

**DVM TECHNOLOGY BERHAD (609953-K)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**SECOND QUARTER ENDED 30 JUNE 2008**

The figures have not been audited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2008	2007	2008	2007
	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
	RM'000	RM'000	RM'000	RM'000
REVENUE	9,954	9,254	16,988	12,974
Operating profit	1,428	1,236	2,919	2,003
Amortisation and depreciation	(1,121)	(827)	(2,219)	(1,374)
Interest expense	(269)	(96)	(521)	(162)
Other income	43	12	83	19
(Loss) / Profit before taxation	81	325	262	486
Taxation	0	0	(6)	0
(Loss) / Profit after taxation	81	325	256	486
Minority interest	0	0	0	0
Net (Loss) / Profit for the period	<u>81</u>	<u>325</u>	<u>256</u>	<u>486</u>
Weighted average number of shares in issue ('000)	176,000	176,000	176,000	176,000
(Loss)/Earnings per share (sen) - basic	0.05	0.18	0.15	0.28

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial statements.

**DVM TECHNOLOGY BERHAD (609953-K)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2008

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>AS AT END OF CURRENT QUARTER</b>	<b>AS AT PRECEDING FINANCIAL YEAR END</b>
	<b>30/6/2008</b>	<b>31/12/07</b>
	RM'000	RM'000 (Restated)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	16,535	18,860
Development Expenditure	1,695	1,392
	<u>18,230</u>	<u>20,252</u>
<b>Current Assets</b>		
Stock Inventory	35	35
Trade and other receivables	22,121	7,501
Fixed deposits with licensed banks	5,567	4,681
Tax recoverable	2	0
Cash and bank balances	1,740	182
	<u>29,465</u>	<u>12,399</u>
<b>TOTAL ASSETS</b>	<u><u>47,695</u></u>	<u><u>32,651</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Issued capital	17,600	17,600
Share premium	10,717	10,717
Reserve on consolidation	0	0
Accumulated Loss	(11,991)	(12,247)
<b>Total Equity</b>	<u>16,326</u>	<u>16,070</u>
<b>Non-current Liability</b>		
Term loan	<u>14,179</u>	<u>10,933</u>
<b>Current Liabilities</b>		
Trade and other payables	15,905	3,354
Bank overdrafts	1,022	412
Bank borrowings	0	1,619
Term loan	263	263
Tax liabilities	0	0
	<u>17,190</u>	<u>5,648</u>
<b>Total Liabilities</b>	<u>31,369</u>	<u>16,581</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>47,695</u></u>	<u><u>32,651</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.09	0.09

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial statements.

**DVM TECHNOLOGY BERHAD** (609953-K)  
(Incorporated in Malaysia)  
**Unaudited Consolidated Statement of Changes in Equity**  
**For the Second Quarter Ended 30 June 2008**  
**(Unaudited)**

	<b>Issued Capital</b>	<b>Share Premium</b>	<b>Non-distributable reserve - Reserve on consolidation</b>	<b>(Accumulated Loss)</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as of 1 January 2008</b>	17,600	10,717	0	(12,247)	16,070
Net profit for the period	0	0	0	256	256
<b>Balance as of 30 June 2008</b>	<u>17,600</u>	<u>10,717</u>	<u>0</u>	<u>(11,991)</u>	<u>16,326</u>
<b>Balance as of 1 January 2007</b>	17,600	10,717	1,761	(14,546)	15,532
Effect of FRS 3 adoption	0	0	(1,761)	1,761	0
Net profit for the period	0	0	0	496	496
<b>Balance as of 30 June 2007</b>	<u>17,600</u>	<u>10,717</u>	<u>0</u>	<u>(12,289)</u>	<u>16,028</u>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial statements.

**DVM TECHNOLOGY BERHAD (609953-K)**  
**(Incorporated in Malaysia)**  
**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the Second Quarter Ended 30 June 2008**  
**(Unaudited)**

	<b>6 Months Ended 30/06/08 RM'000</b>	<b>6 Months Ended 30/06/07 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	256	486
Adjustment for:		
Non-cash items	269	2,070
Non-operating items	2,219	(15)
	<u>2,744</u>	<u>2,541</u>
Operating profit before working capital changes	2,744	2,541
Net changes in current assets	(14,620)	1,829
Net changes in current liabilities	12,551	1,934
	<u>675</u>	<u>6,304</u>
Cash from operations	675	6,304
Interest paid	(269)	(162)
Net tax paid	0	(124)
	<u>406</u>	<u>6,018</u>
Net cash generated from operating activities	406	6,018
<b>Cash Flows from Investing Activities</b>		
Interest received	0	15
Purchase of property, plant and equipment	(2,075)	(37)
Development expenditure incurred	(495)	(5,934)
Proceeds from disposal of property, plant and equipment	2,371	2
Net cash used in investing activities	<u>(199)</u>	<u>(5,954)</u>
	<u>(886)</u>	<u>(2,542)</u>
Increased in fixed deposits pledged	(886)	(2,542)
Repayment of term loan	0	(117)
Net drawdown of bank borrowings	(1,619)	(251)
Drawdown from term loan	3,246	3,000
Net cash generated from financing activities	<u>741</u>	<u>90</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	948	154
<b>Cash and Cash Equivalents at beginning of year</b>	(230)	(337)
<b>Cash and Cash Equivalents at end of period</b>	<u>718</u>	<u>(183)</u>
<b>Cash and Cash Equivalents comprise of:</b>		
Fixed deposits with licensed bank	5,567	3,512
Cash and bank balances	1,740	798
Bank overdrafts	(1,022)	(981)
	<u>6,285</u>	<u>3,329</u>
Less : Fixed deposits pledged	(5,567)	(3,512)
	<u>718</u>	<u>(183)</u>

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to this interim financial statements.

**DVM TECHNOLOGY BERHAD** (*Company No. 609953-K*)  
(Incorporated in Malaysia)  
**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008**

**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 Rule 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market ("MMLR"), and should be read in conjunction with the Group's audited financial statements for the financial period ended 31 December 2007.

The significant accounting policies adopted by the Group are consistent with those adopted for the audited financial statements for the financial period ended 31 December 2007 except for the adoption of the following new/revised FRS during the current twelve (12) months financial period under review:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

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 period ended 31 December 2007 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**

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 RM15,700,000 and corporate guarantees given to suppliers for granting and securing of trade supplies.

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

**NOTES TO THE QUARTERLY REPORT – 30 JUNE 2008**

**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 RM9.9 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 RM81,000 as a result of the lower operating costs incurred 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 2008.

**B3. Material Changes in Profit/Loss Before Taxation Compared to the Results of the Immediate Preceding Quarter**

For the current quarter under review, the Group's revenue of RM9.9 million was higher compared to the revenue of the immediate preceding quarter of RM7.0 million. This was attributed mainly to higher billings for the products and services in the second quarter of the year.

The profit after tax of RM81,000 was lower than preceding quarter of RM0.2 million due to higher operating costs incurred.

**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**

There were no corporate proposals announced but not completed as at the date of this quarterly report.

**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	1,022	-	1,022
Short-term loan	-	-	-
Term loan	263	14,179	14,442
	<u>1,285</u>	<u>14,179</u>	<u>15,464</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 period ended 31 December 2007 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. (Loss)/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 (loss)/profit for the period (RM'000)	81	325	256	486
Weighted average number of ordinary shares in issue ('000)	176,000	176,000	176,000	176,000
(Loss)/Earnings per share (sen) <i>(Basic and Diluted)</i>	0.05	0.18	0.15	0.28