

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

(Incorporated in Malaysia)

NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2008

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 Rule 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 financial period ended 31 December 2007.

The significant accounting policies adopted by the Group are consistent with those adopted for the audited financial statements for the financial period ended 31 December 2007 except for the adoption of the following new/revised FRS during the current twelve (12) months 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:

A2. Auditors' Report

The auditors' report for the Group's annual financial statements for the financial period ended 31 December 2007 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.