

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2012

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 2011.

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 2011.

A2. Auditors' Report

The auditors' report for the Group's annual financial statements for the financial year ended 31 December 2011 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 is primarily engaged in the information communication technology and other information technology (“IT”) related services, therefore segmental analysis is not presented and operations are conducted predominantly in Malaysia.

A9. Valuation of Property, Plant and Equipment

Valuation on investment property has been carried out by an independent valuer Messrs Jones Lang Wotton during the current quarter under review. The fair value for the investment property is stated at RM7.60million as per valuer’s report dated 12 March 2012.

On 30 March 2012, the Board of Directors of the Group announced that Board has approved the incorporation of the net gain arising from fair value adjustment of the investment property of the Company in the unaudited financial statements for the financial period ending 31 March 2012.

Other property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

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 RM5,400,000 and corporate guarantees given to suppliers for granting and securing of trade supplies.

A13. Capital Commitments

There were no material capital commitments for the purchase of property, plant and equipment incurred or known to be incurred for in the current quarter under review.

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

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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 RM2.40 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 customers. The Group recorded a profit after taxation of RM2.90 million as a result of the lower sales revenue achieved for the current quarter.

B2. Future Prospect

The Board is of the view that the Group's prospect will remain challenging in near future.

B3. Changes in Profit/Loss Before Taxation

For the current quarter under review, the Group's revenue of RM2.40 million was lower compared to the revenue of the preceding corresponding quarter of RM7.13 million. This was attributed mainly to a decrease of billings for the products and services in the quarter under review.

The profit after tax was RM2.90 million compared to preceding corresponding quarter loss of RM1.49 million due to recognition of fair value on investment property.

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

The Group tax provision has been off-set against the reversal of tax over provided previously.

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. Corporate Proposals

Private Placement

Bursa Malaysia Securities Berhad (“Bursa Securities”) has approved the listing and quotation of up to 17,600,000 new ordinary shares of RM 0.10 each representing up to 10% of the existing issued and paid-up share capital of DVM on 25 November 2011.

On 03 April 2012, the board announced that the Company has successfully exercised the abovementioned approval by Bursa Malaysia on 17,600,000 new ordinary shares of RM0.10 each representing 10% of the issued and paid-up share capital of the Company in pursuant to the mandate granted to the Directors at per the 8th Annual General Meeting of the company held in previous year to independent third party investors, on the ACE Market of Bursa Securities.

Right Issue

On 28 May 2012, the Board announced the proposed pronounceable right issue of up to 387,200,222 new ordinary shares of RM0.10 each in DVM (“Right Shares”) together with up to 290,400,000 new free detachable warrants (“Warrants”) at an issue price of RM0.10 per Rights Share on the basis of four (4) Right Shares together with three (3) Warrants for every two (2) existing ordinary shares of RM0.10 held in DVM (DVM Shares”).

B9. Group Borrowings and Debt Securities

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

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
<u>Secured</u>			
Bank overdraft	2,076	-	2,076
Short-term loan	0	-	0
Hire purchase payable	26	25	51
Term loans	5,054	5,267	10,321
	7,156	5,292	12,448

The bank overdraft and term loans 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.

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 has 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 2010 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. Profit/(Loss) Before Tax

Profit/(Loss) for the period is arrived after crediting/(charging) the following:

	Quarter Ended		Cumulative Year-To-Date Ended	
	31/03/2012 RM'000	31/03/2011 RM'000	31/03/2012 RM'000	31/03/2011 RM'000
Interest income	14	14	14	14
Interest expense	(220)	(340)	(220)	(340)
Depreciation & amortization	(1,015)	(1,125)	(1,015)	(1,125)
Realised foreign exchange loss	(4)	(7)	(4)	(7)

B14. Realised and Unrealised Profits/(Losses)

The realised and unrealised profits/(losses) of the group for the period ended are as follows:

	As at 31 March 2012 RM'000	As at December 2011 RM'000
Total accumulated loss		
Realised	(22,535)	(21,249)
Unrealised	4,186	2
	(18,349)	(21,247)
Consolidated adjustments	2,542	2,483
	(15,807)	(18,764)

B15. Earnings Per Share

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

	Quarter Ended		Year-To-Date Ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Net profit/(loss) for the period (RM'000)	2,957	(1,593)	2,957	(1,593)
Weighted average number of ordinary shares in issue ('000)	193,600	176,000	193,600	176,000
Earnings per share (sen)	1.53	(0.91)	1.53	(0.91)

The number of ordinary share capital has been increased by 17,600,000 through private placement exercise during the current quarter under review.