

DVM TECHNOLOGY BERHAD (*Company No. 609953-K*)
(Incorporated in Malaysia)
NOTES TO THE QUARTERLY REPORT – 30 SEPTEMBER 2009

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 Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market ("AMLR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2008.

The significant accounting policies adopted by the Group are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

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 year ended 31 December 2008 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 RM5,700,000 and corporate guarantees given to suppliers for granting and securing of trade supplies.

A13. Proposed Employee Share Option Scheme (ESOS)

On 21 May 2009, MIMB Investment Bank Berhad had on behalf of the Company, announced to the Bursa Malaysia Securities Berhad that the Company had proposed ESOS of up to thirty percent (30%) of the total issued and paid-up share capital of DVM. It was approved in principal by Bursa Malaysia Securities Berhad and by the shareholders of DVM in an Extraordinary General Meeting held on 25 June 2009.

The said proposal has not been implemented since 25 June 2009

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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 a revenue of RM12.22 million and this performance was driven mainly by the projects secured for the network and systems integration and the Genico Broadband Telephony products from both local and overseas customers. The Group recorded a profit after taxation of RM1.08 million as a result of the higher sales revenue incurred for the current quarter.

B2. Future Prospect

Barring unforeseen circumstances, the Board is optimistic that the Group's performance will continue to be satisfactory for the remainder financial year ending 31 December 2009.

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

For the current quarter under review, the Group's revenue of RM12.22 million was higher compared to the revenue of the preceding year corresponding quarter of RM5.74 million. This was attributed mainly to higher billings for the products and services in the third quarter of the year.

During this quarter under review, the Group registered a net profit after taxation of RM1.08 million as compared to a net loss after taxation of RM575,000 for the preceding year corresponding quarter due to higher sales revenue incurred.

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 unutilized tax losses.

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.

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

B8. Status of Corporate Proposals

There were 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	2,046	-	2,046
Short-term loan	373	-	373
Hire purchase payable	26	80	106
Term loan	4,487	21,192	25,679
	<u>6,932</u>	<u>21,272</u>	<u>28,204</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. The term loan is also secured by way of a fixed and floating charge, and debenture over the subsidiary 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 which is likely to give rise to proceedings which may materially or adversely affect the financial position or the business operations of the Group.

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/(loss) for the period (RM'000)	443	(524)	1,434	(267)
Weighted average number of ordinary shares in issue ('000)	176,000	176,000	176,000	176,000
Earnings per share (sen) <i>(Basic and Diluted)</i>	0.25	(0.30)	0.81	(0.15)