

PUC FOUNDER (MSC) BERHAD

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

Quarterly report on consolidated results for the 4th quarter ended 31.12.2008

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
	31/12/2008 RM('000)	31/12/2007 RM('000)	31/12/2008 RM('000)	31/12/2007 RM('000)
Revenue	5,208	2,891	20,421	15,249
Operating expenses	(5,257)	(4,166)	(19,262)	(15,938)
Other operating income	6	972	27	1,021
(Loss)/profit from operations	(43)	(303)	1,186	332
Finance cost	(2)	(14)	(8)	(64)
(Loss)/profit before taxation	(45)	(317)	1,178	268
Taxation	(231)	(14)	(390)	(14)
(Loss)/profit after taxation	<u>(276)</u>	<u>(331)</u>	<u>788</u>	<u>254</u>
Attributable to:				
Equity holders of the parent	(276)	(331)	788	254
(Loss)/Earnings Per Share (Sen)				
(a) Basic	(0.37)	(0.44)	1.04	0.34
(b) Fully diluted	(0.37)	(0.44)	1.04	0.34

(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 have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 31/12/2008 RM('000)	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/2007 RM('000)
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	2,469	2,228
DEVELOPMENT EXPENDITURE	517	862
INTANGIBLE ASSETS	892	943
DEFERRED TAX ASSETS	146	374
CURRENT ASSETS		
<i>Inventories</i>	3,480	2,113
<i>Trade Receivables</i>	2,126	2,569
<i>Other Receivables, Deposits and Prepayments</i>	1,197	933
<i>Fixed Deposits</i>	400	504
<i>Cash and Bank Balances</i>	1,818	2,089
	9,021	8,208
TOTAL ASSETS	13,045	12,615
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
SHARE CAPITAL	7,603	7,550
RESERVES		
<i>Share Premium</i>	5,577	5,577
<i>Share Based Payment</i>	-	277
<i>Exchange Translation Reserve</i>	47	27
<i>Accumulated Loss</i>	(3,766)	(4,831)
TOTAL EQUITY	9,461	8,600
NON-CURRENT LIABILITIES		
DEFERRED TAX LIABILITIES	125	149
CURRENT LIABILITIES		
<i>Trade Payables</i>	1,691	1,494
<i>Other Payables and Accrued Expenses</i>	1,668	2,323
<i>Tax Liabilities</i>	100	49
TOTAL CURRENT LIABILITIES	3,459	3,866
TOTAL LIABILITIES	3,584	4,015
TOTAL EQUITY AND LIABILITIES	13,045	12,615
Net assets per share attributable to ordinary equity holders of the parent (sen)	12.44	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)
12 months period ended 31.12.2008						
Balance as at 1 January 2008	7,550	5,577	277	27	(4,831)	8,600
Issuance of Shares	53	-	-	-	-	53
Net profit for the period (cumulative)	-	-	-	-	788	788
Exchange translation differences	-	-	-	20	-	20
Termination of ESOS	-	-	(277)	-	277	-
Balance as at 31 December 2008	<u>7,603</u>	<u>5,577</u>	<u>-</u>	<u>47</u>	<u>(3,766)</u>	<u>9,461</u>
12 months period ended 31.12.2007						
Balance as at 1 January 2007	7,550	5,577	277	36	(5,085)	8,355
Exchange translation differences	-	-	-	(9)	-	(9)
Net profit for the period (cumulative)	-	-	-	-	254	254
Balance as at 31 December 2007	<u>7,550</u>	<u>5,577</u>	<u>277</u>	<u>27</u>	<u>(4,831)</u>	<u>8,600</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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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(The figures have not been audited)

	CURRENT YEAR TO DATE	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD
	RM('000)	RM('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,178	268
Adjustments for:		
Amortisation of intangible assets	462	476
Bad debts written off	289	67
Depreciation of property, plant and equipment	330	270
Loss on disposal of property, plant and equipment	57	-
Obsolete inventories written off	371	454
Interest income	(3)	(46)
Interest expense	8	64
Operating profit before working capital changes	2,692	1,553
Changes in working capital:		
Net change in current assets	(1,848)	(232)
Net change in current liabilities	(458)	645
Cash from operations	386	1,966
Interest received	3	46
Interest paid	(8)	(64)
Tax paid	(135)	-
Net cash from operating activities	246	1,948
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(66)	(993)
Purchase of property, plant and equipment	(691)	(265)
Proceed from disposal of property, plant and equipment	63	-
Net cash used in investing activities	(694)	(1,258)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase)/Decrease in fixed deposits pledged	(400)	1,024
Proceed from issuance of shares	53	-
Repayment of term loan	-	(762)
Repayment of bank borrowings	-	(9)
Net cash (used in)/from financing activities	(347)	253
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(795)	943
EFFECTS OF EXCHANGE RATE CHANGES	20	45
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,593	1,605
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note A15)	1,818	2,593

(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)

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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 31/12/2008 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2007 RM('000)	CUMULATIVE QUARTER	
			CURRENT YEAR TO DATE 31/12/2008 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2007 RM('000)
TURNOVER				
Business Segment				
Biometrics	2,621	1,549	10,547	6,394
Electronics Publishing System ("EPS") and Management Information System ("MIS")	2,587	1,342	9,874	8,855
	<u>5,208</u>	<u>2,891</u>	<u>20,421</u>	<u>15,249</u>

A8 Segment information (cont'd)

	CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2008 RM('000)	31/12/2007 RM('000)	31/12/2008 RM('000)	31/12/2007 RM('000)
<u>(LOSS)/PROFIT AFTER TAXATION</u>				
Biometrics	47	(133)	1,231	258
Electronics Publishing System ("EPS") and Management Information System ("MIS")	(323)	(198)	(443)	(4)
	<u>(276)</u>	<u>(331)</u>	<u>788</u>	<u>254</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
	31/12/2008 RM('000)	31/12/2008 RM('000)
Office Rental paid to		
-- Founder HK Ltd	20	80
Management fee paid to		
-- Founder HK Ltd	8	32

A15 Cash and cash equivalents

	31/12/2008 RM('000)
Fixed Deposit	400
Cash and bank balances	<u>1,818</u>
	2,218
Less: Fixed Deposit pledged to licensed bank	<u>(400)</u>
	<u>1,818</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 ("Q4 2008"), the Group recorded revenue of RM5.21 million (cumulative RM20.42 million) and loss before taxation ("LBT") of RM45,000 (cumulative profit before taxation ("PBT") of RM1.18 million) compared with preceding year's corresponding quarter's ("Q4 2007") revenue of RM2.89 million (cumulative RM15.25 million) and LBT of RM0.32 million (cumulative PBT of RM0.27 million). The improved performance (for both individual and cumulative) for Q4 2008 was contributed by higher revenue and profitability achieved by the Group's Biometric business. For the Group's EPS & MIS business, the segment incurred losses mainly due to low profit margin despite higher revenue generated from sales of certain low profit margin products. The loss of EPS & MIS division also contributed by the expenses incurred as the retrenchment benefits for employees of sub-subsidiary Founder GlobalTech (Shen Zhen) Ltd due to the economy slowdown.

B2 Variation of results against preceding quarter

For individual current Q4 2008 the Group recorded LBT of RM45,000 compared to PBT of RM0.60 million in the preceding quarter ("Q3 2008"). The loss incurred in Q4 2008 was due to low profitability of the Group's EPS & MIS segment whereby revenue was contributed mainly from sales of certain low profit margin products. In the same quarter, the division incurred expenses for retrenchment benefits for employees of sub-subsidiary Founder GlobalTech (Shen Zhen) Ltd. For the Group's Biometrics division, lower profitability recorded due to higher expenses incurred on expansion of the division, in addition to, higher marketing and administrative expenses.

B3 Prospects

Barring unforeseen circumstances, the Board expects the year 2009 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	CUMULATIVE QUARTER
	QUARTER	CURRENT YEAR TO
	31/12/2008	DATE
	RM('000)	31/12/2008
		RM('000)
Deferred taxation	61	204
Provision for taxation	170	186
	<u>231</u>	<u>390</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 Judgement. Execution proceedings may only be proceeded with upon extraction of the fair Order and Judgement.

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 31 December		Cumulative 12-months ended 31 December	
	2008	2007	2008	2007
Net profit (RM)	(276,743)	(330,219)	787,506	254,418
Weighted average number of shares in issue	75,760,793	75,504,000	75,568,549	75,504,000
Basic earnings per share (sen)	(0.37)	(0.44)	1.04	0.34

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 31 December		Cumulative 12-months ended 31 December	
	2008	2007	2008	2007
Net profit (RM)	(276,743)	(330,219)	787,506	254,418
Weighted average number of shares in issue	75,760,793	75,905,308	75,568,549	75,905,308
Diluted earnings per share (sen)	(0.37)	(0.44)	1.04	0.34

By Order of the Board

Cindy Lim Seck Wah
Secretary

Kuala Lumpur

Date: 27 February 2009