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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DECEMBER 2006	PRECEDING YEAR CORRESPONDING QUARTER 31 DECEMBER 2005	CURRENT YEAR TO-DATE 31 DECEMBER 2006	PRECEDING YEAR CORRESPONDING PERIOD 31 DECEMBER 2005 (AUDITED)
	RM'000	RM'000	RM'000	RM'000
Revenue	15,640	14,646	53,330	36,538
Cost of sales	(6,426)	(8,617)	(22,068)	(20,272)
Gross Profit	9,214	6,029	31,262	16,266
Administrative expenses	(2,688)	(1,357)	(9,089)	(4,329)
Other expenses	(1,588)	(702)	(4,638)	(1,660)
EBITDA*	4,938	3,970	17,535	10,277
Other income	205	26	251	65
Finance costs	(13)	(4)	(28)	(10)
Depreciation and amortisation	(765)	(141)	(1,303)	(334)
Gain on deemed disposal of interests in a jointly controlled entities	(293)	-	4,950	-
Share of results of jointly controlled entities	98	2,163	1,599	2,163
Share of results of associates	1,259	-	1,774	-
Profit before taxation	5,429	6,014	24,778	12,161
Taxation	540	457	(296)	413
Profit for the period/year	5,969	6,471	24,482	12,574
Attributable to:				
Equity holders of the parent	3,734	6,471	20,628	12,574
Minority interests	2,235	-	3,854	-
	5,969	6,471	24,482	12,574
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	4.1	8.5	24.1	18.8
- Diluted (sen)	NA	NA	NA	NA

* - 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 13.

MTOUCHE TECHNOLOGY BERHAD
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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	AT 31 DECEMBER 2006 RM'000	AT 31 DECEMBER 2005 (AUDITED) RM'000
Non-current assets		
Property, plant and equipment	3,901	2,113
Intangible asset	11,046	-
Investment in jointly controlled entity	-	2,163
Investment in associates	24,841	-
Long term investment	3,202	-
Goodwill on consolidation	2,924	387
Deferred tax assets	600	564
Current assets		
Trade and other receivables	37,135	25,645
Cash and bank balances	12,707	12,988
	49,842	38,633
Current liabilities		
Trade and other payables	12,899	5,375
Hire purchase payables	104	195
Tax payable	179	-
	13,182	5,570
Net current assets	36,660	33,063
	83,174	38,290
Financed by:		
Capital and reserves		
Equity attributable to equity holders of the parent		
Share capital	9,075	8,250
Share premium	37,631	17,056
Reserve on consolidation	-	722
Other reserves	(1,316)	47
Retained profits	33,237	11,887
	78,627	37,962
Minority Interests	4,315	-
Total equity	82,942	37,962
Non-current liability		
Hire purchase payables	232	328
	83,174	38,290
Net assets per share attributable to ordinary equity holders of the parent (sen)	87	46

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 13.

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND TWELVE MONTHS ENDED 31 DECEMBER 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 Other Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interests 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	-	-	-	95	-	95	-	95
Net income recognised directly in equity	8,250	17,056	-	142	12,609	38,057	-	38,057
Profit for the year	-	-	-	-	20,628	20,628	3,854	24,482
Total recognised income and expense for the year	8,250	17,056	-	142	33,237	58,685	3,854	62,539
Issuance of ordinary share private placement	825	20,575	-	-	-	21,400	-	21,400
Acquisition of subsidiary	-	-	-	-	-	-	461	461
Gain on deemed disposal of interests in a jointly controlled entities	-	-	-	54	-	54	-	54
Share of associated company's post acquisition reserve				(1,512)		(1,512)	-	(1,512)
At 31 December 2006	9,075	37,631	-	(1,316)	33,237	78,627	4,315	82,942
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	-	(1,740)	-	-	-	(1,740)	-	(1,740)
Arising from translation of foreign currency	-	-	-	(15)	-	(15)	-	(15)
Net income/(expense) recognised directly in equity	7,500	5,760	722	47	(687)	13,342	-	13,342
Profit for the year	-	-	-	-	12,574	12,574	-	12,574
Total recognised income and expense for the year	7,500	5,760	722	47	11,887	25,916	-	25,916
Issuance of ordinary share private placement	750	11,296	-	-	-	12,046	-	12,046
At 31 December 2005	8,250	17,056	722	47	11,887	37,962	-	37,962

* - 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 13.

MTOUCHE TECHNOLOGY BERHAD
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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

	TWELVE MONTHS ENDED 31 DECEMBER 2006 RM'000	TWELVE MONTHS ENDED 31 DECEMBER 2005 (AUDITED) RM'000
Cash flows from operating activities		
Profit before taxation	24,778	12,161
Adjustments for non-cash item:		
Non-cash items	1,432	333
Non-operating items	(28)	(37)
Loss on disposal of property, plant and equipment	-	14
Gain on dilution in share of net assets of associate	(4,950)	-
Share of results of jointly controlled entities	(1,599)	(2,163)
Share of results of associates	(1,774)	-
Profit before working capital changes	17,859	10,308
Changes in working capital:		
Net change in current assets	(4,208)	(18,129)
Net change in current liabilities	(4,933)	3,319
Cash generated from/(used in) operations	8,718	(4,502)
Tax paid	(343)	(80)
Interest paid	(28)	(10)
Net cash generated from/(used in) operating activities	8,347	(4,592)
Cash flows from investing activities		
Acquisition of subsidiary	(10,168)	(583)
Investment in jointly controlled entitiy	(23)	(1)
Investment in associates	(15,789)	-
Long term investment	(3,202)	-
Acquisition of property, plant and equipment	(734)	(1,548)
Proceed from disposal of property, plant and equipment	19	-
Interest received	56	44
Net cash used in investing activities	(29,841)	(2,088)
Cash flows from financing activities		
Proceed from issuance of ordinary shares	22,688	21,750
Listing expenses	(1,288)	(2,443)
Repayment of hire purchase	(187)	(101)
Net cash generated from financing activity	21,213	19,206
Net (decrease)/increase in cash and cash equivalents	(281)	12,526
Cash and cash equivalents at 1 January	12,988	462
Cash and cash equivalents at end of year (i)	12,707	12,988

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	12,707	12,988
	12,707	12,988

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 13.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2006

NOTES TO THE INTERIM FINANCIAL REPORT

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 "Interim Financial Reporting" and rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The interim financial report should be read in conjunction with the latest audited financial statements of the mTouche Technology Berhad ("MTB or Company") and its subsidiaries ("Group") for the financial year ended 31 December 2005.

A2. Changes in Accounting Policies

The accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised FRS effective for financial period beginning 1 January 2006:

FRS 3	Business Combination
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

A2. Changes in Accounting Policies (con't)

The adoption of FRS 108, 110, 116, 121, 127, 131, 132, 133, 136 and 138 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are disclosed below:

a. FRS 3: Business Combinations

FRS 3 requires that, after assessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in income statements. FRS 3 prohibits the recognition of negative goodwill in the balance sheet. Previously, the Group has reflected the negative goodwill as reserves on consolidation under equity. In accordance with the transition provision of FRS 3, the Group has applied the new accounting policy prospectively from 1 January 2006. Therefore, the change has had no impact on amounts reported for 2005 or prior periods.

The carrying amount of reserve on consolidation as at 1 January 2006 has been derecognised with an adjustment of RM722,000 to the opening retained earnings at 1 January 2006.

b. FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit and loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

A3. Qualification of Financial Statements

The auditor's report on the preceding financial statements of MTB for the financial year ended 31 December 2005 was not subject to any audit qualification.

A4. Seasonal or Cyclical Factors

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current quarter under review.

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 flow of the Group during the current quarter under review.

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current quarter results.

A7. Debts and Equity Securities

There were no issuance, repurchase, cancellation, resale, and repayment of debt and equity securities for the current quarter under review.

A8. Dividend

There were no dividends paid for the quarter under review.

A9. Segmental Information

The segmental analysis of revenue and profit before taxation are tabulated below:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31.12.2006 RM'000	Preceding year corresponding quarter 31.12.2005 RM'000	Current year 31.12.2006 RM'000	Preceding year corresponding period 31.12.2005 RM'000
Segment revenue				
Malaysia	8,491	9,678	26,431	31,366
Other countries	9,777	6,908	34,820	16,278
Total revenue including inter-segment sales	18,268	16,586	61,251	47,644
Elimination of inter-segment sales	(2,628)	(1,940)	(7,921)	(11,106)
Total	15,640	14,646	53,330	36,538

A9. Segmental Information (con't)

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31.12.2006 RM'000	Preceding year corresponding quarter 31.12.2005 RM'000	Current year 31.12.2006 RM'000	Preceding year corresponding Period 31.12.2005 RM'000
Segment profit before taxation				
Malaysia	3,491	4,880	9,644	14,604
Other countries	777	(1,072)	6,641	(4,645)
Gain on dilution in share of net assets of jointly controlled entities	(293)	-	4,950	-
Share of results of jointly controlled entities	98	2,163	1,599	2,163
Share of results of associates	1,259	-	1,774	-
	5,332	5,971	24,608	12,122
Elimination	97	43	170	39
Total	5,429	6,014	24,778	12,161

A10. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A11. Material Events Subsequent To the End of the Quarter

Subscription of Murabahah Loan Notes issued by GMO Limited ("GMOL")

On 22 January 2007, MTB announced that it had entered into a Murabahah Loan Notes ("MLN") Subscription Agreement with GMOL to subscribe for USD999,184 nominal value of MLN comprising USD830,000 nominal value primary MLN and USD169,184 nominal value secondary MLN for a total subscription consideration of USD830,000 (equivalent to approximately RM2,905,000 at an exchange rate of USD1.00:RM3.50). The loan notes will be redeemed by GMOL two years from date of issue or earlier at GMOL's option.

A12. Changes in Composition of the Group

a) On 11 October 2006, MTB announced the incorporation of mTouche Technology India Private Limited with an issued and paid-up capital of INR100,000 divided into 10,000 ordinary shares of INR10.00 each.

The intended business activities of mTouche Technology India Private Limited are provision of mobile messaging technologies.

b) On 11 October 2006, MTB announced that the Company's 51% owned subsidiary in Singapore namely, Inova Venture Pte Ltd had acquired two (2) ordinary shares of RM1.00 each representing the entire issued and paid up share capital of Brillante Novastella Sdn Bhd ("BNSB") for a cash consideration of RM2.00 only from the subscriber shareholders.

BNSB was incorporated on 2 October 2006 in Malaysia with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each. BNSB is currently dormant and the principal activities of BNSB in the future will be the provision of information technology consultancy and supporting services to the telecommunication industry.

c) On 8 November 2006, MTB announced the acquisition of 4,500,000 ordinary shares of £0.03 par value each in Cellcast Plc ("Cellcast Shares"), representing approximately ten percent (10%) of the equity interest in Cellcast at the price of £0.10 (equivalent to approximately RM0.694) per share based on the exchange rate of £1.00 : RM6.94 per Cellcast Share via an off-market transaction.

d) On 10 November 2006, MTB announced that the Company’s 100% owned subsidiary in Hong Kong namely mTouche (HK) Limited (“MTHK”), had acquired 35,000 ordinary shares of US Dollar ("USD") 1.00 each, representing 70% of the issued and paid-up share capital of Rayson Management Limited (“RML”), for a total cash consideration of USD760,870.

The acquisition was completed on 17 November 2006 and RML has since become a subsidiary company of MTHK.

A13. Contingent Assets or Liabilities

There were no contingent assets or contingent liabilities for the current quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of Performance

For the financial quarter ended 31 December 2006, the Group recorded revenue and profit before taxation ("PBT") of approximately RM15.6 million and RM5.4 million respectively. The increase in revenue of approximately 6.8% is due mainly to the contribution from a newly acquired subsidiary namely Rayson Management Ltd. The lower PBT of 9.7% is due mainly to the commencement of amortisation for the intellectual property and startup costs incurred for Vietnam and India.

For the twelve (12) months financial year ended 31 December 2006, the Group recorded revenue and PBT of approximately RM53.3 million and RM24.8 million respectively. This represents an increase of approximately 46.0% and 103.7% respectively as compared to the preceding year corresponding period. The higher revenue was mainly attributed to the contribution from new subsidiaries acquired during the year namely Inova Venture Pte Ltd and Rayson Management Ltd. In addition, the existing mTouche subsidiaries also contributed positively to the revenue growth. The increased in PBT for the year is in line with the improved revenue. In addition, the Group also benefited from the share of profits from its new associate, namely IdotTV Sdn Bhd and the gain on deemed disposal of interest in GMO Global Limited.

B2. Material Change in PBT In Comparison to the Previous Quarter

For the financial quarter ended 31 December 2006, the Group recorded PBT of approximately RM5.4 million (Q3'06: RM9.3 million). The higher PBT for the previous quarter was due to the RM5.2 million gain on dilution in share of net assets of GMO Global Ltd. Without it, the Group recorded an increase of approximately 31.7% and this is largely due to the contribution from newly acquired subsidiary as mentioned in Note B1 above.

B3. Future Prospect

The Group will continue to focus on its core activities and barring any unforeseen circumstances, the Directors anticipate that the performance of the Group will be satisfactory for the financial year ending 31 December 2007.

B4. Variance on Profit Forecast/Profit Guarantee

The Group has not issued any profit forecast/profit guarantee for the current period and current year.

B5. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31.12.2006 RM'000	**Preceding year corresponding quarter 31.12.2005 RM'000**	**Current year 31.12.2006 RM'000**	**Preceding year corresponding period 31.12.2005 RM'000**
Current tax:				
Malaysian income tax				
- Group	155	(30)	165	14
Foreign tax	(687)	-	139	-
	(532)	(30)	304	14
Deferred tax	(8)	(427)	(8)	(427)
	(540)	(457)	296	(413)

Malaysian income tax is calculated at the Malaysian statutory tax rate of 28% of the estimated assessable profit for the period. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction.

The reversal of provision for taxation in the current financial quarter is due to the over provision of tax for Inova Venture Pte Ltd.

For the year ended 31 December 2006, the provision for taxation arose from companies operating in Malaysia, whereas the foreign income tax provision is in respect of Inova Venture Pte Ltd. There is no provision for taxation for Indonesia, Thailand and Hong Kong subsidiaries in the current quarter due to the set-off with prior year business tax loss brought forward. No provision for taxation for existing Singapore, Australia, Vietnam and India subsidiaries as they are in a net loss position. The deferred tax asset is in respect of Malaysia subsidiaries.

No provision for taxation has been made on the chargeable income of MTB as there was no income tax liability imposed on the approved qualifying activities based on the Pioneer Status incentive awarded to MTB as a Multimedia Super Corridor Status company under Section 4A of the Promotion of Investment Act, 1986 except for the interest income earned from fixed deposit which are taxable.

B6. Profit on Sales of Unquoted Investment and/or Properties

There were no disposals of unquoted investments and/or properties by the Group for the current quarter and financial year under review.

B7. Quoted Securities

There was no purchase or disposal of quoted securities by the Group for the current quarter and financial year under review.

B8. Status of Corporate Proposal

a) Utilisation of proceeds from the Private Placement exercise on 16 August 2006

As at 31 December 2006, the Company has utilised approximately 53.5% of the proceeds raised from the Private Placement exercise on 16 August 2006.

	Proposed Amount RM'000	Actual Utilisation RM'000	Unused Amount RM'000
Nature of Expenses			
Future viable investment	22,188	10,865	11,323
Placement expenses	500	1,277	(777)
Total	22,688	12,142	10,546

Note:

1. The Private Placement was completed on 16 August 2006 with an additional RM777,000 expenses incurred. This was due mainly to consultancy fees incurred for the procurement of suitable placees. In this regard, the Company will adjust the difference against the proceeds identified for viable future investments.
2. Approximately RM10.8 million has been utilised for investment in subsidiaries and associates.

B9. Borrowings and Debt Securities

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2006.

Hire purchase payables (secured)	As at 31.12.2006 RM'000	As at 31.12.2005 RM'000
Payable within 12 months		
- Malaysia	74	78
- Singapore (RM equivalent)	30	117
	104	195
Payable after 12 months		
- Malaysia	232	299
- Singapore (RM equivalent)	-	29
	232	328

The foreign exchange rate as at 31 December 2006 was SGD1.00 : RM2.3028 (31 December 2005: SGD1.00 : RM2.2714).

B10. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments.

B11. Material Litigation

There is no pending material litigation for the current quarter and financial year under review.

B12. Dividend

No interim/final dividend was declared during the quarter under review.

B13. Earnings Per Share

The basic earnings per share has been calculated based on the profit for the period attributable to ordinary equity holder of the parent divided by the weighted number of ordinary shares of RM0.10 each in issue during the period.

	Fourth quarter ended		**12 months ended**	
	31.12.2006	**31.12.2005**	**31.12.2006**	**31.12.2005**
Profit for the period attributable to the ordinary equity holder of the parent (RM'000)	3,734	6,471	20,628	12,574
Weighted average number of ordinary shares in issue ('000)	90,750	76,060	85,619	67,007
Basic earnings per share attributable to equity holders of the parent (sen)	4.1	8.5	24.1	18.8