

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

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND TWELVE MONTHS ENDED 31 DECEMBER 2007**

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DECEMBER 2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DECEMBER 2006 RM'000	CURRENT YEAR TO-DATE 31 DECEMBER 2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 DECEMBER 2006 RM'000
Revenue	6,896	15,640	45,199	53,330
Cost of sales	(8,505)	(6,426)	(24,421)	(22,068)
<b>Gross (Loss)/ Profit</b>	<u>(1,609)</u>	<u>9,214</u>	<u>20,778</u>	<u>31,262</u>
Administrative expenses	(2,974)	(2,688)	(11,854)	(9,089)
Other expenses	(11,995)	(1,588)	(18,620)	(4,638)
EBITDA*	<u>(16,578)</u>	<u>4,938</u>	<u>(9,696)</u>	<u>17,535</u>
Other income	793	205	2,712	251
Finance costs	(525)	(13)	(1,987)	(28)
Depreciation and amortisation	(1,743)	(765)	(3,560)	(1,303)
Disposal of interest in an associate	-	(293)	-	4,950
Share of results of jointly controlled entities	274	98	-	1,599
Share of results of associates	(1,008)	1,259	(749)	1,774
<b>(Loss)/Profit before taxation</b>	<u>(18,787)</u>	<u>5,429</u>	<u>(13,280)</u>	<u>24,778</u>
Taxation	1,018	540	770	(296)
<b>(Loss)/Profit for the period</b>	<u>(17,769)</u>	<u>5,969</u>	<u>(12,510)</u>	<u>24,482</u>
Attributable to:				
Equity holders of the parent	(15,794)	3,734	(10,394)	20,628
Minority interests	(1,975)	2,235	(2,116)	3,854
	<u>(17,769)</u>	<u>5,969</u>	<u>(12,510)</u>	<u>24,482</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	<u>(17.4)</u>	<u>4.1</u>	<u>(11.5)</u>	<u>24.1</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 2006 and the accompanying explanatory notes attached to the interim financial statements on pages 5 to 15.

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**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	<b>AS AT 31 DECEMBER 2007 (UNAUDITED) RM'000</b>	<b>AS AT 31 DECEMBER 2006 (AUDITED) RM'000</b>
<b>Non-current assets</b>		
Plant and equipment	5,397	2,968
Intangible assets	29,590	14,903
Investment in associates	23,005	24,841
Other investments	25,441	3,202
Deferred tax assets	1,405	600
<b>Current assets</b>		
Inventory	354	-
Trade receivables	15,290	33,112
Other receivables	4,830	4,000
Cash and bank balances	5,886	12,707
	<u>26,360</u>	<u>49,819</u>
<b>Current liabilities</b>		
Trade payables	5,564	4,428
Other payables	16,120	8,448
Borrowing	13,006	-
Hire purchase payables	79	104
Tax payable	88	179
	<u>34,857</u>	<u>13,159</u>
<b>Net current (liabilities)/assets</b>	<u>(8,497)</u>	<u>36,660</u>
	<u>76,341</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	(2,579)	(1,316)
Retained earnings	22,843	33,237
	<u>66,970</u>	<u>78,627</u>
Minority Interests	2,215	4,315
Total equity	<u>69,185</u>	<u>82,942</u>
<b>Non-current liabilities</b>		
Hire purchase payables	153	232
Amount owing to a director	7,003	-
	<u>76,341</u>	<u>83,174</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<u>74</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 15.

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**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>Twelve (12) months period ended 31 December 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	-	-	(1,263)	-	(1,263)	-	(1,263)
Net income/(expense) recognised directly in equity	9,075	37,631	(2,579)	33,237	77,364	4,315	81,679
Loss for the period	-	-	-	(10,394)	(10,394)	(2,116)	(12,510)
Total recognised income and expense for the period	9,075	37,631	(2,579)	22,843	66,970	2,199	69,169
Acquisition of a subsidiary	-	-	-	-	-	16	16
At 31 December 2007	<u>9,075</u>	<u>37,631</u>	<u>(2,579)</u>	<u>22,843</u>	<u>66,970</u>	<u>2,215</u>	<u>69,185</u>
<b><u>Twelve (12) months period ended 31 December 2006</u></b>							
At 1 January 2006	8,250	17,056	769	11,887	37,962	-	37,962
Effect of adopting FRS3	-	-	(722)	722	-	-	-
At 1 January 2006 (restated)	8,250	17,056	47	12,609	37,962	-	37,962
Disposal of interest in an associate	-	-	54	-	54	-	54
Arising from translation of foreign currency	-	-	95	-	95	-	95
Share of associated company's post acquisition reserve	-	-	(1,513)	-	(1,513)	-	(1,513)
Net income recognised directly in equity	8,250	17,056	(1,317)	12,609	36,598	-	36,598
Profit for the period	-	-	-	20,628	20,628	3,854	24,482
Total recognised income and expense for the period	8,250	17,056	(1,317)	33,237	57,226	3,854	61,080
Issuance of ordinary share private placement	825	20,575	-	-	21,400	-	21,400
Acquisition of a subsidiary	-	-	-	-	-	461	461
At 31 December 2006	<u>9,075</u>	<u>37,631</u>	<u>(1,317)</u>	<u>33,237</u>	<u>78,626</u>	<u>4,315</u>	<u>82,941</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 15.

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

	<b>TWELVE (12) MONTHS ENDED 31 DECEMBER 2007 RM'000</b>	<b>TWELVE (12) MONTHS ENDED 31 DECEMBER 2006 RM'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(13,280)	24,778
Adjustments for non-cash item:		
Non-cash items	3,462	1,232
Non-operating items	51	28
Provision for doubtful debts	8,487	-
Goodwill written off	2,537	-
Disposal of interest in an associate	-	(4,950)
Share of results of jointly controlled entities	-	(1,599)
Share of results of associates	749	(1,774)
Profit before working capital changes	<u>2,006</u>	<u>17,715</u>
Changes in working capital:		
Increase in Inventory	(354)	-
Net change in current assets	8,504	(3,929)
Net change in current liabilities	8,808	(5,130)
Cash generated from operations	<u>18,964</u>	<u>8,656</u>
Tax paid	(183)	(281)
<b>Net cash generated from operating activities</b>	<u>18,781</u>	<u>8,375</u>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary	(1,464)	(11,488)
Investment in associates	-	(14,469)
Investment in jointly controlled entity	-	(24)
Other investments	(15,236)	(3,202)
Acquisition of plant and equipment	(4,360)	(734)
Acquisition of intangible assets	(17,704)	-
Disposal of plant and equipment	312	19
Interest received	88	56
<b>Net cash used in investing activities</b>	<u>(38,364)</u>	<u>(29,842)</u>
<b>Cash flows from financing activities</b>		
Proceed from issuance of ordinary shares	-	22,688
Listing expenses	-	(1,287)
Interest paid	(139)	(28)
Repayment of hire purchase	(105)	(187)
	<u>(244)</u>	<u>21,186</u>
<b>Net decrease in cash and cash equivalents</b>	(19,827)	(281)
<b>Cash and cash equivalents at 1 January</b>	12,707	12,988
<b>Cash and cash equivalents at end of year (i)</b>	<u>(7,120)</u>	<u>12,707</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	5,886	12,707
Bank Overdraft	(13,006)	-
	<u>(7,120)</u>	<u>12,707</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 15.

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**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 year 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.

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**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 material changes in estimates of amounts reported in prior financial years, which may have a material effect in the current quarter results, save for the following:

Included in Intangible Assets is an intellectual property which comprises telecommunication software acquired in a business combination in the financial year ended 31 December 2006. In the current quarter, the Management had reviewed the level of usage and technologies developments of the intellectual property and has since revised the estimated useful life of intellectual property from twenty (20) to ten (10) years. This has resulted in the current year's amortisation to increase by approximately RM550,000.

**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 twelve (12) months period ended 31 December 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	29,377	15,822	-	45,199
Inter-segment sales	2,523	-	(2,523)	-
Total revenue	<u>31,900</u>	<u>15,822</u>	<u>(2,523)</u>	<u>45,199</u>

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

**Segmental information by geographical segments for the twelve (12) months period ended 31 December 2007 (con't)**

	<b>Matured markets RM'000</b>	<b>Emerging markets RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Results</b>				
Segment results	(8,855)	(2,400)	(1,276)	(12,531)
Share of results of associates	(749)			(749)
Share of results of jointly controlled entities				-
Loss before taxation				(13,280)
Taxation				770
Loss for the year				<u>(12,510)</u>

**Segmental information by geographical segments for the twelve (12) months period ended 31 December 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	33,098	20,232	-	53,330
Inter-segment sales	7,921	-	(7,921)	-
Total revenue	<u>41,019</u>	<u>20,232</u>	<u>(7,921)</u>	<u>53,330</u>
<b>Results</b>				
Segment results	11,179	5,586	(310)	16,455
Share of results of associates	1,774	-	-	1,774
Share of results of jointly controlled entities	1,599	-	-	1,599
Disposal of interest in an associate	4,950	-	-	4,950
Profit before taxation				24,778
Taxation				(296)
Profit for the year				<u>24,482</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.

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**A11. Material Events Subsequent To the End of the Quarter**

There were no material events subsequent to the end of the current quarter, save for the following:

The renounceable Rights Issue of 45,375,000 new MTB shares together with 45,375,000 free detachable warrants (“Warrants”) on the basis of one (1) rights share together with one (1) free warrant for every two (2) existing MTB Shares held at 5.00 p.m. on 5 December 2007 and at an issue price of RM0.80 per rights shares was completed on 28 January 2008.

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

Company had acquired the following subsidiaries:

Subsidiaries/ (Country of Incorporation)	Immediate Holding Company	Shares Acquired and Effective Shareholdings	Consideration;	Principal activities
Teleglobal Network Limited (Hong Kong)	Rayson Management Limited	10,000 ordinary shares of HKD1.00 each representing 70% of issued and paid up capital	HKD10,000 (equivalent to RM4,400);	Telecommunication and trading.
Nastech Limited (Hong Kong)	mTouche Pte Ltd	1 ordinary share of HKD1.00 each representing 100% of issued and paid up capital	HKD1.00 (equivalent to RM1.00);	Software development and investment holding.
Mobile Fusion Pte Ltd (Singapore)	Nastech Limited	1 ordinary share of SGD1.00 each representing 100% of issued and paid up capital	SGD1.00 (equivalent to RM2.00);	Data communications services.
M.B.O.X Joint Stock Company (Vietnam)	mTouche Vietnam Co. Ltd.	7,200 ordinary shares of VND 100 each representing 37.5% of issued and paid up capital*	VND720 million (equivalent to RM155,000);	Provision of mobile messaging services.

\*Although the effective shareholding is lesser than 50%, mTouche Vietnam Co., Ltd has control over the financial and operating policies. Therefore, M.B.O.X is recognised as a subsidiary.



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**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**

Save as disclosed below, the Directors of MTB are of the opinion that there are no other related party transactions which would have material impact on the financial position and the business of the Group during the current financial quarter.

The significant related party transaction by Inova Venture Pte Ltd (“Inova”), a subsidiary of MTB with Green Packet Berhad, a substantial shareholder of Inova holding 20% of the equity interest of Inova is as follows:

Transaction Party	Nature of transaction	3 months ended 31 December 2007	
		SGD'000	RM Equivalent RM'000
Green Packet Berhad (Taiwan Branch)	Distribution of Inova's products and solutions	45	103

The foreign exchange rate as at 31 December 2007 was SGD1.00 : RM2.2813.

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

**B1. Review of Performance**

For the financial year ended 31 December 2007, the Group's revenue and loss before taxation (“LBT”) amounted to approximately RM45.2 million and RM13.2 million respectively. The fall in revenue as compared to the preceding year is mainly due to the competitive market and regulatory environment in which the Group operate in which led to a lower market share and lower gross profit margin. In addition, the Group also incurred additional expenses in the current financial year, as detailed below, which led to an overall loss position for the Group:-

- i) provision for doubtful debts of RM8.5 million mainly for Inova Venture Pte Ltd (“Inova”), Rayson Management Limited and its subsidiaries (“Rayson Group”) and a Malaysian subsidiary;
- ii) professional fees incurred for due diligence exercise on a potential acquisition target which did not materialise amounting to RM1.0 million;
- iii) unrealised foreign exchange loss of RM1.0 million mainly in respect of the translation of foreign currency denominated Murabahah Loan Notes issued by GMO Limited;

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**B1. Review of Performance (con't)**

- iv) increase in depreciation and amortisation of RM2.2 million due to a change in estimate as mention in A6 above and new acquisition of intellectual properties; and
- v) provision for impairment of goodwill of RM2.5 million in compliance with the FRS136 Impairment of Assets, in respect of the Group's investment in Rayson Group which suffered losses in the financial year ended 31 December 2007 as a result of intense competition and unfavorable market conditions.

**B2. Material Change in Profit Before Taxation ("PBT") In Comparison to the Previous Quarter**

For the financial quarter ended 31 December 2007, the Group recorded a LBT of approximately RM18.7 million as compared to PBT of RM1.0 million from the previous quarter. The LBT for the current quarter is mainly due to the competitive market and regulatory environment in which the Group operated in that led to lower market share and lower gross profit margin. In addition, higher expenses incurred, as detailed below, also affected the overall results of the Group:

- i) Increased in cost of sales of Rayson Group and project cost over-run in Inova which led to declining margin and subsequently a gross loss of RM1.6 million;
- ii) provision for doubtful debts of RM8.5 million mainly for Inova Venture Pte Ltd ("Inova"), Rayson Management Limited and its subsidiaries ("Rayson Group") and a Malaysian subsidiary;
- iii) professional fees incurred for due diligence exercise on potential acquisition which did not materialise amounting to RM0.6 million;
- iv) provision for Universal Service Provider Fund of RM0.8 million;
- v) provision for withholding tax of RM0.5 million;
- vi) increase in depreciation and amortisation of RM1.0 million due to a change in estimate as mention in A6 above and new acquisition of intellectual properties;
- vii) unrealised foreign exchange loss of RM0.9 million mainly in respect of the translation of foreign currency denominated Murabahah Loan Notes issued by GMO Limited;
- viii) provision for impairment of goodwill of RM2.5 million relating to investment in the Rayson Group; and
- ix) the Group's share of loss from its associate company namely GMO Limited of approximately RM1.2 million.

**B3. Future Prospect**

Moving forward, the Group will focus more on its core mobile messaging services which are operationally profitable. The Group is also seeking collaborations with global media players with a view of transforming itself into a prominent mobile media player in this region.

Premised on the above and barring any unforeseen circumstances, the Directors of MTB are optimistic of achieving growth for the financial year 2008.

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**B4. Variance on Profit Forecast**

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

**B5. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31.12.2007 RM'000	Preceding year corresponding quarter 31.12.2006 RM'000	Current year to date 31.12.2007 RM'000	Preceding year corresponding period 31.12.2006 RM'000
Current tax:				
Malaysian income tax				
- Group	(155)	155	(1)	165
Foreign tax	-	(687)	94	139
	(155)	(532)	93	304
Deferred tax	(863)	(8)	(863)	(8)
	(1,018)	(540)	(770)	296

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

For the year ended 31 December 2007 the provision for taxation arose from companies operating in Malaysia, Thailand and Vietnam. There is no provision for taxation for Singapore in the current period due to the utilisation of prior year business tax losses brought forward. No provision for taxation for Indonesia, Australia, 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 year 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 year under review.

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**B8. Status of Corporate Proposals**

**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.

This proposal is currently pending for implementation.

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

On 16 November 2007, MTB had announced that the shareholders of the Company have at the Extraordinary General Meeting held on the same date, approved the ordinary resolutions relating to 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 RM0.80 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 the same date, MTB had announced that the Company had resolved to fix the following prices for the issuance of 45,375,000 Rights Shares together with 45,375,000 free detachable Warrants pursuant to the Rights Issue with Warrants as follows:-

- (i) the issue price of the Rights Shares is fixed at RM0.80 per Rights Share; and

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

**(ii) Proposed Rights Issue with Warrants, Proposed Bonus Issue and Proposed Increase in Authorised Share Capital (con't)**

(ii) the exercise price of the free detachable Warrants to be issued pursuant to the Rights Issue with Warrants is fixed at RM0.89 per Warrant.

Based on the issue price of RM0.80 per Rights Share, the total proceeds raised from the Rights Issue with Warrants is RM36,300,000. The proceeds will be utilised in the manner as set out below:

	<b>RM</b>
Working capital	2,000,000
Acquisition of Murabahah Loan Notes ("MLN")	18,000,000
Future viable investments	15,000,000
Estimated expenses	1,300,000
	<u>36,300,000</u>
	=====

On 19 December 2007, MTB had announced that the Company had on 13 December 2007 received a formal letter from OCBC Bank (Malaysia) Berhad ("OCBC") for credit facilities amounting to RM15 million. The Board of Directors have decided to accept the offer from OCBC and will draw down on such facilities pending the completion of the Rights Issue with warrants, to fund the working capital requirements of the Group as well as for the early settlement of the balance purchase consideration in relation to the acquisition of MLN from Goh Eugene, an executive director of the Company, as set out in the table below:-

	<b>RM'000</b>
Working capital	2,000
Acquisition of MLN	<u>13,000</u>
Total	<u>15,000</u>

The remaining purchase consideration for the acquisition of MLN will be funded using the proceeds from the Rights Issue with Warrants as well as the Group's Internally generated funds. The Company will fully settle the abovementioned borrowings using the proceeds raised from the Rights issue with Warrants upon completion of the Rights Issue with Warrants.

The Increase in Authorised Share Capital and the Rights Issue with Warrants was completed on 16 November 2007 and 28 January 2008 respectively while the Bonus Issue is currently pending for implementation.

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**B9. Borrowings and Debt Securities**

Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 December 2007.

<b>Bank Overdraft (secured)</b>	<b>As at 31.12.2007 RM'000</b>	<b>As at 31.12.2006 RM'000</b>
Operating	3,000	-
Temporary	10,006	-
	<b>13,006</b>	<b>-</b>

The Operating Bank Overdraft is secured by deposits placed with a licenced bank. The Temporary Bank Overdraft has been fully repaid using the proceeds from the Rights Issue with Warrants on 6 February 2008.

**Hire purchase payables (secured)**

	<b>As at 31.12.2007 RM'000</b>	<b>As at 31.12.2006 RM'000</b>
Payable within 12 months		
- Malaysia	79	74
- Singapore (RM equivalent)	-	30
	<b>79</b>	<b>104</b>
Payable after 12 months		
- Malaysia	153	232
- Singapore (RM equivalent)	-	-
	<b>153</b>	<b>232</b>

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

**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.

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**B13. (Loss)/Earnings Per Share**

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

	<b>Fourth quarter ended</b>		<b>Accumulated Twelve months ended</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
(Loss)/Profit for the year attributable to the ordinary equity holder (RM'000)	(15,794)	3,734	(10,394)	20,628
Weighted average number of ordinary shares in issue ('000)	90,750	90,750	90,750	85,619
Basic (loss)/earnings per share attributable to equity holders (sen)	(17.4)	4.1	(11.5)	24.1