

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
SECOND QUARTER ENDED 30 JUNE 2007

The figures have not been audited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2007	2006	2007	2006
	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	<u>30/6/2007</u>	<u>30/6/2006</u>	<u>30/6/2007</u>	<u>30/6/2006</u>
	RM'000	RM'000	RM'000	RM'000
REVENUE	9,254	N/A	12,974	N/A
Operating profit	1,236	N/A	2,003	N/A
Amortisation and depreciation	(827)	N/A	(1,374)	N/A
Interest expense	(96)	N/A	(162)	N/A
Other income	12	N/A	19	N/A
Profit before taxation	325	N/A	486	N/A
Taxation	0	N/A	0	N/A
Profit after taxation	325	N/A	486	N/A
Minority interest	0	N/A	0	N/A
Net Profit for the period	<u>325</u>	<u>N/A</u>	<u>486</u>	<u>N/A</u>
Weighted average number of shares in issue	176,000	N/A	176,000	N/A
Earnings per share (sen) - basic	0.18	N/A	0.28	N/A

Pursuant to the change in year end from 30 September to 31 December, comparative figures for the current quarter and the cumulative period are not presented as the three (3) month financial period ended 30 June 2007 represent the 2nd quarter result for the financial year ending 31 December 2007, while the three (3) month financial period ended 30 June 2006 represented the 3rd quarter result for the fifteen (15) month financial period ended 31 December 2006. However, the previously announced three (3) month financial period ended 30 June 2006 results is attached to this announcement as reference.

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial statements.

DVM TECHNOLOGY BERHAD (609953-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2007

	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
	<u>30/06/07</u>	<u>31/12/06</u>
	RM'000	RM'000 (Restated)
ASSETS		
Non-current Assets		
Property, Plant and Equipment	4,673	4,866
Development Expenditure	10,206	5,418
	<u>14,879</u>	<u>10,284</u>
Current Assets		
Stock Inventory	4,124	4,729
Trade and other receivables	4,967	6,694
Fixed deposits with licensed banks	3,512	970
Cash and bank balances	798	456
	<u>13,401</u>	<u>12,849</u>
TOTAL ASSETS	<u>28,280</u>	<u>23,133</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Issued capital	17,600	17,600
Share premium	10,717	10,717
Reserve on consolidation	0	1,761
Accumulated Loss	(12,299)	(14,546)
Total Equity	<u>16,018</u>	<u>15,532</u>
Non-current Liability		
Term loan	<u>5,056</u>	<u>2,196</u>
Current Liabilities		
Trade and other payables	4,779	2,846
Bank overdrafts	981	794
Bank borrowings	1,183	1,434
Term loan	263	239
Tax liabilities	0	92
	<u>7,206</u>	<u>5,405</u>
Total Liabilities	<u>12,262</u>	<u>7,601</u>
TOTAL EQUITY AND LIABILITIES	<u>28,280</u>	<u>23,133</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.09	0.09

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial statements.

DVM TECHNOLOGY BERHAD (609953-K)

(Incorporated in Malaysia)

Unaudited Consolidated Statement of Changes in Equity**For the second quarter ended 30 June 2007****(Unaudited)**

	Issued Capital	Share Premium	Non-distributable reserve - Reserve on consolidation	(Accumulated Loss)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2007	17,600	10,717	1,761	(14,546)	15,532
Effects of FRS 3 adoption	0	0	(1,761)	1,761	0
As restated	17,600	10,717	0	(12,785)	15,532
Net profit for the period	0	0	0	486	486
Balance as of 30 June 2007	<u>17,600</u>	<u>10,717</u>	<u>0</u>	<u>(12,299)</u>	<u>16,018</u>

Pursuant to the change in year end from 30 September to 31 December, comparative figures for the current quarter and the cumulative period are not presented as the three (3) month financial period ended 30 June 2007 represent the 2nd quarter result for the financial year ending 31 December 2007, while the three (3) month financial period ended 30 June 2006 represented the 3rd quarter result for the fifteen (15) month financial period ended 31 December 2006. However, the previously announced three (3) month financial period ended 30 June 2006 results is attached to this announcement as reference.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial statements.

DVM TECHNOLOGY BERHAD (609953-K)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the second quarter ended 30 June 2007
(Unaudited)

	6 Months Ended 30/06/07 RM'000	6 Months Ended 30/06/06 RM'000
Cash Flows from Operating Activities		
Profit before tax	486	N/A
Adjustment for:		
Non-cash items	2,070	N/A
Non-operating items	(15)	N/A
Operating profit before working capital changes	2,541	N/A
Net changes in current assets	1,829	N/A
Net changes in current liabilities	1,934	N/A
Cash from operations	6,304	N/A
Interest paid	(162)	N/A
Net tax paid	(124)	N/A
Net cash generated from operating activities	6,018	N/A
Cash Flows from Investing Activities		
Interest received	15	N/A
Purchase of property, plant and equipment	(37)	N/A
Development expenditure incurred	(5,934)	N/A
Proceeds from disposal of property, plant and equipment	2	N/A
Net cash used in investing activities	(5,954)	N/A
Cash Flows from Financing Activities		
Increased in fixed deposits pledged	(2,542)	N/A
Repayment of term loan	(117)	N/A
Repayment of bank borrowings	(251)	N/A
Drawdown from term loan	3,000	N/A
Net cash generated from financing activities	90	N/A
Net Increase in Cash and Cash Equivalents	154	N/A
Cash and Cash Equivalents at beginning of year	(337)	N/A
Cash and Cash Equivalents at end of period	(183)	N/A
Cash and Cash Equivalents comprise of:		
Fixed deposits with licensed bank	3,512	N/A
Cash and bank balances	798	N/A
Bank overdrafts	(981)	N/A
	3,329	N/A
Less : Fixed deposits pledged	(3,512)	N/A
	(183)	N/A

Pursuant to the change in year end from 30 September to 31 December, comparative figures for the current quarter and the cumulative period are not presented as the three (3) month financial period ended 30 June 2007 represent the 2nd quarter result for the financial year ending 31 December 2007, while the three (3) month financial period ended 30 June 2006 represented the 3rd quarter result for the fifteen (15) month financial period ended 31 December 2006. However, the previously announced three (3) month financial period ended 30 June 2006 results is attached to this announcement as reference.

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 31 December 2006 and the accompanying explanatory notes attached to this interim financial statements.

DVM TECHNOLOGY BERHAD (*Company No. 609953-K*)
 (Incorporated in Malaysia)
NOTES TO THE QUARTERLY REPORT – 30 June 2007

A. EXPLANATORY NOTES

A1. Basis of Preparation

The Quarterly Report has been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards ("FRS") 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market ("MMLR"), and should be read in conjunction with the Group's audited financial statements for the fifteen (15) month financial period ended 31 December 2006.

The significant accounting policies adopted by the Group are consistent with those adopted for the audited financial statements for the fifteen (15) month financial period ended 31 December 2006 except for the adoption of the following new/revised FRS during the current six (6) month financial period under review:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting 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 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the above FRS does not have any significant financial impact on the Group, except as presented below:

FRS 3: Business Combinations

In accordance with the transitional provisions of FRS 3, the reserve on consolidation as at 1 January 2007 of RM1,760,900 was derecognised with a corresponding decrease in accumulated loss.

A2. Auditors' Report

The auditors' report for the Group's annual financial statements for the fifteen (15) month financial period ended 31 December 2006 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 prior quarter or financial year which 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.

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 statement.

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

There were no 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 its wholly owned subsidiary companies amounting to RM15,700,000 and corporate guarantees given to suppliers for granting and securing of trade supplies.

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

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2007

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1. Review of Performance for the Current Quarter and Year-to-date

The Group recorded revenue of RM9.3 million and profit after taxation of RM0.3 million. This performance was driven mainly by more projects secured for the network and systems integration and the Genico Broadband Telephony products from both local and overseas customers.

Due to change of financial year end from 30 September to 31 December, there is no comparative figures presented.

B2. Current Year's Prospect

Based on existing book orders, the revenue of the Group is expected to improve. Barring unforeseen circumstances, the Group anticipates its performance to continue to be satisfactory for the remainder of the financial year ending 31 December 2007.

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

For the current quarter under review, the Group's revenue of RM9.3 million is higher as compared to the revenue of the immediate preceding quarter of RM3.7 million as the Group had secured and executed several large orders for both its Genico products and its systems and network products.

Arising from the higher sales revenue, the Group recorded a higher profits after taxation of RM0.33 million as compared to RM0.16 million in the immediate preceding quarter.

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 did not provide any profit guarantee.

B5. Taxation

No provision for taxation is made as the Group has unutilised tax losses.

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

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

The Group does not have any material investment in quoted securities as at the reporting date.

B8. Status of Corporate Proposals

There was no corporate proposals announced but not completed as at the date of this quarterly report.

B9. 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	981	-	981
Short-term loan	1,183	-	1,183
Term loan	263	5,056	5,319
	<u>2,427</u>	<u>5,056</u>	<u>7,483</u>

The bank overdraft, short-term loan and term loan 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.

All borrowings are denominated in Ringgit Malaysia.

B10. Off Balance Sheet Financial Instruments

The Group does not have any off-balance sheet financial instruments as at the date of this quarterly report.

B11. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant. The directors do not have any knowledge of any proceedings pending or threatened against the Group since the last financial period ended 31 December 2006 up to the date of this quarterly report.

B12. Dividend

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

B13. Earnings Per Share

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

	Individual Quarter - Current Quarter	Preceding Corresponding Quarter	Cumulative Quarters - Current Year To Date	Preceding Corresponding Quarter
Net profit for the period (RM'000)	325	N/A	486	N/A
Weighted average number of ordinary shares in issue ('000)	176,000	N/A	176,000	N/A
Earnings per share (sen) <i>(Basic and Diluted)</i>	0.18	N/A	0.28	N/A