

# PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)  
(Incorporated in Malaysia)

## Quarterly report on consolidated results for the 2nd quarter ended 30.06.2007

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2007 RM('000)	30/06/2006 RM('000)	30/06/2007 RM('000)	30/06/2006 RM('000)
Revenue	4,260	3,528	8,151	7,111
Operating expenses	(4,119)	(3,366)	(7,793)	(6,832)
Other operating income	23	41	38	77
Profit from operations	164	203	396	356
Finance cost	(16)	(27)	(34)	(58)
Profit before taxation	148	176	362	298
Taxation	-	-	-	-
Profit after taxation	148	176	362	298
Attributable to:				
Equity holders of the parent	148	176	362	298
Earnings Per Share (Sen)				
(a) Basic	0.20	0.23	0.48	0.40
(b) Fully diluted	0.19	0.23	0.47	0.39

**(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements)**

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(The figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/06/2007 RM('000)	AS AT PRECEDING FINANCIAL YEAR END 31/12/2006 RM('000)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	2,266	2,236
DEVELOPMENT EXPENDITURE	1,152	1,344
DEFERRED TAX ASSETS	215	215
<b>CURRENT ASSETS</b>		
<i>Inventories</i>	2,430	2,292
<i>Trade Receivables</i>	2,492	3,066
<i>Other Receivables, Deposits and Prepayments</i>	935	573
<i>Fixed Deposits</i>	1,024	1,024
<i>Cash and Bank Balances</i>	1,784	1,605
	8,665	8,560
<b>TOTAL ASSETS</b>	12,298	12,355
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
SHARE CAPITAL	7,550	7,550
RESERVES		
<i>Share Premium</i>	5,577	5,577
<i>Share Based Payment</i>	277	277
<i>Exchange Translation Reserve</i>	28	36
<i>Accumulated Loss</i>	(4,723)	(5,085)
<b>TOTAL EQUITY</b>	8,709	8,355
<b>NON-CURRENT LIABILITIES</b>		
LONG TERM BORROWINGS	634	674
<b>CURRENT LIABILITIES</b>		
<i>Short Term Borrowings</i>	88	97
<i>Trade Payables</i>	1,346	1,494
<i>Other Payables and Accrued Expenses</i>	1,457	1,678
<i>Tax Liabilities</i>	64	57
<b>TOTAL CURRENT LIABILITIES</b>	2,955	3,326
<b>TOTAL LIABILITIES</b>	3,589	4,000
<b>TOTAL EQUITY AND LIABILITIES</b>	12,298	12,355
Net assets per share attributable to ordinary equity holders of the parent (sen)	11.53	11.07

(The Condensed Consolidated Balance Sheets should be read in conjunction with  
the Annual Financial Report for the year ended 31 December 2006 and  
the accompanying explanatory notes attached to the interim financial statements)

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## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

	Share Capital	Non-Distributable Reserve-Share Premium	Reserve-Share Based Payment	Exchange Translation Reserve	Retained Profit/(Accumulated Loss)	Total
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)
<b>6 months period ended 30.6.2007</b>						
Balance as at 1 January 2007	7,550	5,577	277	36	(5,085)	8,355
Exchange translation differences	-	-	-	(8)	-	(8)
Net profit for the period (cumulative)	-	-	-	-	362	362
Balance as at 30 June 2007	<u>7,550</u>	<u>5,577</u>	<u>277</u>	<u>28</u>	<u>(4,723)</u>	<u>8,709</u>
<b>6 months period ended 30.6.2006</b>						
Balance as at 1 January 2006	7,507	5,577	-	4	(5,168)	7,920
Issue of share capital -ESOS	43	-	-	-	-	43
Exchange translation differences	-	-	-	1	-	1
Net profit for the period (cumulative)	-	-	-	-	298	298
Balance as at 30 June 2006	<u>7,550</u>	<u>5,577</u>	<u>-</u>	<u>5</u>	<u>(4,870)</u>	<u>8,262</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements)

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## Quarterly report on consolidated results for the 2nd quarter ended 30.06.2007

(The figures have not been audited)

	6 months ended 30/6/07	6 months ended 30/6/06
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	362	298
Adjustments for:		
Amortisation of intangible assets	149	149
Depreciation of property, plant and equipment	132	117
Interest income	(27)	(33)
Interest expense	34	58
Other non-cash items	-	192
Operating profit before working capital changes	<u>650</u>	<u>781</u>
Changes in working capital:		
Net change in current assets	90	(50)
Net change in current liabilities	(362)	(1,524)
Cash from/(used in) operations	<u>378</u>	<u>(793)</u>
Interest received	11	20
Interest paid	(34)	(58)
<b>Net cash from/(used in) operating activities</b>	<b><u>355</u></b>	<b><u>(831)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	93
Purchase of property, plant and equipment	(162)	(30)
<b>Net cash from/(used in) investing activities</b>	<b><u>(162)</u></b>	<b><u>63</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(49)	(160)
Proceeds from issuance of shares by ESOS	-	43
Upliftment of Fixed Deposit	-	1,000
<b>Net cash from/(used in) financing activities</b>	<b><u>(49)</u></b>	<b><u>883</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>144</b>	<b>115</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>35</b>	<b>1</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>1,605</b>	<b>910</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> (Note A15)	<b><u>1,784</u></b>	<b><u>1,026</u></b>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements)

# PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)

(Incorporated in Malaysia)

## Quarterly report on consolidated results for the 2nd quarter ended 30.06.2007

### A NOTES TO THE INTERIM FINANCIAL REPORT

#### A1 Basis of preparation

The interim financial report has been prepared in compliance with FRS 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new Financial Reporting Standards ("FRS") effective for financial period beginning 1st January 2007:

FRS 117 Leases  
FRS 124 Related Party Disclosure

The adoption of the mentioned above FRS does not have significant impact on the Group.

#### A2 Audit report of preceding annual financial statements

The preceding year's annual audited financial statements were not subject to any qualifications.

#### A3 Seasonal or cyclical factors

The Group's operations were not subject to any seasonal or cyclical changes.

#### A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

#### A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial year, which have a material effect in the financial quarter under review.

#### A6 Debt and equity securities

There were no issuance of debt and equity securities for the financial quarter under review.

#### A7 Dividends paid

There were no dividends paid for the financial quarter under review.

#### A8 Segment information

	CURRENT YEAR QUARTER  30/6/2007 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER  30/6/2006 RM('000)	CURRENT YEAR TO DATE  30/6/2007 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD  30/6/2006 RM('000)
<b><u>TURNOVER</u></b>				
<b>Business Segment</b>				
Biometrics	1,658	764	3,484	1,580
Electronics Publishing System and MIS	2,602	2,764	4,667	5,531
	<u>4,260</u>	<u>3,528</u>	<u>8,151</u>	<u>7,111</u>
<b><u>PROFIT AFTER TAXATION</u></b>				
Biometrics	231	(47)	489	67
Electronics Publishing System and MIS	(83)	380	(127)	388
	<u>148</u>	<u>333</u>	<u>362</u>	<u>455</u>
Loss on disposal	-	(157)	-	(157)
	<u>148</u>	<u>176</u>	<u>362</u>	<u>298</u>

#### A9 Valuation of property, plant and equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the financial quarter under review.

#### A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the financial quarter under review up to the date of this report which is likely to substantially affect the results of the operations of the Group.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group for the financial quarter under review.

**A12 Contingent liabilities**

There were no contingent liabilities as at the date of this announcement.

**A13 Capital commitments**

There were no capital commitments as at the date of this announcement.

**A14 Significant related party transactions**

	Current Quarter ended 30/6/2007 RM('000)	Current Year ended 30/6/2007 RM('000)
Purchase of Software from -- Beijing Founder Electronics Co. Ltd	112	155
Office Rental received from -- Foundermall Dot Com Sdn Bhd	3	6
Management fee received from -- Foundermall Dot Com Sdn Bhd	3	5
Office Rental paid to -- Founder HK Ltd	20	42
Management fee paid to -- Founder HK Ltd	9	17

The relationships of the above related parties with the Company are as described in the circular to shareholders dated 3 May 2006 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

**A15 Cash and cash equivalents**

	30/6/2007 RM('000)
Fixed deposits	1,024
Cash and bank balances	1,784
	<hr/> 2,808
Less: Fixed deposits pledged to licensed banks	<hr/> (1,024)
	<hr/> <u>1,784</u>

**B ADDITIONAL INFORMATION REQUIRED PURSUANT TO APPENDIX 9B OF THE MESDAQ MARKET LISTING REQUIREMENTS****B1 Review of performance**

For the current financial quarter under review ("Q2 2007"), the Group recorded a sales of RM4,259,695 and a profit after taxation of RM147,781 compared with preceding year's corresponding quarter's ("Q2 2006") sales of RM3,528,050 and a profit after taxation of RM175,969. Although higher Group's sales was attained, a lower profit after taxation was recorded. This was due to lower profitability for EPS and MIS segment in view that sales consists mainly of hardware which delivers lower profit margins.

**B2 Variation of results against preceding quarter**

For Q2 2007, the Group recorded a profit before taxation of RM147,781 as compared to profit before taxation of RM213,815 in the preceding quarter ("Q1 2007"). The lower profitability in Q2 2007 was due to lower profitability recorded by the EPS and MIS segment due to the lower profit margins arising from hardware sales.

**B3 Prospects**

Based on the performance to date compared to previous years' performance to date, the Board is hopeful that the performance of the Group for the year 2007 will continue to improve in second half of the year.

**B4 Profit forecast and profit guarantee**

The Group neither announced any profit forecast nor profit guarantee during the financial quarter under review.

**B5 Taxation**

There was no taxation provided during the financial quarter under review because of utilisation of brought forward unabsorbed loss.

**B6 Unquoted investments and properties**

There were no purchase or disposal of unquoted investments and properties for the financial quarter under review.

**B7 Quoted securities**

There were no acquisition or disposal of quoted securities for the financial quarter under review.

**B8 Status of corporate proposals**

There were no corporate proposals for the financial quarter under review.

**B9 Group's borrowings and debt securities**

	<b>30/6/2007</b>
	<b>RM('000)</b>
(a) Secured Short Term Borrowings:-	
Portion of Term Loan payable within 12 months	88
	<u>88</u>
(b) Secured Long Term Borrowings:-	
Portion of Term Loan payable after 12 months	634
	<u>634</u>
(c) All borrowings are denominated in Ringgit Malaysia.	

**B10 Off-balance sheet financial instruments**

There were no financial instruments with off-balance sheet risk as at the date of this announcement applicable to the Group.

**B11 Material litigation**

Save for the following, there were no material litigations pending on the date of this announcement:-

**Proposed disposal of Myage Software (M) Sdn Bhd (formerly known as Sendi Mutiara On-line Sdn Bhd)**

On 26 June 2006, the Group announced that it had entered an agreement to dispose its entire stake in its associated company Myage Software (M) Sdn Bhd (formerly known as Sendi Mutiara On-Line Sdn Bhd). A total number of 499,998 ordinary shares of RM1.00 each is disposed at a disposal consideration of RM342,500.00 which will be settled through nine (9) monthly instalments starting from July 2006 to March 2007. The Group recorded a loss on disposal of RM157,498 in divesting the said associate. The shares transfer was executed on 11 July 2006.

On 23 February 2007, the Group announced that on 16 February 2007, the solicitors of PUC ("Plaintiff") had filed a Writ of Summons against Wong Kok San ("Defendant") for RM287,500.00, including interest, legal charges and other relevant costs ("Amount Claimed"). The Amount Claimed was pursuant to the breach of contract arising from the sale of shares of Myage Software (M) Sdn Bhd in respect of the share sale agreement dated 26 June 2006 ("SSA") entered into between the Plaintiff and the Defendant. Further information on the SSA can be obtained from the announcement made by PUC on 26 June 2006.

On 25 June 2007, the Defendant filed a Defence. Accordingly, PUC filed a reply to Defence on 18 July 2007. The solicitors of PUC will proceed with the filing of an Application for Summary Judgment against the Defendant. The outlook is good as PUC's claim, which is based on the breach of a written contract on the part of the Defendant is clear and obvious.

**B12 Dividends**

There were no dividends paid for the financial quarter under review.

**B13 Earning per share**

## a. Basic

The basic earnings per share of the Group is calculated by dividing the net profit for the period by the weighted average number of ordinary shares as follows:-

	3-months ended 30 June		Cumulative 6-months ended 30 June	
	2007	2006	2007	2006
Net profit (RM)	147,781	175,969	361,596	297,924
Weighted average number of shares in issue	75,504,000	75,431,833	75,504,000	75,251,417
Basic earnings per share (sen)	0.20	0.23	0.48	0.40

## b. Diluted

The diluted earnings per share of the Group assuming full conversion of employees' share option scheme option are as follows:-

	3-months ended 30 June		Cumulative 6-months ended 30 June	
	2007	2006	2007	2006
Net profit (RM)	147,781	175,969	361,596	297,924
Weighted average number of shares in issue	76,461,214	77,055,490	76,461,214	76,894,784
Diluted earnings per share (sen)	0.19	0.23	0.47	0.39

By Order of the Board

Cindy Lim Seck Wah  
Secretary

Kuala Lumpur

Date: