

# PUC FOUNDER (MSC) BERHAD

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

Quarterly report on consolidated results for the 3rd quarter ended 30.09.2008

## 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
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	5,411	4,207	15,213	12,358
Operating expenses	(4,816)	(3,979)	(14,005)	(11,772)
Other operating income	4	11	21	49
Profit from operations	599	239	1,229	635
Finance cost	(3)	(16)	(6)	(50)
Profit before taxation	596	223	1,223	585
Taxation	(71)	-	(159)	-
Profit after taxation	<u>525</u>	<u>223</u>	<u>1,064</u>	<u>585</u>
Attributable to:				
Equity holders of the parent	525	223	1,064	585
Earnings Per Share (Sen)				
(a) Basic	0.70	0.30	1.41	0.77
(b) Fully diluted	0.70	0.29	1.41	0.76

**(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Report for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements)**

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## CONDENSED CONSOLIDATED BALANCE SHEETS

(The figures for 3rd quarter ended 30/9/2008 have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/9/2008 RM('000)	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/2007 RM('000)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	2,481	2,228
DEVELOPMENT EXPENDITURE	595	862
INTANGIBLE ASSETS	892	943
DEFERRED TAX ASSETS	231	374
<b>CURRENT ASSETS</b>		
<i>Inventories</i>	2,529	2,113
<i>Trade Receivables</i>	2,132	2,569
<i>Other Receivables, Deposits and Prepayments</i>	1,203	933
<i>Fixed Deposits</i>	-	504
<i>Cash and Bank Balances</i>	3,225	2,089
	9,089	8,208
<b>TOTAL ASSETS</b>	<b>13,288</b>	<b>12,615</b>
<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>	45	27
<i>Accumulated Loss</i>	(3,767)	(4,831)
<b>TOTAL EQUITY</b>	<b>9,682</b>	<b>8,600</b>
<b>NON-CURRENT LIABILITIES</b>		
DEFERRED TAX LIABILITIES	149	149
<b>CURRENT LIABILITIES</b>		
<i>Trade Payables</i>	2,025	1,494
<i>Other Payables and Accrued Expenses</i>	1,416	2,323
<i>Tax Liabilities</i>	16	49
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,457</b>	<b>3,866</b>
<b>TOTAL LIABILITIES</b>	<b>3,606</b>	<b>4,015</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,288</b>	<b>12,615</b>
Net assets per share attributable to ordinary equity holders of the parent (sen)	12.82	11.39

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Audited Financial Report for the year ended 31 December 2007 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	Non-Distributable Reserve-Share Based Payment	Exchange Translation Reserve	Accumulated Loss	Total
	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)	RM('000)
<b>9 months period ended 30.09.2008</b>						
Balance as at 1 January 2008	7,550	5,577	277	27	(4,831)	8,600
Exchange translation differences	-	-	-	18	-	18
Net profit for the period (cumulative)	-	-	-	-	1,064	1,064
Balance as at 30 September 2008	<u>7,550</u>	<u>5,577</u>	<u>277</u>	<u>45</u>	<u>(3,767)</u>	<u>9,682</u>
<b>9 months period ended 30.09.2007</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)	-	-	-	-	585	585
Balance as at 30 September 2007	<u>7,550</u>	<u>5,577</u>	<u>277</u>	<u>28</u>	<u>(4,500)</u>	<u>8,932</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Audited Financial Report for the year ended 31 December 2007 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 30.09.2008

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(The figures have not been audited)

	CUMULATIVE QUARTER	
	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM('000)	RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,223	585
Adjustments for:		
Amortisation of intangible assets	318	223
Depreciation of property, plant and equipment	224	200
Interest income	(3)	(38)
Interest expense	6	50
Other non-cash items	57	334
Operating profit before working capital changes	1,825	1,354
Changes in working capital:		
Net change in current assets	(199)	(22)
Net change in current liabilities	(425)	(659)
Cash from operations	1,201	673
Interest received	3	18
Interest paid	(6)	(50)
Tax paid	(50)	-
<b>Net cash from operating activities</b>	<b>1,148</b>	<b>641</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(597)	(193)
Proceed from disposal of motor vehicle	63	-
Additional investment in subsidiary	-	(200)
<b>Net cash used in investing activities</b>	<b>(534)</b>	<b>(393)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	-	(70)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(70)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>614</b>	<b>178</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>18</b>	<b>(8)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,593</b>	<b>1,605</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> (Note A15)	<b>3,225</b>	<b>1,775</b>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Report for the year ended 31 December 2007 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 30.09.2008

### NOTES

#### A NOTES TO THE INTERIM FINANCIAL REPORT

##### A1 Basis of preparation

The interim financial report has been prepared in compliance with the Financial Reporting Standards ("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 PUC Founder (MSC) Berhad ("PUC" or "Company") and its subsidiaries ("Group") for the year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 December 2007, except for the adoption of the following revised FRSs and new Interpretations effective for financial periods beginning on or after 1 January 2008:

FRS 107, Cash Flow Statements  
FRs 111, Construction Contracts  
FRS 112, Income Taxes  
FRS 118, Revenue  
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance  
FRS 129, Financial Reporting in Hyperinflationary Economies  
FRS 134, Interim Financial Reporting  
FRS 137, Provisions, Contingent Liabilities and Contingent Assets  
FRS 139, Financial Instruments: Recognition and Measurement  
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation  
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities  
IC Interpretation 2, Member's Shares in Co-operative Entities and Similar Instruments  
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds  
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment  
IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies  
IC Interpretation 8, Scope of FRS 2

FRS 111, FRS 120, FRS 129 and the Interpretations listed above are not applicable to the Group. FRS 139, Financial Instruments: Recognition and Measurement has been deferred and has not been adopted by the Group.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of 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 30/9/2008 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2007 RM('000)	CUMULATIVE QUARTER	
			CURRENT YEAR TO DATE 30/9/2008 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2007 RM('000)
			<b>TURNOVER</b>	
<b>Business Segment</b>				
Biometrics	2,884	1,361	7,926	4,845
Electronics Publishing System ("EPS") and Management Information System ("MIS")	2,527	2,846	7,287	7,513
	<u>5,411</u>	<u>4,207</u>	<u>15,213</u>	<u>12,358</u>

**A8 Segment information (cont'd)**

	CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/9/2008 RM('000)	30/9/2007 RM('000)	30/9/2008 RM('000)	30/9/2007 RM('000)
<b>PROFIT/(LOSS) AFTER TAXATION</b>				
Biometrics	569	(98)	1,184	391
Electronics Publishing System ("EPS") and Management Information System ("MIS")	595	321	519	194
	<u>1,164</u>	<u>223</u>	<u>1,703</u>	<u>585</u>
Less: Write Off of Obsolete Stock of EPS & MIS	(352)	-	(352)	-
Less: Amount receivable from Wong Kok San (EPS & MIS) (Item B11)	(287)	-	(287)	-
	<u>525</u>	<u>223</u>	<u>1,064</u>	<u>585</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 YEAR QUARTER	CUMULATIVE QUARTER CURRENT YEAR TO DATE
	30/9/2008 RM('000)	30/9/2008 RM('000)
Office Rental paid to		
-- Founder HK Ltd	20	60
Management fee paid to		
-- Founder HK Ltd	8	24

**A15 Cash and cash equivalents**

	30/9/2008 RM('000)
Cash and bank balances	<u>3,225</u>
	<u>3,225</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 2008"), the Group recorded revenue of RM5,411,092 (cumulative RM15.2 million) and profit before taxation ("PBT") of RM595,368 (cumulative RM1.2million) compared with preceding year's corresponding quarter's ("Q3 2007") revenue of RM4,206,476 (cumulative RM12.4 million) and PBT of RM223,04 (cumulative RM0.6million). The higher revenue and profit recorded for Q3 2008 was contributed mainly by higher revenue achieved by the Group's Biometric business. For the Group's EPS & MIS business, loss was incurred due to the write off of obsolete stock and provision for doubtful debt amounting to RM639,297.

**B2 Variation of results against preceding quarter**

For Q3 2008 the Group recorded PBT of RM595,368 compared to PBT of RM225,970 in the preceding quarter ("Q2 2008"). The higher profit recorded in Q3 2008 was contributed by the Group's Biometrics businesses. For the Group's EPS and MIS business, higher revenue was recorded but the division incurred losses due to the write off of obsolete stock and provision for doubtful debt amounting to RM639,297.

**B3 Prospects**

Based on the performance to date, the Board expects the year 2008 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**

	CURRENT YEAR QUARTER	CUMULATIVE QUARTER CURRENT YEAR TO DATE
	30/09/2008 RM('000)	30/09/2008 RM('000)
Deferred taxation	(55)	(143)
Provision for taxation	(16)	(16)
	<u>(71)</u>	<u>(159)</u>

The Group's effective tax rate is lower than the statutory tax rate for the current quarter under review mainly due to the utilisation of previously unutilised tax losses.

**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 and the financial year to date.

**B8 Status of corporate proposals**

There are no corporate proposals announced but not completed as at the date of this announcement.

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

There were no Group's borrowings and debt securities as at the date of this announcement.

**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 the Defence on 18 July 2007. On 25 September 2007, the solicitors of PUC had filed an Application for Summary Judgement against the Defendant and the Court has fixed the Hearing on 19 March 2008. On 4 April 2008 PUC's application for Summary Judgement against the Defendant has been allowed with cost. The defendant has not appealed against the Summary Judgement which is binding and enforceable against the Defendant. At the date of this announcement, PUC is awaiting extraction of the Draft Order and

**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 September		Cumulative 9-months ended 30 September	
	2008	2007	2008	2007
Net profit (RM)	525,212	223,041	1,064,249	584,637
Weighted average number of shares in issue	75,504,000	75,504,000	75,504,000	75,504,000
Basic earnings per share (sen)	0.70	0.30	1.41	0.77

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 September		Cumulative 9-months ended 30 September	
	2008	2007	2008	2007
Net profit (RM)	525,212	223,041	1,064,249	584,637
Weighted average number of shares in issue	75,504,000	75,905,308	75,504,000	76,461,214
Diluted earnings per share (sen)	0.70	0.29	1.41	0.76

By Order of the Board

Cindy Lim Seck Wah  
Secretary

Kuala Lumpur

Date: