

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
 AND NINE MONTHS ENDED 30 SEPTEMBER 2006**

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEPTEMBER 2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPTEMBER 2005 RM'000	CURRENT YEAR TO-DATE 30 SEPTEMBER 2006 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2005 RM'000
Revenue	13,559	7,033	37,690	21,891
Cost of sales	(5,941)	(2,502)	(15,642)	(11,655)
Gross Profit	<u>7,618</u>	<u>4,531</u>	<u>22,048</u>	<u>10,236</u>
Administrative expenses	(2,542)	(924)	(6,401)	(2,299)
Other expenses	(1,517)	(545)	(3,051)	(1,565)
EBITDA*	<u>3,559</u>	<u>3,062</u>	<u>12,596</u>	<u>6,372</u>
Other income	5	38	47	39
Finance costs	(5)	(22)	(15)	(30)
Depreciation and amortisation	(213)	(83)	(538)	(193)
Gain on dilution in share of net assets of jointly controlled entity	5,244	-	5,244	-
Share of results of jointly controlled entities	344	-	1,500	-
Share of results of associates	391	-	515	-
Profit before taxation	<u>9,325</u>	<u>2,995</u>	<u>19,349</u>	<u>6,188</u>
Taxation	(1)	118	(836)	(44)
Profit for the period	<u>9,324</u>	<u>3,113</u>	<u>18,513</u>	<u>6,144</u>
Attributable to:				
Equity holders of the parent	9,321	3,113	16,894	6,144
Minority interest	3	-	1,619	-
	<u>9,324</u>	<u>3,113</u>	<u>18,513</u>	<u>6,144</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	<u>10.8</u>	<u>4.1</u>	<u>20.0</u>	<u>8.2</u>
- Diluted (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

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

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 15.

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2006**

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	AT 30 SEPTEMBER 2006 RM'000	AT 31 DECEMBER 2005 (AUDITED) RM'000
Non-current assets		
Property, plant and equipment	3,142	2,113
Investment in jointly controlled entity	41	2,163
Investment in associates	25,191	-
Goodwill on consolidation	11,910	387
Deferred tax assets	584	564
Current assets		
Trade and other receivables	27,762	25,645
Cash and bank balances	21,811	12,988
	<u>49,573</u>	<u>38,633</u>
Current liabilities		
Trade and other payables	10,565	5,375
Hire purchase payables	50	195
Tax payable	877	-
	<u>11,492</u>	<u>5,570</u>
Net current assets	<u>38,081</u>	<u>33,063</u>
	<u>78,949</u>	<u>38,290</u>
Financed by:		
Capital and reserves		
Equity attributable to equity holders of the parent		
Share capital	9,075	8,250
Share premium	37,642	17,056
Reserve on consolidation	-	722
Foreign exchange reserve	430	47
Retained profits	29,503	11,887
	<u>76,650</u>	<u>37,962</u>
Minority Interest	1,971	-
Total equity	<u>78,621</u>	<u>37,962</u>
Non-current liability		
Hire purchase payables	328	328
	<u>78,949</u>	<u>38,290</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>84</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 15.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2006

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	-	-	-	383	-	383	-	383
Net income recognised directly in equity	8,250	17,056	-	430	12,609	38,345	-	38,345
Profit for the period	-	-	-	-	16,894	16,894	1,619	18,513
Total recognised income and expense for the period	8,250	17,056	-	430	29,503	55,239	1,619	56,858
Issuance of ordinary share private placement	825	20,586	-	-	-	21,411	-	21,411
Acquisition of subsidiary	-	-	-	-	-	-	352	352
At 30 September 2006	<u>9,075</u>	<u>37,642</u>	<u>-</u>	<u>430</u>	<u>29,503</u>	<u>76,650</u>	<u>1,971</u>	<u>78,621</u>
At 1 January 2005	3,733	*	722	62	1,580	6,097	-	6,097
Bonus issue	2,267	-	-	-	(2,267)	-	-	-
Issuance of ordinary shares	1,500	7,500	-	-	-	9,000	-	9,000
Listing expenses	-	(1,741)	-	-	-	(1,741)	-	(1,741)
Arising from translation of foreign currency	-	-	-	(289)	-	(289)	-	(289)
Net income/(expense) recognised directly in equity	7,500	5,759	722	(227)	(687)	13,067	-	13,067
Profit for the period	-	-	-	-	6,144	6,144	-	6,144
At 30 September 2005	<u>7,500</u>	<u>5,759</u>	<u>722</u>	<u>(227)</u>	<u>5,457</u>	<u>19,211</u>	<u>-</u>	<u>19,211</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 15.

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2006**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

	NINE MONTHS ENDED 30 SEPTEMBER 2006 RM'000	NINE MONTHS ENDED 30 SEPTEMBER 2005 RM'000
Cash flows from operating activities		
Profit before taxation	19,349	6,188
Adjustments for non-cash item:		
Non-cash items	910	(55)
Non-operating items	62	30
Gain on dilution in share of net assets of associate	(5,244)	-
Share of results of jointly controlled entities	(1,500)	-
Share of results of associates	(515)	-
Profit before working capital changes	13,062	6,163
Changes in working capital:		
Net change in current assets	4,281	(5,349)
Net change in current liabilities	(672)	940
Cash generated from operations	16,671	1,754
Tax paid	(416)	(42)
Interest paid	(15)	-
Net cash generated from operating activities	16,240	1,712
Cash flows from investing activities		
Acquisition of subsidiary	(11,446)	-
Investment in associates	(15,809)	-
Acquisition of property, plant and equipment	(1,365)	(696)
Proceed from disposal of property, plant and equipment	(16)	**
Interest received	(47)	(24)
Proceed from issuance of ordinary shares	22,688	9,000
Listing expenses	(1,277)	(1,741)
Net cash (used in)/generated from investing activities	(7,272)	6,539
Cash flows from financing activity		
Repayment of hire purchase	(145)	(63)
Net cash used in financing activity	(145)	(63)
Net increase in cash and cash equivalents	8,823	8,188
Cash and cash equivalents at 1 January	12,988	462
Cash and cash equivalents at end of period (i)	21,811	8,650

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	21,811	8,650
	21,811	8,650

** Denotes RM200

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 15.