

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE (9) MONTHS ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEPTEMBER 2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPTEMBER 2006 RM'000	CURRENT YEAR TO-DATE 30 SEPTEMBER 2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2006 RM'000
Revenue	12,156	13,559	38,303	37,690
Cost of sales	(5,279)	(5,941)	(15,916)	(15,642)
<b>Gross Profit</b>	6,877	7,618	22,387	22,048
Administrative expenses	(2,824)	(2,542)	(8,880)	(6,401)
Other expenses	(1,870)	(1,517)	(6,624)	(3,051)
<b>EBITDA*</b>	2,183	3,559	6,883	12,596
Other income	1,580	5	1,919	47
Finance costs	(1,429)	(5)	(1,462)	(15)
Depreciation and amortisation	(727)	(213)	(1,816)	(538)
Disposal of interest in an associate	-	5,244	-	5,244
Share of results of jointly controlled entities	(172)	344	(274)	1,500
Share of results of associates	(355)	391	258	515
<b>Profit before taxation</b>	1,080	9,325	5,508	19,349
Taxation	(177)	(1)	(248)	(836)
<b>Profit for the period</b>	903	9,324	5,260	18,513
Attributable to:				
Equity holders of the parent	1,022	9,321	5,401	16,894
Minority interests	(119)	3	(141)	1,619
	903	9,324	5,260	18,513
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	1.1	10.8	6.0	20.0
- 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 2006 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 12.

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE (9) MONTHS ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	<b>AS AT 30 SEPTEMBER 2007 (UNAUDITED) RM'000</b>	<b>AS AT 31 DECEMBER 2006 (AUDITED) RM'000</b>
<b>Non-current assets</b>		
Plant and equipment	13,066	2,968
Intangible assets	21,679	14,903
Investment in associates	25,099	24,841
Others investments	26,185	3,202
Deferred tax assets	577	600
<b>Current assets</b>		
Trade receivables	21,866	33,112
Other receivables	6,671	4,000
Cash and bank balances	4,927	12,707
	<u>33,464</u>	<u>49,819</u>
<b>Current liabilities</b>		
Trade payables	2,510	4,428
Other payables	8,856	8,448
Amount owing to a director	5,555	-
Borrowing	1,378	-
Hire purchase payables	16	105
Tax payable	502	178
	<u>18,817</u>	<u>13,159</u>
<b>Net current assets</b>	<u>14,647</u>	<u>36,660</u>
	<u>101,253</u>	<u>83,174</u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	9,075	9,075
Share premium	37,631	37,631
Other reserves	(2,642)	(1,316)
Retained earnings	38,638	33,237
	<u>82,702</u>	<u>78,627</u>
Minority Interests	4,216	4,315
Total equity	<u>86,918</u>	<u>82,942</u>
<b>Non-current liabilities</b>		
Hire purchase payables	232	232
Amount owing to a director	14,103	-
	<u>101,253</u>	<u>83,174</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<u>91</u>	<u>87</u>

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 12.

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE (9) MONTHS ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Non- Distributable Other Reserves RM'000	Distributable Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
<b><u>Nine (9) months period ended 30 September 2007</u></b>							
At 1 January 2007	9,075	37,631	(1,316)	33,237	78,627	4,315	82,942
Arising from translation of foreign currency	-	-	(1,326)	-	(1,326)	-	(1,326)
Net income/(expense) recognised directly in equity	9,075	37,631	(2,642)	33,237	77,301	4,315	81,616
Profit for the period	-	-	-	5,401	5,401	(141)	5,260
Total recognised income and expense for the period	9,075	37,631	(2,642)	38,638	82,702	4,174	86,876
Acquisition of a subsidiary	-	-	-	-	-	42	42
At 30 September 2007	<u>9,075</u>	<u>37,631</u>	<u>(2,642)</u>	<u>38,638</u>	<u>82,702</u>	<u>4,216</u>	<u>86,918</u>
<b><u>Nine (9) months period ended 30 September 2006</u></b>							
At 1 January 2006	8,250	17,056	769	11,887	37,962	-	37,962
Effect of adopting FRS3	-	-	(722)	722	-	-	-
Arising from translation of foreign currency	-	-	383	-	383	-	383
Net income/(expense) 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 a subsidiary	-	-	-	-	-	352	352
At 30 September 2006	<u>9,075</u>	<u>37,642</u>	<u>430</u>	<u>29,503</u>	<u>76,650</u>	<u>1,971</u>	<u>78,621</u>

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 2006 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 12.

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER**  
**AND NINE (9) MONTHS ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)**

	<b>NINE (9) MONTHS ENDED 30 SEPTEMBER 2007 RM'000</b>	<b>NINE (9) MONTHS ENDED 30 SEPTEMBER 2006 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	5,508	19,349
Adjustments for non-cash item:		
Non-cash items	539	910
Non-operating items	1	62
Disposal of interest in an associate	-	(5,244)
Share of results of jointly controlled entities	274	(1,500)
Share of results of associates	(258)	(515)
Profit before working capital changes	<u>6,064</u>	<u>13,062</u>
Changes in working capital:		
Net change in current assets	8,732	4,281
Net change in current liabilities	(1,894)	(672)
Cash generated from operations	<u>12,902</u>	<u>16,671</u>
Tax paid	(122)	(416)
Interest paid	(68)	(15)
<b>Net cash generated from operating activities</b>	<u>12,712</u>	<u>16,240</u>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary	3	(11,446)
Investment in associates	-	(15,809)
Other investments	(3,325)	-
Acquisition of plant and equipment	(18,523)	(1,365)
Proceed from disposal of plant and equipment	(3)	(16)
Interest received	67	(47)
Proceed from issuance of ordinary shares	-	22,688
Listing expenses	-	(1,277)
<b>Net cash used in investing activities</b>	<u>(21,781)</u>	<u>(7,272)</u>
<b>Cash flows from financing activity</b>		
Repayment of hire purchase	(89)	(145)
<b>Net cash used in financing activity</b>	<u>(89)</u>	<u>(145)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(9,158)	8,823
<b>Cash and cash equivalents at 1 January</b>	12,707	12,988
<b>Cash and cash equivalents at end of period (i)</b>	<u>3,549</u>	<u>21,811</u>

*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	4,927	21,811
Bank Overdraft	(1,378)	-
	<u>3,549</u>	<u>21,811</u>

The unaudited condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 12.

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

---

---

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

---

---

**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 Chapter 9, Part K 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 (“FYE”) 31 December 2006.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since FYE 31 December 2006.

**A2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following revised FRS effective for financial period beginning 1 January 2007:

Amendment to FRS 119 2004	Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as the effective date has been deferred.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group.

**A3. Auditors’ Report on the Preceding Annual Financial Statements**

The auditor’s report on the latest audited financial statements for the FYE 31 December 2006 was not subject to any audit qualification.

**A4. Seasonal or Cyclical Factors of Interim Operations**

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

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

---

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

---

**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 materials changes in estimates of amounts reported in prior financial years, which may have a material effect in the current quarter results.

**A7. Issuance and Repayment of 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. Dividends Paid or Proposed**

There were no dividends declared and paid for the current quarter under review.

**A9. Segmental Information**

The management determines that its geographical segments comprise the following markets which have similar characteristics:

- (i) Matured markets – countries which the Group has achieved stable penetration rate including Malaysia and Singapore.
- (ii) Emerging markets – countries with potential growth and penetration rate including Hong Kong, People's Republic of China, Indonesia, Thailand, Australia and India.

**Segmental information by geographical segments for the nine (9) months period ended 30 September 2007**

	<b>Matured markets RM'000</b>	<b>Emerging markets RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>				
Sales to external customers	26,548	11,755	-	38,303
Inter-segment sales	1,858	-	(1,858)	-
Total revenue	<u>28,406</u>	<u>11,755</u>	<u>(1,858)</u>	<u>38,303</u>
<b>Results</b>				
Segment results	1,880	4,119	(475)	5,524
Share of results of associates	258	-	-	258
Share of results of jointly controlled entities	(274)	-	-	(274)
Profit before tax				<u>5,508</u>
Taxation				(248)
Profit for the period				<u><u>5,260</u></u>

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

---

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

---

**A9. Segmental Information (con't)**

**Segmental information by geographical segments for the nine (9) months period ended 30 September 2006**

	<b>Matured markets RM'000</b>	<b>Emerging markets RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>				
Sales to external customers	23,341	14,349	-	37,690
Inter-segment sales	5,293		(5,293)	-
Total revenue	<u>28,634</u>	<u>14,349</u>	<u>(5,293)</u>	<u>37,690</u>
<b>Results</b>				
Segment results	7,905	4,111	74	12,090
Share of results of associates	515	-	-	515
Share of results of jointly controlled entities	1,500	-	-	1,500
Disposal of interest in an associate	<u>5,244</u>	<u>-</u>	<u>-</u>	<u>5,244</u>
Profit before tax				19,349
Taxation				<u>(836)</u>
Profit for the period				<u>18,513</u>

**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**

There were no material events subsequent to the end of the current quarter.

**A12. Changes in Composition of the Group**

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

**A13. Contingent Assets or Changes on Contingent Liabilities**

There were no contingent assets or contingent liabilities since the last annual balance sheet date.

**A14. Significant Related Party Transaction**

On 24 October 2007, MTB had announced that the Company intends to seek general mandate from its shareholders on Recurrent Related Party Transactions at the forthcoming Extraordinary General Meeting to be convened by the Company on 16 November 2007.

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

---

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

---

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES FOR THE MESDAQ MARKET**

**B1. Review of Performance**

For the nine (9) months financial period ended 30 September 2007, the Group recorded revenue and profit before taxation (“PBT”) of approximately RM38.3 million and RM5.5 million respectively. The increase in revenue of approximately 1.6% as compared to preceding year corresponding period was mainly due to the growth recorded from its subsidiaries in the emerging markets. However, the Group’s PBT was lower as compared to preceding year corresponding period largely due to the gain on disposal of interest in GMO Limited, of RM5.2 million recorded in the preceding year corresponding period. In addition, higher expenses from new subsidiaries, provision of doubtful debts, professional fees incurred, depreciation and amortisation cost in the current period also affected the Group’s PBT.

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

Comparing to the previous financial quarter, the Group’s PBT remained at approximately RM1.0 million.

**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**

Not applicable as the Group has not issued any profit forecast.



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

---

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

---

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30.9.2007 RM'000	Preceding year corresponding quarter 30.9.2006 RM'000	Current year to date 30.9.2007 RM'000	Preceding year corresponding period 30.9.2006 RM'000
Current tax:				
Malaysian income tax				
- Group	177	-	248	10
Foreign tax	-	1	-	826
	177	1	248	836
Deferred tax	-	-	-	-
	177	1	248	836

Malaysian income tax is calculated at the Malaysian statutory tax rate of 27% (2006:28%) of the estimated assessable profit for the period. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction.

For the period ended 30 September 2007, the provision for taxation arose from companies operating in Malaysia. There is no provision for taxation for Singapore and Thailand in the current period due to the utilisation of prior year business tax losses brought forward. No provision for taxation for Indonesia, Australia, Vietnam and India subsidiaries as they are in a net loss position.

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 and the murabahah loan notes which are taxable.

**B6. Profits on Sale of Unquoted Investments and/or Properties**

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

**B7. Purchase or Disposal of Quoted Securities**

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

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

---

---

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

---

---

**B8. Status of Corporate Proposals and Utilisation of Proceeds**

**a) (i) Proposed private placement of up to ten percent (10%) of the issued and paid-up share capital of MTB**

On 21 February 2007, MTB announced that the Company is proposing to undertake a proposed private placement of up to ten percent (10%) of the issued and paid-up share capital of MTB which was approved by the Securities Commission on 30 March 2007.

On 15 June 2007, MTB announced that the shareholders of the Company have approved the private placement at the EGM held on even date.

On 24 September 2007, MTB had announced that the Securities Commission ("SC") had vide its letter dated 20 September 2007 approved for an extension of time of six (6) months from 29 September 2007 to 28 March 2008 for the Company to implement the Private Placement.

**(ii) Proposed Rights Issue with Warrants, Proposed Bonus Issue and Proposed Increase in Authorised Share Capital**

On 23 April 2007, MTB had announced that the Company has decided to vary the terms of the proposals which as announced on 21 February 2007, with the following:-

(i) Proposed renounceable rights of up to 49,912,500 new MTB Shares with up to 49,912,500 free detachable warrants on the basis of one (1) rights share with (1) free warrant for every two (2) existing MTB Shares held on an entitlement date to be determined later and at an indicative issue price of RM1.20 per rights shares ("Proposed Rights Issue with Warrants")

(ii) Proposed bonus issue of up to 37,434,375 new MTB Shares on the basis of one (1) new MTB share for every four (4) existing MTB Shares held at the entitlement date to be determined later; and

(iii) Proposed increase in authorised share capital of MTB from RM10,000,000 comprising 100,000,000 MTB Shares to RM50,000,000 comprising 500,000,000 MTB Shares.

On 21 September 2007, MTB had announced that the Bank Negara Malaysia had, vide its letter dated 18 September 2007, approved the issuance by MTB of up to 49,912,500 free detachable Warrants to non-resident shareholders.

On 24 September 2007, MTB had announced that the SC, vide its letter dated 21 September 2007, approved the Proposed Rights Issue with Warrants.

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

---

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

---

**B8. Status of Corporate Proposals and Utilisation of Proceeds (con't)**

**b) Utilisation of proceeds from the Private Placement**

As at 30 September 2007, the Company has fully utilised the proceeds raised from the Private Placement exercise on 16 August 2006.

**B9. Borrowings and Debt Securities**

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 September 2007.

<b>Short Term Bank Overdraft (secured)</b>	<b>As at 30.9.2007 RM'000</b>	<b>As at 30.9.2006 RM'000</b>
- Malaysia	1,378	-
	<u>1,378</u>	<u>-</u>

The secured bank overdraft is secured by deposit placed with a licenced bank

<b>Hire purchase payables (secured)</b>	<b>As at 30.9.2007 RM'000</b>	<b>As at 30.9.2006 RM'000</b>
Payable within 12 months		
- Malaysia	16	20
- Singapore (RM equivalent)	-	30
	<u>16</u>	<u>50</u>
Payable after 12 months		
- Malaysia	232	298
- Singapore (RM equivalent)	-	30
	<u>232</u>	<u>328</u>

The foreign exchange rate for period ended 30 September 2006 was SGD1.00 : RM2.3221.

**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. Dividends**

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

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

---

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

---

**B13. Earnings Per Share**

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

	<b>Third quarter ended</b>		<b>Accumulated nine months ended</b>	
	<b>30.9.2007</b>	<b>30.9.2006</b>	<b>30.9.2007</b>	<b>30.9.2006</b>
Profit for the period attributable to the ordinary equity holder (RM'000)	1,022	9,321	5,401	16,894
Weighted average number of ordinary shares in issue ('000)	90,750	86,625	90,750	83,890
Basic earnings per share attributable to equity holders (sen)	1.1	10.8	6.0	20.0