

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2014**

**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 2013.

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 2013.

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 2013 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**

There was no valuation being carried out for the current quarter under review.

## **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 3<sup>rd</sup> April 2014, the Group entered into a Share Sale Agreement with a third party to acquire 2 ordinary shares of RM1.00 each in Precious Essence Sdn Bhd (“PESB”), representing 100% equity interest in PESB. PESB is an investment holding company. The acquisition was completed on 28 April 2014.

On 5 May 2014, the Group entered into a Share Sale Agreement with Digital Paper Sdn Bhd to acquire 153,000 ordinary shares of RM1.00 each in Digital Paper Solutions Sdn Bhd (“DPS”), representing 51% equity interest in DPS, with a total cash consideration of RM257,036.43. DPS is principally involved in trading and rental of office equipment. The acquisition was completed on 31 May 2014.

There were no other material changes to the composition of the Group for the current quarter under review.

## **A.12 Contingent Consideration**

|                 | <b>THE COMPANY</b>                       |  |
|-----------------|--|--|
|                 | <b>As at 30 June<br/>2014<br/>RM'000</b> | <b>As at 31<br/>December 2013<br/>RM'000</b> |
| Current portion | <u>3,060</u>                             | <u>-</u>                                     |

The contingent consideration represents the fair value of the outstanding purchase consideration (“outstanding”) payable to the vendors of a subsidiary which was acquired during the financial period. The outstanding is contingent based on the estimation of management report on earn-out basis for the financial period ended 30 June 2014.

### **A13. Changes in Contingent Assets and Contingent Liabilities**

Contingent liabilities of the Group as at 30 June 2014 are as follows:

|  | <b>Group Level</b>   |                               |
|--|----------------------|-------------------------------|
|  | <b>As at the LPD</b> | <b>As at 31 December 2013</b> |
| Secured  | (RM'000)             | (RM'000)                      |
| Bank guarantees issued in favour of third parties by a licensed bank                               | 858                  | 858                           |
|  |                      |                               |
|  | <b>Company Level</b> |                               |
|  | <b>As at the LPD</b> | <b>As at 31 December 2013</b> |
| Unsecured  | (RM'000)             | (RM'000)                      |
| Corporate guarantees issued to financial institution for credit facilities granted to subsidiaries | 5,650                | -                             |

### **A14. 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 revenue of RM7.9 million, 464.29% or RM6.5 million higher than RM1.40 million recorded in the corresponding quarter last year. The increase in revenue was driven mainly by the projects secured from the government sectors and approximately 28.08% of the revenue derives from the trading activities. The new acquisition subsidiary namely Digital Paper Solutions Sdn Bhd has recorded revenue of RM1.4 million this quarter.

The Group recorded a net loss after taxation of RM110,000 as compared to the last year corresponding quarter's loss after taxation of RM1.9 million. This performance is as a result of higher 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 in near future.

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

For the current quarter under review, the Group's revenue of RM7.9 million was slightly lower compared to the revenue of the immediate preceding corresponding quarter of RM8.6 million. This was attributed to the decrease of billing for the products and services in the quarter under review. The loss after tax was RM110,000 as compared to the immediate preceding corresponding quarter profit after tax of RM34,000 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**

*Private Placement*

On 25 February 2014, the Company ("Company" or "DVM") announced proposed private placement of up to ten percent (10%) of the issued and paid-up share capital of DVM ("Proposed Private Placement").

Bursa Securities Berhad had, vide its letter dated 20 March 2014, approved the listing of and quotation for up to 87,120,000 Placement Shares, representing up to ten percent (10%) of the enlarged issued and paid-up share capital of DVM.

The Company is in the midst of identifying suitable places.

**B9. Group Borrowings and Debt Securities**

|                       | Short-term | Long-term | Total  |
|-----------------------|------------|-----------|--------|
|                       | RM'000     | RM'000    | RM'000 |
| <b>Secured</b>        |            |           |        |
| Hire purchase payable | 65         | 254       | 319    |

**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 2013 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 |                     |
|-----------------------------|---------------------|---------------------|-------------------------------|---------------------|
|                             | 30/6/2014<br>RM'000 | 30/6/2013<br>RM'000 | 30/6/2014<br>RM'000           | 30/6/2013<br>RM'000 |
| Interest income             | 119                 | 15                  | 239                           | 31                  |
| Interest expense            | (5)                 | (138)               | (11)                          | (286)               |
| Depreciation & amortization | (440)               | (360)               | (886)                         | (938)               |

**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 2014 | As at 31 December 2013 |
|---|--------------------|------------------------|
|   | RM'000             | RM'000                 |
| <b>Total accumulated loss</b>                       |                    |                        |
| Realised  | (31,626)           | (31,259)               |
| Unrealised  | 2,543              | 2,405                  |
|   | (29,083)           | (28,854)               |
| Share of accumulated losses of an associate company | (95)               | (115)                  |
| Consolidated adjustments                            | 2,543              | 2,407                  |
|   | (26,635)           | (26,562)               |

**B15. Status of utilization of proceeds**

On 8 July 2013, the Rights Issue with Warrants has been completed with the listing of Rights Shares and Warrants on the Ace Market of Bursa Malaysia Securities Berhad. As at 31 July 2014, the status utilisation of the proceeds raised is as follow:

| Purpose                                      | Proposed Utilisation<br>RM'000 | Actual Utilisation<br>RM'000 | Intended Timeframe for Utilisation |
|--|--------------------------------|------------------------------|------------------------------------|
| Working capital expenditures                 |                                |                              |                                    |
| (a) Day-today working capital expenses       | 26,620                         | 16,701                       | Within 24 months                   |
| (b) Setting up of startup accelerator        | 3,900                          | 752                          | Within 24 months                   |
| Repayment of bank borrowings                 | 7,800                          | 7,800                        | Within 6 months                    |
| To defray expenses relating to the Proposals | 400                            | 400                          | Within 1 month                     |

**B16. Earnings per Share****Basic**

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

|  | Quarter Ended       |                     | Year-To-Date Ended  |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30/6/2014<br>RM'000 | 30/6/2013<br>RM'000 | 30/6/2014<br>RM'000 | 30/6/2013<br>RM'000 |
| Net profit/(loss) for the period (RM'000)                  | (110)               | (1,903)             | (76)                | (1,906)             |
| Weighted average number of ordinary shares in issue ('000) | 580,800             | 193,600             | 580,800             | 193,600             |
| Earnings per share (sen)                                   | (0.02)              | 0.00                | (0.02)              | 0.00                |

**Diluted**

The fully diluted loss per ordinary share for the Group for the current financial period is not presented as the warrants would be anti-dilutive as the exercise price is higher than the fair value of the Company's shares.