

NOTES TO THE QUARTERLY REPORT – 30 JUNE 2013

A. EXPLANATORY NOTES

A1. Basis of Preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for ACE Market (“AMLR”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2012.

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 2012.

The condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements and MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition of MFRS framework does not have any material financial impact to the financial statements of the Group.

A2. Auditors’ Report

The auditors’ report for the Group’s annual financial statements for the financial year ended 31 December 2012 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 last financial year end. The fair value for the investment property is stated at RM8.0million as per valuer’s report dated 30 January 2013.

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 major changes in other contingent liabilities or contingent assets since the last annual Statement of Financial Position as at 31 December 2012.

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.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD’S LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded a revenue of RM1.42 million and this performance was driven mainly by the projects secured for the network and systems integration and the Genico Broadband Telephony products. The Group recorded a net loss after taxation of RM1.90 million as the result of lower sales revenue achieved for the quarter under review. The Group has been actively pursuing for new businesses with positive feedbacks for the coming future.

B2. Future Prospect

The Board is of the view that the Group’s prospect will remain challenging, and we are cautiously optimistic that we will show some improvements in the coming quarter.

B3. Changes in Profit/Loss before Taxation against Immediate Preceding Quarter

For the current quarter under review, the Group's revenue of RM1.42 million was lower compared to the revenue of the preceding corresponding quarter of RM2.20 million. This was attributed mainly to the decrease of billing for the products and services in the quarter under review. The loss after tax was RM1.90 million as compared to preceding corresponding quarter loss after tax of RM1.37 million due to lower sales revenue achieved for the quarter under review.

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

Right Issue

On 28 May 2012, the Company ("Company" or "DVM") announced the following proposals:

- (a) Proposed renounceable right issue of up to 387,200,000 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");
- (b) Proposed amendments to the Memorandum of Association of the Company; and
- (c) Proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 DVM Shares to RM100,000,000 comprising 1,000,000,000 DVM Shares.

The abovementioned right issue with warrants proposal exercise has been approved by Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 February 2013 and EGM-Shareholders on 29 March 2013 respectively.

B8. Corporate Proposals (Cont'd)

Right Issue (Cont'd)

The abridged prospectus was issued to shareholders on 10 June 2013. Subscription was closed on 25 June 2013.

The Proposed Right Issue with Warrants was completed on 8 July 2013 with the listing of and quotation for the following on the ACE Market of Bursa Securities.

- (i) 387,200,000 Rights Shares issued pursuant to the Rights Issue with Warrants; and
- (ii) 290,400,000 Warrants issued pursuant to the Rights Issue with Warrants.

Consequently, the issued and paid-up share capital of the Company increased from RM19,360,000 comprising 193,600,000 ordinary shares of RM0.10 each to RM58,080,000 comprising 580,800,000 ordinary shares of RM0.10 each with the completion of Rights Issue with Warrants.

B9. Group Borrowings and Debt Securities

	Short-term	Long-term	Total
	RM'000	RM'000	RM'000
Secured			
Bank overdraft	2,104	-	2,104
Hire purchase payable	19	-	19
Term loans	2,645	2,272	4,917
	4,768	2,272	7,040

The bank overdraft and term loans are secured by way of fixed deposits pledged and charged over the investment property 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 2012 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	
	30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
Interest income	15	15	31	29
Interest expense	(138)	(204)	(286)	(424)
Depreciation & amortization	(360)	(1,051)	(938)	(2,133)
Realised foreign exchange loss	-	-	-	4

B14. Realised and Unrealised Profits/(Losses)

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

	As at 30 June 2013 RM'000	As at 31 December 2012 RM'000
Total accumulated loss		
Realised	(22,206)	(25,021)
Unrealised	0	2,405
	(22,206)	(22,616)
Share of accumulated losses of an associate company	(31)	(65)
Consolidated adjustments	7	2,405
	(22,182)	(20,276)

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	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
Net profit/(loss) for the period (RM'000)	(1,903)	(1,363)	(1,906)	1,594
Weighted average number of ordinary shares in issue ('000)	193,600	193,600	193,600	193,600
Earnings per share (sen)	(0.00)	(0.00)	(0.00)	0.82