

DVM TECHNOLOGY BERHAD (609953-K)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED
30 SEPTEMBER 2006

The figures have not been audited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2006	2005	2006	2005
	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/06	30/09/05	30/09/06	30/09/05
	RM'000	RM'000	RM'000	RM'000
REVENUE	662	1,260	13,792	11,054
Operating (loss)	(158)	(2,058)	(3,208)	(7,498)
Amortisation and depreciation	(528)	(439)	(1,993)	(1,514)
Interest expense	(71)	(83)	(318)	(283)
Other income	12	21	65	174
(Loss) before taxation	(745)	(2,559)	(5,454)	(9,121)
Income Tax Credit/(expense)	0	8	(18)	48
(Loss) after taxation	(745)	(2,551)	(5,472)	(9,073)
Minority interest	0	220	0	220
Net (Loss) for the period	<u>(745)</u>	<u>(2,331)</u>	<u>(5,472)</u>	<u>(8,853)</u>
Weighted average number of shares in issue	176,000	160,000	169,059	160,000
(Loss) per share (sen) - basic	(0.42)	(1.46)	(3.24)	(5.53)

The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 30 September 2005.

DVM TECHNOLOGY BERHAD (609953-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 SEPTEMBER 2006

	(UNAUDITED)	(AUDITED)
	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	30/09/06	30/09/05
	RM'000	RM'000
Property, Plant and Equipment	4,930	5,451
Development Expenditure	5,401	4,665
Current Assets		
Stock Inventory	5,386	100
Trade receivables	7,873	14,208
Other receivables and prepaid expenses	165	2,268
Tax Recoverable	467	1,526
Fixed deposits with licensed banks	1,288	2,621
Cash and bank balances	284	545
	15,463	21,268
Current Liabilities		
Trade payables	2,734	4,165
Other payables and accrued expenses	521	451
Amount due to a Director	11	28
Term loan payable - current portion	233	210
Bank overdrafts	1,325	1,028
Bank borrowings	721	1,028
Tax liabilities	-	16
	5,545	6,926
Net Current Assets	9,918	14,342
Long Term and Deferred Liabilities		
Term loan payable - non current portion	(2,258)	(2,492)
Deferred tax liabilities	(12)	(12)
	(2,270)	(2,504)
Net Assets	17,979	21,954
Represented by:		
Issued capital	17,600	16,000
Share premium	10,715	10,818
Reserve on consolidation	1,761	1,761
Accumulated Loss	(12,097)	(6,625)
Shareholders' Equity	17,979	21,954
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.10	0.14

The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 30 September 2005.

DVM TECHNOLOGY BERHAD (609953-K)
(Incorporated in Malaysia)
Unaudited Condensed Consolidated Statement of Changes in Equity
For the fourth quarter ended 30 September 2006
(Unaudited)

	Issued Capital	Share Premium	Non-distributable reserve - Reserve on consolidation	Distributable reserve - (Accumulated (Loss)/ Unappropriated profit)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 October 2005	16,000	10,818	1,761	(6,625)	21,954
Shares issued during the period:					
Private placement	1,600	0	0	0	1,600
Listing expenses	0	(103)	0	0	(103)
Net loss for the period/year	0	0	0	(5,472)	(5,472)
Balance as of 30 September 2006	<u>17,600</u>	<u>10,715</u>	<u>1,761</u>	<u>(12,097)</u>	<u>17,979</u>
Balance as of 1 October 2004	16,000	10,818	1,761	2,228	30,807
Net loss for the period/year	-	-	-	(8,853)	(8,853)
Balance as of 30 September 2005	<u>16,000</u>	<u>10,818</u>	<u>1,761</u>	<u>(6,625)</u>	<u>21,954</u>

The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 30 September 2005.

DVM TECHNOLOGY BERHAD (609953-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the fourth quarter ended 30 September 2006
(Unaudited)

	12 Months Ended 30/09/06 RM'000	12 Months Ended 30/09/05 RM'000
Cash Flows from Operating Activities		
Loss before tax	(5,454)	(9,121)
Adjustment for:		
Non-cash items	6,460	6,560
Non-operating items	<u>257</u>	<u>169</u>
Operating profit/(loss) before working capital changes	1,263	(2,392)
Net changes in current assets	(1,257)	(513)
Net changes in current liabilities	<u>(1,377)</u>	<u>(815)</u>
Cash used in operations	(1,371)	(3,720)
Interest paid	(318)	(283)
Net tax refund/(paid)	1,025	(584)
Net cash used in operating activities	<u>(664)</u>	<u>(4,587)</u>
Cash Flows from Investing Activities		
Interest received	61	113
Purchase of property, plant and equipment	(165)	(773)
Proceeds from disposal of property, plant and equipment	38	13
Development expenditure incurred	<u>(2,140)</u>	<u>(2,810)</u>
Net cash used in investing activities	<u>(2,206)</u>	<u>(3,457)</u>
Cash Flows from Financing Activities		
Cash inflow from subscription of shares by minority shareholder	0	220
Proceeds from issue of shares	1,600	0
Listing expenses incurred	(103)	0
Decrease/(Increased) in fixed deposits pledged	865	(1,142)
Repayment of hire purchase payable	0	(16)
Repayment of term loan	(211)	(186)
Drawdown from/ (Repayment of) bank borrowings	<u>(307)</u>	<u>1,028</u>
Net cash generated from/(used in) financing activities	<u>1,844</u>	<u>(96)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,026)	(8,140)
Cash and Cash Equivalents at beginning of year	395	8,535
Cash and Cash Equivalents at end of period	<u>(631)</u>	<u>395</u>
Cash and Cash Equivalents comprise of:		
Fixed deposits with licensed bank	1,288	2,621
Cash and bank balances	284	545
Bank overdrafts	<u>(1,325)</u>	<u>(1,028)</u>
	247	2,138
Less : Fixed deposits pledged	<u>(878)</u>	<u>(1,743)</u>
	<u>(631)</u>	<u>395</u>

The Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Annual Audited Financial Statements for the year 30 September 2005.

DVM TECHNOLOGY BERHAD (*Company No. 609953-K*)
(Incorporated in Malaysia)
NOTES TO THE QUARTERLY REPORT – 30 September 2006

A. EXPLANATORY NOTES

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134 (formerly known as Malaysian Accounting Standards Board ("MASB") 26), "Interim Financial Reporting" and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market, and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 September 2005.

The accounting policies and methods of computation adopted by the Group for this interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 30 September 2005.

A2. Auditors' Report

The auditors' report for the Group's annual financial statements for the financial year ended 30 September 2005 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

The Group does not experience any significant seasonal or cyclical sales cycle. However, there may be fluctuations between the quarters due to the nature of the Group's integration businesses which are secured on a project by project basis.

A4. Unusual Items

During the financial quarter under review, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group.

A5. Material Changes in Estimates

There were no changes in the estimate of amounts reported in the previous quarter or financial year that have material effect on the current quarter results.

A6. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter under review.

A7. Dividend

No dividend has been declared or paid during the current financial year-to-date under review.

A8. Segmental Reporting

The Group only operates in one industry (i.e. the information communication technology industry) which is based in Malaysia. Therefore, there is no disclosure of segmental information as required by FRS 114 (formerly known as MASB 22).

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment. Hence, the valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.

A10. Subsequent Events

There were no material events subsequent to the end of the current quarter under review up to the date of this quarterly report.

A11. Changes in the Composition of the Group

On 13 September 2006, DVM subscribed for 6,000,000 new ordinary shares of RM1.00 each in DVM Innovate Sdn Bhd, a wholly-owned subsidiary of DVM, by way of capitalization of the amount owing by DVM Innovate to DVM. After the Share Subscription, DVM Innovate remains as a wholly owned subsidiary of DVM.

Save as disclosed above, there were no other changes in the composition of the Group during the current interim financial period under review.

A12. Changes in Contingent Assets and Contingent Liabilities

There were no material contingent assets or contingent liabilities as at the date of this quarterly report except for the corporate guarantees given to banks by DVM Technology Berhad for granting credit facilities to certain of its subsidiary companies amounting to RM5,700,000 and corporate guarantees given to suppliers for granting and securing of trade supplies.

A13. Change of financial year end

DVM has changed its current financial year end from 30 September 2006 to 31 December 2006.

DVM TECHNOLOGY BERHAD (*Company No. 609953-K*)

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT – 30 September 2006**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS****B1. Review of Performance for the Current Quarter and Year-to-date**

For the current quarter under review, the Group recorded revenue of RM0.66 million as compared to the revenue of the preceding year's corresponding quarter of RM1.26 million. The loss after taxation for the current quarter under review is RM0.75 million as compared to the loss after taxation in the preceding year's corresponding quarter of RM2.33 million.

For the current quarter under review, the lower sales revenue is due mainly to lower customers' orders. The improvement in the operating loss is due mainly to improved margin for the sale of Broadband Telephony as well as the lower operating expenses incurred during the current quarter. In the preceding year's corresponding quarter, the Group had experienced lower project margins and incurred setup costs for its revenue sharing projects.

For the current year-to-date under review, the Group recorded a revenue of RM13.8 million (as compared to the revenue of the preceding year's corresponding period of RM11.0 million), and a loss after taxation of RM5.5 million (as compared to a loss after taxation of the preceding year's corresponding period of RM8.9 million).

Overall, the Group enjoyed a higher sales revenue arising from more secured orders and billings for the systems and network integration projects, hardware sales and Genico's Broadband Telephony Communications solutions from both local and overseas customers.

The Group had also implemented cost control exercises which had successfully lowered its operating expenses. As a result of the improvement in sales revenue and cost savings, the loss after taxation of the Group had decreased to RM5.5 million from the preceding year's corresponding period of RM8.9 million

B2. Current Year's Prospect

During the year, the Group launched its latest mobile 3G solutions and teamed up with several technology partners. As a result of extensive marketing efforts, the Group had secured new orders for its 3G products. Moving forward, in order to maintain its competitiveness, the Group will concentrate on its business strategy to step up its marketing efforts in the domestic and international markets, introduce new and innovative products, as well as improve its operational efficiency and cost management.

Barring unforeseen circumstances, with the above business strategy, the Group expects the financial performance for the next quarter will improve.

B3. Material Changes in Loss Before Taxation Compared to the Results of the Immediate Preceding Quarter

For the current quarter under review, the Group's revenue of RM0.66 million is lower compared to the revenue of the immediate preceding quarter of RM2.68 million as in the current quarter, the Group had experienced lower orders from its customers.

During the current quarter under review, the Group recorded a loss after taxation of RM0.75 million as compared to a profit after taxation of RM0.03 million in the previous quarter. The loss was attributable mainly to lower sales revenue.

B4. Profit Forecast

- (a) No profit forecast was announced hence there was no comparison made with the actual results.
- (b) There is no shortfall in profit guarantee as the Group does not provide any profit guarantee.

B5. Taxation

The breakdown of taxation charged for the current quarter and financial year-to-date under review are as follows:

	Current quarter 30.09.2006 RM'000	Current financial year-to-date 30.09.2006 RM'000
Estimated current tax payable:		
Under provision for taxation in prior year	-	(1)
Overprovision for taxation in prior year	-	7
Current year provision	-	-
Foreign withholding taxation	-	(24)
	<u>-</u>	<u>(18)</u>

B6. Profit on sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and/or properties for the current quarter and financial year-to-date under review.

B7. Purchase and Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date under review.

B8. Status of Corporate Proposals

On 16 June 2006, the Company announced that it would undertake a proposed private placement which involved the issuance of up to twenty percent (20%) of the issued and paid-up share capital of the Company. Nonetheless, on 10 August 2006, the Company announced that the Securities Commission ("SC") had on 9 August 2006 rejected the proposed private placement. Nonetheless, DVM submitted an appeal to the SC on its rejection decision for the proposed private placement on 8 September 2006. The decision from the SC is still pending as at the date of issuance of this Quarterly Report.

Save as disclosed above, there was no other corporate proposals announced but not completed as at 29 November 2006 (being the latest practicable date not earlier than 7 days from the date of issue of the quarterly report).

B9. Status of the utilisation of proceeds

The proceeds raised from the private placement which was completed on 28 March 2006 had been fully utilised as at 30 September 2006.

B10. Group Borrowings and Debt Securities

Save as disclosed below, there are no other borrowings or debts securities in the DVM Group:

	Short-term RM'000	Long-term RM'000	Total RM'000
<u>Secured</u>			
Bank overdraft	1,325	-	1,325
Short-term loan	721	-	721
Term loan	233	2,258	2,491
	<u>2,279</u>	<u>2,258</u>	<u>4,537</u>

Both the bank overdraft and short-term loans are secured by way of fixed deposits pledged by the subsidiary companies, a charge over the office building of the Company and corporate guarantee by the Company.

The term loan is used for the financing of office building of the Company and is secured against the office building itself.

All borrowings are denominated in Ringgit Malaysia.

B11. Off Balance Sheet Financial Instruments

The Group does not have any off-balance sheet financial instruments as at 29 November 2006 (being the latest practicable date not earlier than 7 days from the date of issue of the quarterly report).

B12. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group since the last financial year ended 30 September 2005 up to 29 November 2006 (being the latest practicable date not earlier than 7 days from the date of issue of the quarterly report).

B13. Dividend

No dividend has been declared or paid during the current quarter and the financial year-to-date under review.

B14. Earnings Per Share (Basic)

The loss per share for the current quarter and cumulative quarter year-to-date are computed as follows:

	Individual Quarter – Current Quarter	Cumulative Quarters – Current Year To Date
Net loss for the period (RM'000)	(745)	(5,472)
Weighted average number of ordinary shares in issue ('000)	176,000	169,059
Loss per Share (sen)	(0.42)	(3.24)