

**DVM TECHNOLOGY BERHAD** (*Company No. 609953-K*)  
(Incorporated in Malaysia)  
**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2010**

**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 2009.

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 2009.

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 2009 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**

On 20 May 2010, DVM has acquired 343,000 ordinary shares representing the remaining 41% of the issued and paid up share capital of Key Alliance Sdn Bhd from Mr Lee Cheng Hueng at a cash consideration of RM1.00. Upon the acquisition, Key Alliance shall become a wholly owned subsidiary to DVM.

Saved as disclosed above, 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.