

# PUC FOUNDER (MSC) BERHAD

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

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2007

## CONDENSED CONSOLIDATED INCOME STATEMENTS

(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
	30/09/2007 RM('000)	30/09/2006 RM('000)	30/09/2007 RM('000)	30/09/2006 RM('000)
Revenue	4,207	4,084	12,358	11,195
Operating expenses	(3,979)	(4,046)	(11,772)	(10,878)
Other operating income	11	37	49	114
Profit from operations	239	75	635	431
Finance cost	(16)	(26)	(50)	(84)
Profit before taxation	223	49	585	347
Taxation	-	-	-	-
Profit after taxation	<u>223</u>	<u>49</u>	<u>585</u>	<u>347</u>
Attributable to:				
Equity holders of the parent	223	49	585	347
Earnings Per Share (Sen)				
(a) Basic	0.30	0.07	0.77	0.46
(b) Fully diluted	0.29	0.06	0.76	0.45

**(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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## CONDENSED CONSOLIDATED BALANCE SHEETS

(The figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/09/2007 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	2,229	2,236
DEVELOPMENT EXPENDITURE	987	1,344
DEFERRED TAX ASSETS	215	215
<b>CURRENT ASSETS</b>		
<i>Inventories</i>	2,220	2,292
<i>Trade Receivables</i>	2,544	3,066
<i>Other Receivables, Deposits and Prepayments</i>	1,209	573
<i>Fixed Deposits</i>	1,024	1,024
<i>Cash and Bank Balances</i>	1,775	1,605
	<u>8,772</u>	<u>8,560</u>
<b>TOTAL ASSETS</b>	12,203	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>	(4,500)	(5,085)
<b>TOTAL EQUITY</b>	<u>8,932</u>	<u>8,355</u>
<b>NON-CURRENT LIABILITIES</b>		
LONG TERM BORROWINGS	613	674
<b>CURRENT LIABILITIES</b>		
<i>Short Term Borrowings</i>	88	97
<i>Trade Payables</i>	1,119	1,494
<i>Other Payables and Accrued Expenses</i>	1,382	1,678
<i>Tax Liabilities</i>	69	57
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,658</u>	<u>3,326</u>
<b>TOTAL LIABILITIES</b>	3,271	4,000
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>12,203</u>	<u>12,355</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>11.83</u>	<u>11.07</u>

(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>9 months period ended 30.09.2007</b>						
Balance as at 01.01.2007	7,550	5,577	277	36	(5,085)	8,355
Exchange translation differences	-	-	-	(8)	-	(8)
Net profit for the period (cumulative)	-	-	-	-	585	585
Balance as at 30.09.2007	<u>7,550</u>	<u>5,577</u>	<u>277</u>	<u>28</u>	<u>(4,500)</u>	<u>8,932</u>
<b>9 months period ended 30.09.2006</b>						
Balance as at 01.01.2006	7,507	5,577	-	4	(5,168)	7,920
Issue of share capital -ESOS	43	-	-	-	-	43
Exchange translation differences	-	-	-	(3)	-	(3)
Net profit for the period (cumulative)	-	-	-	-	347	347
Balance as at 30.09.2006	<u>7,550</u>	<u>5,577</u>	<u>-</u>	<u>1</u>	<u>(4,821)</u>	<u>8,307</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 3rd quarter ended 30.09.2007

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(The figures have not been audited)

	9 months ended 30/9/07	9 months ended 30/9/06
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	585	347
Adjustments for:		
Amortisation of intangible assets	223	223
Depreciation of property, plant and equipment	200	172
Interest income	(38)	(44)
Interest expense	50	84
Other non-cash items	334	192
Operating profit before working capital changes	1,354	974
Changes in working capital:		
Net change in current assets	(22)	859
Net change in current liabilities	(659)	(817)
Cash from/(used in) operations	673	1,016
Interest received	18	22
Interest paid	(50)	(84)
<b>Net cash from/(used in) operating activities</b>	<b>641</b>	<b>954</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	93
Purchase of property, plant and equipment	(193)	(45)
Additional investment in subsidiary	(200)	-
<b>Net cash (used in)/from investing activities</b>	<b>(393)</b>	<b>48</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(70)	(190)
Proceeds from issuance of shares by ESOS	-	43
Upliftment of Fixed Deposit	-	1,000
<b>Net cash (used in)/from financing activities</b>	<b>(70)</b>	<b>853</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>178</b>	<b>1,855</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>(8)</b>	<b>(3)</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>1,775</b>	<b>2,762</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

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## Quarterly report on consolidated results for the 3rd quarter ended 30.09.2007

### NOTES

#### 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  30/09/2007 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER  30/09/2006 RM('000)	CURRENT YEAR TO DATE  30/09/2007 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD  30/09/2006 RM('000)
<b><u>TURNOVER</u></b>				
<b>Business Segment</b>				
Biometrics	1,361	1,229	4,845	2,809
Electronics Publishing System and MIS	2,846	2,855	7,513	8,386
	<u>4,207</u>	<u>4,084</u>	<u>12,358</u>	<u>11,195</u>
<b><u>PROFIT AFTER TAXATION</u></b>				
Biometrics	(98)	107	391	174
Electronics Publishing System and MIS	321	(58)	194	330
	<u>223</u>	<u>49</u>	<u>585</u>	<u>504</u>
Loss on disposal	-	-	-	(157)
	<u>223</u>	<u>49</u>	<u>585</u>	<u>347</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**

On 13 Sep 2007, the Group increased its investment in one of its wholly-owned subsidiary named Fingertec Worldwide Sdn Bhd by investing RM199,998 for 1,999,980 number of shares of FingerTec Worldwide Sdn Bhd.

**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 30/09/2007 RM('000)	Current Year ended 30/09/2007 RM('000)
Purchase of Software from -- Beijing Founder Electronics Co. Ltd	133	288
Office Rental received from -- Foundermall Dot Com Sdn Bhd	3	9
Management fee received from -- Foundermall Dot Com Sdn Bhd	2	7
Office Rental paid to -- Founder HK Ltd	21	63
Management fee paid to -- Founder HK Ltd	8	25

**A15 Cash and cash equivalents**

	30/09/2007 RM('000)
Fixed deposits	1,024
Cash and bank balances	1,775
	<u>2,799</u>
Less: Fixed deposits pledged to licensed banks	<u>(1,024)</u>
	<u><u>1,775</u></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 ("Q3 2007"), the Group recorded sales of RM4,206,476 and a profit before taxation of RM223,041 compared with preceding year's corresponding quarter's ("Q3 2006") sales of RM4,084,318 and a profit before taxation of RM49,125. The improved profitability is contributed by EPS&MIS segment in Malaysia. As for the Biometrics segment, the loss is mainly due to the provision of RM279,849 made for obsolete stocks in Malaysia operations. For Hong Kong operations, EPS&MIS remains the core revenue contributor. The segment recorded lower sales and profitability in the said quarter due to lower project revenues compared with Q3 2006.

**B2 Variation of results against preceding quarter**

For Q3 2007, the Group recorded a profit before taxation of RM 223,041 as compared to profit before taxation of RM147,781 in the preceding quarter ("Q2 2007"). The higher profitability in Q3 2007 was due to higher profitability contributed by EPS&MIS segment in Malaysia and Hong Kong operations. For the Biometrics segment in Malaysia operations, a loss is incurred due to lower sales and provision for obsolete stock made in the said quarter.

**B3 Prospects**

Based on the performance to date and compared to past years' performance, the Board expects the year 2007 to be positive for the Group.

**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>30/09/2007</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	613
	<u>613</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. On 25 September 2007, the solicitors of PUC had filed an Application for Summary Judgement against the Defendant. The outlook is quite 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 Sep		Cumulative 9-months ended 30 Sep	
	2007	2006	2007	2006
Net profit (RM)	223,041	49,125	584,637	347,049
Weighted average number of shares in issue	75,504,000	75,504,000	75,504,000	75,203,912
Basic earnings per share (sen)	0.30	0.07	0.77	0.46

## 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 Sep		Cumulative 9-months ended 30 Sep	
	2007	2006	2007	2006
Net profit (RM)	223,041	49,125	584,637	347,049
Weighted average number of shares in issue	75,905,308	76,070,769	76,461,214	76,370,984
Diluted earnings per share (sen)	0.29	0.06	0.76	0.45

By Order of the Board

Cindy Lim Seck Wah  
Secretary

Kuala Lumpur

Date: 13.11.2007