

# PUC FOUNDER (MSC) BERHAD

(Company No: 451734-A)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the 2nd quarter ended 30.06.2012

## 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
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM('000)	RM('000)	RM('000)	RM('000)
Revenue	4,813	3,861	9,106	7,651
Operating expenses	(4,488)	(3,418)	(8,233)	(6,727)
Profit from operations	325	443	873	924
Other operating income	35	25	47	64
Profit before taxation	360	468	920	988
Taxation	(90)	(117)	(231)	(247)
Profit for the period	<u>270</u>	<u>351</u>	<u>689</u>	<u>741</u>
Profit attributable to: Equity holders of the parent	<u>270</u>	<u>351</u>	<u>689</u>	<u>741</u>
Earnings Per Share (Sen)				
(a) Basic	0.28	0.38	0.72	0.79
(b) Fully diluted	NA	NA	NA	NA

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

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## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(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
	30/06/2012 RM('000)	30/06/2011 RM('000)	30/06/2012 RM('000)	30/06/2011 RM('000)
Profit for the period	270	351	689	741
Other Comprehensive Income Net of Tax	-	-	-	-
Total comprehensive income for the period	<u>270</u>	<u>351</u>	<u>689</u>	<u>741</u>
Total comprehensive income for the period attributable to: Equity holders of the parent	<u>270</u>	<u>351</u>	<u>689</u>	<u>741</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Annual Financial Report for the year ended 31 December 2011 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 30.06.2012

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(The figures have not been audited)

	AS AT END OF CURRENT YEAR QUARTER 30/06/12 RM('000)	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/11 RM('000)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
PROPERTY, PLANT AND EQUIPMENT	2,550	2,191
DEVELOPMENT EXPENDITURE	696	928
DEFERRED TAX ASSETS	84	84
<b>CURRENT ASSETS</b>		
<i>Inventories</i>	3,482	3,115
<i>Trade Receivables</i>	1,368	1,332
<i>Other Receivables, Deposits and Prepayments</i>	2,542	1,709
<i>Short Term Deposits</i>	1,603	2,620
<i>Cash and Bank Balances</i>	3,765	4,664
	<u>12,760</u>	<u>13,440</u>
<b>TOTAL ASSETS</b>	<u>16,090</u>	<u>16,643</u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
SHARE CAPITAL	9,504	9,504
RESERVES		
<i>Share Premium</i>	5,972	5,972
<i>Exchange Translation Reserve</i>	(2)	(2)
<i>Accumulated Loss</i>	(883)	(622)
<b>TOTAL EQUITY</b>	<u>14,591</u>	<u>14,852</u>
<b>NON-CURRENT LIABILITIES</b>		
DEFERRED TAX LIABILITIES	325	325
<b>CURRENT LIABILITIES</b>		
<i>Trade Payables</i>	237	305
<i>Other Payables and Accrued Expenses</i>	538	888
<i>Tax Liabilities</i>	399	273
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,174</u>	<u>1,466</u>
<b>TOTAL LIABILITIES</b>	<u>1,499</u>	<u>1,791</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>16,090</u>	<u>16,643</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>15.35</u>	<u>15.63</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Annual Financial Report for the year ended 31 December 2011 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 30.06.2012

## 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>6 months period ended 30.06.2012</b>						
Balance as at 1 January 2012	9,504	5,972	-	(2)	(622)	14,852
Dividend Paid					(950)	(950)
Total comprehensive income for the period	-	-	-	-	689	689
Balance as at 30 June 2012	<u>9,504</u>	<u>5,972</u>	<u>-</u>	<u>(2)</u>	<u>(883)</u>	<u>14,591</u>
<b>6 months period ended 30.06.2011</b>						
Balance as at 1 January 2011	8,321	5,726	246	-	(2,152)	12,141
Employees Share Option Scheme	1,183	246	(246)			1,183
Total comprehensive income for the period	-	-	-	-	741	741
Balance as at 30 June 2011	<u>9,504</u>	<u>5,972</u>	<u>-</u>	<u>-</u>	<u>(1,411)</u>	<u>14,065</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Annual Financial Report for the year ended 31 December 2011 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 30.06.2012

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(The figures have not been audited)

	6 MONTHS ENDED 30.06.2012 RM('000)	6 MONTHS ENDED 30.06.2011 RM('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	920	988
Adjustments for:		
Amortisation of intangible assets	232	232
Depreciation of property, plant and equipment	222	319
Allowance for obsolete inventories	232	-
Bad debts written off	35	-
Interest income	(22)	(10)
Operating profit before working capital changes	1,619	1,529
Changes in working capital:		
Net change in current assets	(1,518)	(294)
Net change in current liabilities	(402)	(301)
Cash from/(used in) operations	(301)	934
Interest received	22	10
Development cost incurred	-	(416)
Tax paid	(105)	(210)
<b>Net cash from/(used in) operating activities</b>	<b>(384)</b>	<b>318</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(582)	(232)
<b>Net cash used in investing activities</b>	<b>(582)</b>	<b>(232)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to equity holders	(950)	-
Proceed from ESOS	-	1,183
<b>Net cash from financing activities</b>	<b>(950)</b>	<b>1,183</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,916)</b>	<b>1,269</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>7,284</b>	<b>4,575</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> (Note A16)	<b>5,368</b>	<b>5,844</b>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Annual Financial Report for the year ended 31 December 2011 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 2nd quarter ended 30.06.2012

### NOTES

#### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 June 2012

##### A. EXPLANATORY NOTES

###### A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS")134 - Interim Financial Reporting and Chapter 9, Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Securities Exchange") for the ACE Market, and should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2011. The accounting policies and methods of computation adopted by the Group in the interim unaudited financial statements are consistent with those adopted for the financial year ended 31 December 2011.

###### A2 Changes in Accounting Policy

Since the previous audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standard ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board ("IASB"). The following are the newly-issued accounting framework - MFRS and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the financial period beginning on 1 January 2012:

- MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- MFRS 2: Share-based Payment
- MFRS 3: Business Combinations
- MFRS 5: Non-current Assets Held for Sale and Discontinued Operations
- MFRS 7: Financial Instruments: Disclosures
- MFRS 8: Operating Segments
- MFRS 101: Presentation of Financial Statements
- MFRS 107: Statement of Cash Flows
- MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- MFRS 110: Events after the Reporting Period
- MFRS 112: Income Taxes
- MFRS 116: Property, Plant and Equipment
- MFRS 118: Revenue
- MFRS 119: Employee Benefits
- MFRS 121: The Effects of Changes in Foreign Exchange Rates
- MFRS 124: Related Party Disclosures
- MFRS 127: Consolidated and Separate Financial Statements
- MFRS 128: Investment in Associates
- MFRS 132: Financial Instruments: Presentation
- MFRS 133: Earnings Per Share
- MFRS 134: Interim Financial Reporting
- MFRS 136: Impairment of Assets
- MFRS 137: Provisions, Contingent Liabilities and Contingent Assets
- MFRS 138: Intangible Assets
- MFRS 139: Financial Instruments: Recognition and Measurement

Improvements to MFRSs

The adoption of the above will have no material impact on the financial statements of the Group.

###### A3 Audit report of preceding annual financial statements

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

###### A4 Seasonal or cyclical factors

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

###### A5 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.

###### A6 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.

###### A7 Debt and equity securities

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

###### A8 Dividends paid

During the current quarter ended 30 June 2012, a final single tier dividend of 10% in respect of the financial year ended 31 December 2011, amounting to RM950,362.50 was paid on 15 June 2012.

**A9 Segment information**

	CURRENT YEAR QUARTER 30/06/12 RM('000)	PRECEDING YEAR CORRESPONDING QUARTER 30/06/11 RM('000)	CURRENT YEAR TO DATE 30/06/12 RM('000)	PRECEDING YEAR CORRESPONDING PERIOD 30/06/11 RM('000)
<b><u>TURNOVER</u></b>				
<b>Business Segment</b>				
Biometrics	4,813	3,861	9,106	7,651
<b><u>PROFIT AFTER TAXATION</u></b>				
Biometrics	270	351	689	741

**A10 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.

**A11 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.

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

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

**A13 Contingent liabilities**

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

**A14 Capital commitments**

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

**A15 Significant related party transactions**

There were no related party transactions as at the date of this announcement.

**A16 Cash and cash equivalents**

	30/06/12 RM('000)
Fixed Deposit	1,603
Cash and bank balances	3,765
	<u>5,368</u>

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

For the current financial quarter under review ("Q2 2012"), the Group recorded total revenue of RM4,812,853 and profit before taxation ("PBT") of RM359,998 as compared to revenue of RM3,860,662 and PBT of RM 468,314 reported in preceding corresponding quarter. The efforts in developing new technology and branding of biometric products continue to improve this quarter's revenue figures. The decrease of PBT was mainly due to obsolete stock valued at RM232k.

**B2 Variation of results against preceding quarter**

For Q2 2012, the Group reported total revenue of RM4,812,853 and PBT of RM359,998 as compared to revenue and PBT of RM4,293,343 and RM559,718 respectively in the preceding quarter (Q1 2012). The decrease of approx. RM199,720 in PBT was mainly due to obsolete stock valued at RM232k.

**B3 Prospects**

For the year 2012, the Group expects Biometric industry to be more challenging due to the volatility of the global economy. Nevertheless, the Group will continue to develop its technology and branding to improve customer satisfactions and remain competitive in the market.

**B4 Taxation**

	CURRENT YEAR QUARTER 30/06/12 RM('000)	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30/06/12 RM('000)
Company	5	4
Subsidiary	85	227
	<u>90</u>	<u>231</u>

The effective tax rate of the Group for the current quarter approximate its statutory tax rate of 25%.

**B5 Profit forecast and profit guarantee**

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

**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**

On 16 November 2010, the Company had entered into a conditional Share Sale Agreement ("SSA") with Redhot Media International Limited ("RMIL") for the acquisition of the entire equity interest in Red Media Asia Limited ("RMA") comprising a total of 8,269,818 ordinary shares of USD1.00 each for a total consideration of RM95.0 million to be satisfied via the issuance of 950,000,000 new ordinary shares at RM0.10 each in PUC ("shares").

On 11 November 2011, the Company announced to extend the Conditional Period for a further six (6) months from 14 November 2011 until 15 May 2012 follow by the earlier announcement dated 13 May 2011 which postponed the Conditional Period from 14 May to 14 November 2011. Both parties have also agreed that in the event if the conditions precedent did not fulfilled by 15 May 2012, the conditional period will be extended automatically for another six (6) months till 14 November 2012.

The announcement also included the extension of the application to the relevant authorities seeking approval for the Proposals for a further six (6) months till 11 May 2012. Consequently, the estimated timeframe for completion of the Proposals would then be further postponed to the first half of 2012.

On 24 February 2012, the Company entered into the First Supplemental SSA with RMIL in relation to the Proposed Acquisition to vary and amend some of the terms of the SSA.

On 9 April 2012, the Company submitted the application to Bursa Securities (Bursa) and Equity Compliance Unit (ECU) of Securities Commission (SC) seeking approval and notification for the Proposal. Bursa had on 7 May 2012 raised queries on the proposal. Currently the responds to Bursa's queries is under review by the Reporting Accountant.

SC via its letter dated 18 May 2012 take note of the notification submitted. The Independent Advise Letter (IAL) for Non-Interested shareholders in regards of the "Proposed Exemption" has been submitted to SC on 27 June 2012 seeking approval to be included as part of the circular.

On 17 August 2012, the Company announced that the expected timeframe for completion of the Proposals has been revised from the first half of 2012 to first quarter of 2013.

**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 23 February 2007 PUC had filed a Writ of Summons against Wong Kok San ("Defendant") for RM287,500.00, including interest, legal charges and other relevant costs 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 ("SSA") dated 26 June 2006 entered into between PUC and the Defendant.

PUC won the case in April 2008. However the Defendant did not respond to the judgment order, thus Bankruptcy Notice has been filed against the Defendant in February 2010 and approved in January 2012.

Resulted from the Hearing of Creditor Petition on 9 July 2012, an Adjudicating Order and Receiving Order has been pronounced and the Defendant is officially declared a bankrupt. As at the date of this announcement, the extraction is still pending from Court.

**B12 Dividend Declared**

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

**B13 Earnings 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	
	2012	2011	2012	2011
Net profit (RM)	269,998	351,235	688,911	741,308
Weighted average number of shares in issue	95,036,250	93,597,239	95,036,250	93,597,239
Basic earnings per share (sen)	0.28	0.38	0.72	0.79

**b. Diluted**

The fully diluted earnings per share have not been presented as there is no diluted effect for the shares of the Group.



B14 Breakdown of Realised and Unrealised Profit or Losses of the Group

	<b>AT END OF CURRENT QUARTER 30/06/12 RM('000)</b>	<b>AT END OF PRECEDING QUARTER 31/03/12 RM('000)</b>
Total accumulated loss of the Company and its subsidiaries		
- Realised	(642)	40
- Unrealised	<u>(241)</u>	<u>(241)</u>
	(883)	(201)
Add/(Less): Consolidation adjustments	<u>(2)</u>	<u>(2)</u>
Total accumulated loss	<u><u>(885)</u></u>	<u><u>(203)</u></u>

By Order of the Board

Cindy Lim Seck Wah  
Secretary

Kuala Lumpur