DVM
TECHNOLOGY

Annual Report 2010

DVM TECHNOLOGY

Corporate Vision

To be a transnational group of companies in the provision of leading edge technology for total business and operational solutions.

Contents

CORPORATE INFORMATION

Board of Directors
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid - Independent Non-Executive Chairman
Dato' Goh Kian Seng – Managing Director
Kamarudin Bin Ngah – Independent Non-Executive Director
Lee Keat Hin – Independent Non-Executive Director

Audit Committee
Kamaruddin Bin Ngah – Chairman
Lee Keat Hin
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid

Remuneration Committee
Kamarudin Bin Ngah -Chairman
Lee Keat Hin
Dato' Goh Kian Seng

Nomination Committee
Kamarudin Bin Ngah- Chairman
Lee Keat Hin

Company Secretary
Pang Kah Man (MIA 18831)

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Level 8, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur
T: 03-21738888 F: 03-21738677

Auditors
SJ Grant Thornton (AF 0737)
Level 11, Faber Imperial Court, Jalan Sultan Ismail, P.O. Box 12337, 50774 Kuala Lumpur

Principal Banker
Malayan Banking Berhad
AmBank (M) Berhad

Stock Exchange Listing
ACE Market, Bursa Malaysia Securities Berhad
Stock Name: DVM
Stock Code: 0036

DVM Technology Berhad

100% DVM Innovate Sdn Bhd

- 100% DVM IntelliSource Sdn Bhd

100% NGC Systems Sdn Bhd

100% Key Alliance Sdn Bhd

100% DVM Communications Sdn Bhd

60% MobileVideo International Ltd

PROFILE OF DIRECTORS

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid
Independent Non-Executive Chairman

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid, aged 72, a Malaysian was appointed as the Chairman of DVM on 4 November 2003. He is also the member of the Audit Committee.

He is a graduate of the Royal Military College, Malaysia and Army Staff College in Camberley, United Kingdom.

Tan Sri was the Chief of the Malaysian Army and Defence Force between 1992 and 1994 and was the Acting Governor of Penang in 1994. From 1958 to 1994, he served in various capacities and appointments in the Malaysian Armed Forces.

Tan Sri Abdul Rahman Bin Abdul Hamid is also the Chairman for Jaya Tiasa Holdings Berhad and AXA Affin Life Insurance Berhad, a joint venture company of Lembaga Tabung Angkatan Tentera. He is also the Chairman and Director of a few other multinational and private companies established in Malaysia.

Dato' Goh Kian Seng
Managing Director

Dato' Goh Kian Seng, aged 48, a Malaysian was appointed the Managing Director of DVM on 8 August 2003. He is also a member of the Remuneration Committee.

Dato' Goh obtained his degree in Chemical Engineering from University of Malaya and a Masters of Business Administration from Southern Cross University, Australia. He is responsible for the overall management, marketing and strategic direction of the DVM Group. He has been in the computing, data and telecommunication industry since 1983.

He has been offered an appointment as an Adjunct Professor in the City University College of Science and Technology commencing on January 2011 to December 2014.

Kamarudin Bin Ngah
Independent Non-Executive Director

Kamarudin Bin Ngah, aged 62, a Malaysian was appointed to the Board on 4 November 2003. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He obtained his Diploma in Civil Engineering from the Johore Technical Institute in 1970. He is presently the Managing Director of a private company involved in spiral waste storage and handling systems.

Lee Keat Hin
Independent Non-Executive Director

Lee Keat Hin, aged 52, a Malaysian was appointed to the Board on 29 April 2005. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated with a Bachelor of Accountancy (First Class Honours) from the University of Malaya and is a Malaysian Chartered Accountant and a member of the Malaysian Institute of Accountants, Malaysia Institute of Management and Institute of Quality Control Malaysia. He was a Past Governor and presently a member of the Institute of Internal Auditors Malaysia.

He is presently the Managing Consultant for Proactive Consultancy Sdn Bhd, a company principally involved in managing and advising companies in strategy, mergers & acquisitions, corporate restructuring and turnaround projects.

Notes to Director's Profile

All the Directors do not have any family relationship with any Director and/or substantial shareholders of the company. None of the directors have been convicted of any offences other than traffic offences within the past ten (10) years. None of the Directors have any conflict of interest with the company.

MANAGEMENT DISCUSSION

Dear Valued Shareholders

On behalf of the Board of Directors of DVM Technology Bhd, I am pleased to present you the Annual Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2010.

Overview & Financial Review

The financial year under review has been the most challenging one for the Group. The main areas of concern are the declining global and domestic market demand, stiff competitive market and reducing profit margin.

For the financial year ended 31 December 2010, the Group recorded lower group revenue of RM47.75 million as compared to RM78.39 million in the preceding financial year, approximately 39% lesser than the previous financial year. Profit after tax fell in tandem from RM1.53 million in preceding financial year to loss of RM2.18 million in the current financial year under review.

The operations were mainly focusing on the development of our core competencies that were tailored to meet both local and overseas customers demand and expectations in terms of functionality and superior features found in our products.

As part of prudent accounting treatment, the Group has substantially written off the amortization expense which is reflected in the increase in expenses in the accounts.

The Group continues to increase investment into research and development (R&D) activities amounting to RM1.20 million in order to achieve cutting edge technology which placed us in a superior position to increase our market share both locally and overseas.

Technology Investment and Development

The Group will continue to invest significantly in enhancing its current products with more feature enriched Broadband Telephony and 3G mobile video applications. The solutions will be designed to cater to the Group's telecommunications service provider customers and to fulfill existing revenue sharing contract with them.

The Group will also invest in the necessary infrastructure and human resources to ensure efficient deliverables and support service to local and overseas customers.

Prospects

The Group is of a strong opinion that the R&D expenditure, which is vital to the Group's sustainability of its business operations, is expected to contribute positively to the Group's performance in future.

The recent receipt of an award from Frost & Sullivan Asia Pacific for Asia Pacific's Most Promising innovative Application/ Product for the year 2009, has enabled the Group to further penetrate into the target market both locally and overseas.

Further capital outlay for the R&D department will be provided on an ongoing basis to improve the existing product lines and to adapt to the rapidly changing technology.

The Group envisaged an exciting year ahead with the increase in teaming arrangements with a number of local and international partners who are committed and share our vision to be global player in promoting our 3G products locally and the bigger part of Asia.

Acknowledgement and Appreciation

On behalf of the Board, I wish to express sincere thanks and appreciation to the employees of DVM, customers, shareholders, business partners, technology partners and financiers who have given us their continuing strong support and encouragement. I also wish to record my thanks to my fellow directors for their continuous advice and support through out the year.

The Management Team of DVM Technology Berhad

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") recognised the importance of corporate governance requirements outlined in the Malaysian Code of Corporate Governance. The following statement described the application of the principles and extent of compliance with the best practices.

1. DIRECTORS

1.1 Composition of Board

The Board currently consists of four (4) members comprising one (1) Executive Director and three (3) Independent Non-Executive Directors. The current Board composition complies with the Listing Requirements of the Bursa Malaysia Securities Berhad for ACE Market.

The profiles of the members of the Board are provided in this Annual Report on page 4 to 5.

All the Independent Non-Executive Directors are independent of Management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The wide spectrum of knowledge, skills and experience of the Board gives added strength to the leadership which is necessary for the effective stewardship of the Group.

1.2 Board Responsibilities

The Board comprised of professionals from various experience and qualification in information technology, industry specific knowledge, financial, commercial and business management. The Board believes that this current composition has the required collective skills for the Board to provide clear and effective leadership to the company.

The Board is responsible for the following:

- Strategic direction including the formulation of medium and long term goals for the Group.
- Overseeing the conduct of the Company's business, resources and investment of the Group.

The Board has delegated certain responsibilities to the Board Committees, i.e Audit Committee, Nomination Committee and Remuneration Committee, all of which operate within defined terms of reference. All these Board Committees report to the Board on all matters considered and their recommendations.

1.3 Access to Information and Advice

The Board members have access to the advice and services of the Company Secretary and senior management staff. The Company Secretary is responsible for ensuring that Board meetings procedures are followed and that applicable rules and regulations are complied with.

Where necessary, the Directors may seek independent professional advice at the Group's expense in order to discharge their duties and responsible effectively.

1.4 Appointment to the Board

The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. Appointments are made upon the recommendation of the Nomination Committee. Currently comprised of two independent non- executive Directors, the Nomination Committee meets at least once a year but may convene additional meetings if considered necessary by the committee. It is headed by Kamaruddin Bin Ngah whilst the other is Lee Keat Hin. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

1.5 Re-election of Directors

In accordance with the Article Of Association of the Company, all directors (including Managing Director) shall retire from office once every three(3) years but shall be eligible for re-election and one-third (1/3) of Directors shall retire from office and eligible for re-election at each Annual General Meeting ("AGM")

Newly appointed directors during the financial year shall hold office until the next following AGM and shall then be eligible for re-election. Directors over seventy (70) years of age are required to submit themselves for re-appointment at every AGM in accordance with Section 129(6) of the Companies Act 1965.

1.6 Board Meetings

The Board meets regularly on quarterly basis and as and when required. The Board receives documents on matters requiring its considering prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceeding from the Board meetings are minuted.

During the financial year under review, the Board met a total of 4 times. The attendance of the Directors who held office during the financial year is set out below:

Directors	Attendance
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	4/4
Dato' Goh Kian Seng	4/4
Kamarudin Bin Ngah	4/4
Lee Keat Hin	4/4
Chen Chee Peng (Resigned on 29 March 2011)	4/4

During the financial year, the Board also resolved and approved the Company's matters through circular resolutions. Board members are provided sufficient detailed information for approval via circular resolutions and are given full access to management to clarify any matters arising.

1.7 Director's Training

All Directors of the Company have attended the Mandatory Accreditation and would continue to attend and undergo other relevant training programmes to further enhance theirs skills and knowledge where relevant. The Directors did not attend any training during the year due to their hectic schedule through out the year. The Board of Directors will also on a continuous basis, evaluate and determine the training needs of the Directors in discharge of his duties as a Director.

2. DIRECTOR'S REMUNERATION

The Remuneration Committee was established to assist the Board in determining the Director's remuneration. In determining the Director's remuneration, the Remuneration Committee will take into account the responsibilities of each individual Director. Individual Directors are required to abstain from discussion on their own remuneration.

2.1 Director's Remuneration

The remuneration of Director for the financial period ended 31 December 2010 was as follows:

	Aggregate remuneration (in RM) paid/ payable		
	Executive Directors	Non Executive Directors	Total (RM)
Directors fees		96,000	96,000
Directors emoluments:			
-salaries & allowances	292,800		292,800
-contribution by EPF	35,136		35,136
Total	**327,936**	**96,000**	**423,936**

The number of Directors who served during the financial year whose total remunerations fall within the following bands was as follows:

Remuneration band (in RM for the financial year)	Executive Directors	Non-Executive Directors
Below 50,000		3
100,001-150,000	1	
150000 – 200,000	1	

3. ACCOUNTABILITY AND AUDIT

3.1 Financial Reporting

The Directors have the responsibility of ensuring the proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and the Company and which ensures that the financial statements comply with the Companies Act, 1965. The Board is also responsible for providing high level of disclosure to ensure integrity and consistency of the financial reports.

The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

3.2 Internal Control

The Group's Statement of Internal Control is set out on page 14 of this Annual Report.

3.3 Relationship with Auditors

The company works closely with external auditors and maintains a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

3.4 The Audit Committee

The Board has set up an Audit Committee, which composition is in compliance with the relevant regulatory requirements. The report of the Audit Committee is laid out on pages 12 to 13.

4 SHAREHOLDERS

4.1 Dialogue between the Company and Investors

The Company acknowledges the importance of keeping the shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Group's annual reports, quarterly financial results and the various announcements made from time to time. Shareholders and investors may obtain the Company's latest announcement via the Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.my

The Group also provides the website (www.dvm.com.my) to provide public access, to highlight business activities and recent developments and for feedback for shareholders as well as interested investors.

4.2 Annual General Meeting (AGM)

The AGM is the principal forum for dialogue with individual shareholders where the shareholders are given the opportunity to ask questions during the question and answer session.

5 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required to ensure that the financial statements of the Group and the Company are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year ended 31 December 2010.

In preparing the financial statements, the Directors have selected suitable accounting policies and applied consistently and ensure that all applicable accounting standards have been followed.

The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

AUDIT COMMITTEE REPORT

Members of the Audit Committee

The members of the Audit Committee appointed by the Board are as follows:

Kamarudin Bin Ngah	-	Chairman/Independent Non-Executive Director
Lee Keat Hin	-	Member/Independent Non-Executive Director
General (R) Tan Sri Abdul Rahman Bin Abdul Hamid	-	Member/Independent Non-Executive Chairman

Terms of Reference of the Audit Committee

1. Composition of the Audit Committee

   (a) The Audit Committee shall be appointed by the Board of Directors from among their number and shall be composed of not fewer than 3 members of whom a majority shall be independent non-executive directors.

   (b) The Board shall at all times ensure that at least one (1) member of the Committee shall be:-
   - a member of the Malaysian Institute of Accountants (MIA); or
   - If he or she is not a member of MIA, he must have at least three (3) years of working experience and :
     - he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
     - he or she must be a member of the associates of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

   (c) The members of the Audit Committee shall elect a Chairman from among their number who is not an executive director or employee of the Company or any related corporation. The Chairman elected shall be subject to endorsement by the Board.

   (d) If a member to the Audit Committee for any reason ceases to be a member with the results that the number is reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

2. Quorum and Committee's procedures

   (a) The Committee will meet at least once a quarter and such additional meetings, as the Chairman shall decide in order to fulfill its duties.

   (b) In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee Member, the Company's Managing Director, the external auditors or the internal auditors where applicable.

   (c) The Chairman may appoint a Secretary responsible for keeping the minutes of meetings of the Committee, and circulating them to Committee members and to other members of the Board of Directors.

   (d) A quorum shall consist of a majority of Committee members who must be independent director(s).

3. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:

a) to review and recommend the appointment of the external auditors, the audit fees and any other related matters;

b) to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;

c) to review the external auditors' report;

d) to review the quarterly results and year end financial statements with both the external auditors and management prior to approval by the Board of Directors;

e) to discuss problems and reservations arising from the interim and final results, and any matters that the External Auditors may wish to discuss(in the absence of the management where necessary);

f) to review the effectiveness of the internal audit function, internal control and management information systems;

g) to review all areas of significant financial risks and the arrangements in place to contain those risks to acceptable levels;

h) to review all related party transactions and potential conflict of interest situations;

i) be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees, whenever deemed necessary;

j) to identify and direct any special project or investigate and to report on any issue or concern in regard to the Management of the Group; and

k) to consider other topics as defined by the Board.

Summary of Activities

The Committee has four meetings during the financial year, which were attended by all members of the Committee.

During the financial year, the Audit Committee had carried out the following activities:-
a) review of the quarterly financial results and announcements;
b) review of the audited audit report together with the external auditors;

Audit Committee Members	Attendance
Kamarudin Bin Ngah	4/4
Lee Keat Hin	4/4
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	3/4

Internal Audit Function

The Board of Directors acknowledged their responsibilities for maintaining the internal audit function system of the group and Company to ensure effectiveness and efficiency of the operations and compliance of the rules and regulations. The internal audit function is designed to meet the needs of respective business units and to manage the risks which they are exposed and the Board recognises that the risks cannot be fully avoided as it is not absolute assurance against material misstatement to counter fraud and error. As such the company has outsourced the internal audit function to an independent accounting firm, who reports directly to the Audit committee of their findings and aimed to minimise and manage the risks. The proposed professional fee is based on the understanding of the work, degree of responsibility, skill involved and the necessary time taken up. Total cost incurred in respect of the internal audit function during the financial year ended 31 December 2010 was RM8,375.

STATEMENT OF INTERNAL CONTROL

Board Responsibility

The Board acknowledges the importance of sound internal control and good risk management practices to good corporate governance. The Board affirms its overall responsibility to maintain and review the adequacy and integrity of the system of internal control.

However, the Board recognises that reviewing the adequacy of the Group's system of internal controls is a concerted and continuous process, designed to manage rather than to eliminate the risk of failure to achieve business objectives. It should be noted that any system could provide only reasonable, and not, absolute assurance against material misstatement or loss.

Risk Assessment

The Board recognises that effective risk management is critical for continuous profitability to enhance shareholders value and good corporate governance.

The top management has continuingly identified, evaluate and manage the significant risks faced by the company. The risks were discussed and reviewed by the board during the quarterly meeting. Currently the role of the Risk management Committee has been undertaken by the Audit Committee which meets quarterly.

Key Control Activities / Processes

The key processes of internal control of the Group include:

1. The Board have established delegation of responsibilities to Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee.

2. Within the Group, there are organisation structure with clearly defined lines of responsibility, authority and accountability.

3. Executive Directors and management regularly meet and monitor the operational, management issues, financial performance and indicators focusing on the evaluation of applicable risks. Scheduled informal operational and management meetings are held to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board.

4. The Group has documented policies, procedures and standards in place to further strengthen the internal control system. These documents will be kept updated in accordance with changes in operating environment.

5. The Board and Audit Committee receive and reviews quarterly operating results and annual financial statements.

6. Regular training and development programmes are being attended by employees with the objective of enhancing their knowledge and skill competency.

The Board considers the system of internal controls to be at an acceptable level within the context on the business environment and level of operations and activities. The Board and the management continue to take necessary measures to strengthen its internal control environment.

DVM being a signatory of the UN Global Compact Initiative signifies the Group's support for the Global Compact's principles in the areas of human rights, labour, the environment and anti-corruption.

DVM actively pursues the development of a continuous learning and to become a knowledge-based organisation. The Group constantly provides opportunities for employees to enhance job knowledge and develop professional skills, by encouraging employees to undertake various types of training programs sponsored by the company. The Group believes employees well-equipped with confidence are motivated to carry out their duties and responsibilities, subsequently create a sense of mutual accomplishments.

The Group also participates in the initiatives taken by the Government to increase the employment of prospective new graduates by accepting trainees from local colleges and universities for industrial, subsequently considering them for permanent employment.

DVM aims for sustainable growth in increasing societal value while reducing environmental footprint. The Group promotes awareness in sustainable resource usage by encouraging employees to recycle used papers. The Group has also implemented the e-leave system to reduce the use of paper-based leave application form. These approaches not only help in reducing company expenditure but also respond to environment concern with a paperless environment.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

The Company did not implement any fund raising exercise during the financial year under review.

2. Share Buyback

The Company does not have a scheme to buy back its shares.

3. Options, Warrants or Convertible Securities

The Company implemented an Employees' Share Option Scheme ("ESOS") which came into effect on 3 July 2009 for a period of 5 years.

Since the ESOS took effect, no options were offered and granted to the eligible employees of the Group, Executive and Non-Executive Directors.

The Company does not have any warrant or convertible securities in issue.

4. Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year under review.

5. Imposition of Sanctions and/or Penalties

There were no material sanctions and/or penalties imposed on the company and its subsidiaries, directors or management by the regulatory bodies during the financial year under review.

6. Non-Audit Fees.

There were no non-audit fees paid to the external auditors of the Company during the financial year under review.

7. Deviation in Results

There were no variance of 10% or more between the audited results for the financial year and the unaudited results previously announced by the Company.

8. Profit Guarantee

The Company did not give any profit guarantee during the financial year under review.

9. Revaluation Policy

The Company did not revalue any of its property, plant and equipment during the financial year under review.

10. Material Contracts

There were no material contracts of the company and its subsidiaries involving the directors and substantial shareholders' interests during the financial year under review.

The directors of **DVM TECHNOLOGY BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 10 to the Financial Statements.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Net loss for the year	(2,185,841)	(239,573)
Attributable to:-		
Owners of the Parent	(2,137,239)	
Non-controlling interests	(48,602)	
	(2,185,841)	

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

The Company's ESOS is governed by the by-laws which were approved by the shareholders at an Extraordinary General Meeting held on 25 June 2009. The ESOS was implemented on the same date and is to be in force for a period of 5 years from the date of implementation.

As at reporting date, no options were offered and granted. The salient features and other terms of the ESOS are disclosed in Note 31 to the Financial Statements.

OTHER FINANCIAL INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and no allowance for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the current financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 30 to the Financial Statements.

DIRECTORS

The directors who served on the Board of the Company since the date of the last report are:

Dato' Goh Kian Seng
Kamarudin Bin Ngah
Gen. (R) Tan Sri Abdul Rahman Bin Abdul Hamid
Lee Keat Hin
Chen Chee Peng (Resigned on 29 March 2011)

In accordance with Article 81 of the Company's Articles of Association, Dato' Goh Kian Seng retires by rotation and, being eligible, offer himself for re-election.

Gen. (R) Tan Sri Abdul Rahman Bin Abdul Hamid will retire pursuant to Section 129 of the Companies Act, 1965 at the forthcoming AGM and that separate resolution will be proposed for his reappointment as Director at the AGM under the provision of Section 129 (6) of the said Act to hold office until the next AGM of the Company.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of Ordinary Shares of RM0.10 each			
	Balance as of 1.1.2010	Bought	Sold	Balance as of 31.12.2010
Shares in the Company				
Registered in name of director				
Dato' Goh Kian Seng	25,932,000	-	-	25,932,000
Chen Chee Peng	1,000,099	-	-	1,000,099

By virtue of their interest in the shares of the Company, the above directors were also deemed to be interested in the shares of the subsidiary companies to the extent the Company has an interest.

None of the other directors in office at the end of the financial year held any shares or have any beneficial interest in the shares of the Company or its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than those benefits included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements as disclosed in Note 23 and 28 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. SJ Grant Thornton, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DATO' GOH KIAN SENG

KAMARUDIN BIN NGAH

Kuala Lumpur
28 April 2011

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 24 to 65 are drawn up in accordance with the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed in accordance with a resolution
of the Directors,

DATO' GOH KIAN SENG

KAMARUDIN BIN NGAH

Kuala Lumpur
28 April 2011

STATUTORY DECLARATION

I, **KHOO POH ENG**, being the Officer primarily responsible for the financial management of **DVM TECHNOLOGY BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 24 to 65 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **KHOO POH ENG** at Kuala Lumpur in the Federal Territory this day of 28 April 2011

Before me,

S. ARULSAMY (W. 490)
COMMISSIONER FOR OATHS
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the Member of DVM Technology Berhad (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of DVM Technology Berhad, which comprise the Statements of Financial Position of the Group and of the Company as at 31 December 2010, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 65.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies in Malaysia of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the Financial Statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in page 65 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
CHARTERED ACCOUNTANT
(NO: 2207/01/12(J))
PARTNER

Kuala Lumpur
28 April 2011

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	22,400,705	26,484,927	457,974	607,440
Investment property	9	3,507,901	3,588,542	3,507,901	3,588,542
Investment in subsidiary companies	10	-	-	13,752,983	13,452,982
Development expenditure	11	2,761,855	2,419,743	-	-
Total Non-Current Assets		28,670,461	32,493,212	17,718,858	17,648,964
Current Assets					
Inventories	12	9,505	29,855	-	-
Trade receivables	13	11,903,781	13,001,934	-	-
Other receivables, deposits and prepayments	13	1,410,102	1,434,344	36,074	31,030
Amount owing by subsidiary companies	10	-	-	3,991,759	4,652,137
Fixed deposits with licensed banks	14	2,657,431	1,777,677	-	-
Cash and bank balances		1,213,137	3,553,629	34,976	9,707
Total Current Assets		17,193,956	19,797,439	4,062,809	4,692,874
Total Assets		45,864,417	52,290,651	21,781,667	22,341,838
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	15	17,600,000	17,600,000	17,600,000	17,600,000
Share premium	16	10,716,665	10,716,665	10,716,665	10,716,665
Accumulated loss		(12,448,980)	(10,311,741)	(9,232,609)	(8,993,036)
Equity attributable to owners of the Parent		15,867,685	18,004,924	19,084,056	19,323,629
Non-controlling interests		-	48,602	-	-
Total Equity		15,867,685	18,053,526	19,084,056	19,323,629

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Non-Current Liabilities					
Term loans	17	11,065,521	16,241,308	1,297,344	1,337,308
Finance lease liability	18	54,797	78,380	-	-
Total Non-Current Liabilities		11,120,318	16,319,688	1,297,344	1,337,308
Current Liabilities					
Trade payables	19	5,289,115	5,387,501	-	-
Other payables and accrued expenses	19	4,136,968	4,662,628	691,876	1,026,368
Amount owing to subsidiary company	10	-	-	175,230	-
Amount owing to directors	20	504,000	1,148,898	-	-
Bank borrowings	21	2,816,092	2,162,101	330,505	344,723
Term loans	17	6,106,656	4,533,810	202,656	309,810
Finance lease liability	18	23,583	22,499	-	-
Total Current Liabilities		18,876,414	17,917,437	1,400,267	1,680,901
Total Liabilities		29,996,732	34,237,125	2,697,611	3,018,209
TOTAL EQUITY AND LIABILITIES		45,864,417	52,290,651	21,781,667	22,341,838

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Revenue	22	47,749,817	78,395,082	720,000	1,284,000
Cost of sales		(39,165,794)	(61,761,110)	-	-
Gross profit		8,584,023	16,633,972	720,000	1,284,000
Investment revenue		61,014	174,339	-	-
Other income		1,672,858	762,857	1,007,542	843,111
Finance costs		(1,595,031)	(1,587,047)	(128,704)	(148,447)
Distribution expenses		(1,458,055)	(1,281,182)	(121,607)	(168,672)
Administrative expenses		(4,448,935)	(5,771,458)	(520,417)	(542,842)
Other expenses		(5,007,674)	(7,137,847)	(1,136,346)	(1,467,773)
(Loss)/Profit before tax	23	(2,191,800)	1,793,634	(179,532)	(200,623)
Income tax credit/(expense)	24	5,959	(262,790)	(60,041)	(124,790)
Net (loss)/profit for the year		(2,185,841)	1,530,844	(239,573)	(325,413)
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income		(2,185,841)	1,530,844	(239,573)	(325,413)
Attributable to:-					
Owners of the Parent		(2,137,239)	1,482,242	-	-
Non-controlling interests		(48,602)	48,602	-	-
		(2,185,841)	1,530,844	-	-
(Loss)/Earnings per ordinary share - basic (sen)	25	(1.21)	0.84	-	-

The accompanying Notes form an integral part of the Financial Statements.

	Attributable to owners of the Parent					
		Non-distributable	Distributable			
The Group	Share Capital RM	Share Premium RM	Accumulated Loss RM	Total RM	Non-controlling Interests	Total Equity RM
Balance as of 1 January 2009	17,600,000	10,716,665	(11,793,983)	16,522,682	-	16,522,682
Total comprehensive income for the year	-	-	1,482,242	1,482,242	48,602	1,530,844
Balance as of 31 December 2009	17,600,000	10,716,665	(10,311,741)	18,004,924	48,602	18,053,526
Total comprehensive loss for the year	-	-	(2,137,239)	(2,137,239)	(48,602)	(2,185,841)
Balance as of 31 December 2010	17,600,000	10,716,665	(12,448,980)	15,867,685	-	15,867,685

		Non-distributable	Distributable	
The Company	Share capital RM	Share premium RM	Accumulated loss RM	Total RM
The Company				
Balance as of 1 January 2009	17,600,000	10,716,665	(8,667,623)	19,649,042
Total comprehensive loss for the year	-	-	(325,413)	(325,413)
Balance as of 31 December 2009	17,600,000	10,716,665	(8,993,036)	19,323,629
Total comprehensive loss for the year	-	-	(239,573)	(239,573)
Balance as of 31 December 2010	17,600,000	10,716,665	(9,232,609)	19,084,056

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash Flows From Operating Activities				
(Loss)/Profit before tax	(2,191,800)	1,793,634	(179,532)	(200,623)
Adjustments for:				
Bad debts written off	140,000	15,000	-	-
Amortisation of investment property	80,641	80,642	80,641	80,642
Depreciation of property, plant and equipment	4,878,886	8,123,279	179,264	291,368
Amortisation of development expenditure	889,762	643,425	-	-
Interest expenses	1,595,031	1,587,047	128,704	148,447
Interest income	(61,014)	(173,889)	-	-
Property, plant and equipment written off	-	1,165,001	-	-
Unrealised (gain)/ loss on foreign exchange	(4,427)	2,756	-	-
Operating Profit Before Working Capital Changes	5,327,079	13,236,895	209,077	319,834
Changes in:				
Inventories	20,350	-	-	-
Trade receivables	962,580	3,094,839	-	-
Other receivables, deposits and prepayments	(6,485)	849,752	(5,044)	61,801
Amount owing by subsidiary companies	-	-	835,608	651,944
Trade payables	(98,386)	(6,616,560)	-	-
Other payables and accrued expenses	(257,060)	1,024,559	(341,606)	(153,461)
Amount owing to directors	(851,898)	712,252	-	(176,638)
Cash Generated From Operations	5,096,180	12,301,737	698,035	703,480
Interest paid	(1,595,031)	(1,587,047)	(128,704)	(148,447)
Income tax paid	(24,914)	(43,277)	(52,927)	(28,790)
Net Cash From Operating Activities	3,476,235	10,671,413	516,404	526,243

		The Group		The Company	
	Note	2010 RM	2009 RM	2010 RM	2009 RM
Cash Flows (Used In)/From Investing Activities					
Interest received		61,014	173,889	-	-
Purchase of property, plant and equipment	A	(794,664)	(1,184,552)	(29,798)	(232,779)
Fixed deposit (pledged)/ withdrawn		(879,754)	5,072,265	-	-
Development expenditure incurred		(1,231,874)	(1,112,375)	-	-
Additional investment in subsidiary company		-	-	(300,001)	-
Net Cash (Used In)/From Investing Activities		(2,845,278)	2,949,227	(329,799)	(232,779)
Cash Flows Used In Financing Activities					
Repayment of short term borrowings		(315,831)	(464,067)	-	-
Net repayment of long term loan		(3,602,941)	(10,158,278)	(147,118)	(286,278)
Repayment of finance lease liability		(22,499)	(17,921)	-	-
Net Cash Used In Financing Activities		(3,941,271)	(10,640,266)	(147,118)	(286,278)
Net (Decrease) /Increase In Cash And Cash Equivalents		(3,310,314)	2,980,374	39,487	7,186
Cash And Cash Equivalents At Beginning Of Year		1,941,408	(1,038,966)	(335,016)	(342,202)
Cash And Cash Equivalents At End Of Year	29	(1,368,906)	1,941,408	(295,529)	(335,016)

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

In the previous financial year, the Group acquired property, plant and equipment with aggregate costs of RM1,303,352 of which RM118,800 was acquired by means of finance lease. Cash payments of RM1,184,552 for the Group were made to purchase the property, plant and equipment.

1. GENERAL INFORMATION

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 10.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

The registered office of the Company is located at No. 3-2, 3rd Mile Square, No. 151, Jalan Kelang Lama, Batu 3 1/2, 58100 Kuala Lumpur.

The principal place of business of the Company is located at Lot 11.3, 11th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The financial statements of the Company have been approved by the Board of Directors in accordance with a resolution of the Directors passed on 28 April 2011.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Companies Act, 1965 and applicable Financial Reporting Standards issued by Malaysian Accounting Standards Board (“MASB”).

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group are exposed to financial risks arising from their operations and the use of financial instruments. The Group’s financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group’s business whilst managing its risks. The Group operates within policies that are approved by the Board and the Group’s policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group’s exposure to credit risk arises primarily from receivables. It is the Group’s policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

The Group’s objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group provides services only to recognised and creditworthy third parties. It is the Group’s policy that all customers are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statement of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired and either past due or impaired are disclosed in Note 10 and 13 to the Financial Statements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various backgrounds. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(b) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group will not be able to meet its financial obligations as they fall due, due to shortage of funds.

In managing its exposures to liquidity and cash flow risks arises principally from its various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims to maintain a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

As at 31 December 2010, the Group's and the Company's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:-

	The Group				
	Current	Non-current			
	Less than 1 year RM	Between 1 to 2 years RM	Between 3 to 5 years RM	More than 5 years RM	Total RM
Secured:					
Borrowings	8,922,748	5,106,656	5,472,145	486,720	19,988,269
Finance lease liability	23,583	54,797	-	-	78,380
	8,946,331	5,161,453	5,472,145	486,720	20,066,649
Unsecured:					
Trade payables	5,289,115	-	-	-	5,289,115
Other payables	4,136,968	-	-	-	4,136,968
Amount due to a Director	504,000	-	-	-	504,000
	9,930,083	-	-	-	9,930,083
Total	18,876,414	5,161,453	5,472,145	486,720	29,996,732

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity and cash flow risks (cont'd)

As at 31 December 2010, the Group's and the Company's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:- (cont'd)

	The Group				
	Current	Non-current			
	Less than 1 year RM	**Between 1 to 2 years RM**	**Between 3 to 5 years RM**	**More than 5 years RM**	**Total RM**
Secured:					
Borrowings	533,161	202,656	607,968	486,720	1,830,505
Unsecured:					
Other payables	691,876	-	-	-	691,876
Amount due to subsidiary company	175,230	-	-	-	175,230
	867,106	-	-	-	867,106
Total	1,400,267	202,656	607,968	486,720	2,697,611

(c) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the Group's functional currency, i.e. Ringgit Malaysia (RM). The Group's guideline is to minimise the exposure of foreign currency risk by matching local currency income against local currency costs.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Interest rate risk (cont'd)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were as follows:-

	Group	Company
	2010 RM	2010 RM
Fixed rate instruments		
Term loans	17,172,177	1,500,000
Hire purchase creditors	78,380	-
	17,250,557	1,500,000
Floating rate instruments		
Borrowings	2,816,092	330,505

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group		Company	
	Profit for the year		Profit for the year	
	RM +0.5%	RM -0.5%	RM +0.5%	RM -0.5%
Floating rate instruments				
31 December 2010	10,372	(10,372)	1,877	(1,877)

4. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

5. ADOPTION OF REVISED FINANCIAL REPORTING STANDARDS ("FRS'")

(i) On 1 January 2010, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2010:-

(a)	FRS 7	-	Financial Instruments: Disclosures
(b)	Amendments to FRS 7	-	Financial Instruments: Disclosures. Amendment relating to financial assets
(c)	FRS 101	-	Presentation of Financial Statements (Revised)
(d)	Amendments to FRS 107	-	Statement of Cash Flows. Amendments relating to classification of expenditures on unrecognised assets
(e)	Amendments to FRS 108	-	Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies
(f)	Amendments to FRS 110	-	Events After the Reporting Period. Amendments relating to reason for dividend not recognised as a liability at the end of the reporting period
(g)	Amendment to FRS 116	-	Property, Plant and Equipment. Amendments relating to derecognition of asset
(h)	Amendment to FRS 117	-	Leases. Amendment relating to classification of lease
(i)	Amendment to FRS 118	-	Revenue. Amendments relating to Appendix of this standard and recognition and measurement
(j)	Amendments to FRS 119	-	Employee Benefits. Amendment relating to definition, curtailment and settlement
(k)	FRS 123	-	Borrowing costs (Revised)
(l)	Amendments to FRS 123	-	Borrowing costs. Amendment relating to exclusion of incidental cost to borrowing
(m)	Amendments to FRS 132	-	Financial Instruments: Presentation. Amendment relating to effective date and transition
(n)	Amendments to FRS 136	-	Impairment of assets. Amendments relating to the disclosure of recoverable amount
(o)	FRS 139	-	Financial Instruments: Recognition and Measurement
(p)	Amendments to FRS 139	-	Financial Instruments: Recognition and Measurement. Amendments relating to eligible hedged items, reclassification of financial assets and embedded derivatives

5. ADOPTION OF REVISED FINANCIAL REPORTING STANDARDS ("FRS'") (cont'd)

(i) On 1 January 2010, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2010:- (cont'd)

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company except for the following:-

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 requires the disclosure of information about the significance of financial instruments for the Group and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the financial year ended 31 December 2010.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The Standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

A statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements. The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as expenses. The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

In accordance with the transitional provisions of the Standard, the Group and the Company have amended its accounting policy and adopted this as a prospective change. Therefore, borrowing costs have been capitalised on qualifying assets with a commencement date on or after 1 January 2010. No changes have been made for borrowing costs incurred prior to this date that have been expensed.

5. ADOPTION OF REVISED FINANCIAL REPORTING STANDARDS ("FRS'") (cont'd)

(i) On 1 January 2010, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2010:- (cont'd)

Adoption of the above standards did not have any material effect on the financial performance or position of the Group and of the Company except for the following:- (cont'd)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. Any effects arising from the adoption of this Standard will be accounted for by adjusting the opening balance of unappropriated profit as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policy and the effects arising from the adoption of FRS139 are discussed below:-

- Impairment of trade receivables

  Prior to 1 January 2010, allowance for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

(ii) The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company :-

Effective for financial periods beginning on or after 1 March 2010

(a) Amendments to FRS 132 - Financial Instruments: Presentation. Amendments relating to classification of right issues

Effective for financial periods beginning on or after 1 July 2010

(a) FRS 1 - First-time Adoption of Financial Reporting Standards

(b) Amendments to FRS 2 - Share Based Payment. Amendments relating to the scope of the Standard

(c) FRS 3 - Business Combinations (Revised)

(d) Amendments to FRS 5 - Non-Current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standard

(e) FRS 127 - Consolidated and Separate Financial Statements

(f) Amendments to FRS 138 - Intangible assets. Amendments relating to the revision to FRS 3

(g) Amendments to IC Interpretation 9 - Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3

(h) IC Interpretation 12 - Service Concession Arrangements

(i) IC Interpretation 15 - Agreements for the Construction of Real Estate

(j) IC Interpretation 16 - Hedges of a Net Investment in a Foreign Operation

(k) IC Interpretation 17 - Distributions of Non-cash Assets to Owners

5. ADOPTION OF REVISED FINANCIAL REPORTING STANDARDS ("FRS'") (cont'd)

(ii) The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company :- (cont'd)

Effective for financial periods beginning on or after 1 January 2011

(a) Amendments to FRS 1	-	Limited Exemption from Comparative FRS 7 Disclosures for First time Adopters. Amendment relating to transition provisions for first-time adopter
(b) Amendments to FRS 1	-	Additional Exemptions for First-time Adopters. Amendments relating to exemptions for entities in the oil and gas industry and those with leasing contracts
(c) Amendments to FRS 1	-	First-time Adoption of Financial Reporting Standards. Amendments relating to accounting policy changes in the year of adoption, revaluation basis as deemed cost and use of deemed cost for operations subject to rate regulation
(d) Amendments to FRS 2	-	Group cash-settled share-based Payment Transactions. Amendments to prescribe the accounting treatment for share-based payment transaction
(e) Amendments to FRS 3	-	Business Combinations. Amendments relating to measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payment awards
(f) Amendments to FRS 7	-	Improving Disclosures about Financial Instruments. Amendments relating to the fair value measurement using fair value hierarchy and disclosure of liquidity risk
(g) Amendments to FRS 7	-	Financial Instruments: Disclosures. Amendments relating to classification of disclosures and transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised FRS
(h) Amendments to FRS 101	-	Presentation of Financial Statements. Amendment relating to clarification of statement of changes in equity
(i) Amendments to FRS 121	-	The Effects of Changes in Foreign Exchange Rates. Amendment relating to transition requirements for amendments arising as a result of FRS 127
(j) Amendments to FRS 128	-	Investment in Associates. Amendment relating to transition requirements for amendments arising as a result of FRS 127
(k) Amendments to FRS 131	-	Interest in Joint Ventures. Amendment relating to transition requirements for amendments arising as a result of FRS 127
(l) Amendments to FRS 132	-	Financial Instruments: Presentation. Amendment relating to transition requirements for contingent consideration from a business combination that occurred before the effective date of revised FRS 3
(m) Amendments to FRS 134	-	Interim Financial Reporting. Amendment relating to significant events and transactions
(n) Amendments to FRS 139	-	Financial Instruments: Recognition and Measurement. Amendment relating to transition requirements for contingent consideration from a business combination that occurred before the effective date of revised FRS 3
(o) IC Interpretation 4	-	Determining whether an Arrangement contains a Lease
(p) Amendments to IC Interpretation 13	-	Fair value of award credits

5. ADOPTION OF REVISED FINANCIAL REPORTING STANDARDS ("FRS'") (cont'd)

(ii) The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company :- (cont'd)

Effective for financial periods beginning on or after 1 July 2011

(a) Amendments to IC Interpretation 14 - Prepayments of A Minimum Funding Requirement

(b) IC Interpretation 19 - Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2012

(a) FRS 124 - Related Party Disclosures (Revised)

(b) Amendments to IC Interpretation 15 - Agreements for the Construction of Real Estate

The existing FRS 1, FRS 3, FRS 127 as well as FRS 201$_{2004}$ - Property Development Activities will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010. IC Interpretation 8 and 11 shall be withdrawn on application of Amendments to FRS 2 effective for the accounting period beginning on or after 1 January 2011.

All the above Amendments, IC Interpretations and FRS except for FRS 3, 124, 127, Amendments to FRS 2, 3, 7, 101, 121, 132, 134, 138 and 139 are not expected to be relevant to the operations of the Group and of the Company. The Directors anticipate that the adoption of those applicable FRS and amendments to FRS will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the followings:-

FRS 3 Business Combination

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

All the above Amendments, IC Interpretations and FRS except for FRS 3, 124, 127, Amendments to FRS 2, 3, 7, 101, 121, 132, 134, 138 and 139 are not expected to be relevant to the operations of the Group and of the Company. The Directors anticipate that the adoption of those applicable FRS and amendments to FRS will have no material impact on the financial statements of the Group and of the Company in the period for initial application except for the followings:- (cont'd)

FRS 124 Related Party Disclosures

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of such standard.

FRS 127 Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to allocate to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

6. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the summary of the significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM) which is the Group's and the Company's functional currency.

Investment in Subsidiary Companies

Subsidiary company is a company in which the Company owns, directly or indirectly, more than 50% of the equity share capital and has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in subsidiary companies is stated at cost. Where there is an indication of impairment in the value of the investments, the carrying amount of the investments is assesed and written down immediately to its recoverable amount.

The consolidated financial statements incorporated the audited financial statements of the Company and its subsidiary companies as mentioned in Note 10 to the Financial Statements. The subsidiary companies are consolidated on purchase method.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair values of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured as aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued, plus any costs directly attributable to the acquisition.

The excess of the consideration paid for the shares in the subsidiary companies over the fair values of the underlying net assets acquired represents goodwill on consolidation. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The excess of the fair values of the underlying net assets acquired over the consideration paid for the shares in the subsidiary companies represents reserve on consolidation and is recognised in the Statements of Comprehensive Income immediately.

All inter-company transactions, balances and unrealised gains or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Non-controlling interests

Non-controlling interests is measured at the non-controlling's share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling share of movements in the acquiree's equity since then. Separate disclosure is made for non-controlling interests.

Revenue

Sales of goods are recognised upon delivery of products and customers' acceptance, if any, or performance of services. Revenue represents gross invoiced value of goods sold and services provided net of sales tax, trade discounts and allowances.

Revenue from maintenance fees is recognised in the Statements of Comprehensive Income on a timely basis, by reference to the agreement entered and when the services are rendered.

Management fee of the Company is recognised when services are rendered.

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency Conversion

Foreign currency transactions have been translated into Malaysian Ringgit at rates of exchange ruling at the transaction dates. All foreign currency assets and liabilities outstanding at the reporting date are translated into Malaysian Ringgit at the approximate exchange rate ruling as at that date. All exchange gains or losses are dealt with in the Statements of Comprehensive Income.

Employee Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company.

The Group and the Company make monthly contribution to the Employees Provident Fund ("EPF"), a statutory contributions plan for all its eligible employees. The Group's and the Company's contribution to EPF, calculated at certain prescribed rates, is charged to the Statements of Comprehensive Income as mentioned in Note 27 and development expenditure as mentioned in Note 11. Once the contributions have been paid, the Group and the Company have no further payment obligations.

The Employee Share Option Scheme ("ESOS") allows the subsidiaries companies' employees to acquire shares of the Company and none of the Company's plan features any options for a cash settlement.

The fair values of the employee services received in exchange for the grant of the share options are recognised as expenses in the Statements of Comprehensive Income over the vesting period of the grant with a corresponding increase in the share option reserve. The fair values of the employee services are measured using intrinsic value, which is the difference between the fair value of the shares to which counterparty has the right to subscribe or which it has the right to receive, and the price the counterparty is required to pay for those shares.

No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received net of any directly attributable transaction costs.

Income Tax/Deferred Tax Liabilities

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

Income tax on the profit or loss for the year comprises current tax. Current tax expenses are the expected amount of income taxes payable in respect of the taxable profit for the financial year and are measured using the tax rates that have been enacted by the reporting date.

Deferred tax liabilities and assets are provided for under the liability method at the tax rates that have been enacted or substantively enacted at the reporting date in respect of all temporary differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base including unabsorbed tax losses and unutilised capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

Capital work-in-progress refers to assets under construction and is not depreciated until it is completed and ready for commercial utilisation.

Property, plant and equipment are depreciated using the straight-line method at rates calculated to write off the cost of the assets over their estimated useful lives. The annual rates used are as follows:

Computer software and equipment	20%
Furniture, fittings, office equipment and renovation	20%
Motor vehicles	20%

Where parts or an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each reporting date, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the Statements of Comprehensive Income.

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. Any impairment loss is charged to the Statements of Comprehensive Income.

Investment properties

Investment properties consist of office buildings held for capital appreciation or rental purpose and are not occupied or only an insignificant portion is occupied for use or in the operations of the Group and of the Company.

Investment properties are treated as long-term investments and are measured initially at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

The annual rate used for depreciation is as follow:-

Office building	2%

Development Expenditure

Expenditure on development is charged to the Statements of Comprehensive Income in the year in which it incurred except where a clearly defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activities. Such development costs are recognised as an intangible asset and amortised on a straight line method over the life of the project from the date of commencement of commercial operation, which is on average of five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each reporting date.

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

Inventories are valued at the lower of cost and net realisable value (determined on first-in-first-out basis). Where necessary, allowance is made for obsolete, slow moving or deteriorated inventories. The cost of trading merchandise comprises the original cost of purchase plus the cost of bringing the inventories to their present location. Net realisable value represents the estimated selling price in the ordinary course of business less estimated selling and distribution costs and all other estimated costs to completion.

Impairment of Non-Financial Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the Statements of Comprehensive Income immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairments loss been recognised. The reversal is recognised in the Statements of Comprehensive Income immediately.

Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

Finance leases

Lease of property, plant and equipment acquired under hire purchase and finance lease arrangement which transfers substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligation due under hire purchase and finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as expenses in the Statements of Comprehensive Income over the term of relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for impairment loss is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provisions

Provisions are made when the Group or the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Financial Assets

Financial assets are recognised in the statement of financial position when, and only when the Group or the Company becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in Statements of Comprehensive Income.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in Statement of Comprehensive Income.

Financial Liabilities

Financial liabilities are recognised in the statement of financial position when, and only when the Group or the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities consist of borrowings, trade payables and other payables. Borrowings, trade payables and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. A financial liability is derecognised when the obligation under the liability is extinguished.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the Statements of Cash Flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to makes strategic decisions.

6. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Related Parties

A party is related to an entity if:-

(i) directly or indirectly through one or more intermediaries, the party:-
   (1) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
   (2) has an interest in the entity that gives it significant influence over the entity; or
   (3) has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Equity Instruments

Ordinary shares are classified as equity and is recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared and approved.

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 6 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except for the following:-

Classification between investment properties and owner-occupied properties

The Group and the Company determine whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group and the Company consider whether a property generates cash flows largely independently of the other assets held by the Group and the Company.

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(a) Critical judgements in applying the Group's and the Company's accounting policies (cont'd)

Classification between investment properties and owner-occupied properties (cont'd)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis and on a reducing balance basis over their estimated useful life. Management estimated the useful life of these assets to be within 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Amortisation of intangible assets

Intangible assets are amortised on straight line basis over their estimated useful life of these assets not exceeding 5 years. Changes in the expected level usage and technological developments could impact the economics useful life and the residual values of these assets, therefore future amortisation charges could be revised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Allowance for impairment

Allowance for impairment is determined using a combination of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. The Directors make allowance for impairment based on its best estimates at the reporting date.

8. PROPERTY, PLANT AND EQUIPMENT

The Group	Office building RM	Computer software and equipment RM	Furniture, fittings, office equipment and renovation RM	Capital work-in-progress RM	Motor vehicle RM	Total RM
Cost						
Balance as at 1 January 2009	4,032,070	16,916,596	1,409,471	22,711,267	-	45,069,404
Additions	-	161,385	215,251	794,716	132,000	1,303,352
Transfer	-	14,916,895	-	(14,916,895)	-	-
Written off	-	(29,958)	-	(1,165,001)	-	(1,194,959)
Reclassified to investment property	(4,032,070)	-	-	-	-	(4,032,070)
Balance as at 31 December 2009	-	31,964,918	1,624,722	7,424,087	132,000	41,145,727
Additions	-	226,015	914	567,735	-	794,664
Transfer	-	4,972,298	-	(4,972,298)	-	-
Balance as at 31 December 2010	-	37,163,231	1,625,636	3,019,524	132,000	41,940,391
Accumulated depreciation						
Balance as at 1 January 2009	362,886	5,918,840	648,639	-	-	6,930,365
Charge for the year	-	7,794,229	307,050	-	22,000	8,123,279
Written off	-	(29,958)	-	-	-	(29,958)
Reclassified to investment property	(362,886)	-	-	-	-	(362,886)
Balance as at 31 December 2009	-	13,683,111	955,689	-	22,000	14,660,800
Charge for the year	-	4,657,834	194,652	-	26,400	4,878,886
Balance as at 31 December 2010	-	18,340,945	1,150,341	-	48,400	19,539,686
Net carrying amount						
31 December 2010	-	18,822,286	475,295	3,019,524	83,600	22,400,705
31 December 2009	-	18,281,807	669,033	7,424,087	110,000	26,484,927

Included in capital work-in-progress is an amount of RM794,356 being interest on borrowings capitalised in the previous financial year

Motor vehicle with net carrying amount of RM83,600 (2009: RM110,000) was acquired under finance lease arrangement.

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company	Office building RM	Computer software and equipment RM	Furniture, fittings, office equipment and renovation RM	Total RM
Cost				
Balance as at 1 January 2009	4,032,070	89,696	1,204,542	5,326,308
Additions	-	33,750	199,029	232,779
Reclassified to investment property	(4,032,070)	-	-	(4,032,070)
Balance as at 31 December 2009	-	123,446	1,403,571	1,527,017
Additions	-	28,884	914	29,798
Balance as at 31 December 2010	-	152,330	1,404,485	1,556,815
Accumulated depreciation				
Balance as at 1 January 2009	362,886	35,749	592,460	991,095
Additions	-	20,706	270,662	291,368
Reclassified to investment property	(362,886)	-	-	(362,886)
Balance as at 31 December 2009	-	56,455	863,122	919,577
Charge for the year	-	20,704	158,560	179,264
Balance as at 31 December 2010	-	77,159	1,021,682	1,098,841
Net carrying amount				
31 December 2010	-	75,171	382,803	457,974
31 December 2009	-	66,991	540,449	607,440

9. INVESTMENT PROPERTY

	The Group and The Company RM
Cost	
Reclassified from property, plant and equipment/31 December 2009/31 December 2010	4,032,070
Accumulated amortisation	
Reclassified from property, plant and equipment	362,886
Charge for the year	80,642
Balance as at 31 December 2009	443,528
Charge for the year	80,641
Balance as at 31 December 2010	524,169

9. INVESTMENT PROPERTY (cont'd)

	The Group and The Company RM
Net carrying amount	
31 December 2010	3,507,901
31 December 2009	3,588,542
At fair value	7,300,000

The investment property of the Group and of the Company was charged to a bank as security for bank borrowings obtained by the Company and a subsidiary company, as mentioned in Note 17 and 21.

Investment properties, which consist of land and building, are valued by certified independent professional valuers. Fair value is defined as the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

10. SUBSIDIARY COMPANIES

(i) Investment in subsidiary companies

	The Company	
	2010 RM	2009 RM
Unquoted shares - at cost	20,609,983	20,309,982
Less: Accumulated impairment loss	(6,857,000)	(6,857,000)
	13,752,983	13,452,982

Details of the subsidiary companies are as follows:-

Name of company	Effective equity interest 2010 &	Effective equity interest 2009 %	Place of incorporation	Principal activities
Direct subsidiary companies				
DVM Innovate Sdn. Bhd.	100	100	Malaysia	Provision of communications systems integration and solutions, data network, data communications solutions, business and operational support systems
NGC Systems Sdn. Bhd.	100	100	Malaysia	Development of software applications and provision of communication solutions

10. SUBSIDIARY COMPANIES (cont'd)

(i) Investment in subsidiary companies (cont'd)

Details of the subsidiary companies are as follows:- (cont'd)

Name of company	Effective equity interest 2010 &	Effective equity interest 2009 %	Place of incorporation	Principal activities
Direct subsidiary companies				
Key Alliance Sdn. Bhd.	100	51	Malaysia	Dormant
DVM Communications Sdn. Bhd.	100	100	Malaysia	Dormant
MobileVideo International Limited	60	60	Cayman Island	Provider of 3G broadband video mobile services and related software applications and accessories
Indirect subsidiary company, held through DVM Innovate Sdn. Bhd.				
DVM IntelliSource Sdn. Bhd.	100	100	Malaysia	Provision of business and operational support systems and services, software development and business process outsourcing

(ii) Amount owing by subsidiary companies

	The Company 2010 RM	The Company 2009 RM
Amount owing by subsidiary companies	4,113,189	4,773,567
Less: Allowance for impairment loss	(121,430)	(121,430)
	3,991,759	4,652,137

The amount owing by/to subsidiary companies arose mainly from advances and payments made on behalf which is unsecured, interest free and is repayable on demand.

11. DEVELOPMENT EXPENDITURE

	The Group 2010 RM	The Group 2009 RM
Cost		
At beginning of year	3,741,531	2,629,156
Additions	1,231,874	1,112,375
At end of year	4,973,405	3,741,531

11. DEVELOPMENT EXPENDITURE (cont'd)

	The Group	
	2010 RM	2009 RM
Accumulated Amortisation		
At beginning of year	(1,321,788)	(678,363)
Current amortisation	(889,762)	(643,425)
At end of year	(2,211,550)	(1,321,788)
Net	2,761,855	2,419,743

Included in additions to development expenditure of the Group was staff costs amounting to RM1,203,875 (RM1,072,434 in 2009). Contributions to EPF during the financial year amounted to RM138,795 (RM113,831 in 2009).

12. INVENTORIES

	The Group	
	2010 RM	2009 RM
At cost:		
Trading merchandise	1,153	1,153
At net realisable value:		
Trading merchandise	8,352	28,702
	9,505	29,855

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2010 RM	2009 RM
Trade receivables	12,039,292	13,137,445
Less: Allowance for impairment loss		
At beginning of year/end of year	(135,511)	(135,511)
	11,903,781	13,001,934

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The currency exposure profile of trade receivables is as follows:

	The Group	
	2010 RM	2009 RM
Ringgit Malaysia	9,694,636	11,121,360
United States Dollar	2,222,043	1,124,641
EURO	93,667	891,444
Singapore Dollar	28,946	-
	12,039,292	13,137,445

The trade receivables comprise amounts receivable from sale of goods and services rendered. The credit period granted ranges from 30 to 60 days (30 to 60 days in 2009).

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:-

31.12.2010	Gross RM	Individually impaired RM	Net RM
Not past due	1,738,684	-	1,738,684
Past due 0 - 30 days	762,261	-	762,261
Past due 31 - 60 days	2,985,697	-	2,985,697
More than 61 days	6,552,650	(135,511)	6,417,139
	12,039,292	(135,511)	11,903,781

The Group has trade receivables amounting to RM10,165,097 that are past due at the reporting date but not impaired. No further impairment has been made as the Board is of the view that the amount is recoverable.

The Group's policy is to make full allowance for all trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful.

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

Other receivables, deposits and prepayments consist of:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	35,468	25,345	3,149	-
Tax recoverable	3,573	34,300	-	-
Deposits	115,078	114,778	31,430	31,030
Prepayments	1,255,983	1,259,921	1,495	-
	1,410,102	1,434,344	36,074	31,030

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group of RM2,657,431 (RM1,777,677 in 2009) were placed with the local banks as security for banking facilities granted by the said banks to the subsidiary companies, as mentioned in Note 21.

The average effective interest rates of the fixed deposits range from 1.90% to 3.10% (1.90% to 3.10% in 2009) per annum. The fixed deposits have an average maturity period of 1 to 12 months (1 to 12 months in 2009).

15. SHARE CAPITAL

	The Group and The Company		The Group and The Company	
	2010 Units	2009 Units	2010 RM	2009 RM
Authorised:				
Ordinary shares of RM0.10 each				
At beginning of year	250,000,000	250,000,000	25,000,000	25,000,000
Created during the year	250,000,000	-	25,000,000	-
At end of year	500,000,000	250,000,000	50,000,000	25,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each	176,000,000	176,000,000	17,600,000	17,600,000

16. SHARE PREMIUM

The Group and the Company

Share premium arose from the issuance of 40,000,000 shares of RM0.10 each at a premium of RM0.40 per share, net of listing and share issue expenses.

17. TERM LOANS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Principal outstanding	17,172,177	20,775,118	1,500,000	1,647,118
Less: Amount due within 12 months (included under current liabilities)	(6,106,656)	(4,533,810)	(202,656)	(309,810)
Non-current portion	11,065,521	16,241,308	1,297,344	1,337,308

The term loans are repayable as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
- Not later than 1 year	6,106,656	4,533,810	202,656	309,810
- Between 1 to 2 years	5,106,656	6,557,342	202,656	333,342
- Between 3 to 5 years	5,472,145	9,683,966	607,968	1,003,966
- Later than 5 years	486,720	-	486,720	-
	17,172,177	20,775,118	1,500,000	1,647,118

The Group and the Company have term loan facilities amounting to RM23,900,000 (RM34,902,000 in 2009) and RM1,500,000 (RM2,902,000 in 2009) respectively obtained from local banks.

The term loans are secured by the following:-

(a) First party legal charges over the office building of the Company, as mentioned in Note 9 and assignment of rental proceeds from the buildings;

(b) Debenture incorporating fixed and floating charge over all present and future assets and undertakings of the subsidiary companies;

(c) Corporate Guarantee from the Company;

17. TERM LOANS (Cont'd)

The term loans are secured by the following:- (cont'd)

(d) A Deed of Assignment between a subsidiary company and Malaysia Debt Venture Berhad of all contract proceeds to be received from Ministry of Health;

(e) Any other securities that Malaysia Debt Venture Berhad may from time to time at its absolute discretion required from a subsidiary company; and

(f) Pledge of fixed deposits (Note 14).

These facilities bear interest at rates ranging from 6.80% to 8.05% (6.80% to 7.25% in 2009) per annum.

18. FINANCE LEASE LIABILITY

	Group	
	2010 RM	2009 RM
Finance lease liability	83,960	110,480
Less: Future finance charges on finance lease	(5,580)	(9,601)
	78,380	100,879
Payable within 1 year	(23,583)	(22,499)
Payable after 1 year but not later than 5 years	54,797	78,380

The finance lease bears interest rate at 2.43% (2.43% in 2009) per annum.

19. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

The foreign currency exposure profile of trade payables consists of:

	Group	
	2010 RM	2009 RM
Ringgit Malaysia	5,157,249	5,197,841
United States Dollar	131,866	189,660
	5,289,115	5,387,501

Trade and other payables comprise amount outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 60 days (30 to 60 days in 2009).

19. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (cont'd)

Other payables and accrued expenses consist of:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other payables	540,552	1,065,329	50,586	39,853
Tax payable	2,531,900	224,714	103,114	96,000
Deferred income	163,114	2,073,500	-	-
Accrued expenses	901,402	1,299,085	538,176	890,515
	4,136,968	4,662,628	691,876	1,026,368

20. AMOUNT OWING TO DIRECTORS

The amount due to directors represents interest-free advances and is with repayable on demand.

21. BANK BORROWINGS

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Bank overdraft (Note 29)	2,582,043	1,612,221	330,505	344,723
Trust receipts	234,049	549,880	-	-
	2,816,092	2,162,101	330,505	344,723

The Company

The Company has bank overdraft facility amounting to RM386,000 (RM386,000 in 2009) obtained from a local bank. The said facility is secured against the office building of the Company, as mentioned in Note 9, assignment of rental proceeds of the building and bears interest rate at 6.80% to 7.20% (7.05% in 2009) per annum.

Subsidiary Companies

The subsidiary companies have credit facilities totalling RM5.20 million (RM5.70 million in 2009) obtained from local banks. The said facilities are secured against fixed deposits, as mentioned in Note 14, corporate guarantee and office building of the Company as mentioned in Note 9. These facilities bear interest at rates ranging from 7.30% to 8.05% (2.15% to 8.25% in 2009) per annum.

22. REVENUE

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of computer hardware and software	32,463,861	59,203,664	-	-
Maintenance fees	15,285,956	19,191,418	-	-
Management fee charged to subsidiary companies	-	-	720,000	1,284,000
	47,749,817	78,395,082	720,000	1,284,000

23. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
After charging:				
Depreciation of property, plant and equipment	4,878,886	8,123,279	179,264	291,368
Amortisation of development expenditure	889,762	643,425	-	-
Amortisation of investment property	80,641	80,642	80,641	80,642
Bad debts written off	140,000	15,000		-
Property, plant and equipment written off	-	1,165,001	-	-
Interest on hire purchase	4,021	4,179		-
Interest on bank overdraft	123,775	113,536	26,261	25,885
Interest on bankers' acceptance	-	43,785	-	-
Interest on term loan	1,441,014	1,382,039	102,443	122,562
Interest on trust receipts	21,325	39,197		-
Interest on letter of credit	4,896	4,311		-
Directors' fees	96,000	96,000	96,000	96,000
Directors' remuneration	327,936	920,936	327,936	327,936
Rental of equipment	175,694	125,973	-	3,076
Realised loss on foreign exchange	235,771	86,123	-	13,600
Unrealised loss on foreign exchange	-	2,756	-	-
Audit fee	53,600	49,000	12,000	12,000

23. (LOSS)/PROFIT BEFORE TAX (cont'd)

(Loss)/Profit before tax is arrived at: (cont'd)

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
And crediting:				
Bad debts recovered	-	(6,000)	-	(6,000)
Interest on fixed deposits	(61,014)	(173,889)	-	-
Rental income receivable from third party	(726,000)	(635,250)	(726,000)	(635,250)
Rental income receivable from subsidiary companies	-	-	(157,872)	(197,616)
Realised gain on foreign exchange	-	(14,925)	-	-
Unrealised gain on foreign exchange	(4,427)	-	-	-

24. INCOME TAX CREDIT/(EXPENSE)

Income tax credit/(expense) consist of the following:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Estimated income tax:				
Current year	(57,113)	(234,000)	(57,113)	(96,000)
Over/(under) provision in prior years	63,072	(28,790)	(2,928)	(28,790)
Income tax credit/(expense)	5,959	(262,790)	(60,041)	(124,790)

The Malaysian income tax is calculated at the statutory tax rate of 25% of the estimated taxable profits for the current financial year.

The Group's unabsorbed tax losses and unutilised capital allowances which can be carried forward to offset against future taxable profit are estimated to be RM13,063,000 (RM11,400,000 in 2009) and RM14,226,000 (RM13,350,000 in 2009) respectively.

One of the subsidiary companies, NGC Systems Sdn. Bhd. ("NGC"), has been accorded Multimedia Super Corridor Status and was granted Pioneer Status effective from 20 November 2002, which exempts 100% of the statutory business income from taxation for a period up to 10 years.

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

24. INCOME TAX CREDIT/(EXPENSE) (cont'd)

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
(Loss)/Profit before tax	(2,191,800)	1,793,634	(179,532)	(200,623)
Tax at statutory tax rate of 25%	(547,950)	448,409	(44,883)	(50,156)
Tax effects of:				
Expenses not deductible for tax purposes	533,063	664,591	101,996	146,156
Utilisation of deferred tax assets not recognised	(47,000)	(879,000)	-	-
Deferred tax assets not recognised	119,000	-	-	-
(Over)/under provision in prior years	(63,072)	28,790	2,928	28,790
Tax (credit)/expense for the year	(5,959)	262,790	60,041	124,790

As mentioned in Note 6, the tax effects of temporary differences, unabsorbed tax losses and unutilised capital allowances which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unabsorbed tax losses and unutilised capital allowances can be utilised. As of 31 December 2010, the amount of net deferred tax assets, calculated at the tax rates that have been enacted or substantively enacted at the reporting date which is not recognised in the financial statements due to uncertainty of its realisation, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Tax effects of:				
Temporary differences arising from property, plant and equipment	(4,994,000)	(4,565,000)	-	-
Unabsorbed tax losses	3,265,000	2,850,000	-	-
Unutilised capital allowances	3,556,000	3,338,000	-	-
Other temporary differences	(684,000)	(599,000)	-	-
	1,143,000	1,024,000	-	-

25. (LOSS)/EARNINGS PER ORDINARY SHARE

Group

Basic
The (loss)/earnings per ordinary share is calculated based on Group's net (loss)/profit attributable to the owners of the parent for the year of RM2,137,239 (RM1,482,242 in 2009) and the weighted average number of ordinary shares issued during the financial year of 176,000,000 (176,000,000 in 2009).

Diluted
No diluted earnings per share are calculated for the Group as there are no potential dilutive ordinary shares.

26. RELATED PARTY TRANSACTIONS

Significant transactions with subsidiary companies during the financial year were as follows:

		The Company	
Name of Company	**Nature**	**2010 RM**	**2009 RM**
DVM Innovate Sdn. Bhd.	Management fee	324,000	513,600
	Rental income	62,412	67,511
DVM IntelliSource Sdn. Bhd.	Management fee	-	128,400
	Rental income	-	4,000
NGC Systems Sdn. Bhd.	Management fee	240,000	385,000
	Rental income	95,460	126,105
MobileVideo International Limited	Management fee	156,000	256,800

The Directors are of the opinion that the abovementioned transactions are entered into on a negotiated basis.

27. EMPLOYEES BENEFIT EXPENSES

	The Group		The Company	
	2010 RM	**2009 RM**	**2010 RM**	**2009 RM**
Salaries, wages and other emoluments	4,130,086	4,279,873	344,576	361,678
Defined contribution plans	470,756	479,142	38,647	48,633
Social security contributions	37,826	36,839	4,539	4,955
Other staff related expenses	310,791	701,948	31,907	14,613
	4,949,459	5,497,802	419,669	429,879

28. DIRECTORS' REMUNERATION

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors:				
Other emoluments	292,800	885,800	292,800	292,800
EPF contributions	35,136	35,136	35,136	35,136
	327,936	920,936	327,936	327,936
Non-executive directors:				
Fees	96,000	96,000	96,000	96,000
	423,936	1,016,936	423,936	423,936

The remuneration of key management personnel is same with the directors' remuneration as disclosed in the above. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following Statement of Financial Position amounts:

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with licensed banks	2,567,431	1,777,677	-	-
Cash and bank balances	1,213,137	3,553,629	34,976	9,707
Bank overdraft (Note 21)	(2,582,043)	(1,612,221)	(330,505)	(344,723)
	1,198,525	3,719,085	(295,529)	(335,016)
Less: Fixed deposits pledged (Note 14)	(2,567,431)	(1,777,677)	-	-
	(1,368,906)	1,941,408	(295,529)	(335,016)

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 20 May 2010, the Company has acquired remaining 343,000 ordinary shares of RM1.00 each representing 41% of the issued and paid-up capital of subsidiary company, Key Alliance Sdn. Bhd. from the non-controlling interests at a cash consideration of RM1.00. Upon the acquisition, Key Alliance Sdn. Bhd. has become a wholly-owned subsidiary company of the Company.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

(b) On 26 March 2010, the proposed special issue of up to 32,700,000 new ordinary shares of RM0.10 each in the Company to Bumiputra investors has been approved by shareholders vide resolution passed during Extraordinary General Meeting.

On 3 December 2010, the Ministry of International Trade and Industry stated that there were no interested Bumiputra investors for the special issue shares.

In view that the special issue was undertaken to facilitate the compliance of the Bumiputra equity condition and since the Company is now deemed to have complied with the Bumiputra equity condition, the special issue is no longer required.

31. EMPLOYEES BENEFITS EXPENSE AND INFORMATION

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the-laws approved by the shareholders at an Extraordinary General Meeting on 25 June 2009. The ESOS was implemented on the same date and is to be in force for a period of 5 years from the date of implementation.

The salient features and other terms of the ESOS are as follows:-

(i) Maximum Number of DVM Shares which may be made available under the Scheme shall not exceed 30% of the issued and paid-up share capital of the Company at any point of time during the duration of the Scheme and is subject to the following:-

(a) not more than 50% of the Shares available under the Scheme shall be allocated, in aggregate, to Directors and senior management of the Group; and

(b) the allocation to an Eligible Employee who, singly or collectively though persons connected with him, holds 20% or more of the issued and paid-up capital of DVM, must not exceed 10% of the total number of shares available under the Scheme.

(ii) **Eligibility**

An Eligible Employee who fulfils the following conditions shall be eligible to participate in the Scheme:-

(a) if he is at least 18 years of age on the date of offer;

(b) if he is confirmed and has worked for the Group for at least one year prior to the date of offer;

(c) if he is employed by a subsidiary of the Company, the period of employment in the Group shall be deemed to commence from the date on which he has been confirmed and worked for the subsidiary for at least one year, or the date on which such company become a subsidiary of the Company, whichever is earlier; and

(d) if in the case of a Director, whose specific allocation has been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the Scheme.

31. EMPLOYEES BENEFITS EXPENSE AND INFORMATION (cont'd)

EMPLOYEE SHARE OPTION SCHEME ("ESOS") (cont'd)

The salient features and other terms of the ESOS are as follows (cont'd):-

(iii) **Subscription Price**

The subscription Price of each comprised in any option shall be the higher of the following:-

(a) the weighted average market price of the DVM Shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%; or

(b) the par value of the Shares.

The Subscription Price shall be subject to certain adjustments in accordance with the By-Laws.

(iv) **Acceptance of Offer**

An offer shall be accepted by an Eligible Employee within a period of 14 days from the date of offer by written notice to the Company accompanied by a payment to the Company of a nominal no-refundable consideration of RM1.00 only for the grant of the options. The date of receipt by the Option Committee of such written notice shall constitute the date of acceptance.

As at reporting date, no options were offered and granted.

32. CONTINGENT LIABILITIES

	The Company	
	2010 RM	2009 RM
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	20,263,764	20,945,378

33. SEGMENT REPORTING

Business segment

The Group operates predominantly in the information communication technology industry involving various types of activities as mentioned in Note 10. Accordingly, the financial information by industry segments of the Group's operations is not presented.

33. SEGMENT REPORTING (cont'd)

Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	43,789,390	60,002,216	28,670,461	32,493,212
Pakistan	1,295,561	3,140,080	-	-
Middle East	-	240,720	-	-
Bangladesh	-	251,704	-	-
Venezuela	-	4,670,573	-	-
Vietnam	676,161	1,398,552	-	-
Iran	1,988,705	1,963,413	-	-
Sweden	-	6,685,919	-	-
Other Asian Countries	-	41,905	-	-
	47,749,817	78,395,082	28,670,461	32,493,212

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:-

	2010 RM	2009 RM
Property, plant and equipment	22,400,705	26,484,927
Investment property	3,507,901	3,588,542
Development expenditure	2,761,855	2,419,743
	28,670,461	32,493,212

Major customers

The Group does not have any revenue for the single external customer which represents 10% or more of the Group's revenue.

DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

Bursa Malaysia Securities Berhad has, on 25 March 2010, and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised on group and company basis, as the case may be, in quarterly reports and annual audited financial statements.

The breakdown of accumulated losses as at the reporting has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and Guidance on Special Matter No. 1 issued on 20 December 2010 by the Malaysian Institute of Accountants are as follows:-

	Group	Company
	2010 RM	2010 RM
Total accumulated loss of the Company and its subsidiary companies:		
- Realised	(13,894,579)	(9,232,609)
- Unrealised	4,427	-
	(13,890,152)	(9,232,609)
Consolidated adjustments	1,441,172	-
	(12,448,980)	(9,232,609)

STATEMENT BY DIRECTORS

The supplementary information is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2011

DATO' GOH KIAN SENG

KAMARUDIN BIN NGAH

LIST OF PROPERTIES

Location	Existing Use	Office Space Area	Tenure	Approximate Age of Property (years)	Net Book Value @ 31.12.2010 (RM)	Year of Valuation / Acquisition
Parcel No. CS/3A/7, Storey No. Level 7, Building No. 3A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur	For Office	8,060 sq. ft.	Freehold	6	3,507,901	2004

As at 9 May 2011

Authorised Capital	RM50,000,000
Issued and fully paid Capital	RM17,600,000
Class of Shares	Ordinary shares of RM0.10 each
Voting Right	One vote per ordinary share
Number of Shareholders	3,367

Distribution of Shareholdings

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	6	0.18	300	0.00
100-1,000	446	13.25	410,100	0.23
1,001-10,000	1,541	45.77	9,319,300	5.30
10,001-100,000	1,146	34.03	43,935,900	24.96
100,001- 8,799,999 (less than 5% of the shares)	227	6.74	96,402,400	54.78
Above 8,800,000 (5% and above of issued shares)	1	0.03	25,932,000	14.73
Total	**3,367**	**100.00**	**176,000,000**	**100.00**

Substantial Shareholders' Shareholdings

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Goh Kian Seng	25,932,000	14.7	-	-

Directors' Shareholdings

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Goh Kian Seng	25,932,000	14.7	-	-
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	-	-	-	-
Kamarudin Bin Ngah	-	-	-	-
Lee Keat Hin	-	-	-	-

List of Top 30 Shareholder as at 09 May 2011

	Names	Shares	%
1	Goh Kian Seng	17,040,000	9.68
2	OSK Nominees (Asing) Sdn Berhad DMG & Partners Securities Pte Ltd for Noble Elite Limited (164287)	8,718,000	4.95
3	Goh Kian Seng	7,202,000	4.09
4	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Soh Oon Hai (M78008)	3,656,000	2.08
5	Kurnia Heights Sdn Bhd	3,079,000	1.75
6	Lim Wooi Beng	2,639,600	1.50
7	Chen Boon Cheong	2,474,000	1.40
8	Choi Swee Cheng	2,415,000	1.37
9	Lau Chi Chiang	2,090,800	1.19
10	Data Gold Systems Sdn Bhd	2,030,000	1.15
11	Lee Lai Huat	2,000,000	1.14
12	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kian Seng (100572)	1,690,000	0.96
13	Gooi Kee Hua	1,591,800	0.90
14	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Boon Seng	1,510,000	0.86
15	Piong Choong Fah	1,473,900	0.84
16	Tan Chet Mei	1,050,000	0.60
17	Ong Tey See	1.018.500	0.58
18	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Aik Kheiw (E-Tai)	1,000,000	0.57
19	Chua Soo Chai	1,000,000	0.57
20	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee A Hong @ Lee Lum Sow (E-TMM)	1,000,000	0.57
21	Yap Lay Hoon	980,800	0.56
22	Tee Siew Heng	912,500	0.52
23	Jason Yap	873,800	0.49
24	Lim Kok Leng	857,000	0.49
25	Goh Soon Teng	850,000	0.48
26	Tan Bu Chin	830,000	0.47
27	Ooi Bee Eng	825,000	0.47
28	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lau Chi Chiang (472016)	806,000	0.46
29	Ong Siok Lee	800,000	0.45
30	Citigroup Nominees (Asing) Sdn Bhd Exempt an for OCBC Securities Private Limited (Client alc-NR)	701,600	0.40
	Total shares	73,115,300	41.54

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of DVM TECHNOLOGY BERHAD will be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sg Buloh, Selangor Darul Ehsan on Wednesday, 29 June 2011 at 10.00 am for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Directors' and Auditors' Reports thereon. **Please refer to Note A**

2. To approve the payment of Directors' fees for the financial year ended 31 December 2010. **Resolution 1**

3. To re-elect Dato' Goh Kian Seng, the Director who retires in accordance with Article 81 of the Articles of Association of the Company. **Resolution 2**

4. To consider and if though fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:- **Resolution 3**

   "THAT Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid, retiring pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

5. To re-appoint Messrs SJ Grant Thornton as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

As Special Business

To consider and if thought fit, to pass the following resolutions:-

6. Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 5**

   "THAT, subject always to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and approval and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Act to allot and issue new ordinary shares of RM0.10 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten (10) percent of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **Proposed amendments to the articles of association of the company**

   "THAT the proposed amendments to the existing Article 146 of the Articles of Association of the Company as set out in the Appendix 1 attached to the 2010 Annual Report be and is hereby approved and adopted." **Resolution 6**

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

PANG KAH MAN (MIA 18831)
Company Secretary

Kuala Lumpur
7 June 2011

Notes:

(A) This Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require formal approval of the shareholders and hence, is not put forward for voting.

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, this form, duly completed form must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151, Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such members(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Ordinary Resolution no. 5
Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution no. 5 under Item 6 is a renewal from the previous mandate and if passed, will grant general mandate ("General Mandate") and empower the Directors of the Company, from the date of the above Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up capital of the Company for the time being for such purposes as they may think fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares were issued by the Company pursuant to the previous mandate granted by the Directors since the last Annual General Meeting held on 24 June 2010.

The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition.

2. Special Resolution
Proposed Amendments to the Articles of Association of the Company

The proposed Special Resolution is to amend the existing Article 146 of the Articles of Association of the Company in relation to the implementation of the electronic dividend payment ("eDividend") ("Proposed Amendments").

The main objective of implementing the eDividend are, amongst others, to promote greater efficiency of the dividend payment system to reflect the new initiatives with regard to the capital market, specifically to provide shareholders with an e-dividend payment system which is an alternative method of receiving cash dividends that is convenient to the shareholders. The eDividend will allow the Company to credit dividend entitlements in respect of the shares of the Company directly into the shareholders' bank accounts and improve the efficiency of the Company.

Please refer to the document marked **Appendix 1** attached to the 2010 Annual Report for details of the Proposed Amendments.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 8.29(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad for ACE Market

No individual is seeking election as Director of the Company at this Eighth Annual General Meeting.

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF DVM TECHNOLOGY BERHAD

The proposed deletions, alterations, modifications, variations and additions to the Articles of Association of the Company ("Proposed Amendments") are as follows:

EXISTING ARTICLE	PROPOSED AMENDMENTS TO THE EXISTING ARTICLE
Article 146 Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the money represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	To amend Article 146 Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the **last** registered address of the **Member or by direct transfer or such other mode of electronic means (subject to the provision of the Act, the Depositories Act and the Rules, the Listing Requirements and/or other regulatory authorities) to the bank account of the Member whose name appears in the Record of Depositors**. Every such cheque or warrant **or payment by direct transfer** shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant **or payment by such electronic means** shall operate as a good discharge to the Company in respect of the money represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged **or of any discrepancy given by the Member in the details of the bank account**. Every such cheque or warrant **or electronic transfer or remittance** shall be sent at the risk of the person entitled to the money thereby represented.

This is the Appendix 1 referred to in Special Resolution of the Notice of Annual General Meeting of DVM Technology Berhad.

PROXY FORM

DVM TECHNOLOGY BERHAD (Company No. 609953-K)

(Incorporated in Malaysia under the Companies Act, 1965)

Number of Shares Held	

I/We ____

of ____

(FULL ADDRESS)

being (a) member (s) of DVM Technology Berhad hereby appoint(s) ____

____

of ____

or failing him / her, ____

of ____

as my/our proxy to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Putra Court, Kelab Rahman Putra Malaysia, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sg Buloh, Selangor Darul Ehsan on Wednesday 29 June 2011 at 10.00am and at any adjournment thereof.

No.	Resolutions	For	Against
	Ordinary Resolutions:		
1	Approval of payment of Directors' fees for the financial year ended 31 December 2010		
2	Re-election of Dato' Goh Kian Seng as Director		
3	Re-election of Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid as Director		
4	Re-appointment of Messrs SJ Grant Thornton as Auditors and authorization for the Directors to fix their remuneration		
5	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
6	Amendments to the Articles of Association		

Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/ her discretion. For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Dated this ____________ day of ____________ 2011

____

Signature of Shareholder(s) or Common Seal

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, this form, duly completed form must be deposited at the Registered Office of the Company at 3-2, 3rd Mile Square, No. 151, Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such members(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

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Affix Stamp Here

Company Secretary
DVM TECHNOLOGY BERHAD
3-2, 3rd Mile Square,
No. 151 Jalan Kelang Lama
Batu 3½, 58100 Kuala Lumpur
Malaysia

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