(2)
Interest expense	723	757
Depreciation of property, plant and equipment	1,302	1,295
Impairment of trade receivables	240	210
Realised loss/(gain) on foreign exchange	4	14
	<hr/>	<hr/>

**B8. Details of treasury shares**

The Company did not buy-back, cancel or resell any of its own shares during the quarter under review and financial year to date. As at end of the reporting quarter, the number of shares held as treasury shares are 5,301,700.

**B9. Group borrowings**

The total group borrowings as at 30 June were as follows:

	Current Quarter YTD Ended 30 June 2012 RM'000	Corresponding Quarter YTD Ended 30 June 2011 RM'000
Short Term Bank Borrowings		
Secured :		
Bills payable	3,573	2,417
Bank Overdrafts	9,926	8,425
2 Current portion of term loan	639	590
Sub-Total	14,138	11,432
Unsecured:		
Bills payable	-	1,566
Bank Overdrafts	2,672	3,935
Sub-Total	2,672	5,501
Total	16,810	16,933
Long Term Bank Borrowings		
Secured :		
Term Loan	3,149	3,802

**B10. Changes in material litigation**

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

On 17 May 2010, the Federal Court dismissed the Company's application for leave to appeal against the decision of the Court of Appeal which set aside the interlocutory mandatory order by the High Court on 16 November 2009 compelling the defendants to refund RM18,000,000 to the Company.

Following that, the Company made an application for summary judgement and the hearing was fixed on 9 December 2010.

On 14 March 2011, the Court heard the Company's application for summary judgment for the refund of RM18,000,000 together with liquidated damages, interest and costs. The application was dismissed as the learned Judicial Commissioner was of the opinion there were triable issues such as alleged misinterpretations prior to the contract, despite their contention that the Share Sale Agreement is a stand alone agreement and no extrinsic evidence was permissible.

The Company has instructed the solicitors to proceed with an appeal to the Court of Appeal and also to apply for the sum of RM18,000,000 to be paid into court by the Defendants.

The Record of Appeal has been lodged with the Court of Appeal on 12 August 2011.

The Company's appeal was fixed for hearing on 1 March 2012.

Counsel from both parties made lengthy submissions. However, the Court was minded to dismiss the Plaintiff's appeal and directed the matter be fixed for full trial. The Court has fixed this suit for a 6 day trial commencing on September 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup> & 20<sup>th</sup> and is to be heard together with Kuala Lumpur High Court Suit No.22NCC-2053-2010, between Kong See Kuan & 2 Ors and Liw Jun Wai & Ors.

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**B11. Dividends payable**

The Board does not recommend any dividend in the current quarter and financial year to date (previous year corresponding quarter financial year ended 30 June 2011: Nil).

**B12. Earning per share**

(i) Basic earnings per share

The basic earnings per share ("EPS") is derived by dividing the profit after tax attributable to owners of the Parent by weighted average number of 64,698,300 (previous year corresponding quarter ended 30 June 2011 : 64,698,300) ordinary shares of the Company in issue during the financial period under review, excluding treasury shares of 5,301,700 units held by the Company:-

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter	Preceding Year Quarter	Current Year To-Date	Preceding Year To-Date
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
<b>i) Earnings</b>				
Profit/(Loss) attributable to equity holders of the parent (RM'000)	390	(536)	(70)	187

**ii) Weighted average number of ordinary shares**

Weighted average number of shares in issue ('000)	64,699	64,699	64,699	64,699
Basic Earnings per share (sen)	0.60	(0.83)	(0.11)	0.29

(ii) Fully diluted earnings per share

The fully diluted earnings per share ("EPS") is derived by dividing the profit after tax attributable to owners of the Parent by weighted average number of 64,698,300 (previous year corresponding quarter ended 30 June 2011 : 64,698,300) ordinary shares of the Company in issue during the financial period under review, excluding treasury shares of 5,301,700 units held by the Company:-

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter	Preceding Year Quarter	Current Year To-Date	Preceding Year To-Date
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
<b>i) Earnings</b>				
Profit/(Loss) attributable to equity holders of the parent (RM'000)	390	(536)	(70)	187

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**ii) Weighted average number of ordinary shares**

Weighted average number of shares in issue ('000)	<u>64,699</u>	<u>64,699</u>	<u>64,699</u>	<u>64,699</u>
Fully Diluted Earnings per share (sen)	<u>0.60</u>	<u>(0.83)</u>	<u>(0.11)</u>	<u>0.29</u>

**B13. Disclosure of realised and unrealised profits**

	As at 30 June 2012 RM'000	As at 31 December 2011 RM'000
Total retained profits/(losses) of the Company and its subsidiaries		
- Realised	13,104	11,160
- Unrealised	(15,196)	(13,643)
Total Group retained profits as per consolidation accounts	<u>(2,092)</u>	<u>(2,483)</u>

**B14. Authorisation for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 30 August 2012.