

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

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2010**

**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 RM5.01 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 RM13,000 as a result of the lower sales revenue achieved 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 2010.

**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 RM5.01 million was lower compared to the revenue of the preceding corresponding quarter of RM17.18 million. This was attributed mainly to a decrease of billings for the products and services in the second quarter of the year.

The profit after tax was RM13,000 compared to preceding corresponding quarter profit of RM583,000 due to lower sales revenue achieved.

**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**

On 10 June 2009, the Equity Compliance Unit of the Securities Commission (“SC”) had approved the Company’s application for an extension of time to comply with Bumiputra equity condition of up to 18 months until 10 December 2010. In complying with the Bumiputra equity condition, the Company had on 24 November 2009, announced that it is proposing to undertake, inter-alia, a proposed special issue of up to 32,700,000 new ordinary shares of RM0.10 each to Bumiputra investors to be identified and approved by the Ministry of International Trade and Industry (“MITI”) (“Proposed Special Issue”). The Proposed Special Issue was approved by the SC and MITI vide letters dated 4 January 2010 and 14 January 2010 respectively. The Proposed Special Issue was also approved by the shareholders of the Company on 26 March 2010 and is now pending implementation.

**B9. Group Borrowings and Debt Securities**

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

	<b>Short-term RM’000</b>	<b>Long-term RM’000</b>	<b>Total RM’000</b>
<u>Secured</u>			
Bank overdraft	1,620	-	1,620
Short-term loan	338	-	338
Hire purchase payable	26	64	90
Term loan	4,632	14,599	19,231
	<u>6,616</u>	<u>14,663</u>	<u>21,279</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 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 year ended 31 December 2009 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:

	<b>Individual Quarter - Current Quarter</b>	<b>Preceding Corresponding Quarter</b>	<b>Cumulative Quarters - Current Year To Date</b>	<b>Preceding Corresponding Quarter</b>
Net profit for the period (RM'000)	184	532	446	991
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>	0.10	0.30	0.25	0.56