DVM
TECHNOLOGY

ANNUAL REPORT 2012

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
Kamarudin 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
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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
Equiniti 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 Banker/Financial Institution
Malayan Banker Berhad
Ambank (M) Berhad
CIMB Bank Berhad
Malaysia Debt Venture Berhad

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

DVM TECHNOLOGY BERHAD
(Company No. 609953-K)

- 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
- 50% FATFISH CAPITAL 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 74, 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 four (4) out of five (5) board meetings held during the financial year ended 31 December 2012.

DATO' GOH KIAN SENG
Managing Director

Dato' Goh Kian Seng, aged 50, 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 five (5) board meetings held during the financial year ended 31 December 2012.

ROY HO YEW KEE
Executive Director

Roy Ho Yew Kee, aged 37, 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 attended four (4) out of five (5) board meetings held during the financial year ended 31 December 2012.

KAMARUDIN BIN NGAH
Independent Non-Executive Director

Kamarudin Bin Ngah, aged 64, 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 all the five (5) board meetings held during the financial year ended 31 December 2012.

YEE YIT YANG
Independent Non-Executive Director

Yee Yit Yang, aged 45, 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, Len Cheong Holdings Berhad and Oriental Media Group Bhd. He attended all the five (5) board meetings held during the financial year ended 31 December 2012.

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.

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 the Company for the financial year ended 31 December 2012.

OVERVIEW AND FINANCIAL REVIEW

The group has faced a challenging year in the financial year under review 2012. 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 2012, the Group recorded lower group revenue of RM9.06 million as compared to RM29.14 million in the preceding financial year, approximately 69% lesser than the previous financial year. Losses after tax in the financial year under review has improved to RM4.85 million from RM7.05 million in the preceding financial year.

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

CORPORATE 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 profitable synergistic activities to improve the Group's future income streams and ultimately its bottom line.

As part of the efforts to accelerate the growth of the Group, an acquisition of 1,001 ordinary shares for a total consideration of SGD100,100 in Fatfish Capital Ltd (FCL) was made in September 2012. FCL owns 100% equity interest of Fatfish Medialab Pte Ltd (FMPL) a private limited company incorporated in the Republic of Singapore that operates an incubator of early start-up companies in the interactive digital media sector in the Republic of Singapore. The Group is holding 50% equity interest in FCL as at end of the financial year 2012.

To support the growth of the Group and expansion of working capital, during the financial year 2012, the Group has proposed renounceable rights issue of up to 387,200,000 new ordinary shares of RM0.10 each in DVM ("Rights Shares") together with up to 290,400,000 new free detachable warrants ("Warrants") at an issue price of RM0.10 per Rights Share on the basis of four (4) Rights Shares together with three (3) Warrants for every two (2) existing ordinary shares of RM0.10 held in DVM (DVM Shares"). The proposed rights issue with warrants exercise has been approved by Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 February 2013 and EGM – Shareholders' meeting on 29 March 2013 respectively and is now pending for completion soon.

FUTURE PROSPECTS FOR 2013

The Group will focus going forward on the development and future growth of its existing businesses and the coming new projects despite the global economic outlook for 2013 to remain challenging, with growth expected at a moderate level.

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 will be 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 within region of Asia.

The Board is confident that the Group will perform satisfactorily in coming future years despite the prevailing challenging global economic environment.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I wish to express sincere thanks and appreciation to our employees of DVM, customers, shareholders, business partners, technology partners and financiers who have given us their continuing strong support and encouragement and we look towards improved relationships as we strive for greater development in our business. 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.

BOARD OF DIRECTORS

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 2012.

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.

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.

Role and Responsibilities of the Board

The Board is responsible for the overall performance of the Group and provides the Group's strategic direction and formulation of medium and long term goals and overseeing the conduct of the Company's business, resources and investment of the Group to maximise the shareholders' value.

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.

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.

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 five (5) times. The attendance of the Directors who held office during the financial year is set out below:

Directors	**Attendance**
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	4/5
Dato' Goh Kian Seng	5/5
Kamarudin Bin Ngah	5/5
Yee Yit Yang	5/5
Roy Ho Yew Kee	4/5

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.

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.

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.

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.

Director's Remuneration

The details remuneration of Directors who served during the financial year ended 31 December 2012 are as follows:

	Aggregate remuneration paid/ payable (RM)		
	Executive Directors	**Non Executive Directors**	**Total**
Directors fees	120,000	98,000	218,000
Directors emoluments:			
-salaries & allowances	96,000		96,000
-contribution by EPF	11,520		11,520
Total	227,520	98,000	325,520

The number of Directors who served during the financial year whose total remunerations fall within the following bands are 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		

Continuing Education of Directors

All Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Securities for directors of public listed companies. The Board acknowledges that continuous education is essential for the Directors to further enhance their skills and knowledge and to keep abreast with relevant changes in laws, regulations and the business environment.

Directors have attended various training programmes during the year as follows:
- Mandatory Accreditation Programme
- MFRS – Practical Implementation of Statements, IC Interpretations and Revised Bursa Listing Requirements
- First-time adoption of MFRS1
- Corporate Director Training Programme Premier
- Finance for Non-Financial Manager
- Accounting for Foreign Exchange Transactions
- Equity Valuation for Private Entity

ACCOUNTABILITY AND AUDIT

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.

Internal Control

The Group's Statement on Internal Control is set out in this Annual Report 2012.

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.

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 2012.

Statement of Directors' Responsibilities

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 2012.

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.

SHAREHOLDERS

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 at 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.

Shareholder participation at General Meeting

The Annual General Meeting (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. Shareholders are notified twenty-one (21) days before the meeting and provided with a copy of the Company's Annual Report.

Where Extraordinary General Meetings (EGM) are held to obtain shareholders' approval on certain business or corporate proposals, comprehensive circulars to shareholders would be sent within the prescribed deadlines in accordance with the statutory and regulatory requirements.

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
Gen (R) 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 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 five (5) 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	5/5
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	4/5
Yee Yit Yang	5/5

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 professional 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.

Statement of Risk Management and Internal Control

Board Responsibility

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

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

Risk Assessment

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

The Board is on ongoing process to identify, evaluate, manage and review the significant risks faced by the company and accords with the Statement of Internal Control-Guidance for Directors of Public Listed Companies.

Key Control Activities / Processes

The key processes of internal control of the Group include:

- The Board have established delegation of responsibilities to Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee.
- Within the Group, there are organisation structure with clearly defined lines of responsibility, authority and accountability.
- 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.
- The Board and Audit Committee receive and reviews quarterly operating results and annual audited financial statements.
- Regular training and development programmes are being attended by employees with the objective of enhancing their knowledge and skill competency.
- The Group has appointed an external professional firm to conduct the internal audit function of the Group independently reviews the control processes implemented by management.

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 will continue to monitor all risks faced by the Group including taking appropriate mitigation actions that necessary 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.

Additional Compliance Information

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**
   Non-audit fees amounting to RM15,000 were 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. **Revaluation Policy**
   The revaluation policy on investment properties of the Company is disclosed in the Audited Financial Statements.

9. **Profit Estimate, Forecast or Projection**
   The Company did not release any profit estimate, forecast or projection during the financial year under review.

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

11. **Status of Utilisation Proceeds From The Private Placement**
    On 03 April 2012, the Company had completed of issuance of 17,600,000 new ordinary shares of RM0.10 each representing 10% of the issued and paid-up share capital of the Company on the ACE Market of Bursa Securities.

    The status of the utilisation proceeds from the abovementioned as at 31 December 2012 is summarised as follows:

	Proposed Utilisation RM	Actual Utilisation RM	Deviation RM
Staff costs	848,650	848,650	-
Working Capital	911,350	689,348	222,002
Total	**1,760,000**	**1,537,998**	**222,002**

COMPLIANCE STATEMENT

The company has complied with the best practices as set out in the code save for the appointment of a Senior Independent Non-Executive Director and the disclosure on the details of the remuneration of each Director as stated above.

Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year other than as disclosed in Note 6 to the financial statements.

FINANCIAL RESULTS

	Group	Company
Net (loss)/profit for the financial year	(4,845,478)	134,860
Attributable to:		
Owners of the Company	(4,793,332)	134,860
Non-controlling interests	(52,146)	-
	(4,845,478)	134,860

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of previous financial year.

DIRECTORS

The Directors who served in the Board of the Company since the date of the last report are:-

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid
Dato' Goh Kian Seng
Roy Ho Yew Kee
Kamarudin Bin Ngah
Yee Yit Yang

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, the beneficial interests of those who was Director at the end of the financial year in the shares of the Company and its related corporations were as follows:-

	Ordinary shares of RM0.10 each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Interest in the Company				
Dato' Goh Kian Seng				
Direct interest	7,202,000	-	-	7,202,000
Indirect interest	1,690,000	-	-	1,690,000

By virtue of Dato' Goh Kian Seng's direct interest in the shares of the Company, he is also deemed to have interest in the shares of all subsidiaries under Section 6A of the Companies Act, 1965 to the extent that the Company has an interest.

Other than as disclosure above, none of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 22 and 25 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 17,600,000 ordinary shares of RM0.10 each for a total consideration of RM1,760,000 for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares.

During the financial year, the Company has proposed to increase its issued and paid up share capital via rights issue exercise as disclosed in Note 32(b) to the financial statements.

There was no debentures issued by the Company during the financial year.

SHARE OPTIONS

At an Extraordinary General Meeting held on 25 June 2009, the Company's shareholders approved the establishment of an Employee Share Option Scheme ("ESOS") of not more than 30% of the issued and paid-up share capital of the Company.

The salient features and other terms of the ESOS are disclosed in the Note 27 to the financial statements.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and all known bad debts had been written off; 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 the amounts write off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company 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 would 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 the financial statements which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group or 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 or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors :

(a) no contingent liability 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 will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

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

....

DATO' GOH KIAN SENG

DIRECTORS

....

ROY HO YEW KEE

Kuala Lumpur
30 April 2013

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 23 to 72 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 on page 72 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

....	....
DATO' GOH KIAN SENG	**ROY HO YEW KEE**

Kuala Lumpur
30 April 2013

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 72 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 at Kuala Lumpur in	)	
the Federal Territory this day of	)	
30 April 2013	)	....
		KHOO POH ENG

Before me:

Commissioner for Oaths

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 2012, 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 72.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of the 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements which describes the uncertainty related to the future unsecured projects as well as the expiry of the main rental contract of the Group. This has led to the significant doubt on the going concern of the Group and likely impairment on the project-related assets of the Group as disclosed in Note 4 and 8 to the financial statements.

The Group has prepared its financial statements by applying the going concern assumption, notwithstanding the uncertainty that arose from the expiry of the main rental contract and future unsecured projects, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern as well as the recoverability of project-related assets.

The ultimate outcome of the matter cannot presently be determined and, accordingly the financial statements of the Group and the Company do not include any adjustment relating to the amounts and classification of assets and liabilities that might be necessary.

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 subsidiaries 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 accounts of the subsidiaries 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 audit reports on the accounts of the subsidiaries 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 Note 34 on page 72 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

1. As stated in Note 2.5 to the financial statements, DVM Technology Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the Malaysian Financial Reporting Standards transition comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

2. 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	**SUNG FONG FUI**
(NO. AF: 0737)	(NO: 2971/08/13(J))
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur
30 April 2013

Statements of Financial Position
as at 31 December 2012

	Note	Group			Company		
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
		RM	RM	RM	RM	RM	RM
ASSETS							
Non-current assets							
Property, plant and equipment	4	7,719,494	15,188,736	22,400,705	145,455	300,945	457,974
Investment property	5	8,000,000	7,600,000	7,300,000	8,000,000	7,600,000	7,300,000
Investment in subsidiaries	6	-	-	-	13,752,983	13,752,983	13,752,983
Investment in an associate	7	188,153	-	-	252,953	-	-
Development expenditure	8	1,261,718	2,113,157	2,761,855	-	-	-
Non-current assets		17,169,365	24,901,893	32,462,560	22,151,391	21,653,928	21,510,957
Current assets							
Inventories	9	-	-	9,505	-	-	-
Trade receivables	10	3,495,076	5,392,675	11,903,781	-	-	-
Other receivables	11	980,676	892,162	1,406,529	200,102	32,366	36,074
Amount due from subsidiaries	6	-	-	-	3,718,232	3,767,843	3,991,759
Tax recoverable		16,600	7,886	3,573	-	-	-
Fixed deposits with licensed banks	12	2,095,535	2,036,317	2,657,431	-	-	-
Cash and bank balances		2,776,570	335,773	1,213,137	1,208,880	1,786	34,976
Total current assets		9,364,457	8,664,813	17,193,956	5,127,214	3,801,995	4,062,809
Total assets		26,533,822	33,566,706	49,656,516	27,278,605	25,455,923	25,573,766
EQUITY AND LIABILITIES							
EQUITY							
Equity attributable to owners of the Parent							
Share capital	13	19,360,000	17,600,000	17,600,000	19,360,000	17,600,000	17,600,000
Share premium	14	10,716,665	10,716,665	10,716,665	10,716,665	10,716,665	10,716,665
Accumulated losses		(20,276,285)	(15,482,953)	(9,473,864)	(6,235,924)	(6,370,784)	(6,257,493)
		9,800,380	12,833,712	18,842,801	23,840,741	21,945,881	22,059,172
Non-controlling interests		(1,093,586)	(1,041,440)	-	-	-	-
Total equity		8,706,794	11,792,272	18,842,801	23,840,741	21,945,881	22,059,172

	Note	Group 31.12.2012 RM	Group 31.12.2011 RM	Group 1.1.2011 RM	Company 31.12.2012 RM	Company 31.12.2011 RM	Company 1.1.2011 RM
LIABILITIES							
Non-current liabilities							
Borrowings	15	2,699,079	6,426,421	11,162,532	1,152,543	1,286,141	1,394,355
Hire purchase payable	16	4,355	30,310	54,797	-	-	-
Deferred tax liabilities	17	1,675,983	1,084,983	816,983	991,983	891,983	816,983
Total non-current liabilities		4,379,417	7,541,714	12,034,312	2,144,526	2,178,124	2,211,338
Current liabilities							
Trade payables	18	1,154,665	2,135,846	5,289,115	-	-	-
Other payables	19	3,142,706	2,684,875	3,913,854	477,088	578,370	588,762
Amount due to a subsidiary	6	-	-	-	6,670	224,357	175,230
Amount due to a Director	20	2,639,000	1,259,000	504,000	250,000	-	-
Borrowings	15	6,441,971	8,045,325	8,825,737	516,636	506,464	436,150
Hire purchase payable	16	25,956	24,578	23,583	-	-	-
Tax payable		43,313	83,096	223,114	42,944	22,727	103,114
Total current liabilities		13,447,611	14,232,720	18,779,403	1,293,338	1,331,918	1,303,256
Total liabilities		17,827,028	21,774,434	30,813,715	3,437,864	3,510,042	3,514,594
Total equity and liabilities		26,533,822	33,566,706	49,656,516	27,278,605	25,455,923	25,573,766

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income
for the Financial Year Ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	21	9,060,175	29,143,637	420,000	420,000
Cost of sales		(5,106,364)	(22,014,771)	-	-
Gross profit		3,953,811	7,128,866	420,000	420,000
Other income		1,712,153	2,078,034	1,446,961	1,183,888
Administration expenses		(2,985,681)	(3,745,120)	(378,783)	(529,043)
Distribution expenses		(126,187)	(822,900)	(73,335)	(176,033)
Other expenses		(5,933,732)	(10,030,620)	(1,017,992)	(782,266)
Operating (loss)/profit		(3,379,636)	(5,391,740)	396,851	116,546
Finance costs		(819,374)	(1,359,147)	(107,191)	(123,195)
Share of results of an associate		(64,800)	-	-	-
(Loss)/Profit before tax	22	(4,263,810)	(6,750,887)	289,660	(6,649)
Tax expense	23	(581,668)	(299,642)	(154,800)	(106,642)
Net (loss)/profit/Total comprehensive (loss)/income for the financial year		(4,845,478)	(7,050,529)	134,860	(113,291)
Total comprehensive income attributable to:					
Owners of the Company		(4,793,332)	(6,009,089)		
Non-controlling interests		(52,146)	(1,041,440)		
		(4,845,478)	(7,050,529)		
Basic loss per share (sen)	24	(2.53)	(3.41)		

The accompanying notes form an integral part of the financial statements.

Statements of Changes In Equity
for the Financial Year Ended 31 December 2012

	Attributable to the owners of the Company					
	Non-distributable					
	Share capital RM	Share Premium RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
Group						
Balance at 1 January 2011 As previously reported	17,600,000	10,716,665	(12,448,980)	15,867,685	-	15,867,685
Effect of changes in accounting policy on investment property	-	-	2,975,116	2,975,116	-	2,975,116
As restated	17,600,000	10,716,665	(9,473,864)	18,842,801	-	18,842,801
Total comprehensive loss for the financial year	-	-	(6,009,089)	(6,009,089)	(1,041,440)	(7,050,529)
Balance at 31 December 2011	17,600,000	10,716,665	(15,482,953)	12,833,712	(1,041,440)	11,792,272
Transaction with owners: - Issuance of shares	1,760,000	-	-	1,760,000	-	1,760,000
Total comprehensive loss for the financial year	-	-	(4,793,332)	(4,793,332)	(52,146)	(4,845,478)
Balance at 31 December 2012	19,360,000	10,716,665	(20,276,285)	9,800,380	(1,093,586)	8,706,794
Company						
Balance at 1 January 2011 As previously reported	17,600,000	10,716,665	(9,232,609)	19,084,056	-	19,084,056
Effect of changes in accounting policy on investment property	-	-	2,975,116	2,975,116	-	2,975,116
As restated	17,600,000	10,716,665	(6,257,493)	22,059,172	-	22,059,172
Total comprehensive loss for the financial year	-	-	(113,291)	(113,291)	-	(113,291)
Balance at 31 December 2011	17,600,000	10,716,665	(6,370,784)	21,945,881	-	21,945,881
Transaction with owners: - Issuance of shares	1,760,000	-	-	1,760,000	-	1,760,000
Total comprehensive income for the financial year	-	-	134,860	134,860	-	134,860
Balance at 31 December 2012	19,360,000	10,716,665	(6,235,924)	23,840,741	-	23,840,741

The accompanying notes form an integral part of the financial statements.

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
OPERATING ACTIVITIES					
(Loss)/Profit before tax		(4,263,810)	(6,750,887)	289,660	(6,649)
Adjustments for:-					
Amortisation of development expenditure		851,439	1,050,080	-	-
Impairment loss on trade receivables		128,781	1,972,138	-	-
Bad debts written off		80,946	-	-	-
Depreciation of property, plant and equipment		7,311,124	7,348,612	155,490	157,029
Interest expense		819,373	1,359,148	107,191	123,195
Inventories written off		-	9,505	-	-
Property, plant and equipment written off		203,967	-	-	-
Gain on disposal of property, plant and equipment		-	(5,522)	-	-
Fair value gain on investment property		(400,000)	(300,000)	(400,000)	(300,000)
Interest income					
- current year		(40,024)	(65,691)	-	-
- overprovision in prior year		-	40,210	-	-
Unrealised (gain)/loss on foreign exchange		(113,242)	1,605	-	-
Reversal of impairment loss on trade receivables		(139,536)	-	-	-
Share of results of an associate		64,800	-	-	-
Operating profit/(loss) before working capital changes		4,503,818	4,659,198	152,341	(26,425)
Changes in working capital:-					
Receivables		1,600,898	5,018,809	(167,736)	3,708
Payables		(523,350)	(4,442,248)	(101,282)	(10,392)
Cash generated from/(used in) operations		5,581,366	5,235,759	(116,677)	(33,109)
Tax refund		1,418	1,656	-	-
Tax paid		(48,469)	(117,629)	(34,583)	(112,029)
Net cash from/(used in) operating activities		5,534,315	5,119,786	(151,260)	(145,138)

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(45,849)	(209,943)	-	-
Proceeds from disposal of property, plant and equipment		-	78,822		
(Placement)/Uplift of fixed deposits		(59,218)	580,904	-	-
Development expenditure incurred		-	(401,382)	-	-
Interest received		40,024	65,691	-	-
Acquisition of an associate		(252,953)	-	(252,953)	-
(Repayment from)/Advance to subsidiaries		-	-	(168,076)	273,043
Advance from a Director		1,380,000	755,000	250,000	-
Net cash (used in)/from investing activities		1,062,004	869,092	(171,029)	273,043
FINANCING ACTIVITIES					
(Repayment)/proceed of trust receipts		(994,160)	740,111	-	-
Repayment of term loans		(4,315,488)	(5,771,421)	(108,214)	(105,645)
Repayment of hire purchase payable		(24,577)	(23,492)	-	-
Proceed from issuance of shares		1,760,000	-	1,760,000	-
Interest paid		(560,249)	(1,326,227)	(107,191)	(123,195)
Net cash (used in)/from financing activities		(4,134,474)	(6,381,029)	1,544,595	(228,840)
CASH AND CASH EQUIVALENTS					
Net increase/(decrease)		2,461,845	(392,151)	1,222,306	(100,935)
At beginning of financial year		(1,761,057)	(1,368,906)	(396,464)	(295,529)
At end of financial year	A	700,788	(1,761,057)	825,842	(396,464)

NOTE TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Cash and bank balances	2,776,570	335,773	1,208,880	1,786
Bank overdrafts	(2,075,782)	(2,096,830)	(383,038)	(398,250)
	700,788	(1,761,057)	825,842	(396,464)

The accompanying notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of the Bursa Malaysia Securities Berhad. The registered office is located at 3-2, 3rd Mile Square, No. 151, Jalan Kelang Lama, Batu 3 ½, 58100 Kuala Lumpur and 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 principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of the subsidiaries during the financial year other than as disclosed in Note 6 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 30 April 2013.

2. BASIS OF PREPARATION

2.1 Future Plan and Going Concern Assumption

The main rental contract which forms the Group's primary source of income expired on 31 December 2012 and the Group has no project secured subsequent to the reporting date.

The Ministry of Health has stated in its letter dated 3 January 2013 that there is no extension of this main rental contract period. However, the Group believes it has legal recourse to obtain certain unbillable revenue which form part of the contract revenue.

There is no major revenue contract secured as at to date. The Group is negotiating a few contracts which have not been concluded as the date of this report. The Group is confident of closing two projects in the next quarter which amounted to total contract revenue of RM183,520,000.

The Directors are also in the midst of implementing a fund raising scheme via rights issue proposals to improve the working capital of the Group as well as taking measures to turn around the Group with a view of achieving sustainable profitability going forward. The Company's rights issue proposals as disclosed in Note 32(b) had been approved by Bursa Malaysia Sercurities Berhad and its shareholders in an Extraordinary General Meeting on 25 February 2013 and 29 March 2013 respectively, and it is now at the implementation stage.

The expiry of main rental contract and unsecured future projects indicated the existence of the material uncertainty which may cast significant doubts about the Group's ability to continue as a going concern. The financial statements of the Group have been prepared on a going concern basis as it is the intention of the Group to carry on with the existing business activities of the Group.

The ultimate outcome of the matter cannot presently be determined and, accordingly the financial statements of the Group and the Company do not include any adjustment relating to the amounts and classification of assets and liabilities that might be necessary.

2.2 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

2.3 Basis of Measurement

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

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.5 First-time Adoption of MFRSs

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). These are the Group and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's and the Company's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the comparative financial statements for the financial year ended 31 December 2011 and the opening statement of financial position as at 1 January 2011 of the Group and of the Company.

2.6 Standards Issued But Not Yet Effective

The Group and the Company have not applied the followings MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

Amendments to MFRS effective 1 July 2012

MFRS 101	-	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

MFRS effective 1 January 2013:

MFRS 10#	-	Consolidated Financial Statements
MFRS 11*#	-	Joint Arrangements
MFRS 12*#	-	Disclosure of Interests in Other Entities
MFRS 13	-	Fair Value Measurement
MFRS 119	-	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by International Accounting Standards Board ("IASB") in June 2011)
MFRS 127#	-	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	-	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Interpretation 20 *#	-	Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRS effective 1 January 2013

MFRS 1*#	-	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
MFRS 7	-	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11 and 12#	-	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements 2009	-	2011 Cycle issued in July 2012

Amendments to MFRSs effective 1 January 2014

MFRS 10, 12 and 127#	-	Consolidated Financial Statements, Disclosures of Interest in other Entities and Separate Financial Statements: Investment Entities
MFRS 132	-	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

2. BASIS OF PREPARATION (CONT'D)

2.6 Standards Issued But Not Yet Effective (Cont'd)

MFRSs effective 1 January 2015

MFRS 7	Financial Instruments Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures.
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)

The Group and the Company have not applied the followings MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company (cont'd):-

MFRS 9	-	Financial Instruments (IFRS 9 issued by IASB in October 2010)

* Not applicable to the Group's operations.
\# Not applicable to the Company's operations.

The initial application of the above standards are not expected to have any financial impacts to the financial statements upon the first adoption, except for:

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 requires financial assets to be classified into two measurement categories: fair value and amortised cost, determined at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Most of the requirements for financial liabilities are retained, except for cases where the fair value option is taken, the part of a fair value change due to an entity's own risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

MFRS 13 Fair Value Measurement

MFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhance disclosures about fair value measurements. It replaces the existing fair value guidance in different MFRSs.

The adoption of MFRS 13 will result in a change in accounting policy for the items measured at fair value in the financial statements. The Group is currently examining the financial impact of adopting MFRS 13.

2.7 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

2.7.1 Estimation Uncertainty

Depreciation of property, plant and equipment

Property, plant and equipment 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 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.

2. BASIS OF PREPARATION (CONT'D)

2.7 Significant Accounting Estimates and Judgements (cont'd)

2.7.1 Estimation Uncertainty (cont'd)

Depreciation of property, plant and equipment (cont'd)

The management does not expect any material difference that would arise on the estimation of useful lives of depreciable assets and the current evaluation of the useful lives of depreciable assets represents a fair estimation of the useful lives of the Group's depreciable assets.

The carrying amount of the property, plant and equipment at the end of the reporting period is disclosed in Note 4 to the financial statements.

A 5% difference in the expected useful lives of the property, plant and equipment from the management' estimates would result in approximately 19% (2011 : 11%) and 5% (2011 : 239%) variance in the Group and the Company's (loss)/profit for the financial year respectively.

Impairment of non-financial Assets

The carrying amount of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belong to.

An asset's recoverable amount is the higher of an asset's of CGU's fair value less costs to sell its and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

The carrying amount of the Group's property, plant and equipments and development expenditure are disclosed in Note 4 and 8 to the financial statements. A 5% (2011:5%) difference in the carrying amounts on property, plant and equipments and development expenditure from the management estimates would result in approximately 9% (2011:12%) variance in the Group's loss for the financial year.

As at reporting date, there is no impairment of non-financial assets except for impairment loss on investment in subsidiaries which has been provided as disclosed in Note 6 to the financial statements; and the uncertainty on the recoverable amount of the project-related assets as disclosed in Note 4 and 8 to the financial statements.

Impairment of financial assets

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.

As at the reporting date, there is no impairment of financial assets except for impairment on trade receivables which has been provided as disclosed in Note 10 to the financial statements.

A 5% (2011:5%) difference in the impairment loss on trade receivables from management estimate would result in approximately 4% (2011:4%) variance in the Group's loss for the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company applies the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements and in preparing their opening MFRS statements of financial position at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

A subsidiary is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of Consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting period.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

3.1.3 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill in initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.3 Business Combination and Goodwill (Cont'd)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-Controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3.1.6 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The share of the result of an associate is reflected in profit or loss. This is the profit attributable to equity holders of the associate and therefore is the profit after tax and non-controlling interests in the subsidiaries of the associate. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (Cont'd)

3.1.6 Associates (cont'd)

Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at end of each reporting period whether there is any objective evidence that the investments in associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value and recognise the amount in the "share of profit of associates" in profit or loss.

Upon loss of significant influence over an associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.2 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such costs as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight line basis in order to write off the cost of each asset to its residual value over the estimated useful life.

The principal annual depreciation rates used are as follows:-

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

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

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment Property

Investment property is property which is owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost, including transaction cost. Subsequent to initial recognition, investment property is measured at fair value and is revalued annually and is included in the statement of financial position at their open market values. These are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

Investment property is derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the financial year of retirement or disposal.

Prior to 1 January 2012, investment property is stated at cost less amortisation. During the financial year, the Group and the Company changed its accounting policy for investment property to be stated at fair value. This change in accounting policy has been accounted for retrospectively and the effect of this change is disclosed in Note 33 to the financial statements.

3.4 Development Expenditure

Expenditure on development is charged to profit or loss 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 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.

3.5 Lease

3.5.1 Finance Lease

The cost of property, plant and equipment acquired under finance lease arrangements which transferred substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these property, plant and equipment is similar to that of the Group's property, plant and equipment depreciation policy.

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

3.5.2 Operating Lease

Leases where substantially all the risks and rewards of ownership of assets remained with the leasing company are accounted for as operating leases except for property interest held under operating lease. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the relevant lease terms. Property helds under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.7 Impairment of Financial Assets

The Group and the Company assesses 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 considered 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 profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Foreign Currency Translation

3.8.1 Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted to Malaysian Ringgit using the rates of exchange ruling on the transaction date and where settlement had not taken place as at reporting date, at the rates ruling as at that date. Differences in exchange rates are dealt with in profit or loss.

3.8.2 Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their profit or loss and other comprehensive income are translated at average rate over the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

3.9 Financial Instruments

3.9.1 Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below:-

3.9.2 Financial Assets-Categorisation and Subsequent Measurement

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

(a) financial assets at fair value through profit or loss;
(b) held-to-maturity investments;
(c) loans and receivables; and
(d) available-for-sale financial assets.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each end of the reporting period.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

At the reporting date, the Company has not designed any financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The Company carries only loans and receivables.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial Instruments (cont'd)

3.9.2 Financial Assets-Categorisation and Subsequent Measurement (cont'd)

Loans and receivables (cont'd)

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the reporting period which are classified as non- current.

3.9.3 Financial Liabilities-Categorisation and Subsequent Measurement

After the initial recognition, financial liability is classified as:

(a) financial liability at fair value through profit or loss;
(b) other financial liabilities measure at amortised cost using the effective interest method; and
(c) financial guarantee contracts.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

At the reporting date, the Group and the Company have not designated any financial liabilities at fair value through profit or loss and other financial guarantee contract. The Group and the Company carries only other financial liabilities and financial guarantee contracts.

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities include trade and other payables and borrowings.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(ii) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.9.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short-term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting period are classified as non-current asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Income Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.11.1 Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statement of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.11.2 Deferred Tax

Deferred tax liabilities and assets are provided for under the liability method in respect of all temporary differences at the statements of financial position date 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 that entire 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.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

3.12 Interest-Bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received net of transaction costs.

All borrowing costs are recognised as expenses on profit or loss in the year in which they are incurred.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of liability for at least 12 months after the reporting date.

3.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on weighted average basis. The cost of inventories shall comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee Benefits

3.14.1 Short-Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year, in which the associated services are rendered by the employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

3.14.2 Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

3.14.3 Employee Share Options Schemes

Employee of the Group received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the option at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserves over the vesting period. The cumulative expenses recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the subsidiaries' best estimate of the number of options that will ultimately vest. The change or credit to profit or loss for a period represent the movement in cumulative expenses recognised at the beginning and end of the period.

No expenses is recognised for options that do not ultimately vest, expect for options where vesting is conditional upon market or non-vesting condition, which are tested as vested irrespective of whether or not the market or non-vesting conditions is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to accumulated losses upon expiry of the share options.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the option are exercised.

3.15 Equity, Reserve and Distribution To Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premium received on issue.

Accumulated losses include all current and prior period losses.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity.

When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

3.16.1 Sale of Goods and Rendering of Services

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

3.16.2 Rental and Maintenance Fees

Revenue from rental and maintenance fees is recognised in profit or loss on a timely basis, by reference to the agreement entered, and when the services are rendered.

3.16.3 Interest Income

Interest income is recognised on accrual basis.

3.16.4 Management fee

Management fee is recognised when services are rendered.

3.17 Deferred Income

Invoice billed but not yet recognised as revenue are considered as unearned income and are taken up as deferred income.

3.18 Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.19 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.20 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;
  (ii) has significant influence over the Group; or
  (iii) is a member of the key management personnel of the ultimate holding company of the Group, or the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Related Parties (cont'd)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.
(ii) One entity is an associate or joint venture of the other entity.
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.

4. PROPERTY, PLANT AND EQUIPMENT

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 2011	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
Additions	45,849	-	-	-	45,849
Written off	-	-	(203,967)	-	(203,967)
Transfer	3,004,682	-	(3,004,682)	-	-
Balance as at 31 December 2012	40,109,911	1,625,836	-	132,000	41,867,747
Accumulated depreciation					
Balance as at 1 January 2011	18,340,945	1,150,341	-	48,400	19,539,686
Charge for the financial 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
Charge for the financial year	7,116,871	167,853	-	26,400	7,311,124
Balance as at 31 December 2012	32,558,649	1,488,404	-	101,200	34,148,253
Net carrying amount					
31 December 2012	7,551,262	137,432	-	30,800	7,719,494
31 December 2011	11,617,602	305,285	3,208,649	57,200	15,188,736
1 January 2011	18,822,286	475,295	3,019,524	83,600	22,400,705

The motor vehicle was acquired under finance lease arrangement.

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

Company	Computer software and equipment RM	Furniture, fittings, office equipment and renovation RM	Total RM
Cost			
Balance as at 1 January 2011/ 31 December 2011/ 31 December 2012	152,330	1,404,485	1,556,815
Accumulated depreciation			
Balance as at 1 January 2011	77,159	1,021,682	1,098,841
Charge for the financial year	22,742	134,287	157,029
Balance as at 31 December 2011	99,901	1,155,969	1,255,870
Charge for the financial year	22,509	132,981	155,490
Balance as at 31 December 2012	122,410	1,288,950	1,411,360
Net carrying amount			
31 Dec 31 December 2012	29,920	115,535	145,455
31 December 2011	52,429	248,516	300,945
1 January 2011	75,171	382,803	457,974

Property, plant and equipment with carrying amount of RM6,943,110 are related to the main rental contract. As mentioned in Note 2.1 to the financial statements, this rental contract had expired as at the reporting date. There are also no projects secured subsequent to the reporting period.

In view of the expiry of the main rental contract and uncertainty of the future contracts, the Group is uncertain whether the project-related assets can generate future economic benefit from their use. Impairment loss could be recognised if the project-related assets are not usable or used in future projects.

5. INVESTMENT PROPERTY

	Group and Company 2012 RM	2011 RM
Freehold office building at fair value		
At beginning of financial year	7,600,000	7,300,000
Fair value gain	400,000	300,000
At end of financial year	8,000,000	7,600,000

5. INVESTMENT PROPERTY (CONT'D)

	Group and Company 2012 RM	2011 RM
Rental income generated from investment property	786,500	726,000
Direct operating expenses for investment property	2,726	7,976

The strata title of the freehold office building has yet to be issued by the authority.

Prior to 1 January 2012, investment property is stated at cost less accumulated amortisation. During the financial year, the Company changed its accounting policy for investment property to be stated at fair value. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 33 to the financial statements.

The fair value of investment property of the Group and the Company, which comprises freehold office building was determined by independent professional valuer and on recorded transaction values used for similar properties in the location concerned based on current prices in the active market for similar properties.

The investment property of the Group and of the Company was charged to a licensed bank as security for credit facilities granted to the Company and a subsidiary.

6. SUBSIDIARIES

(a) Investment in subsidiaries

	Company 31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Unquoted shares, at cost	20,609,983	20,609,983	20,609,983
Less: Accumulated impairment			
At beginning/end of financial year	(6,857,000)	(6,857,000)	(6,857,000)
	13,752,983	13,752,983	13,752,983

Details of the subsidiaries are as follows:-

Name of company	Effective equity interest 31.12.2012 %	31.12.2011 %	1.1.2011 %	Place of incorporation	Principal activities
Direct subsidiaries					
DVM Innovate Sdn. Bhd.	100	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	100	Malaysia	Development of software applications and provision of communication solutions. However, the company ceased its business operations during the financial year.

6. SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries (cont'd)

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

Name of company	Effective equity interest 31.12.2012 %	Effective equity interest 31.12.2011 %	Effective equity interest 1.1.2011 %	Place of incorporation	Principal activities
Direct subsidiaries					
Key Alliance Sdn. Bhd.	100	100	100	Malaysia	Dormant.
DVM Communications Sdn. Bhd.	100	100	100	Malaysia	Dormant.
MobileVideo International Limited	60	60	60	Cayman Island	Provider of 3G broadband video mobile services and related software applications and accessories. However, the company has temporary ceased its business operations during the financial year.
Indirect subsidiary, held through DVM Innovate Sdn. Bhd.					
DVM IntelliSource Sdn. Bhd.	100	100	100	Malaysia	Provision of business and operational support systems and services, software development and business process outsourcing.

(b) Amount due from / to subsidiaries

Company

	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Amount due from subsidiaries	3,839,662	3,889,273	4,113,189
Less: Allowance for impairment			
At beginning/end of financial year	(121,430)	(121,430)	(121,430)
	3,718,232	3,767,843	3,991,759

The amount due from/to subsidiaries is non-trade in nature, unsecured, bears no interest and repayable on demand.

7. INVESTMENT IN AN ASSOCIATE

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Unquoted share, at cost	252,953	-	-

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Unquoted shares, at cost	252,953	-	-
Share of post-acquisition losses	(64,800)	-	-
	188,153	-	-
Represented by:			
Share of net assets	188,153	-	-

Name of company	Effective equity interest 31.12.2012 %	31.12.2011 %	1.1.2011 %	Place of incorporation	Principal activities
Fatfish Capital Ltd.	50%	-	-	British Virgin Island	Investment company holding

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Company, is as follows :

	31.12.2012
	RM
Total assets	344,296
Total liabilities	45,054
Revenue	35,423
Net loss for the financial period	(202,020)

8. DEVELOPMENT EXPENDITURE

	Group	
	2012	2011
	RM	RM
Cost		
At beginning of financial year	5,374,787	4,973,405
Additions	-	401,382
At end of financial year	5,374,787	5,374,787
Accumulated Amortisation		
At beginning of financial year	3,261,630	2,211,550
Current amortisation	851,439	1,050,080
At end of financial year	4,113,069	3,261,630
Net Carrying Amount	1,261,718	2,113,157

8. DEVELOPMENT EXPENDITURE (CONT'D)

Included in the development expenditure are the following charges (cont'd):

	2012 RM	2011 RM
Staff costs	-	401,382

Staff costs include salaries, contributions to Employees Provident Fund ("EPF") and other staff related expenses. Contributions to EPF during the financial year amounted to RM Nil (2011: RM105,953).

The entire development expenditure related to the main rental contract. As mentioned in Note 2.1 to the financial statements. This rental contract had expired on 31 December 2012. There are also no projects secured subsequent to the reporting period.

In view of the expiry of the main rental contract and uncertainty of the future contracts, the Group is uncertain whether the project-related assets can generate future economic benefit from their use. Impairment loss could be recognised if the project-related assets are not usable or used in future projects.

9. INVENTORIES

		Group	
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Trading merchandise:			
At carrying amount	-	-	9,505

10. TRADE RECEIVABLES

		Group	
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Trade receivables	5,421,223	7,500,324	12,039,292
Less: Allowance for impairment	(1,926,147)	(2,107,649)	(135,511)
	3,495,076	5,392,675	11,903,781

The movement for impairment of trade receivables is as follow:

	Group	
	2012 RM	2011 RM
At beginning of financial year	(2,107,649)	(135,511)
Impairment loss recognised	(128,781)	(1,972,138)
Reversal on recovered amounts	139,536	-
Unrealised gain on foreign exchange	170,747	-
At end of financial year	(1,926,147)	(2,107,649)

10. TRADE RECEIVABLES (CONT'D)

The currency profile of trade receivables is as follows:-

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Ringgit Malaysia	3,648,357	4,798,654	9,694,636
United States Dollar	1,772,866	2,701,670	2,222,043
Euro Dollar	-	-	93,667
Singapore Dollar	-	-	28,946
	5,421,223	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 14 to 30 (31.12.2011 and 1.1.2011: 14 to 60) days.

Ageing analysis of trade receivables

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

Group

31.12.2012	Gross RM	Individually impaired RM	Net RM
Not past due	728,500	-	728,500
Past due 1 to 30 days	627,122	-	627,122
Past due 1 to 60 days	153,500	-	153,500
More than 61 days	3,912,101	(1,926,147)	1,985,954
	5,421,223	(1,926,147)	3,495,076

31.12.2011	Gross RM	Individually impaired RM	Net RM
Not past due	958,579	-	958,579
Past due 1 to 30 days	1,331,990	-	1,331,990
Past due 31 to 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

1.1.2011	Gross RM	Individually impaired RM	Net RM
Not past due	1,738,684	-	1,738,684
Past due 1 to 30 days	762,261	-	762,261
Past due 31 to 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

10. TRADE RECEIVABLES (CONT'D)

The Group has trade receivables amounting to RM2,766,576 (31.12.2011: RM4,434,096, 1.1.2011: RM10,165,097) that are past due but not impaired at the reporting date. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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.

11. OTHER RECEIVABLES

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-trade receivables	199,891	66,075	35,468
Deposits	138,574	120,078	115,078
Prepayments	436,683	241,357	665,781
Prepayments – term loan interest	205,528	464,652	590,202
	980,676	892,162	1,406,529

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-trade receivables	-	-	3,149
Deposits	31,430	31,430	31,430
Prepayments	168,672	936	1,495
	200,102	32,366	36,074

12. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group are pledged to licensed banks as security for banking facilities granted to the subsidiaries.

The average effective interest rates of the fixed deposits range from 1.90% to 3.10% (31.12.2011 and 1.1.2011: 1.90% to 3.10%) per annum.

13. SHARE CAPITAL

Group and Company

	Units	RM
Authorised:		
Ordinary shares of RM0.10 each		
At 1 January 2011 / 31 December 2011/ 31 December 2012	500,000,000	50,000,000
Issued and fully paid:		
Ordinary shares of RM0.10 each		
At 1 January 2011/31 December 2011	176,000,000	17,600,000
Issued during the financial year	17,600,000	1,760,000
At 31 December 2012	193,600,000	19,360,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

14. SHARE PREMIUM

Group and Company

Share premium arose from the issuance of ordinary shares at a premium net of share issue expenses.

15. BORROWINGS

		Group	
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Secured:-			
Non-current			
Term loans	2,699,079	6,426,421	11,162,532
Secured:-			
Current			
Term loans	4,366,189	4,954,335	6,009,645
Bank overdrafts	2,075,782	2,096,830	2,582,043
Trust receipts	-	994,160	234,049
	6,441,971	8,045,325	8,825,737
Total	9,141,050	14,471,746	19,988,269
Secured:-			
Non-current			
Term loan	1,152,543	1,286,141	1,394,355
Secured:-			
Current			
Term loan	133,598	108,214	105,645
Bank overdrafts	383,038	398,250	330,505
	516,636	506,464	436,150
Total	1,669,179	1,792,605	1,830,505

15. BORROWINGS (CONT'D)

The term loans are repayable as follows:-

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Not later than 1 year	4,366,189	4,954,335	6,009,645
Later than 1 year but not later than 2 years	1,679,623	3,721,014	5,012,214
Later than 2 years but not later than 5 years	458,232	1,980,842	5,264,059
Later than 5 years	561,224	724,565	886,259
	7,065,268	11,380,756	17,172,177

The term loan is repayable as follows:-

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Not later than 1 year	133,598	108,214	105,645
Later than 1 year but not later than 2 years	133,087	133,598	108,214
Later than 2 years but not later than 5 years	458,232	427,978	399,882
Later than 5 years	561,224	724,565	886,259
	1,286,141	1,394,355	1,500,000

The interest rates per annum of the borrowings are as follows:-

	Group		
	31.12.2012 %	31.12.2011 %	1.1.2011 %
Term loans	6.85% to 7.00	6.85% to 7.00	6.85% to 7.00
Bank overdrafts	7.60	7.30% to 7.60	6.80% to 7.20
Trust receipts	7.30% to 8.10	7.30% to 8.10	7.20% to 8.05

	Company		
	31.12.2012 %	31.12.2011 %	1.1.2011 %
Term loan	6.85% to 7.00	6.55% to 8.10	6.85% to 8.05
Bank overdrafts	7.60	7.30% to 7.60	6.80% to 7.20

The borrowings are secured by the following:-

(a) First party legal charges over the leasehold office building of the Company and assignment of rental proceeds from the building;

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

(c) A Deed of assignment over the rights, title and interest of Sales and Purchase Agreement with respect to the leasehold office building of the Company;

(d) Corporate Guarantee from the Company;

15. BORROWINGS (CONT'D)

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

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

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

(g) Pledged of fixed deposits.

16. HIRE PURCHASE PAYABLE

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Minimum lease payment			
Payable within 1 year	26,520	26,520	25,440
Payable after 1 year but not later than 5 years	4,400	30,920	58,520
	30,920	57,440	83,960
Less: Interest in suspense	(609)	(2,552)	(5,580)
	30,311	54,888	78,380
Present value			
- within 1 year	25,956	24,578	23,583
- after 1 year but not later than 5 years	4,355	30,310	54,797
	30,311	54,888	78,380

Interest is charged at rate of 2.43% (31.12.2011 and 1.1.2011 : 2.43%) per annum.

17. DEFFERED TAX LIABILITIES

	Group	
	2012 RM	2011 RM
At beginning of financial year	1,084,983	816,983
Transferred from profit or loss	591,000	268,000
At end of financial year	1,675,983	1,084,983

	Company	
	2012 RM	2011 RM
At beginning of financial year	891,983	816,983
Transferred from profit or loss	100,000	75,000
At end of financial year	991,983	891,983

17. DEFFERED TAX LIABILITIES (CONT'D)

The balance of deferred tax liabilities/(assets) made up of tax effects on temporary differences arising from:-

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Carrying amount of property, plant and equipment in excess of tax base	988,000	1,991,000	-
Unabsorbed business losses	(232,000)	(710,000)	-
Unutilised capital allowance	-	(963,000)	-
Impairment loss on receivables	(72,000)	(125,000)	-
Fair value gain on investment property	991,983	891,983	816,983
	1,675,983	1,084,983	816,983

The deferred tax liability of the Company is in respect of fair value gain on the revaluation of investment property.

Deferred tax liabilities/(assets) have not been recognised in respect of the following items:-

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Carrying amount of property, plant and equipment in excess of tax base	479,000	3,510,000	19,776,000
Unabsorbed business losses	(9,959,000)	(8,887,000)	(13,060,000)
Unutilised capital allowance	(5,471,000)	(5,423,000)	(14,224,000)
Development expenditure	1,262,000	2,113,000	2,762,000
	(13,689,000)	(8,687,000)	(4,746,000)

The potential deferred tax assets of the Group have not been recognised in respect of these items as it is not probable that sufficient taxable profits will be available against which the Group can utilise these benefits.

18. TRADE PAYABLES

The currency profile of trade payables is as follows:-

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Ringgit Malaysia	1,154,665	1,664,772	5,157,249
United States Dollar	-	448,660	131,866
Euro Dollar	-	22,289	-
Singapore Dollar	-	125	-
	1,154,665	2,135,846	5,289,115

The normal credit term granted by trade payables ranging from 30 to 60 (31.12.2011 and 1.1.2011: 30 to 60) days.

19. OTHER PAYABLES

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-trade payables	1,893,641	254,481	480,552
Deferred income	500,900	1,376,370	2,531,900
Accruals	540,067	776,560	623,938
Deposits	208,098	277,464	277,464
	3,142,706	2,684,875	3,913,854

	Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Non-trade payables	80,092	64,950	50,586
Accruals	188,898	235,956	260,712
Deposits	208,098	277,464	277,464
	477,088	578,370	588,762

20. AMOUNT DUE TO A DIRECTOR

Amount due to a Director is non-trade in nature, unsecured, interest free and repayable on demand.

21. REVENUE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of computer hardware and software	227,299	14,080,015	-	-
Maintenance fee	8,832,876	15,063,622	-	-
Management fee	-	-	420,000	420,000
	9,060,175	29,143,637	420,000	420,000

22. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been determined after charging/(crediting), amongst other items, the followings:-

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Auditors' remuneration				
- statutory audit	56,800	53,400	15,000	12,000
- others	52,000	2,000	2,000	2,000
Amortisation of development expenditure	851,439	1,050,080	-	-
Bad debts written off	80,946	-	-	-
Depreciation of property, plant and equipment	7,311,124	7,348,612	155,490	157,029
Directors' fee	218,000	96,000	218,000	96,000
Directors' emoluments	107,250	107,250	107,250	107,250
Impairment loss on trade receivables	128,781	1,972,138	-	-
Inventories written off	-	9,505	-	-
Interest expenses				
- Interest on hire purchase	1,943	3,028	-	-
- Interest on bank overdrafts	141,980	155,077	15,546	25,723
- Interest on bankers acceptance	-	570	-	-
- Interest on term loans	649,858	1,117,992	91,645	97,472
- Interest on trust receipts	25,592	82,481	-	-
Property, plant and equipment written off	203,967	-	-	-
Rental of equipment	123,261	66,456	1,650	990
Rental of office	287,110	183,570	287,110	183,570
Realised loss on foreign exchange	9,817	3,803	-	-
Unrealised (gain)/loss on foreign exchange	(113,242)	1,605	-	-
Gain on disposal of property, plant and equipment	-	(5,522)	-	-
Interest income on fixed deposits				
- current year	(40,024)	(65,691)	-	-
- overprovision in prior year	-	40,201	-	-
Reversal of impairment on trade receivables	(139,536)	-	-	-
Rental income receivable from third party	(786,500)	(726,000)	(786,500)	(726,000)
Rental income receivable from subsidiaries	-	-	(256,956)	(157,872)
Fair value gain on investment property	(400,000)	(300,000)	(400,000)	(300,000)

23. TAX EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current tax	54,800	23,000	54,800	23,000
Transfered to deferred tax	584,000	268,000	100,000	75,000
(Over)/Under provision in prior years				
- current tax	(64,132)	8,642	-	8,642
- deferred tax	7,000	-	-	-
	581,668	299,642	154,800	106,642

23. TAX EXPENSE (CONT'D)

The Group's unabsorbed business losses and unutilised capital allowance which can be carried forward to offset against future taxable profit are estimated to be RM10,887,000 (31.12.2011: RM11,727,000, 1.1.2011: RM13,060,000) and RM5,471,000 (31.12.2011: RM9,275,000, 1.1.2011: RM14,224,000) respectively.

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

One of the subsidiary companies, NGC Systems Sdn. Bhd. ("NGC"), has been accorded Multimedia Super Corridor Status and was granted Pioneer Status effective from 1 September 2003, which exempts 100% of the statutory business income from taxation for a period up to 10 years. The MSC status will expire on 31 August 2013.

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
(Loss)/Profit before tax	(4,263,810)	(6,750,887)	289,660	(6,649)
Tax at statutory tax rate of 25%	(1,065,953)	(1,687,722)	72,415	(1,662)
Tax effects of:				
Expenses not deductible for tax purposes	454,253	993,722	82,385	99,662
Deferred tax assets not recognised	1,250,500	985,000	-	-
(Over)/Under provision in prior years	(57,132)	8,642	-	8,642
	581,668	299,642	154,800	106,642

24. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per ordinary share has been calculated based on the loss for the financial year attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2012 RM	2011 RM
Loss attributable to equity holders of the Company	(4,793,332)	(6,009,089)
Weighted average number of ordinary shares in issue		
At beginning of financial year	176,000,000	176,000,000
Effect of ordinary shares issued during the financial year	13,115,616	-
At end of financial year	189,115,616	176,000,000
Basic loss per share (sen)	(2.53)	(3.41)

The comparative basic loss per share have been restated to take into account the effect of the changes in the accounting policy on loss for the financial year as disclosed in Note 33 to financial statements.

24. LOSS PER SHARE (CONT'D)

Diluted

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

25. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors' fee	218,000	96,000	218,000	96,000
Salaries, wages and other emoluments	4,238,300	3,117,691	369,290	494,732
Defined contribution plans	464,561	344,992	32,452	43,032
Social security contributions	36,070	27,433	2,783	3,329
Other staff related expenses	200,349	314,210	4,965	6,239
	5,157,280	3,900,326	627,490	643,332

Included in the employee benefit expenses is the Directors' emoluments amounting to RM107,250 (2011: RM107,250).

26. RELATED PARTY DISCLOSURES

(a) Related party transactions

		Company	
Name of Company	**Nature**	**2012 RM**	**2011 RM**
DVM Innovate Sdn. Bhd.	Management fee	240,000	204,000
	Rental income	73,152	62,412
NGC Systems Sdn. Bhd.	Management fee	-	120,000
	Rental income	-	95,460
Key Alliance Sdn. Bhd.	Management fee	180,000	-
	Rental income	183,804	-
MobileVideo International Limited	Management fee	-	96,000

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

26. RELATED PARTY DISCLOSURES (CONT'D)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management personnels during the financial year were as follows:-

	Group and Company 2012 RM	Group and Company 2011 RM
Executive Directors:		
Other emoluments	96,000	96,000
EPF contributions	11,250	11,250
Fee	120,000	-
	227,250	107,250
Non-executive Directors:		
Fee	98,000	96,000
	325,250	203,250

27. EMPLOYEES 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 Technology Berhad 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 Technology Berhad, 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

27. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (CONT'D)

(iii) Subscription Price

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

(a) the weighted average market price of the DVM Technology Berhad. 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.

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

(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.

28. CONTINGENT LIABILITIES

		Company	
	31.12. 2012 RM	31.12.2011 RM	1.1.2011 RM
Unsecured:			
Corporate guarantee given to financial institutions in respect of credit facilities granted to subsidiaries	7,471,871	12,679,141	18,657,764
Secured:			
Investment property pledged to a licensed bank for credit facilities granted to a subsidiary	8,000,000	7,600,000	7,300,000

The corporate guarantees do not have a determinable effect on the terms of the credit facilities due to the financial institutions requiring parent guarantee as a pre-condition for approving the credit facilities granted to the subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities are equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

29. SEGMENT REPORTING

Business segment

The Group operates predominantly in the information communication technology industry involving various types of activities as mentioned in Note 6 to the financial statements. Therefore, the financial information by business segments of the Group's operations is not presented as there is no different from the operating profit or loss in the consolidated financial statements.

29. SEGMENT REPORTING (CONT'D)

Geographical information

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

	Revenue		Non-current assets		
	2012	2011	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM	RM	RM
Malaysia	9,060,175	25,658,652	17,169,365	24,901,893	32,462,560
Pakistan	-	1,092,782	-	-	-
Vietnam	-	1,097,599	-	-	-
Iran	-	1,294,604	-	-	-
	9,060,175	29,143,637	17,169,365	24,901,893	32,462,560

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

	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Property, plant and equipment	7,719,494	15,188,736	22,400,705
Investment property	8,000,000	7,600,000	7,300,000
Investment in an associate	188,153	-	-
Development expenditure	1,261,718	2,113,157	2,761,855
	17,169,365	24,901,893	32,462,560

Major customers

Approximately 76% (2011: 23%) of the Group revenue is contributed by a single customer.

30. FINANCIAL INSTRUMENTS

30.1 Financial Risk Management

The Group and the Company 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 and the Company's business whilst managing its risks. The Group operates within policies that are approved by the Board of Directors and the Group's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the Company, 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. 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.

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

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial Risk Management (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk:-

The main areas of financial risks faced by the Group and the Company, and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) *Credit risk (cont'd)*

i. *Receivables*

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 ageing 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. The ageing analysis of the Group's trade receivables is disclosed in Note 10 to the financial statements.

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 net carrying amount of receivables is considered a reasonable approximate of fair value.

In respect of trade and other receivables, the Group and the Company are not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than 47% (31.12.2011 and 1.1.2011: Nil) of the Group's trade receivables as at reporting date was due from 2 debtors (31.12.2011 and 1.1.2011: Nil).

ii. *Intercompany balances*

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable, other than disclosed in Note 6 to the financial statements.

iii. *Deposits with licensed banks*

The credit risk for deposits with licensed banks is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

iv. *Financial Guarantee*

The maximum exposure to credit risk is disclosed in Note 28 represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) *Liquidity risk*

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due, due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables and borrowings, the Group and the Company maintain 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 and the Company aim 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.

Group

			←	Maturity		→
	Carrying amount RM	**Contractual cash flows RM**	**Less than 1 year RM**	**1 to 2 years RM**	**2 to 5 years RM**	**More than 5 years RM**
31.12.2012						
Secured:						
Borrowings	9,141,050	10,573,575	7,525,829	1,038,672	1,385,366	623,708
Finance lease liability	30,311	30,920	26,520	4,400	-	-
	9,171,361	10,604,495	7,552,349	1,043,072	1,385,366	623,708
Unsecured:						
Trade payables	1,154,665	1,154,665	1,154,665	-	-	-
Other payables and accruals	2,433,708	2,433,708	2,433,708	-	-	-
Amount due to a Director	2,639,000	2,639,000	2,639,000	-	-	-
	6,227,373	6,227,373	6,227,373	-	-	-
Total	15,398,734	16,831,868	13,779,722	1,043,072	1,385,366	623,708

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) *Liquidity risk (cont'd)*

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

Group

	Carrying amount RM	Contractual cash flows RM	Maturity: Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
31.12.2011						
Secured:						
Borrowings	14,471,746	16,554,104	8,056,311	5,450,047	2,216,078	831,668
Finance lease liabilitity	54,888	57,440	26,520	30,920	-	-
	14,526,634	16,611,544	8,082,831	5,480,967	2,216,078	831,668
Unsecured:						
Trade payables	2,135,846	2,135,846	2,135,846	-	-	-
Other payables and accruals	1,031,041	1,031,041	1,031,041	-	-	-
Amount due to a Director	1,259,000	1,259,000	1,259,000	-	-	-
	4,425,887	4,425,887	4,425,887	-	-	-
Total	18,952,521	21,037,431	12,508,718	5,480,967	2,216,078	831,668

Group

	Carrying amount RM	Contractual cash flows RM	Maturity: Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
1.1.2011						
Secured:						
Borrowings	19,988,269	22,106,502	8,602,586	4,965,346	7,498,942	1,039,628
Finance lease liabilitity	78,380	83,960	25,440	58,520	-	-
	20,066,649	22,190,462	8,628,026	5,023,866	7,498,942	1,039,628
Unsecured:						
Trade payables	5,289,115	5,289,115	5,289,115	-	-	-
Other payables and accruals	1,104,490	1,104,490	1,104,490	-	-	-
Amount due to a Director	504,000	504,000	504,000	-	-	-
	6,897,605	6,897,605	6,897,605	-	-	-
Total	26,964,254	29,088,067	15,525,631	5,023,866	7,498,942	1,039,628

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) *Liquidity risk (cont'd)*

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

Company

	Carrying amount RM	Contractual cash flows RM	Maturity: Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
31.12.2012						
Secured:						
Borrowings	1,669,179	2,046,546	590,998	207,960	623,880	623,708
Unsecured:						
Other payables and accruals	268,990	268,990	268,990	-	-	-
Amount due to a subsidiary	6,670	6,670	6,670	-	-	-
Amount due to a Director	250,000	250,000	250,000	-	-	-
	525,660	525,660	525,660	-	-	-
Total	2,194,839	2,572,206	1,116,658	207,960	623,880	623,708

Company

	Carrying amount RM	Contractual cash flows RM	Maturity: Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
31.12.2011						
Secured:						
Borrowings	1,792,605	2,261,616	598,108	207,960	623,880	831,668
Unsecured:						
Other payables and accruals	300,906	300,906	300,906	-	-	-
Amount due to a subsidiary	224,357	224,357	224,357	-	-	-
	525,263	525,263	525,263	-	-	-
Total	2,317,868	2,786,879	1,123,371	207,960	623,880	831,668

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) *Liquidity risk (cont'd)*

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

Company	Carrying amount RM	Contractual cash flows RM	Maturity: Less than 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
1.1.2011						
Secured:						
Borrowings	1,830,505	2,396,988	533,622	199,858	623,880	1,039,628
Unsecured:						
Other payables and accruals	311,298	310,758	310,758	-	-	-
Amount due to a subsidiary	175,230	175,230	175,230	-	-	-
	486,528	485,988	485,988	-	-	-
Total	2,317,033	2,882,976	1,019,610	199,858	623,880	1,039,628

(c) *Foreign currency risk*

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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. The currency giving rise to this risk is primarily United States Dollar ("USD"), Euro Dollar ("EURO") and Singapore Dollar ("SGD").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are disclosed in Note 10 and Note 18 to the financial statements.

A 5% strengthening of RM against the following foreign currencies at the reporting date would increase / (decrease) the Group's loss for the financial year and equity by the amounts shown below with all other variable held constant :-

	Group 2012 Loss for the financial year RM	Group 2012 Equity RM	Group 2011 Loss for the financial year RM	Group 2011 Equity RM
USD	88,643	(88,643)	112,651	(112,651)
EURO	-	-	(1,114)	1,114
Increase/ (Decrease)	88,643	(88,643)	111,537	(111,537)

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial Risk Management (cont'd)

The main areas of financial risks faced by the Group and the Company, and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) *Foreign currency risk (cont'd)*

A 5% weakened of RM against the above foreign currencies would have an equal but opposite effect in the Group's loss for the financial year and equity.

The assumed movement in foreign currency exchange rate of 5% for the foreign currency exchange rate sensitivity analysis is based on the prudent estimate of the current market environment.

(d) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company'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.

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.

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

	Group			Company		
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Fixed rate instruments						
Financial asset						
Fixed deposits with licensed banks	2,095,535	2,036,317	2,657,431	-	-	-
Financial liabilities						
Finance lease liability	30,311	54,888	78,380	-	-	-
Term loans	5,779,127	9,986,401	15,672,177	-	-	-
	5,809,438	10,041,289	15,750,557	-	-	-

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 Financial Risk Management (Cont'd)

The main areas of financial risks faced by the Group and the Company, and the policies in respect of the major areas of treasury activity are set out as follows (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 (cont'd):-

	Group			Company		
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Floating rate instruments						
Financial liabilities						
Bank overdrafts	2,075,782	2,096,830	2,582,043	383,038	398,250	330,505
Trust receipts	-	994,160	234,049	-	-	-
Term loans	1,286,141	1,394,355	1,500,000	1,286,141	1,394,355	1,500,000
	3,361,923	4,485,345	4,316,092	1,669,179	1,792,605	1,830,505

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

	Group		Company	
	Loss for the year	**Equity**	**Profit/(Loss) for the year**	**Equity**
Floating rate instruments				
2012	15,659	(15,659)	1,076	(1,076)
2011	16,518	(16,518)	1,837	(1,837)

A decreased of 0.5% in interest rate would have an equal but opposite effect to the (loss)/profit for the financial year and equity.

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.

30.2 Fair Value of Financial Instruments

Fair value is the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced and liquidation sale.

The financial instruments in the statements of financial position of the Group and of the Company are carried at fair value or if not carried at fair value, their carrying amounts are reasonable approximation of fair value due to their relatively short term nature and insignificant impact of discounting.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 Fair Value Hierarchy

No fair value hierarchy has been disclosed as the Group and the Company does not have financial instruments measured at fair value.

31. CAPITAL MANAGEMENT

The primary objective of capital management is to ensure that an entity maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure to safeguard its ability to continue as a going concern in order to maintain investor, creditor and market confidence and to sustain future business development.

The Group and the Company monitor capital using a gearing ratio, which is derived by dividing the amount of borrowings over equity. The Group's and the Company's policy is to keep the gearing ratio within manageable ratio.

The Group's and the Company's gearing ratio as at reporting date are summarised as below:-

	Group			Company		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Total interest bearing borrowings	9,171,361	14,526,634	20,066,649	1,669,179	1,792,605	1,830,505
Total equity attributable to owners of the Company	9,800,380	12,833,712	18,842,801	23,840,741	21,945,881	22,059,172
Gearing ratio	0.94	1.13	1.06	0.07	0.08	0.08

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The capital managed at Group level is the shareholder' funds as shown in the statement of financial position.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Company on 5 September 2012 had entered into an agreement with Fatfish Capital Ltd ("FCL"), a company incorporated in British Virgin Island to subscribe for an aggregate of 1,001 ordinary shares for a total consideration of Singapore Dollar ("SGD") 100,100 representing 50% of shares in FCL. The Company is further granted an option to subscribe additional 2,000 ordinary shares in FCL for a consideration of SGD200,000 before 31 December 2012. As at reporting date, the Company does not exercise the option.

(b) On 28 May 2012, the Company had announced the following proposals:-

(i) Proposed renounceable rights issue of up to 387,200,000 new ordinary shares of RM0.10 each in DVM ("rights shares") together with up to 290,400,000 new free detachable warrants ("warrants") at an issue price of RM0.10 per rights share on the basis of four (4) rights shares together with three (3) warrants of RM0.10 each held in DVM;

(ii) Proposed amendments to the Memorandum of Association of the Company; and

(iii) Proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 ordinary shares to RM100,000,000 comprising 1,000,000,000 ordinary shares.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) On 28 May 2012, the Company had announced the following proposals:- (cont'd)

On 25 February 2013, the proposals have been approved by Bursa Malaysia Securities Berhad.

On 29 March 2013 at the Extraordinary General Meeting, the Company's shareholders has approved the proposals.

The proposals are still at the implementation stage as at the date of the report.

33. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

The Company adopted MFRS 140 Investment Property since financial year ended 31 December 2012 and had in previous years recognised investment property using cost model. The Company's Directors reviewed this policy in the current financial year and have decided to change the policy to fair value model. Accordingly, the carrying amounts of the investment property for the financial years ended 31 December 2010 to 31 December 2011 have been adjusted by way of prior years adjustments, with the opening balances in the statements of financial position as at 1 January 2011 and 1 January 2012 and profit or loss and statements of cash flows for the financial year ended 31 December 2011 restated as follows:-

Effects on the statements of financial position as at 31 December 2010 and 31 December 2011:

	Balance as at 31.12 2010 (As previously reported) RM	Effect of changes in accounting policy RM	Balance as at 1.1.2011 (As restated) RM
Deferred tax liabilities			
- Group and Company	-	816,983	816,983
Investment property			
- Group and Company	3,507,901	3,792,099	7,300,000
Accumulated losses			
- Group	(12,448,980)	(2,975,116)	(9,473,864)
- Company	(9,232,609)	(2,975,116)	(6,257,493)

	Balance as at 31.12 2011 (As previously reported) RM	Effect of changes in accounting policy RM	Balance as at 1.1.2011 (As restated) RM
Deferred tax liabilities			
- Group	(193,000)	(891,983)	(1,084,983)
- Company	-	(891,983)	(891,983)
Investment property			
- Group and Company	3,427,259	4,172,741	7,600,000
Accumulated losses			
- Group	(18,763,711)	3,280,758	(15,482,953)
- Company	(9,651,542)	3,280,758	(6,370,784)

33. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONT'D)

Effects on the statement of comprehensive income for the financial year ended 31 December 2011:

	As previously reported RM	Effect of changes in accounting policy RM	As restated RM
Loss before tax			
- Group	(7,131,529)	380,642	(6,750,887)
- Company	(387,291)	380,642	(6,649)
Amortisation of investment property			
- Group and Company	80,642	(80,642)	-
Fair value gain on investment property			
- Group and Company	-	(300,000)	(300,000)

Effects on the statements of cash flows for the financial year ended 31 December 2011:

	As previously reported RM	Effect of changes in accounting policy RM	As restated RM
Loss before tax			
- Group	(7,131,529)	380,642	(6,750,887)
- Company	(387,291)	380,642	(6,649)
Amortisation of investment property			
- Group and Company	80,642	(80,642)	-
Fair value gain on investment property			
- Group and Company	-	(300,000)	(300,000)

34. DISCLOSURE OF REALISED AND UNREALISED PROFITS

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 date 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	
	2012	**2011**
	RM	**RM**
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(25,021,832)	(20,446,907)
- Unrealised	2,405,189	2,481,342
	(22,616,643)	(17,965,565)
Total share of accumulated losses of an associate	(64,800)	-
Less: Consolidated adjustments	2,405,158	2,482,612
Total accumulated losses	(20,276,285)	(15,482,953)

	Company	
	2012	**2011**
	RM	**RM**
Total accumulated losses of the Company		
- Realised	(9,211,871)	(9,046,731)
- Unrealised	2,975,947	2,675,947
Total accumulated losses	(6,235,924)	(6,370,784)

The disclosure of realised and unrealised profit or lossess above is solely for complying with the disclosure requirement stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

List of Properties

Location	Existing Use	Office Space Area	Tenure	Approximate Age of Property (years)	Fair Value @ 31.12.2012 (RM)	Year of Acquisition (A) and Date of Valuation (V)
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	8	8,000,000	2004 (A) 31.12.2012 (V)

Analysis of Shareholdings

As at 09 May 2013

Authorised Capital	RM100,000,000
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	2,742

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	6	0.22	300	0.00
100 - 1,000	408	14.88	367,200	0.19
1,001 - 10,000	1,182	43.11	6,979,267	3.60
10,001 - 100,000	953	34.75	37,810,133	19.53
100,001 - 9,679,999 (less than 5% of the shares)	193	7.04	148,443,100	76.68
Above 9,680,000 (5% and above of issued shares)	0	0	0	0
Total	2,742	100.00	193,600,000	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Nil				

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest No. of Shares	%	Indirect Interest 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 09 MAY 2013

	Names	Shares	%
1	UOBM NOMINEES (ASING) SDN BHD *EXEMPT AN FOR SANSTON FINANCIAL GROUP LIMITED*	9,124,400	4.71
2	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (SINGAPORE - SGD)*	9,000,000	4.65
3	CITIGROUP NOMINEES (ASING) SDN BHD *GSI FOR AVESTRA ASSET MANAGEMENT LIMITED (WORBERG GBL FD)*	8,999,800	4.65
4	HDM NOMINEES (TEMPATAN) SDN BHD *UOB KAY HIAN PTE LTD FOR ONG BEE TING*	8,000,000	4.13
5	GOH KIAN SENG	7,202,000	3.72
6	RHB NOMINEES (ASING) SDN BHD *DMG & PARTNERS SECURITIES PTE LTD FOR NOBEL ELITE LIMITED (164287)*	6,750,300	3.49
7	RHB NOMINEES (ASING) SDN BHD *DMG & PARTNERS SECURITIES PTE LTD FOR VINTAGE GLOBAL INVESTMENTS LTD (164390)*	6,556,500	3.39
8	ABDUL HALIM BIN ABDUL KARIM	6,305,000	3.26
9	CHONG KENG FAH	4,900,000	2.53
10	AFFIN NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHENG MUN LEONG (CHE0525C)*	4,341,600	2.24
11	SOO CHEW SHENG	3,705,000	1.91
12	AHMAD KOMAROLAILI BIN ABU	3,507,200	1.81
13	JF APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG SENG HUAT (STA 1)*	3,300,000	1.70
14	LAU CHI CHIANG	3,177,300	1.64
15	CHOONG CHUI LENG	2,573,500	1.33
16	AMSEC NOMINEES (TEMPATAN) SDN BHD *PT AMCAPITAL INDONESIA FOR CHAN CHUAN PIN*	2,000,000	1.03
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GOH KIAN SENG (8075127)*	1,690,000	0.87
18	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR WONG TIANG CHIN (REM 181)*	1,650,000	0.85
19	LAI YEE VOON	1,500,000	0.77
20	KHOR KOK KIN	1,250,000	0.64
21	ONG TEY SEE	1,018,500	0.53
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR SOH OON HAI (M78008)*	1,010,000	0.52
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GOH TIAN CHUAN (8026702)*	1,000,000	0.52
24	YAP CHOI NGA	1,000,000	0.52
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAU CHI CHIANG (472016)*	1,000,000	0.52
26	HLIB NOMINEES (TEMPATAN) SDN BHD *HONG LEONG BANK BHD FOR TEH KHEE YEOH*	1,000,000	0.52
27	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MOK E. KING*	1,000,000	0.52
28	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAI YEE VOON*	910,000	0.47
29	TAN CHET MEI	870,000	0.45
30	GOH SOON TENG	850,000	0.44
	Total shares	**105,191,100**	**54.33**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of DVM TECHNOLOGY BERHAD will be held at Dewan Tan Sri Hamzah, Royal Selangor Club, Kiara Sports Annexe, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 28 June 2013 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 2012 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 2012. **(Ordinary Resolution 1)**

3. To re-elect Mr Yee Yit Yang, the Director who retires in accordance with Article 81 of the Articles of Association of the Company. **(Ordinary Resolution 2)**

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

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

5. To approve: **(Ordinary Resolution 4)**

   i) the re-appointment of retiring Auditors, Messrs SJ Grant Thornton as Auditors of the Company and to authorise the Directors to determine their remuneration; or

   ii) the appointment Messrs Kreston John & Gan in place of retiring Auditors, Messrs SJ Grant Thornton for which Notice of Nomination as set out on Appendix I of the 2012 Annual Report have been received and to authorise the Directors to determine their remuneration.

AS SPECIAL BUSINESS

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

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

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

7. **Proposed retention of Independent Director**

   "THAT approval be and is hereby given to Encik Kamarudin Bin Ngah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **(Ordinary Resolution 6)**

8. **Proposed retention of Independent Director**

"THAT subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012." **(Ordinary Resolution 7)**

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 2013

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 21 June 2013 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. 5***
Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

(a) The proposed Ordinary Resolution no. 5, 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 28 June 2012 which will expire at the conclusion of the forthcoming Annual General Meeting.

(c) The Company did not issue any new shares based on the previous mandate obtained at the last Annual General Meeting.

(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. ***Ordinary Resolution no. 6***
Proposed retention of Independent Director

The Directors of the Company have assessed the independence of the Director, Encik Kamarudin Bin Ngah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

i) He fulfilled the criteria under the definition of an Independent Director as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.

ii) His vast experience enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.

iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.

10. ***Ordinary Resolution no. 7***
Proposed retention of Independent Director

The Directors of the Company have assessed the independence of the Director, Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

i) He fulfilled the criteria under the definition of an Independent Director as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board.

ii) His vast experience enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.

iii) He has performed his duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the management.

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

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

Appendix 1

Notice of Nomination of Pursuant to Section 172(11) of the Companies Act, 1965

LAI YEE VOON
NO 96-E MATA KUCHING DALAM
MELAKA 75400

Date: 23 May 2013

The Board Of Directors
DVM TECHNOLOGY BERHAD
Lot 11.3 11th Floor Menara Lien Hoe
No. 8 Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

RE: NOTICE OF NOMINATION OF MESSRS KRESTON JOHN & GAN

I, LAI YEE VOON (I/C No.: 721013-13-5378), a member of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs KRESTON JOHN & GAN as Auditors of the Company in place of the retiring Auditors, Messrs SJ GRANT THORNTON.

Yours truly,

LAI

....
LAI YEE VOON
(I/C No.: 721013-13-5378)

DVM TECHNOLOGY BERHAD (Company No. 609953-K)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

I/We, ...

of ....
(FULL ADDRESS)

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

....

of ....

or failing him / her, ...

of ....

as my / our proxy to vote for me / us and on my / our behalf at the Tenth Annual General Meeting of the Company to be held at Dewan Tan Sri Hamzah, Royal Selangor Club, Kiara Sports Annexe, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 28 June 2013 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 2012.		
2	Re-election of Mr Yee Yit Yang as Director.		
3	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.		
4	(i) Re-appointment of Messrs SJ Grant Thornton as Auditors and to authorise the Directors to determine their remuneration		
	(ii) Appointment of Messrs Kreston John & Gan in place of retiring Auditors, Messrs SJ Grant Thornton and to authorise the Directors to determine their remuneration		
5	Renewal of authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
6	Proposed Retention of Encik Kamarudin Bin Ngah as Independent Director		
7	Proposed Retention of Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid as Independent Director		

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%

Number of Shares Held	

....
Signature of Shareholder(s) or Common Seal

Signed this .... day of 2013

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 21 June 2013 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
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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 Berhad (609953-K)
Lot 11.3, 11th Floor, Menara Lien Hoe,
8 Persiaran Tropicana, Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: (+603) 7805 3868 Fax: (+603) 7805 3863

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