

MTOUCHE TECHNOLOGY BERHAD
Company no. 656395-X
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2006**

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUNE 2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2005 RM'000	CURRENT YEAR TO-DATE 30 JUNE 2006 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2005 RM'000
Revenue	12,169	7,982	24,131	14,858
Cost of sales	(4,084)	(4,283)	(9,701)	(9,153)
Gross Profit	<u>8,085</u>	<u>3,699</u>	<u>14,430</u>	<u>5,705</u>
Administrative expenses	(2,258)	(735)	(3,859)	(1,375)
Other expenses	(1,246)	(540)	(1,534)	(1,021)
EBITDA*	<u>4,581</u>	<u>2,424</u>	<u>9,037</u>	<u>3,309</u>
Other income	3	1	42	2
Finance costs	(5)	(5)	(10)	(8)
Depreciation and amortisation	(172)	(66)	(325)	(111)
Share of results of jointly controlled entity	634	-	1,156	-
Share of results of associate	123	-	123	-
Profit before taxation	<u>5,164</u>	<u>2,354</u>	<u>10,023</u>	<u>3,192</u>
Taxation	(375)	(98)	(834)	(161)
Profit for the period	<u>4,789</u>	<u>2,256</u>	<u>9,189</u>	<u>3,031</u>
Attributable to:				
Equity holders of the parent	4,053	2,256	7,573	3,031
Minority interest	736	**	1,616	**
	<u>4,789</u>	<u>2,256</u>	<u>9,189</u>	<u>3,031</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	<u>4.9</u>	<u>4</u>	<u>9.2</u>	<u>5</u>
- Diluted (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

* - EBITDA denotes "Earnings Before Interest, Tax, Depreciation and Amortisation"

** - Denotes RM231

The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 14.

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	AT 30 JUNE 2006 RM'000	AT 31 DECEMBER 2005 (AUDITED) RM'000
Non-current assets		
Property, plant and equipment	2,184	2,113
Investment in jointly controlled entity	3,319	2,163
Investment in associate	4,684	-
Goodwill on consolidation	11,910	387
Deferred tax assets	579	564
Current assets		
Trade and other receivables	27,226	25,645
Cash and bank balances	8,688	12,988
	<u>35,914</u>	<u>38,633</u>
Current liabilities		
Trade and other payables	9,152	5,375
Hire purchase payables	99	195
Tax payable	1,027	-
	<u>10,278</u>	<u>5,570</u>
Net current assets	<u>25,636</u>	<u>33,063</u>
	<u>48,312</u>	<u>38,290</u>
Financed by:		
Capital and reserves		
Equity attributable to equity holders of the parent		
Share capital	8,250	8,250
Share premium	17,056	17,056
Reserve on consolidation	-	722
Foreign exchange reserve	528	47
Retained profits	20,182	11,887
	<u>46,016</u>	<u>37,962</u>
Minority Interest	1,968	-
Total equity	<u>47,984</u>	<u>37,962</u>
Non-current liability		
Hire purchase payables	328	328
	<u>48,312</u>	<u>38,290</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>56</u>	<u>46</u>

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 14.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Non- Distributable Reserve On Consolidation RM'000	Non- Distributable Foreign Exchange Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 January 2006	8,250	17,056	722	47	11,887	37,962	-	37,962
Effect of adopting FRS3	-	-	(722)	-	722	-	-	-
Arising from translation of foreign currency	-	-	-	481	-	481	-	481
Net income/(expense) recognised directly in equity	8,250	17,056	-	528	12,609	38,443	-	38,443
Profit for the period	-	-	-	-	7,573	7,573	1,616	9,189
Total recognised income and expense for the period	8,250	17,056	-	528	20,182	46,016	1,616	47,632
Acquisition of subsidiary	-	-	-	-	-	-	352	352
At 30 June 2006	<u>8,250</u>	<u>17,056</u>	<u>-</u>	<u>528</u>	<u>20,182</u>	<u>46,016</u>	<u>1,968</u>	<u>47,984</u>
At 1 January 2005	3,733	*	722	62	1,580	6,097	-	6,097
Bonus issue	2,267	-	-	-	(2,267)	-	-	-
Arising from translation of foreign currency	-	-	-	(127)	-	(127)	-	(127)
Net income/(expense) recognised directly in equity	6,000	*	722	(65)	(687)	5,970	-	5,970
Profit for the period	-	-	-	-	3,030	3,030	-	3,030
At 30 June 2005	<u>6,000</u>	<u>*</u>	<u>722</u>	<u>(65)</u>	<u>2,343</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>

* - denotes RM 58

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 14.

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

	SIX MONTHS ENDED 30 JUNE 2006 RM'000	SIX MONTHS ENDED 30 JUNE 2005 RM'000
Cash flows from operating activities		
Profit before taxation	10,023	2,354
Adjustments for non-cash item:		
Non-cash items	789	(24)
Non-operating items	52	4
Share of results of jointly controlled entity	(1,156)	-
Share of results of associate	(123)	-
Profit before working capital changes	9,585	2,334
Changes in working capital:		
Net change in current assets	4,805	(2,873)
Net change in current liabilities	(2,085)	637
Cash generated from operations	12,305	98
Tax paid	(248)	1
Interest paid	(10)	(4)
Net cash generated from operating activities	12,047	95
Cash flows from investing activities		
Acquisition of subsidiary	(11,446)	-
Investment in associate	(4,561)	-
Acquisition of property, plant and equipment	(192)	(133)
Proceed from disposal of property, plant and equipment	(10)	-
Interest received	(42)	1
Net cash used in investing activities	(16,251)	(132)
Cash flows from financing activity		
Repayment of hire purchase	(96)	(23)
Net cash used in financing activity	(96)	(23)
Net decrease in cash and cash equivalents	(4,300)	(60)
Cash and cash equivalents at 1 January	12,988	678
Cash and cash equivalents at end of period (i)	8,688	618

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

Cash and bank balances	8,688	618
	8,688	618

The unaudited condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 14.