DVM TECHNOLOGY

PEOPLE & TECHNOLOGY

2011 ANNUAL REPORT

Corporate Vision

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

Content

CORPORATE INFORMATION

Board of Directors

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid - Independent Non - Executive Chairman
Kamarudin Bin Ngah - Independent Non-Executive Director
Yee Yit Yang - Independent Non-Executive Director
Dato' Goh Kian Seng - Managing Director
Roy Ho Yew Kee - Executive Director

Audit Committee

Kamaruddin Bin Ngah - Chairman
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid
Yee Yit Yang

Remuneration Committee

Kamarudin Bin Ngah - Chairman
Yee Yit Yang
Dato' Goh Kian Seng

Nomination Committee

Kamarudin Bin Ngah - Chairman
Yee Yit Yang

Company Secretary

Pang Kah Man (MIA 18831)

Registered Office

3-2, 3rd Mile Square, No. 151,
Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur
T: 03-7987 5300 F: 03-7987 5200

Business Address

Lot 11.3, 11th Floor Menara Lien Hoe,
No. 8 Persiaran Tropicana,
Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor Darul Ehsan
T: 03-7805 3868 F: 03-7805 3863

Share Registrar

Equinity Services Sdn Bhd
Level 8, Menara MIDF,
82 Jalan Raja Chulan,
50200 Kuala Lumpur
T: 03-2166 0933 F: 03-2166 0688

Auditors

SJ Grant Thornton (AF 0737)
Level 11, Sheraton Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur

Principal Bankers

Malayan Banker Berhad
Ambank (M) Berhad

Stock Exchange Listing

Bursa Malaysia Securities Berhad, ACE Market
Stock Name: DVM

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% Mobile Video International Ltd

BOARD 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. He attended five (5) out of six (6) Board meetings held during the financial year ended 31 December 2011.

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, Master and Doctorate of Business Administration from Southern Cross University, Australia. He is principally responsible for the overall management, marketing and strategic direction of the DVM Group. He has been in the computing, data and telecommunication industry since 1985. 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. He attended all of the six (6) Board meetings held during the financial year ended 31 December 2011.

Roy Ho Yew Kee
Executive Director

Roy Ho Yew Kee, aged 36, a Malaysian was appointed the Executive Director of DVM on 30 December 2011. He obtained his Bachelor of Commerce from the Griffith University, Brisbane, Australia. He has extensive experience with retail broking and cross border finance companies involving with sales trading, deal origination and institutional broking. He is principally responsible for managing the operations, business direction and strategies of the DVM Group. He has not attended any Board meeting held during the financial year ended 31 December 2011 since his directorship appointment effective only from 30 December 2011.

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. He attended five (5) out of six (6) Board meetings held during the financial year ended 31 December 2011.

Yee Yit Yang
Independent Non-Executive Director

Yee Yit Yang, aged 44, a Malaysian was appointed to the Board on 07 October 2011. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. He began his career with an international accounting firm and then moved on to an investment bank in which he was involved with various corporate restructuring exercises. Currently, he is attached with a private consultancy firm. He holds a Bachelor of Economics and is a member of the Malaysian Institute of Accountants. He is an independent and non executive director of DPS Resources Berhad, Mlabs Systems Berhad and Len Cheong Holdings Berhad. He attended one (1) out of one (1) Board meetings held during the financial year ended 31 December 2011 since his directorship appointment effective only from 07 October 2011.

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 2011.

Overview & Financial Review

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

For the financial year ended 31 December 2011, the Group recorded lower group revenue of RM29.14 million as compared to RM47.75 million in the preceding financial year, approximately 39% lesser than the previous financial year. Loss after tax in the current year under review fell in tandem to RM7.36 million from RM2.18 million in preceding financial year.

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 and strengths.

Development

Although the overall business sentiments are still a little hazy on account of the current economic concerns, we have moving ahead with the adoption of a number of initiatives to better prepare for the challenges ahead of us. The Group has instituted not only improve operating efficiency and rein in costs where feasible, but also actively seek out potentially profitably synergistic activities to improve the Group's future income streams and ultimately its bottom line.

The Group will continue to invest significantly in enhancing its current products with more feature enriched Broadband Telephony, 3G mobile video applications and other technology related matters. 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 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 the 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 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 invaluable advice and support through out the years.

The Management Team of DVM Technology Berhad

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.

1.0 BOARD OF DIRECTORS

1.1 Composition of Board

The Board currently consists of five (5) members comprising one (1) Managing Director, 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 Directors are set out in this Annual Report 2011.

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 primarily responsibilities of the Board are formulation of medium and long term goals and 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 where 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. 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.

1.0 BOARD OF DIRECTORS (CONT'D)

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 six (6) 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	5/6
Kamarudin Bin Ngah	5/6
Dato' Goh Kian Seng	6/6
Yee Yit Yang (appointed on 07 October 2011)	1/1
Lee Keat Hin (resigned on 08 November 2011)	4/5
Roy Ho Yew Kee (appointed on 30 December 2011)	-
Chen Chee Peng (resigned on 29 March 2011)	1/1

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 and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge. The Director continue to undergo relevant training programmes to further enhance theirs skills and to keep abreast with relevant changes in laws, regulations and the business environment.

2.0 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 Directors for the financial period ended 31 December 2011 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	218,800		218,800
-contribution by EPF	25,296		25,296
Total	244,096	96,000	340,096

2.0 DIRECTOR'S REMUNERATION (CONT'D)

2.1 Director's Remuneration (cont'd)

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 100,000		3
100,001 – 150,000	2	
150,001 – 200,000		

3.0 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

Information on the Group's Statement on Internal Control is set out in this Annual Report 2011.

3.3 Relationship with Internal and External Auditors

The company works closely with 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 set out in this Annual Report 2011.

4.0 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.

4.0 SHAREHOLDERS (CONT'D)

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.

5.0 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 2011.

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.

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.

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
Yee Yit Yang	-	Member/Independent Non-Executive Director
YBhg General ® Tan Sri Abdul Rahman Bin Abdul Hamid	-	Member/Independent Non-Executive Director

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 six (6) 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	5/6
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	5/6
Yee Yit Yang (appointed on 7 October 2011)	1/1

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.

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.

CORPORATE SOCIAL RESPONSIBILITY

DVM being the new 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.

The Group steps forward and serves the community in which it operates and strives to make positive contribution to the community particular in helping the underprivileged and the less fortunate.

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.

1. **Share Buyback**
   The Company does not have a scheme to buy back its shares.

2. **Options, Warrants or Convertible Securities**
   The Company did not issue any options, warrants or convertible securities during the financial year under review.

3. **Depository Receipt Programme**
   The Company did not sponsor any depository receipt programme during the financial period under review.

4. **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.

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

6. **Deviation in Results**
   There were no significant variances noted between the reported results and the unaudited results announced during the financial year under review.

7. **Profit Guarantee**
   The Company did not give any profit guarantee during the financial year under review.

8. **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.

DIRECTORS' REPORT

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 2011.

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	7,356,171	418,933
Attributable to:-		
Owners of the Company	6,314,731	
Non-controlling interest	1,041,440	
	7,356,171	

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.

SHARE OPTIONS (CONT'D)

As at reporting date, no options were offered and granted. The salient features and other terms of the ESOS are disclosed in Note 32 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 adequate allowance for doubtful debts had been made; 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 EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 31 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
Yee Yit Yang (Appointed on 7 October 2011)
Roy Ho Yew Kee (Appointed on 30 December 2011)
Lee Keat Hin (Resigned on 8 November 2011)

In accordance with Article 81 of the Company's Articles of Association, Kamaruddin Bin Ngah retires by rotation and, being eligible, offer himself for re-election.

In accordance with Article 88 of the Company's Articles of Association, Yee Yit Yang and Roy Ho Yew Kee who was appointed since the last annual general meeting, retires at the forthcoming annual general meeting and being eligible, offer themselves 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 1.1.2011	**Bought**	**Sold**	**Balance as of 31.12.2011**
Shares in the Company				
Registered in name of director				
Dato' Goh Kian Seng	25,932,000	-	17,040,000	8,892,000

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 24 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
30 April 2012

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 23 to 63 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 2011 and of its 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
30 April 2012

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 23 to 63 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 30 April 2012

Before me,

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

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 2011, 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 23 to 63.

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 controls 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 controls 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 controls. 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 2011 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 63 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

JOHN LAU TIANG HUA, PJN
(NO: 1107/03/14(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
30 April 2012

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2011

		The Group		The Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	15,188,736	22,400,705	300,945	457,974
Investment property	9	3,427,259	3,507,901	3,427,259	3,507,901
Investment in subsidiary companies	10	-	-	13,752,983	13,752,983
Development expenditure	11	2,113,157	2,761,855	-	-
Total Non-Current Assets		20,729,152	28,670,461	17,481,187	17,718,858
Current Assets					
Inventories	12	-	9,505	-	-
Trade receivables	13	5,392,675	11,903,781	-	-
Other receivables, deposits and prepayments	13	900,048	1,410,102	32,366	36,074
Amount due from subsidiary companies	10	-	-	3,767,843	3,991,759
Fixed deposits with licensed banks	14	2,036,317	2,657,431	-	-
Cash and bank balances		335,773	1,213,137	1,786	34,976
Total Current Assets		8,664,813	17,193,956	3,801,995	4,062,809
Total Assets		29,393,965	45,864,417	21,283,182	21,781,667
EQUITY AND LIABILITIES					
Equity					
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		(18,763,711)	(12,448,980)	(9,651,542)	(9,232,609)
Equity attributable to owners of the Company		9,552,954	15,867,685	18,665,123	19,084,056
Non-controlling interest		(1,041,440)	-	-	-
Total Equity		8,511,514	15,867,685	18,665,123	19,084,056

Statements of Financial Position (cont'd)
as at 31 December 2011

		The Group		The Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Non-Current Liabilities					
Term loans	17	6,326,675	11,065,521	1,186,395	1,297,344
Finance lease liability	18	30,310	54,797	-	-
Deferred taxation	19	193,000	-	-	-
Total Non-Current Liabilities		6,549,985	11,120,318	1,186,395	1,297,344
Current Liabilities					
Trade payables	20	2,135,846	5,289,115	-	-
Other payables, deposits and accrued expenses	20	2,767,971	4,136,968	601,097	691,876
Amount due to subsidiary company	10	-	-	224,357	175,230
Amount due to a director	21	1,259,000	504,000	-	-
Borrowings	22	3,090,990	2,816,092	398,250	330,505
Term loans	17	5,054,081	6,106,656	207,960	202,656
Finance lease liability	18	24,578	23,583	-	-
Total Current Liabilities		14,332,466	18,876,414	1,431,664	1,400,267
Total Liabilities		20,882,451	29,996,732	2,618,059	2,697,611
TOTAL EQUITY AND LIABILITIES		29,393,965	45,864,417	21,283,182	21,781,667

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

STATEMENTS OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2011

		The Group		The Company	
		2011	2010	2011	2010
	Note	RM	RM	RM	RM
Revenue	23	29,143,637	47,749,817	420,000	720,000
Cost of sales		(22,014,771)	(39,165,794)	-	-
Gross profit		7,128,866	8,584,023	420,000	720,000
Investment revenue		25,490	61,014	-	-
Other income		1,752,544	1,672,858	883,888	1,007,542
Finance costs		(1,359,147)	(1,595,031)	(123,195)	(128,704)
Distribution expenses		(822,900)	(1,458,055)	(176,033)	(121,607)
Administrative expenses		(3,745,120)	(4,448,935)	(529,043)	(520,417)
Other expenses		(10,111,262)	(5,007,674)	(862,908)	(1,136,346)
Loss before tax	24	(7,131,529)	(2,191,800)	(387,291)	(179,532)
Income tax (expense)/credit	25	(224,642)	5,959	(31,642)	(60,041)
Net loss for the year		(7,356,171)	(2,185,841)	(418,933)	(239,573)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(7,356,171)	(2,185,841)	(418,933)	(239,573)
Attributable to:-					
Owners of the Company		(6,314,731)	(2,137,239)	(418,933)	(239,573)
Non-controlling interest		(1,041,440)	(48,602)	-	-
		(7,356,171)	(2,185,841)	(418,933)	(239,573)
Loss per ordinary share					
- basic (sen)	26	(3.59)	(1.21)	-	-

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

STATEMENTS OF CHANGES IN EQUITY
for the Year Ended 31 December 2011

	Attributable to owners of the Company					
		Non-distributable	Distributable			
	Share Capital RM	Share premium RM	Accumulated loss RM	Total RM	Non-controlling interest RM	Total equity RM
The Group						
Balance as at 1 January 2010	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 at 31 December 2010	17,600,000	10,716,665	(12,448,980)	15,867,685	-	15,867,685
Total comprehensive loss for the year	-	-	(6,314,731)	(6,314,731)	(1,041,440)	(7,356,171)
Balance as at 31 December 2011	17,600,000	10,716,665	(18,763,711)	9,552,954	(1,041,440)	8,511,514

		Non-distributable	Distributable	
	Share capital RM	Share premium RM	Accumulated loss RM	Total RM
The Company				
Balance as of 1 January 2010	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
Total comprehensive loss for the year	-	-	(418,933)	(418,933)
Balance as of 31 December 2011	17,600,000	10,716,665	(9,651,542)	18,665,123

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

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Cash Flows From Operating Activities				
Loss before tax	(7,131,529)	(2,191,800)	(387,291)	(179,532)
Adjustments for:				
Bad debts written off	-	140,000	-	-
Amortisation of investment property	80,642	80,641	80,642	80,641
Depreciation of property, plant and equipment	7,348,612	4,878,886	157,029	179,264
Amortisation of development expenditure	1,050,080	889,762	-	-
Allowance for impairment loss on trade receivables	1,972,138	-	-	-
Interest expenses	1,359,148	1,595,031	123,195	128,704
Interest income			-	-
- current year	(65,691)	(61,014)	-	-
- overprovision in prior year	40,210	-	-	-
Inventories written off	9,505	-	-	-
Gain on disposal of property, plant and equipment	(5,522)	-	-	-
Unrealised loss/(gain) on foreign exchange	1,605	(4,427)	-	-
Operating Profit/(Loss) Before Working Capital Changes	4,659,198	5,327,079	(26,425)	209,077
Changes in:				
Inventories	-	20,350	-	-
Trade receivables	4,537,363	962,580	-	-
Other receivables, deposits and prepayments	481,446	(6,485)	3,708	(5,044)
Amount due from subsidiary companies	-	-	273,043	835,608
Trade payables	(3,153,269)	(98,386)	-	-
Other payables, deposits and accrued expenses	(1,288,979)	(257,060)	(10,392)	(341,606)
Amount due to a director	755,000	(851,898)	-	-
Cash Generated From Operations	5,990,759	5,096,180	239,934	698,035
Interest paid	(1,326,227)	(1,595,031)	(123,195)	(128,704)
Income tax paid	(117,629)	(24,914)	(112,029)	(52,927)
Income tax refund	1,656	-	-	-
Net Cash From Operating Activities	4,548,559	3,476,235	4,710	516,404

	Note	The Group 2011 RM	The Group 2010 RM	The Company 2011 RM	The Company 2010 RM
Cash Flows (Used In)/From Investing Activities					
Interest received		65,691	61,014	-	-
Purchase of property, plant and equipment		(209,943)	(794,664)	-	(29,798)
Proceeds from disposal of property, plant and equipment		78,822	-	-	-
Fixed deposit withdrawn/(pledged)		580,904	(879,754)	-	-
Development expenditure incurred		(401,382)	(1,231,874)	-	-
Additional investment in subsidiary company		-	-	-	(300,001)
Net Cash From/(Used In) Investing Activities		114,092	(2,845,278)	-	(329,799)
Cash Flows Used In Financing Activities					
Proceed/(Repayment) of short term borrowings		740,111	(315,831)	-	-
Net repayment of long term loan		(5,771,421)	(3,602,941)	(105,645)	(147,118)
Repayment of finance lease liability		(23,492)	(22,499)	-	-
Net Cash Used In Financing Activities		(5,054,802)	(3,941,271)	(105,645)	(147,118)
Net (Decrease) /Increase In Cash And Cash Equivalents		(392,151)	(3,310,314)	(100,935)	39,487
Cash And Cash Equivalents At Beginning Of Year		(1,368,906)	1,941,408	(295,529)	(335,016)
Cash And Cash Equivalents At End Of Year	30	(1,761,057)	(1,368,906)	(396,464)	(295,529)

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

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 30 April 2012.

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 f ow 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 2011, the Group's and the Company's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:-

2011

	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	8,145,071	3,795,376	2,176,744	354,555	14,471,746
Finance lease liability	24,578	30,310	-	-	54,888
	8,169,649	3,825,686	2,176,744	354,555	14,526,634
Unsecured:					
Trade payables	2,135,846	-	-	-	2,135,846
Other payables	2,767,971	-	-	-	2,767,971
Amount due to a Director	1,259,000	-	-	-	1,259,000
	6,162,817	-	-	-	6,162,817
Total	14,332,466	3,825,686	2,176,744	354,555	20,689,451

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity and cash f ow risks (cont'd)

As at 31 December 2011, the Group's and the Company's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:- (cont'd)

2010

	Current	The Group 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

2011

	Current	The Company 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	606,210	207,960	623,880	354,555	1,792,605
Unsecured:					
Other payables	601,097	-	-	-	601,097
Amount due to subsidiary company	224,357	-	-	-	224,357
	825,454	-	-	-	825,454
Total	1,431,664	207,960	623,880	354,555	2,618,059

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity and cash f ow risks (cont'd)

As at 31 December 2011, the Group's and the Company's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:- (cont'd)

2010

	The Company				
	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:-

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Fixed rate instruments				
Term loans	11,380,756	17,172,177	1,394,355	1,500,000
Finance lease liability	54,888	78,380	-	-
	11,435,644	17,250,557	1,394,355	1,500,000
Floating rate instruments				
Borrowings	3,090,099	2,816,092	398,250	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 Loss for the year		Company Loss for the year	
	RM	RM	RM	RM
	+0.5%	-0.5%	+0.5%	-0.5%
Floating rate instruments				
31 December 2011	16,518	(16,518)	1,837	(1,837)
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 2011, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2011:-

(a)	FRS 3	-	Business Combinations (Revised)
(b)	FRS 127	-	Consolidated and Separate Financial Statements (Revised)
(c)	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
(d)	Amendments to FRS 101	-	Presentation of Financial Statements. Amendment relating to clarification of statement of changes in equity
(e)	Amendments to FRS 134	-	Interim Financial Reporting. Amendment relating to significant events and transactions

Initial application of the above standards and amendments did not have any material impact on the financial statements of the Group and of the Company.

(ii) Standards issued but not yet effective

New MASB Approved Accounting Standards

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual financial periods beginning on or after 1 January 2013. The Group and the Company does not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012. The Group and the Company have not early adopted the MFRS Framework.

In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company have not completed its quantification of the financial effects of the differences between Financial Reporting Standards ("FRS") and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in position to fully comply with the requirement of the MFRS Framework for the financial year ending 31 December 2012.

Below are the lists of MFRSs and IC Interpretation issued but not yet effective and have not been early adopted by the Group and the Company:-

Effective on for financial periods beginning on or after 1 January 2012

(a)	MFRS 1	-	First-time Adoption of Malaysian Financial Reporting Standards
(b)	MFRS 2	-	Share-based Payment

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

(ii) Standards issued but not yet effective (cont'd)

New MASB Approved Accounting Standards (cont'd)

Below are the lists of MFRSs and IC Interpretation issued but not yet effective and have not been early adopted by the Group and the Company:- (cont'd)

(c)	MFRS 3	-	Business Combinations
(d)	MFRS 4	-	Insurance Contracts
(e)	MFRS 5	-	Non-current Assets Held for Sale and Discontinued Operations
(f)	MFRS 6	-	Exploration for and Evaluation of Mineral Resources
(g)	MFRS 7	-	Financial Instruments: Disclosures
(h)	MFRS 8	-	Operating Segments
(i)	MFRS 101	-	Presentation of Financial Statements
(j)	MFRS 102	-	Inventories
(k)	MFRS 107	-	Statement of Cash Flows
(l)	MFRS 108	-	Accounting Policies, Changes in Accounting Estimates and Errors
(m)	MFRS 110	-	Events After the Reporting Period
(n)	MFRS 111	-	Construction Contracts
(o)	MFRS 112	-	Income Taxes
(p)	MFRS 116	-	Property, Plant and Equipment
(q)	MFRS 117	-	Leases
(r)	MFRS 118	-	Revenue
(s)	MFRS 119	-	Employee Benefits
(t)	MFRS 120	-	Accounting for Government Grants and Disclosure of Government Assistance
(u)	MFRS 121	-	The Effects of Changes in Foreign Exchange Rates
(v)	MFRS 123	-	Borrowing Costs
(x)	MFRS 126	-	Accounting and Reporting by Retirement Benefit Plans
(y)	MFRS 127	-	Consolidated and Separate Financial Statements
(z)	MFRS 128	-	Investments in Associates
(aa)	MFRS 129	-	Financial Reporting in Hyperinflationary Economies
(ab)	MFRS 131	-	Interests in Joint Ventures
(ac)	MFRS 132	-	Financial Instruments: Presentation
(ad)	MFRS 133	-	Earnings per Share
(ae)	MFRS 134	-	Interim Financial Reporting
(af)	MFRS 136	-	Impairment of Assets
(ag)	MFRS 137	-	Provisions, Contingent Liabilities and Contingent Assets
(ah)	MFRS 138	-	Intangible Assets
(ai)	MFRS 139	-	Financial Instruments: Recognition and Measurement
(aj)	MFRS 140	-	Investment Property
(ak)	MFRS 141	-	Agriculture
(al)	IC Interpretation 1	-	Changes in Existing Decommissioning, Restoration and Similar Liabilities
(am)	IC Interpretation 2	-	Members' Shares in Co-operative Entities and Similar Instruments
(an)	IC Interpretation 4	-	Determining whether an Arrangement contains a Lease
(ao)	IC Interpretation 5	-	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
(ap)	IC Interpretation 6	-	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
(aq)	IC Interpretation 7	-	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
(ar)	IC Interpretation 9	-	Reassessment of Embedded Derivatives
(as)	IC Interpretation 10	-	Interim Financial Reporting and Impairment
(at)	IC Interpretation 12	-	Service Concession Arrangements
(au)	IC Interpretation 13	-	Customer Loyalty Programmes

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

(ii) Standards issued but not yet effective (cont'd)

New MASB Approved Accounting Standards (cont'd)

Below are the lists of MFRSs and IC Interpretation issued but not yet effective and have not been early adopted by the Group and the Company:- (cont'd)

(av)	IC Interpretation 14	-	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
(aw)	IC Interpretation 15	-	Agreements for the Construction of Real Estate
(ax)	IC Interpretation 16	-	Hedges of a Net Investment in a Foreign Operation
(ay)	IC Interpretation 17	-	Distributions of Non-cash Assets to Owners
(az)	IC Interpretation 18	-	Transfers of Assets from Customers
(ba)	IC Interpretation 19	-	Extinguishing Financial Liabilities with Equity Instruments
(bb)	IC Interpretation 107	-	Introduction of the Euro
(bc)	IC Interpretation 110	-	Government Assistance – No Specific Relation to Operating Activities
(bd)	IC Interpretation 112	-	Consolidation – Special Purpose Entities
(be)	IC Interpretation 113	-	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
(bf)	IC Interpretation 115	-	Operating Leases – Incentives
(bg)	IC Interpretation 125	-	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

Effective on for financial periods beginning on or after 1 March 2012

(a)	Amendments to MFRS 7	-	Mandatory Effective Date of MFRS 9 and Transition Disclosure. Amendments to MFRS 9 (IFRS 9) issued by International Accounting Standards Board ("IASB") in November 2009, MFRS 9 (IFRS 9)
(b)	Amendments to MFRS 9	-	Mandatory Effective Date of MFRS 9 and Transition Disclosures. Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009, MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7.

Effective on for financial periods beginning on or after 1 July 2012

(a)	MFRS 101	-	Presentation of Financial Statement. Amendments in relation to Presentation of Items of Other Comprehensive Income.

Effective for financial periods beginning on or after 1 January 2013

(a)	MFRS 10	-	Consolidated Financial Statements
(b)	MFRS 11	-	Joint Arrangements
(c)	MFRS 12	-	Disclosure of Interests in Other Entities
(d)	MFRS 13	-	Fair Value Measurement
(e)	MFRS 119	-	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by IASB in June 2011)
(f)	MFRS 127	-	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
(g)	MFRS 128	-	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
(h)	IC Interpretation 20	-	Stripping Costs in the Production Phase of a Surface Mine
(i)	Amendments to MFRS 7	-	Disclosure – Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2014

(a)	Amendments to MFRS 132	-	Offsetting Financial Assets and Financial Liabilities

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

(ii) Standards issued but not yet effective (cont'd)

New MASB Approved Accounting Standards (cont'd)

Below are the lists of MFRSs and IC Interpretation issued but 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 2015

(a)	Amendments to MFRS 9	-	Financial Instruments (IFRS 9 issued by IASB in November 2009)
(b)	Amendments to MFRS 9	-	Financial Instruments (IFRS 9 issued by IASB in October 2009)

The Group and the Company has not selected which optional exemption from the retrospective application to be applied under MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. As such, the Directors are unable to anticipate the effects of the adoption of these new MFRSs and IC Int on the financial statements.

A number of new standards, amendments to standards and IC Interpretation are effective for annual periods beginning after 1 January 2013. The Group and the Company do not expect the adoption of these new standards, amendments to standards and IC Interpretation to have a significant effect on the financial statements of the Group and of the Company, except for the followings:-

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)

MFRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. It addresses the classification, measurement and recognition of financial assets and financial liabilities with only two classification categories: fair value and amortised cost.

The Group and the Company expect changes to arise from the adoption of MFRS in terms of the classification and measurement of the financial assets. However, the extent of the impact has not been determined.

A number of new standards, amendments to standards and IC Interpretation are effective for annual periods beginning after 1 January 2013. The Group and the Company do not expect the adoption of these new standards, amendments to standards and IC Interpretation to have a significant effect on the financial statements of the Group and of the Company, except for the followings:- (cont'd)

MFRS 10 Consolidated Financial Statements

MFRS 10 supersedes the requirements relating to consolidated financial statements in FRS 127 Consolidated and Separate Financial Statements and IC Int 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

MFRS 13 Fair Value Measurement

MFRS 13 does not affects which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced the disclosures about fair value measurements. The enhanced disclosure requirements are similar to those in MFRS 7 Financial Instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

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

(ii) Standards issued but not yet effective (cont'd)

New MASB Approved Accounting Standards (cont'd)

A number of new standards, amendments to standards and IC Interpretation are effective for annual periods beginning after 1 January 2013. The Group and the Company do not expect the adoption of these new standards, amendments to standards and IC Interpretation to have a significant effect on the financial statements of the Group and of the Company, except for the followings:- (cont'd)

MFRS 127 Separate Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

MFRS 127 now only deals with separate financial statements, whereby the consolidated financial statements have been included in the new MFRS 10. MFRS 128 includes investments in associates and investments in joint ventures, to be equity accounted following the issue of MFRS 11.

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in Subsidiary Companies (cont'd)

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.

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 28 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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Leases

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

Finance leases (cont'd)

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.

Operating leases

Leases where substantially all the risks and rewards of ownership of assets remained with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the relevant lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Provisions

Provisions are recognised when there is a present obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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.

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (cont'd)

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.

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 are 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.

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.

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)

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:- (cont'd)

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 Cost	Computer software and equipment RM	Furniture, fittings, office equipment and renovation RM	Capital work-in-progress RM	Motor vehicle RM	Total RM
Balance as at 1 January 2010	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
Additions	20,618	200	189,125	-	209,943
Disposals	(124,469)	-	-	-	(124,469)
Balance as at 31 December 2011	37,059,380	1,625,836	3,208,649	132,000	42,025,865
Accumulated depreciation					
Balance as at 1 January 2010	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
Charge for the year	7,152,002	170,210	-	26,400	7,348,612
Disposals	(51,169)	-	-	-	(51,169)
Balance as at 31 December 2011	25,441,778	1,320,551	-	74,800	26,837,129
Net carrying amount					
31 December 2011	11,617,602	305,285	3,208,649	57,200	15,188,736
31 December 2010	18,822,286	475,295	3,019,524	83,600	22,400,705

Motor vehicle with net carrying amount of RM57,200 (2010: RM83,600) was acquired under finance lease arrangement.

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company Cost	**Computer software and equipment** **RM**	**Furniture, fittings, office equipment and renovation** **RM**	**Total** **RM**
Balance as at 1 January 2010	123,446	1,403,571	1,527,017
Additions	28,884	914	29,798
Balance as at 31 December 2010/ 31 December 2011	152,330	1,404,485	1,556,815
Accumulated depreciation			
Balance as at 1 January 2010	56,455	863,122	919,577
Additions	20,704	158,560	179,264
Balance as at 31 December 2010	77,159	1,021,682	1,098,841
Charge for the year	22,742	134,287	157,029
Balance as at 31 December 2011	99,901	1,155,969	1,255,870
Net carrying amount			
31 December 2011	52,429	248,516	300,945
31 December 2010	75,171	382,803	457,974

9. INVESTMENT PROPERTY

	The Group and The Company **RM**
Cost	
Balance as at 1 January 2010/31 December 2010/ 31 December 2011	4,032,070
Accumulated amortisation	
Balance as at 1 January 2010	443,528
Charge for the year	80,641
Balance as at 31 December 2010	524,169
Charge for the year	80,642
Balance as at 31 December 2011	604,811

9. INVESTMENT PROPERTY (CONT'D)

	The Group and The Company RM
Net carrying amount	
31 December 2011	3,427,259
31 December 2010	3,507,901
At fair value	7,600,000

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 22.

The fair value of investment property of the Group and of the Company, which comprise office building were estimated by the Directors based on the assessment of the market values for similar properties in the same vicinity, which have been transacted in the open market. 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 2011 RM	The Company 2010 RM
Unquoted shares - at cost	20,609,983	20,609,983
Less: Accumulated impairment loss	(6,857,000)	(6,857,000)
	13,752,983	13,752,983

Details of the subsidiary companies are as follows:-

Name of company	Effective equity interest 2011 %	Effective equity interest 2010 %	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 2011 %	Effective equity interest 2010 %	Place of incorporation	Principal activities
Direct subsidiary companies				
NGC Systems Sdn. Bhd	100	100	Malaysia	Development of software applications and provision of communication solutions
Key Alliance Sdn. Bhd.	100	100	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 due from subsidiary companies

	The Company 2010 RM	The Company 2011 RM
Amount due from subsidiary companies	3,889,273	4,113,189
Less: Allowance for impairment loss	(121,430)	(121,430)
	3,767,843	3,991,759

The amount due from 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	
	2011	2010
	RM	RM
Cost		
At beginning of year	4,973,405	3,741,531
Additions	401,382	1,231,874
At end of year	5,374,787	4,973,405
Accumulated Amortisation		
At beginning of year	(2,211,550)	(1,321,788)
Current amortisation	(1,050,080)	(889,762)
At end of year	(3,261,630)	(2,211,550)
Net	2,113,157	2,761,855

Included in additions to development expenditure of the Group was staff costs amounting to RM1,050,080 (RM1,203,875 in 2010). Contributions to EPF during the financial year amounted to RM105,953 (RM138,795 in 2010).

12. INVENTORIES

	The Group	
	2011	2010
	RM	RM
At cost:		
Trading merchandise	-	1,153
At net realisable value:		
Trading merchandise	-	8,352
	-	9,505

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2011	2010
	RM	RM
Trade receivables	7,500,324	12,039,292
Less: Allowance for impairment loss		
At beginning of year	(135,511)	(135,511)
Impairment loss recognised	(1,972,138)	-
At end of year	(2,107,649)	(135,511)
	5,392,675	11,903,781

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

The currency exposure profile of trade receivables is as follows:

	The Group	
	2011 RM	2010 RM
Ringgit Malaysia	4,798,654	9,694,636
United States Dollar	2,701,670	2,222,043
EURO	-	93,667
Singapore Dollar	-	28,946
	7,500,324	12,039,292

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 2010).

Ageing analysis of trade receivables

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

2011	Gross RM	Individually impaired RM	Net RM
Not past due	958,579	-	958,579
Past due 0 - 30 days	1,331,990	-	1,331,990
Past due 31 - 60 days	545,980	-	545,980
More than 61 days	4,663,775	(2,107,649)	2,556,126
	7,500,324	(2,107,649)	5,392,675

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 RM4,434,096 (RM10,165,097 in 2010) 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.

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

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.

Other receivables, deposits and prepayments consist of:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	66,075	35,468	-	3,149
Tax recoverable	7,886	3,573	-	-
Deposits	120,078	115,078	31,430	31,430
Prepayments	706,009	1,255,983	936	1,495
	900,048	1,410,102	32,366	36,074

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group of RM2,036,317 (RM2,657,431 in 2010) were placed with the local banks as security for banking facilities granted by the said banks to the subsidiary companies, as mentioned in Note 22.

The average effective interest rates of the fixed deposits range from 1.90% to 3.10% (1.90% to 3.10% in 2010) per annum. The fixed deposits have an average maturity period of 1 to 12 months (1 to 12 months in 2010).

15. SHARE CAPITAL

	The Group and The Company		The Group and The Company	
	2011 Units	2010 Units	2011 RM	2010 RM
Authorised:				
Ordinary shares of RM0.10 each				
At beginning of year	500,000,000	250,000,000	50,000,000	25,000,000
Created during the year	-	250,000,000	-	25,000,000
At end of year	500,000,000	500,000,000	50,000,000	50,000,000
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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Principal outstanding	11,380,756	17,172,177	1,394,355	1,500,000
Less: Amount due within 12 months (included under current liabilities)	(5,054,081)	(6,106,656)	(207,960)	(202,656)
Non-current portion	6,362,675	11,065,521	1,186,395	1,297,344

The term loans are repayable as follows:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
- Not later than 1 year	5,054,081	6,106,656	207,960	202,656
- Between 1 to 2 years	3,795,376	5,106,656	207,960	202,656
- Between 3 to 5 years	2,176,744	5,472,145	623,880	607,968
- Later than 5 years	354,555	486,720	354,555	486,720
	11,380,756	17,172,177	1,394,355	1,500,000

The Group and the Company have term loan facilities amounting to RM23,900,000 (RM23,900,000 in 2010) and RM1,500,000 (RM1,500,000 in 2010) 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;

(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 6.55% to 8.10% (6.80% to 8.05% in 2010) per annum.

18. FINANCE LEASE LIABILITY

	The Group	
	2011	2010
	RM	RM
Finance lease liability	57,440	83,960
Less: Future finance charges on finance lease	(2,552)	(5,580)
	54,888	78,380
Payable within 1 year	(24,578)	(23,583)
Payable after 1 year but not later than 5 years	30,310	54,797

The finance lease bears interest rate at 2.43% (2.43% in 2010) per annum.

19. DEFERRED TAXATION

	The Group	
	2011	2010
	RM	RM
Transfer to comprehensive income (Note 25)	193,000	-
The deferred taxation are consists of the followings:-		
Carrying amount of qualifying plant and equipment	1,866,000	-
Unabsorbed tax losses	(710,000)	-
Unutilised capital allowanced	(963,000)	-
	193,000	-

20. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES

The currency exposure profile of trade payables consists of:

	The Group	
	2011	2010
	RM	RM
Ringgit Malaysia	1,664,772	5,157,249
United States Dollar	448,660	131,866
EURO	22,289	-
Singapore Dollar	125	-
	2,135,846	5,289,115

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 2010).

20. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES (CONT'D)

Other payables and accrued expenses consist of:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Other payables	314,481	540,552	64,950	50,586
Tax payable	23,096	163,114	22,727	103,114
Deferred income	1,376,370	2,531,900	-	-
Accrued expenses	776,560	623,938	235,956	260,712
Deposits	277,464	277,464	277,464	277,464
	2,767,971	4,136,968	601,097	691,876

21. AMOUNT DUE TO A DIRECTOR

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

22. BORROWINGS

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Bank overdraft (Note 30)	2,096,830	2,582,043	398,250	330,505
Trust receipts	994,160	234,049	-	-
	3,090,990	2,816,092	398,250	330,505

The Company

The Company has bank overdraft facility amounting to RM400,000 (RM386,000 in 2010) 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 7.30% to 7.60% (6.80% to 7.20% in 2010) per annum.

Subsidiary Companies

The subsidiary companies have credit facilities totalling RM5.20 million (RM5.20 million in 2010) 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 8.10% (7.30% to 8.05% in 2010) per annum.

23. REVENUE

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Sales of computer hardware and software	14,080,015	32,463,861	-	-
Maintenance fees	15,063,622	15,285,956	-	-
Management fee charged to subsidiary companies	-	-	420,000	720,000
	29,143,637	47,749,817	420,000	720,000

24. LOSS BEFORE TAX

Loss before tax is arrived at:

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
After charging:				
Depreciation of property, plant and equipment	7,348,612	4,878,886	157,029	179,264
Allowance for impairment loss on trade receivables	1,972,138	-	-	-
Amortisation of development expenditure	1,050,080	889,762	-	-
Amortisation of investment property	80,642	80,641	80,642	80,641
Bad debts written off	-	140,000	-	-
Inventories written off	9,505	-	-	-
Interest on hire purchase	3,028	4,021	-	
Interest on bank overdraft	155,077	123,775	25,723	26,261
Interest on bankers' acceptance	570	-	-	-
Interest on term loan	1,117,992	1,441,014	97,472	102,443
Interest on trust receipts	82,481	21,325	-	-
Interest on letter of credit	-	4,896	-	-
Directors' fees	96,000	96,000	96,000	96,000
Directors' remuneration	107,520	327,936	107,520	327,936
Rental of equipment	66,456	175,694	990	-
Rental of office	183,570	183,570	183,570	183,570
Realised loss on foreign exchange	3,803	235,771	-	-
Unrealised loss on foreign exchange	1,605	-	-	-
Audit fee	58,600	53,600	12,000	12,000
And crediting:				
Interest on fixed deposits				
- current year	(65,691)	(61,014)	-	-
- overprovision in prior year	40,201	-	-	-
Gain on disposal of property, plant and equipment	(5,522)	-	-	-
Rental income receivable from third party	(726,000)	(726,000)	(726,000)	(726,000)
Rental income receivable from subsidiary companies	-	-	(157,872)	(157,872)
Unrealised gain on foreign exchange	-	(4,427)	-	-

25. INCOME TAX CREDIT/(EXPENSE)

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Estimated income tax:				
Current year	(23,000)	(57,113)	(23,000)	(57,113)
(Under)/over provision in prior years	(8,642)	63,072	(8,642)	(2,928)
Transfer from deferred taxation	(193,000)	-	-	-
Income tax (expense)/credit	(224,642)	5,959	(31,642)	(60,041)

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 RM11,741,000 (RM11,634,000 in 2010) and RM8,500,000 (RM14,313,000 in 2010) 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.

A reconciliation of income tax expense applicable to loss 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	
	2011 RM	2010 RM	2011 RM	2010 RM
Loss before tax	(7,131,529)	(2,191,800)	(387,291)	(179,532)
Tax at statutory tax rate of 25%	(1,782,882)	(547,950)	(96,823)	(44,883)
Tax effects of:				
Expenses not deductible for tax purposes	1,257,882	533,063	113,823	101,996
Utilisation of deferred tax assets not recognised	-	(47,000)	-	-
Deferred tax assets not recognised	741,000	119,000	6,000	-
Under/(over) provision in prior years	8,642	(63,072)	8,642	2,928
Tax expense/(credit) for the year	224,642	(5,959)	31,642	60,041

25. INCOME TAX CREDIT/(EXPENSE) (CONT'D)

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 2011, 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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Tax effects of:				
Temporary differences arising from property, plant and equipment	(879,000)	(4,994,000)	-	-
Unabsorbed tax losses	2,225,500	3,265,000	-	-
Unutilised capital allowances	1,163,000	3,556,000	-	-
Other temporary differences	(522,000)	(684,000)	-	-
	1,987,500	1,143,000	-	-

26. LOSS PER ORDINARY SHARE

Group

Basic

The loss per ordinary share is calculated based on Group's net loss attributable to the owners of the company for the year of RM6,314,731 (RM2,137,239 in 2010) and the weighted average number of ordinary shares issued during the financial year of 176,000,000 (176,000,000 in 2010).

Diluted

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

27. RELATED PARTY TRANSACTIONS

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

		The Company	
		2011	2010
Name of Company	**Nature**	RM	RM
DVM Innovate Sdn. Bhd.	Management fee	204,000	324,000
	Rental income	62,412	62,412
NGC Systems Sdn. Bhd.	Management fee	120,000	240,000
	Rental income	95,460	95,460
MobileVideo International Limited	Management fee	96,000	156,000

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

28. EMPLOYEES BENEFIT EXPENSES

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Salaries, wages and other emoluments	3,010,441	4,130,086	387,482	344,576
Defined contribution plans	344,992	470,756	43,032	38,647
Social security contributions	27,433	37,826	3,329	4,539
Other staff related expenses	314,210	310,791	6,239	31,907
	3,697,076	4,949,459	440,082	419,669

29. DIRECTORS' REMUNERATION

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Executive directors:				
Other emoluments	96,000	292,800	96,000	292,800
EPF contributions	11,520	35,136	11,520	35,136
	107,520	327,936	107,520	327,936
Non-executive directors:				
Fees	96,000	96,000	96,000	96,000
	203,520	423,936	203,520	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.

30. 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	
	2011	2010	2011	2010
	RM	RM	RM	RM
Fixed deposits with licensed banks	2,036,317	2,657,431	-	-
Cash and bank balances	335,773	1,213,137	1,786	34,976
Bank overdraft (Note 22)	(2,096,830)	(2,582,043)	(398,250)	(330,505)
	275,260	1,288,525	(396,464)	(295,529)
Less: Fixed deposits pledged (Note 14)	(2,036,317)	(2,657,431)	-	-
	(1,761,057)	(1,368,906)	(396,464)	(295,529)

31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 25 November, 2011, the Bursa Malaysia Securities Berhad has approved the listing and quotation for up to 17,600,000 new ordinary shares of RM0.10 each in the Company representing up to 10% of the existing issued and paid-up capital of Company to be issued pursuant to the private placement on the ACE Market of Bursa Securities. The transaction was completed on 3 April 2012.

32. 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.

(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.

32. 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)

(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.

33. CONTINGENT LIABILITIES

	The Company	
	2011	2010
	RM	RM
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	11,879,470	20,263,764

34. 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.

Geographical information

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

	Revenue		Non-current assets	
	2011	2010	2011	2010
	RM	RM	RM	RM
Malaysia	25,658,652	43,789,390	20,729,152	28,670,461
Pakistan	1,092,782	1,295,561	-	-
Vietnam	1,097,599	676,161	-	-
Iran	1,294,604	1,988,705	-	-
	29,143,637	47,749,817	20,729,152	28,670,461

34. SEGMENT REPORTING (CONT'D)

Geographical information (cont'd)

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

	2011 RM	2010 RM
Property, plant and equipment	15,188,736	22,400,705
Investment property	3,427,259	3,507,901
Development expenditure	2,113,157	2,761,855
	20,729,152	28,670,461

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 2011 RM	Company 2011 RM
Total accumulated loss of the Company and its subsidiary companies:		
- Realised	(21,249,145)	(9,651,542)
- Unrealised	2,822	-
	(21,246,323)	(9,651,542)
Consolidated adjustments	2,482,612	-
	(18,763,711)	(9,651,542)

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 30 April 2012

....
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 @ 31.12.2011 (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	7	3,427,259	2004

Authorised Capital	RM50,000,000
Issued and fully paid Capital	RM19,360,000
Class of Shares	Ordinary shares of RM0.10 each
Voting Right	One vote per ordinary share
Number of Shareholders	3,279

Distribution of Shareholdings

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	6	0.18	300	0.00
100 - 1,000	423	12.90	383,400	0.20
1,001 - 10,000	1,324	40.38	7,959,000	4.11
10,001 - 100,000	1,265	38.58	53,262,300	27.51
100,001 - 9,679,999 (less than 5% of the shares)	260	7.93	121,865,300	62.95
Above 9,680,000 (5% and above of issued shares)	1	0.03	10,129,700	5.23
Total	3,279	100.00	193,600,000	100.00

Substantial Shareholders' Shareholdings

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Citygroup Nominees (Asing) Sdn Bhd CGML IPB for Gleneagle Securities (Aust) Pty Ltd			10,129,700	5.23

Directors' Shareholdings

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Goh Kian Seng	8,892,000	4.59	-	-
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	-	-	-	-
Kamarudin Bin Ngah	-	-	-	-
Yee Yit Yang	-	-	-	-
Roy Ho Yew Kee	-	-	-	-

List of Top 30 Shareholder as at 07 May 2012

NO	NAME	SHARES	%
1	CITIGROUP NOMINEES (ASING) SDN BHD CGML IPB FOR GLENEAGLE SECURITIES (AUST) PTY LIMITED	10,129,700	5.2323
2	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK SIEW WEI	8,723,000	4.5057
3	GOH KIAN SENG	7,202,000	3.72
4	CHONG KENG FAH	6,000,000	3.0992
5	KONG KOK KEONG	3,701,100	1.9117
6	LAU CHI CHIANG	2,877,300	1.4862
7	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHENG WAI FUN (CHE0562C)	2,537,600	1.3107
8	HDM NOMINEES (TEMPATAN) SDN BHD UOB KAY HIAN PTE LTD FOR ONG BEE TING	2,492,800	1.2876
9	CHEN BOON CHEONG	2,274,000	1.1746
10	AMSEC NOMINEES (TEMPATAN) SDN BHD PT AMCAPITAL INDONESIA FOR CHAN CHUAN PIN	2,000,000	1.0331
11	AHMAD KOMAROLAILI BIN ABU	1,989,200	1.0275
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH KIAN SENG (8075127)	1,690,000	0.8729
13	LAI YEE VOON	1,500,000	0.7748
14	JAGJIT SINGH A/L LAR SINGH	1,500,000	0.7748
15	OSK NOMINEES (ASING) SDN BERHAD DMG & PARTNERS SECURITIES PTE LTD FOR NOBEL ELITE LIMITED (164287)	1,020,000	0.5269
16	ONG TEY SEE	1,018,500	0.5261
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SOH OON HAI (M78008)	1,010,000	0.5217
18	MOK E. KING	1,000,000	0.5165
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE A HONG @ LEE LUM SOW (E-TMM)	1,000,000	0.5165
20	POH LAY LENG	1,000,000	0.5165
21	HLG NOMINEE (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR TEH KHEE YEOH	1,000,000	0.5165
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN (8026702)	1,000,000	0.5165
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU CHI CHIANG (472016)	1,000,000	0.5165
24	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI YEE VOON	910,000	0.47
25	TAN CHET MEI	870,000	0.4494
26	ZAZILAWATI BINTI MOHD ZAIN	850,000	0.439
27	GOH SOON TENG	850,000	0.439
28	CHAI KIM LEONG	800,000	0.4132
29	NEOH CHEN PEN	800,000	0.4132
30	HDM NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR TAN CHEK MENG	800,000	0.4132
	TOTAL	69,545,200	35.92

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of DVM TECHNOLOGY BERHAD will be held at President Room, Royal Selangor Club (Dataran), Jalan Raja, 50704 Kuala Lumpur on Thursday, 28 June 2012 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of Directors and Auditors thereon (Please refer to Note A).

2. To approve the payment of Directors' fees for the financial year ended 31 December 2011. **(Ordinary Resolution 1)**

3. To re-elect the Encik Kamarudin Bin Ngah, the Director who retires in accordance with Article 81 of the Articles of Association of the Company. **(Ordinary Resolution 2)**

4. To re-elect the following Directors retiring in accordance with the Article 88 of the Company's Articles of Association:-
   (1) Mr Yee Yit Yang **(Ordinary Resolution 3)**
   (2) Mr Roy Ho Yew Kee **(Ordinary Resolution 4)**

5, To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

   "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." **(Ordinary Resolution 5)**

6. To approve the re-appointment of retiring Auditors, Messrs SJ Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without any modifications as resolutions:-

7. Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 **(Ordinary Resolution 7)**

   "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."

8. **Special Resolution** **(Resolution 1)**
Proposed Amendments to the Articles of Association of the Company

"THAT the proposed amendments to the Company's Articles of Association ("Proposed Amendments") as set out in the Appendix 1 attached to the 2011 Annual Report be and are hereby approved AND THAT the Directors and/or the Secretary of the Company be and are hereby authorised to take all steps as are necessary and expedite in order to implement, finalise and give full effect to the Proposed Amendments."

9. To transact any other ordinary business of which due notice shall have been given.

By order of the Board

PANG KAH MAN (MIA 18831)
Company Secretary

Kuala Lumpur
06 June 2012

Notes:

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

1. Only depositors whose names appear in the Record of Depositors as at 20 June 2012 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. There shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

4. To be valid, the proxy form duly completed 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 forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy, other than the particulars of the proxy have been duly completed by the member(s).

5. 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 not complied with.

6. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

7. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

Explanatory Notes on Special Business:

8. Ordinary Resolution no. 7
Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

(a) The proposed Ordinary Resolution no. 7, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding ten percent (10%) of the issued capital of the Company for the time being for such purposes as they may deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

(b) The mandate now sought is a renewal from the previous mandate obtained at the last Annual General Meeting held on 29 June 2011 which will expire at the conclusion of the forthcoming Annual General Meeting.

(c) As at the date of this Notice, the Company had on 03 April 2012, through private placement exercise, issued a total of 17,600,000 ordinary shares of RM0.10 each representing 10% of the issued and paid-up share capital of the Company, pursuant to the previous mandate granted to the Directors since the date of last Annual General Meeting held on 29 June 2011.

(d) The authority 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 acquisitions.

9. Special Resolution no. 1
Proposed Amendments to the Articles of Association of the Company

The proposed Special Resolution no. 1 is intended to streamline the Company's Articles of Association to be aligned with the recent amendments to Chapter 7 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad which took effect on 3 January 2012. Further details on the Proposed Amendments are provided in the Appendix 1 on the same.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the Ninth Annual General Meeting of the Company.

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:

No.	Existing Articles	Proposed Amended/New Articles
1.	To amend the existing Article 74 – Instrument appointing proxy to be in writing	Article 74 **(1)** The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or joint in demanding a poll. **(2)** Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. **(3)** **Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under the Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act.**
2.	To insert new Article 74A after Article 74 – **Qualification and rights of proxy to speak**	**Article 74A** **(1)** **A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.** **(2)** **Any Member who shall have become bankrupt shall not while his bankruptcy continues be entitled on his own behalf to exercise the rights of a Member or to attend vote or act at any General Meeting of the Company but this sub-clause shall not preclude such Member from exercising as an attorney or by proxy the rights of another Member or Members.**

No.	Existing Articles	Proposed Amended/New Articles
3.	To amend the existing Article 75 – Form of proxy	Article 75 Notes: Only depositors whose names appear in the Record of Depositors as at [ ] shall be regarded as members and be entitled to attend, speak and vote at the Meeting. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. There shall be no restriction as to the qualification of the proxy ~~A proxy may but need not be a member of the Company~~ and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. To be valid, this form, duly completed must be deposited at the registered o~~O~~ffice of the Company not less than forty-eight (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 member(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). 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 Act are complied with. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. 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.
4.	To amend the existing Article 160(7) – Effect of the Listing Requirements	Article 160 (7) ~~For the Purpose of this Article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Kuala Lumpur Stock Exchange including any amendment to the Listing Requirements that may be made from time to time.~~ Notwithstanding the above, nothing herein shall prevent the Company from applying to the Exchange for any waiver of any of the Listing Requirements and in the event the Compliance or observance of any of the Listing Requirements is waived by the Exchange, the Company shall be exempted from such compliance.

DVM TECHNOLOGY BERHAD (Company No. 609953-K)

(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

CDS Account No.	
Number of Shares Held	

I/We, ... I/C No. ....

of ....

(FULL ADDRESS)

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

.... I/C No. ....

of ....

or failing him / her, ... I/C No. ....

of ....

or failing him / her the Chairman of the meeting as my / our proxy to vote for me / us and on my / our behalf at the Ninth Annual General Meeting of the Company to be held at President Room, Royal Selangor Club (Dataran), Jalan Raja, 50704 Kuala Lumpur on Thursday, 28 June 2012 at 10.30 a.m. and at any adjournment thereof.

No.	Ordinary Resolutions	For	Against
1	Approval of Directors' fees for the financial year ended 31 December 2011.		
2	Re-election of Encik Kamarudin Bin Ngah as Director.		
3	Re-election of Mr Yee Yit Yang as Director.		
4	Re-election of Mr Roy Ho Yew Kee as Director		
5	Re-appointment of Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid as Director to hold office until the conclusion of the next Annual General Meeting.		
6	Re-appointment of Messrs SJ Grant Thornton as Auditors and to authorise the Directors to fix their remuneration		
7	Renewal of authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
	Special Resolution		
1	Proposed Amendments to the Articles of Association of the Company		

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%

....

Signature of Shareholder(s) or Common Seal

Signed this .... day of 2012

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 20 June 2012 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.*
2. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. There shall be no restriction as to the qualification of the proxy and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
4. *To be valid, the proxy form duly completed must be deposited at the registered office of the Company situated at 3-2, 3rd Mile Square, No. 151 Jalan Kelang Lama, Batu 3½, 58100 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the proxy form but does not name any proxy, such member(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).*
5. *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.*
6. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
7. *If the appointor is a corporation, the proxy 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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DVM
TECHNOLOGY

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