



DVM Technology Berhad
(609853-K)
ANNUAL REPORT 2003

Corporate Information	2 - 4
Profile Of Directors	5 - 6
Chairman's Statement	7 - 8
Statement On Corporate Governance	9 - 13
Statement On Internal Control	14
Financial Statements	15
Directors' Report	16 - 19
Report Of The Auditors	20
Income Statements	21
Balance Sheets	22
Statement Of Changes In Equity	23
Cash Flow Statements	24 - 26
Notes To The Financial Statements	27 - 37
Statement By Directors	38
Statutory Declaration	39
Analysis Of Shareholdings	40 - 41
Notice of Annual General Meeting	42
Proxy Form	43

Vision

To become a leading, reliable and preferred business partner and provider of information and communications technology (ICT) solutions to corporate, industrial and government organizations.

Mission Statement

DVM Technology Berhad is a successful and growing company specializing in developing and implementing strategic “customer-focus” communications technology solutions for medium-to-large organizations. We will strive to achieve the following:

- **To shareholders:**
To grow shareholders’ wealth and maximize investment value.
To enrich the company’s intrinsic values.
- **To employees:**
To invest in employees’ knowledge and intellectual capabilities.
- **To customers:**
To achieve high customer satisfaction levels and long-term business relationship.
- **To the nation:**
To contribute to the country’s vision of becoming a digital and knowledge-based economy.

Company Values

In the process of achieving our corporate objectives, we advocate the following:

- **Enhancing Customer Relationship & Loyalty**
We will provide inventive and innovative ICT solutions to our customers based on understanding their business environment and needs.
- **Achieve Continuous Growth**
We will analyze business and market trends, and invest in the latest technical know-how in order to meet the rapidly growing advancement of the use of technology in the business environment.
- **Maintain Market Leadership**
We take pride in being leaders in our field of expertise and strive to maintain our recognition of offering effective and competitive advantage services to our customers.
- **Provide Employee Motivation**
We will provide a highly motivated environment to our employees, to maximize their capabilities and provide employee recognition for efforts and achievements.
- **Promote Corporate Governance**
We practice high standards of integrity and professionalism in our duties as a corporate citizen.

BOARD OF DIRECTORS

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	<i>Independent Non-Executive Chairman</i>
Dato' Goh Kian Seng	<i>Managing Director</i>
Chen Chee Peng	<i>Executive Director</i>
Lee Chiew Hooi	<i>Executive Director</i>
Vinai Phongsathorn	<i>Executive Director</i>
Bhana Swasdibutara	<i>Executive Director</i>
Kusol Sangkananta	<i>Executive Director</i>
Kamarudin Bin Ngah	<i>Independent Non-Executive Director</i>
Lum Heap Sum	<i>Independent Non-Executive Director</i>
Manoo Ordeedolchest	<i>(Resigned on 24/2/2004)</i>
Kamol Piriyanish	<i>(Resigned on 24/2/2004)</i>

COMPANY SECRETARY : Pang Kah Man (MIA 18831)

SHARE REGISTRAR : Shareworks Sdn Bhd (formerly known as Panama Resources Sdn Bhd)
No. 23, Jalan Sri Hartamas 7
Sri Hartamas, 50480 Kuala Lumpur

REGISTERED OFFICE : 13-7 The Boulevard
Mid Valley City
Lingkaran Syed Putra, 59200 Kuala Lumpur
Tel: (603) 2284 1788
Fax (603) 2284 2688

PRINCIPAL PLACE OF BUSINESS : 34 & 36, Jalan SS22/21
Damansara Jaya, 47400 Petaling Jaya
Tel: (603) 7727 7277
Fax: (603) 7727 3198
E-mail: corp_contact@dvm.com.my
Website: www.dvm.com.my

AUDITORS : Deloitte & Touche
Level 19, Uptown 1
1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya

SOLICITOR : Ainul Azam & Co.
Suite 6.01C, South Block, The AmpWalk
218, Jalan Ampang, 50450 Kuala Lumpur

SPONSOR : Public Merchant Bank Berhad
25th Floor, Menara Public Bank
146, Jalan Ampang, 50450 Kuala Lumpur
Tel: (603) 2166 9382

STOCK EXCHANGE LISTING : MESDAQ Market of the Malaysia Securities Exchange Berhad

AUDIT COMMITTEE
Kamarudin Bin Ngah *Chairman*
Lum Heap Sum *Member*
Lee Chiew Hooi *Member*

The corporate structure of the DVM Group is as follows:



Subsidiaries

ET Communications Sdn Bhd

Adtel Systems Sdn Bhd

NGC Systems Sdn Bhd

Principal activities

Provision of specialised telecommunication, data communication, computer networking solutions and professional services for the development of communication infrastructure.

Provision of operational support system, development of software and services for communication infrastructure.

Developer of software application.

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid, aged 65, a Malaysian was appointed the Chairman of DVM on 4th November 2003. Currently, he is the Chairman of Perbadanan Perwira Harta Malaysia, a subsidiary of Lembaga Tabung Angkatan Tentera ("LTAT"), a provident fund in Malaysia involved mainly in property development and construction. He is also the chairman and director of a few other multinational and private companies established in Malaysia. He is a graduate of the Royal Military College, Malaysia and Army Staff College in Camberley, United Kingdom in 1969.

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid is also the Chairman for Jaya Tiasa Holdings Berhad, another public corporation in Malaysia.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Dato' Goh Kian Seng

Dato' Goh Kian Seng, aged 41, a Malaysian, was appointed the Managing Director of DVM on the 8th August 2003. He oversees the management, marketing and direction of the Group. He has been in the Computing, Data and Telecommunications industry since 1983. Dato' Goh obtained his degree in Chemical Engineering from Universiti Malaya.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Chen Chee Peng

Chen Chee Peng, aged 40, a Malaysian was appointed to the Board on 8th August 2003. He is responsible for the business direction and strategies of the Group and oversees the day-to-day operations of the Group. He has 15-years experience in the IT industry. He specialises in communication infrastructure development in the telecommunication industry. He obtained his Bachelor of Science in Computer & Information Science from Ohio State University, USA in 1987. He is a member of the Remuneration Committee.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Lee Chiew Hooi

Lee Chiew Hooi, aged 32, a Malaysian was appointed to the Board on the 8th August 2003. She is responsible for DVM's financial and administrative matters. She is a graduate from the University of Western Australia with a Bachelor of Commerce and a member of the CPA Australia and the Malaysian Institute of Accountants. Ms Lee is a member of the Audit Committee.

She does not have any family relationship with any director and/or major shareholder of the Company. She has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Vinai Phongsathorn

Vinai Phongsathorn, aged 49, a Thai national was appointed to the Board on 8th August 2003. He is the Chief Executive Officer of Datamat Public Company Limited (“Datamat”) a public listed company in Thailand. He obtained his Bachelor of Economics from Thammasat University, Thailand in 1975 and Masters in Business Administration from Florida State University, USA in 1976.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Bhana Swasdibutara

Bhana Swasdibutara, aged 44, a Thai national was appointed to the Board on the 24th February 2004. He is presently the Managing Director of Datamat. He obtained his Bachelor of Electrical Engineering from Kasetsari University, Thailand and Masters in Business Administration from ABAC University, Thailand in 1983 and 1986 respectively.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Kusol Sangkananta

Kusol Sangkananta, aged 44, a Thai national was appointed to the Board on the 24th February 2004. He is a Director and the Company Secretary of Datamat. He is also the Managing Director of Attorneys’ Corp in Thailand. He obtained his Bachelor Of Laws from the Chulalongkorn University in 1981 and was called to the Thai Bar Association in 1981.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Kamarudin Bin Ngah

Kamarudin Bin Ngah, aged 55, a Malaysian was appointed to the Board on 4th November 2003. Kamarudin obtained his Diploma in Civil Engineering from the Johore Technical Institute in 1970. Currently, he is also the Managing Director of Maha Mekar Sdn Bhd, a company principally involved in spiral waste bin storage and handling systems. Kamarudin is the Chairman of the Audit Committee and member of the Remuneration Committee.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Lum Heap Sum

Lum Heap Sum, aged 37, a Malaysian was appointed to the Board on 4th November 2003. Lum is the Managing Director of Eminentz Grez Consulting Sdn Bhd (formerly known as “D’ Malaysian Industrial Relations Centre Sdn Bhd”), a company principally involved in human resource management consultancy. He graduated with a Bachelor of Economics Analysis and Public Policy degree and a Masters in Economics (majoring in Labour Economics), both from the Universiti Kebangsaan Malaysia in 1990 and 1998 respectively and obtained his Bachelor of Law (LL.B) degree with honours in 1991 from the University of London, and a Doctorate in Management from the Summit University of Louisiana, USA in 1999. He is the Chairman of the Remuneration committee and member of Audit Committee.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for offences within the past 10 years.

Dear Valued Shareholders

On behalf of the Board of Directors, I am pleased to present the first Annual Report of DVM Technology Berhad ("the Group") for the financial year ended 30 September 2003.



Initial Public Offering (IPO)

On 2 January 2004, DVM Technology completed its IPO and was successfully listed on the MESDAQ Market of the MASEB, raising RM16 million for the Group. During the IPO period commencing 10 December 2003, the Company offered 40,000,000 ordinary shares of RM0.10 each at an issue price of RM0.40. The response to the IPO was encouraging.

Financial Results

I am pleased to report that DVM recorded a profit after tax of RM1.38 million. The shareholders fund as at 30th September 2003 and before the IPO (which was completed on 2nd January 2004) was RM15.1 million.

Sales revenue and profits were mainly contributed from the provision of specialised

systems and telecommunications solutions to the Group's telecommunications-based clientele and supply of professional services and software development for the corporate clients and business partners.

Utilisation of Proceeds as at 30th September 2003

The Group received its proceeds from Rights Issue and Public Issue on 10th September 2003 and 2nd January 2004 respectively. As at 30th September 2003, the Group had utilised approximately 41% of the proceeds raised from the Rights Issue.

The utilisation of proceeds arising from Rights Issue of RM4,650,428 and Public Issue of RM16,000,000 amounting to a total of RM20,650,428 are as follows:

Purposes	Utilisation Period	Proposed Utilisation RM	Actual Utilisation RM	Balance RM
Branding and promotion	2 years from the date of listing of DVM shares	1,000,000	0	1,000,000
Research and development	3 years from the date of listing of DVM shares	7,500,000	135,516	7,364,484
Repayment of bank borrowings	6 months from the date of listing of DVM shares	2,500,000	720,000	1,780,000
Project financing	2 years from the date of listing of DVM shares	6,000,000	0	6,000,000
Working capital	2 years from the date of listing of DVM shares	2,250,428	500,000	1,750,428
Estimated listing expenses	6 months from the date of listing of DVM shares	1,400,000	551,442	848,558
Total		20,650,428	1,906,958	18,743,470

Research & Development

NGC Systems Sdn Bhd, a MSC status company and a wholly owned subsidiary of DVM Technology Berhad continued to make great progress in its research and development activities for Genico™. The research and development focuses on the development of next generation communication software applications.

Genico™ is our flagship Next Generation Network suite of applications and solutions. It is a real-time communications systems, enabling data, voice and multimedia services for converged networks. The potential clients of Genico™ are service providers, telecommunication providers and enterprises.

DVM's Commitment

The Group will continue in its efforts to develop and enhance its existing technology and resources in the provision of information and communications technology solutions to its customers. We will further invest in our human capital, research and development and enhance our Intellectual Property capabilities to meet future business challenges.

Prospects

The Group has been generating healthy profits and cash flow for the past five years and sees good growth potential in its products and services in the immediate future, especially to the telecommunications industry.

The telecommunications industry is expected to experience rapid growth. In the next five years, it will invest further in application technologies to increase revenue, reduce operational costs and enhance service performances. DVM is well positioned to contribute to these developments and be part of the growth.

As such the Group is going forward aggressively to further develop the Next Generation Communication software applications that will play a critical and major role for the telecommunications industry. As the telecommunications industry represents DVM's key clientele base, DVM will be presented with abundant business opportunities to enhance its customer relationship as well as develop new ones. The opportunity for Genico™ is expected to grow steadily by the major players in the telecommunications industry.

On the global and regional front, recent economic and political events including health concerns have made an impact on Malaysia and regional economies. However, we are confident that the steps taken by the Government will stimulate growth in the domestic economy.

Barring any other unforeseen circumstances, we expect the Group to capitalize on the information and communications technology growth opportunities and deliver positive performance for the current financial year.

In Gratitude

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to my fellow Directors, Management and Staff of the Group for their dedication and commitment shown in 2003. I look forward to their team spirit and efforts to bringing the Group to greater heights in 2004 and beyond.

To our valued shareholders, I would like to thank them for their confidence and long term support to DVM Technology Berhad. Last but not least, my sincere appreciation to our valued customers, business partners associates and regulatory authorities for their continued support.

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid
Chairman

1st March 2004

The Board recognises the importance of corporate governance requirements outlined in the Malaysian Code of Corporate Governance. The following statement describes the application of the principles and extent of compliance with the best practices.

1. Directors

1.1 Composition

The Board has nine members, consisting of one Independent Non-Executive Chairman, six Executive Directors and two Independent Non-Executive Directors. The current Board composition complies with the Listing Requirements of the MSEC for Mesdaq market.

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

All the 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 judgement.

1.2 Duties and Responsibilities

The Board comprised of professionals from various experience and qualification in technology, financial, human resources, business management and public service. The Board believes that this current composition has the required collective skills for the Board to provide clear and effective leadership to the Company.

The Board is responsible for the following:-

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

1.3 Directors Access to Information and Advice

The Board members have access to the advice and services of the Company Secretary and senior managers. The Company Secretary is responsible for ensuring the 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 responsibilities effectively.

1.4 Appointment Process

The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

1.5 Re-election of Directors

In accordance with the Company's Article of Associations which stipulates that directors appointed by the Board during the financial year are subject to re-election by shareholders in the next Annual General Meeting held following their appointments, all the directors shall retire from office. All directors except the Managing Director shall retire at least once every 3 years and retiring directors can offer themselves for re-election.

1.6 Meetings

Majority of the Board members were appointed in August 2003 and thus, there were no Board meetings held during the financial period ended 30th September 2003. However, all the Board's decision is documented through Directors' circular resolutions in writing in pursuant to authority given by Article 125 of the Company's Article of Association. All board decisions were agreed unanimously.

Subsequent to the year end, there were 2 meetings, with details on the attendance of the Directors listed as follows:-

Name	Meetings attended
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	2 of 2
Dato' Goh Kian Seng	2 of 2
Chen Chee Peng	2 of 2
Lee Chiew Hooi	2 of 2
Vinai Phongsathorn	2 of 2
Bhana Swasdibutara (Appointed on 24/2/2004)	0 of 2
Kusol Sangkananta (Appointed on 24/2/2004)	0 of 2
Kamarudin Bin Ngah	1 of 2
Lum Heap Sum	2 of 2

During the Board meetings, the Board will deliberate and consider variety of matters including the Group's financial results, strategic direction and investments for the Group. The agenda for each Board meeting, together with detailed reports and proposition papers to be tabled at the Board Meeting is circulated to all the Directors for their perusal in advance of the Board meeting date. The Board papers are comprehensive and concise to enable the Board to discuss and deliberate on matters. All proceedings and resolutions from the Board meetings are minuted by the Company Secretary and minutes of meeting are kept in the Minutes Book at the registered office.

Besides Board meetings, the Board exercises control on matters that require the Boards' approval through circulation of Directors resolutions. Similarly for circular resolutions, Board members will be provided with sufficient information for approvals.

2. Directors remuneration

The Board has appointed the Remuneration Committee comprising two Non-Executive Directors and one Executive Director. The respective director would abstain from participating in decisions regarding his/her own remuneration package.

The remuneration of Directors for the financial year ended 30th September 2003 was as follows: -

	Directors Salaries and other emoluments
Executive	RM755,360
Non-executive	0
Remuneration Band (RM)	Number of directors
Less than RM50,000	0
50,001 to 100,000	1
100,001 – 150,000	0
150,001 – 200,000	0
200,001 – 250,000	0
250,001 – 300,000	1
300,001 – 350,000	0
350,001 – 400,000	1

3. Accountability and Audit

- Financial Reporting

The Board aims to provide and present a balanced, clear and meaningful assessment of the Group's financial position and prospects, through the Financial Statements and the Chairman's Statement in the Annual Report.

In preparing the above Financial Statements, the directors have :-

- (i) adopted the suitable accounting policies and apply them consistently
- (ii) made judgements and estimates that are prudent and reasonable
- (iii) ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepared the financial statements on a going concern basis,

- Internal Control

The Board of Directors has overall responsibility for maintaining a system of internal control which supports effective and efficient operations and compliance with laws and regulations. Currently the Group does not maintain an Internal Audit Department due to the economic of scale.

- External Audit

The Group's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of the reliability to users of these financial statements.

- Audit Committee

The Audit Committee acts as a forum for discussion of internal control issues and review of internal audit functions i.e. its authority, resources and scope of work. It also ensures that no restrictions are placed on the scope of statutory audits and on the independence of the internal audit functions. The activities of the Audit Committee are set out under the Audit Committee report on page 12.

4. Directors' Responsibility Statement in respect of Financial Statements

The Directors are required to present the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 30th September 2003, the Group has used appropriate accounting polices and applied them consistently and estimates that are reasonable and prudent. The Directors also consider all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

5. Shareholders

- Relations with Shareholders and Investors

The Company recognizes 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 Malaysia Securities Exchange Berhad's website at www.klse.com.my

- Annual General Meeting

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

BOARD COMMITTEES

(1) REMUNERATION COMMITTEE

Composition and Designation of Remuneration Committee

Name	Designation
Lum Heap Sum	Chairman
Kamarudin Bin Ngah	Member
Chen Chee Peng	Member

The Remuneration Committee meets on a need-to-basis. The main function of the Remuneration Committee is to examine the remuneration packages of the Directors.

The Directors do not play any part in decisions regarding their own remuneration.

Subject to the shareholders approval in the general meeting, the Board as a whole determines the level of remuneration of the Non-Executive Directors of the Company. The remuneration will be reviewed taking into consideration their duties and responsibilities.

(2) AUDIT COMMITTEE

Composition and Designation of Audit Committee

Name	Designation	Directorship
Kamarudin Bin Ngah	Chairman	Independent Non-Executive Director
Lum Heap Sum	Member	Independent Non-Executive Director
Lee Chiew Hooi	Member	Executive Director

Terms of Reference of the Audit Committee

Constitution

The Audit Committee was formed by the Board on 6th November 2003.

Composition

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. 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.

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.

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.

Meetings

The Committee will meet at least once every quarter and such additional meetings, as the Chairman shall decide in order to fulfil its duties. 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 or the external auditors. 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. A quorum shall consist of a majority of Committee members. The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

Objective, duties and responsibilities

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling their responsibilities relating to accounting and reporting practices of the Group.

The duties and responsibilities of the Audit Committee shall be as follows:-

- to consider and recommend the appointment of the external auditors, the audit fees and any other related matters;
- to oversee all matters pertaining to audit including the review of the audit plan and audit report with the auditors;
- to review the financial statement of the Company/Group, and 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);
- to review the effectiveness of the internal audit function (if any);
- to review the effectiveness of the internal controls and management information systems;
- to review any related parties transactions that may arise within the Company or the Group;
- to ensure that the Group is in compliance with the Companies Act 1965, MSEB Listing Requirements and other legislative and reporting requirements; and
- to identify and direct any special project or investigate and to report on any issues or concerns in regards to the management of the Group.

Authority

The Audit Committee is authorised to investigate any activity of the Company within its terms of reference and all employees shall be directed to co-operate with any request made by the Committee. The Committee shall have unrestricted access to the external auditors, and to the senior management of the Group. The Committee shall be empowered to retain persons or experts having special competence as necessary to assist the Committee in fulfilling its responsibilities.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

Since the establishment of the Audit Committee in November 2003, there have been 1 meeting held. The details of the attendance of the Audit Committee meeting by the members of the Committee are as follows :-

Name	Attendance of Audit Committee meeting
Kamarudin Bin Ngah	0 of 1
Lum Heap Sum	1 of 1
Lee Chiew Hooi	1 of 1

Statement On Internal Control

The Board affirms its overall responsibility to maintain an adequate system of internal control and risk management and to review its effectiveness throughout the Group. However, such a system is designed to manage risk rather than to eliminate risk of failure to achieve business objective, and provides only reasonable assurance, but not absolute assurance against material misstatement or loss.

The Board exercises control through an organisation structure with clearly defined level of responsibility, authority and appropriate reporting procedures. The process of identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives is ongoing.

The key elements and processes in place are as follows:-

1. Defined delegation of responsibilities to Board Committees, namely Audit Committee, and Remuneration Committee and to operating units, including authorisation levels for all aspects of the business.
2. Involvement of the Executive Directors in the day-to-day operations of the Group and attendance at operational and management level meetings, monitoring the Company's policies and procedures. Significant matters identified during these meetings are highlighted to the Board on a timely basis.

Presently the Group does not have an internal audit department. The Board has determined that the current control mechanism are sufficient for the size of the Group. The Board and the Audit Committee shall review this decision annually.

The systems of internal control was satisfactory and has not resulted in any significant breakdown or weaknesses in the system of internal controls of the Group that have resulted in material losses incurred by the Group for the financial year ended 30th September 2003. The Group continues to take necessary measures to strengthen its internal control structure and manage the risks.

Additional Compliance Information

Material Contract

There was no material contracts entered into by the Company involving Directors and substantial shareholders during the financial year.

Recurrent Related Parties Transactions Of A Revenue Or Trading Nature

There was no recurrent related parties transactions of a revenue or trading nature during the financial year.

Profit Guarantee

The Company did not issue profit guarantee during the financial year.

Revaluation Policy

The Company did not revalue any of its property, plant and equipment.

Directors' Report	16 - 19
Report Of The Auditors	20
Income Statements	21
Balance Sheets	22
Statement Of Changes In Equity	23
Cash Flow Statements	24 - 26
Notes To The Financial Statements	27 - 37
Statement By Directors	38
Statutory Declaration	39
Analysis Of Shareholdings	40 - 41
Notice of Annual General Meeting	42
Proxy Form	43

DIRECTORS' REPORT

The directors of **DVM TECHNOLOGY BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period 25th March 2003 (date of incorporation) to 30th September 2003.

PRINCIPAL ACTIVITIES

The Company was incorporated as a public limited company on 25th March 2003. The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are as disclosed in Note 10 to the Financial Statements.

There has been no significant change in the nature of the activities of the Company and its subsidiary companies during the financial period.

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit/(Loss) before tax	1,448,919	(19,234)
Income tax expense	<u>(69,000)</u>	<u>-</u>
Net profit/(loss) for the period	<u>1,379,919</u>	<u>(19,234)</u>

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

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company was incorporated on 25th March 2003 with an authorised share capital of RM100,000, consisting of 1,000,000 ordinary shares of RM0.10 each and an issued and paid-up capital of RM2, consisting of 20 ordinary shares of RM0.10 each.

As approved by the shareholders at the Extraordinary General Meeting held on 28th July 2003, the authorised share capital of the Company was increased from RM100,000 to RM25,000,000 by the creation of an additional 249,000,000 new ordinary shares of RM0.10 each.

As approved by the shareholders at the Extraordinary General Meeting held on 29th July 2003, the issued and paid up share capital of the Company was increased from RM2 to RM7,349,572 by way of an issue of 73,495,700 new ordinary shares of RM0.10 each at an issue price of RM0.10 each to the shareholders of ET Communications Sdn. Bhd. ("ETC") in connection with the acquisition of the entire equity interest in ETC.

As approved by the shareholders at the Extraordinary General Meeting held on 10th September 2003, the issued and paid up share capital of the Company was increased from RM7,349,572 to RM12,000,000 by way of a rights issue of 46,504,280 new ordinary shares of RM0.10 each at par on the basis of 633 new shares for every 1,000 existing shares held.

The new shares issued rank pari passu with the then existing shares of the Company.

The Company has not issued any debentures during the financial period.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial period to take up unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial period, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables, and had satisfied themselves that no known bad receivables need to be written off and that adequate allowance has been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

- (a) which would require the writing off of bad receivables and render the allowance for doubtful receivables 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 render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

DIRECTORS

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

Dato' Goh Kian Seng (appointed on 8.8.2003)
 Chen Chee Peng (appointed on 8.8.2003)
 Lee Chiew Hooi (appointed on 8.8.2003)
 Vinai Phongsathorn (appointed on 8.8.2003)
 Manoo Ordeedolchest (appointed on 8.8.2003)
 Kamol Piriyanish (appointed on 8.8.2003)
 Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid (appointed on 4.11.2003)
 Kamarudin Bin Ngah (appointed on 4.11.2003)
 Lum Heap Sum (appointed on 4.11.2003)
 Majelis Bin Majid (First director, resigned on 11.8.2003)
 Shafie @ Mukhriz Bin Mohamad (First director, resigned on 11.8.2003)

In accordance with Article 81 of the Company's Articles of Association, Dato' Goh Kian Seng, Messrs. Chen Chee Peng, Lee Chiew Hooi, Vinai Phongsathorn, Manoo Ordeedolchest, Kamol Piriyanish, Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid, Kamarudin Bin Ngah and Lum Heap Sum, who were appointed to the Board since the date of incorporation, retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

Number of Ordinary Shares of RM0.10 each

	Balance as of date of incorporation/ date of appointment	Bought	Sold	Balance as of 30.9.2003
Shares in the Company				
Registered in name of director				
Dato' Goh Kian Seng	-	25,992,000	-	25,992,000
Chen Chee Peng	-	8,819,999	-	8,819,999

Number of Ordinary Shares of RM1.00 each

	Balance as of date of incorporation/ date of appointment	Bought	Sold	Balance as of 30.9.2003
Shares in the subsidiary company, NGC Systems Sdn. Bhd.				
Registered in name of director				
Dato' Goh Kian Seng	1	-	(1)	-
Chen Chee Peng	1	-	(1)	-

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

DIRECTORS' BENEFITS

Since the date of incorporation, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

HOLDING COMPANY

The Company is a subsidiary company of Datamat Public Company Limited, a company incorporated in Thailand, which is also regarded by the directors as the ultimate holding company.

AUDITORS

The auditors, Messrs. Deloitte & Touche, have indicated their willingness to continue in office.

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

DATO' GOH KIAN SENG

CHEN CHEE PENG

Petaling Jaya
30th December 2003

We have audited the accompanying balance sheets as of 30th September, 2003 and the related statements of income, changes in equity and cash flows for the period 25th March 2003 (date of incorporation) to 30th September 2003. These financial statements are the responsibility of the Company's directors. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 30th September, 2003 and of the results and the cash flows of the Group and of the Company for the period 25th March 2003 (date of incorporation) to 30th September 2003; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and in the consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

Our auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment under Sub-section (3) of Section 174 of the Act.

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

ROSITA TAN
1874/9/04 (J)
Partner

30th December 2003

	Note	The Group RM	The Company RM
Revenue	5	13,918,356	-
Cost of sales		(11,384,300)	-
Gross profit		2,534,056	-
Other operating income		52,950	-
Distribution expenses		(77,081)	-
Administrative expenses		(1,043,465)	(19,234)
Profit/(loss) from operations	6	1,466,460	(19,234)
Finance costs	7	(17,541)	-
Profit/(loss) before tax		1,448,919	(19,234)
Income tax expense	8	(69,000)	-
Net profit/(loss) for the period		<u>1,379,919</u>	<u>(19,234)</u>

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

Balance Sheets

As Of 30th September 2003



	Note	The Group RM	The Company RM
Assets			
Property, plant and equipment	9	905,372	-
Investment in subsidiary companies	10	-	7,349,572
Deferred expenditure		551,442	551,442
Development expenditure	11	129,623	-
Current Assets			
Trade receivables	12	15,005,462	-
Other receivables and prepaid expenses	13	670,305	-
Amount owing by holding company	14	8,668	-
Amount owing by subsidiary companies	10	-	2,672,250
Fixed deposits with licensed banks	15	850,967	-
Cash and bank balances		3,103,205	1,513,112
		<u>19,638,607</u>	<u>4,185,362</u>
Current Liabilities			
Trade payables		4,110,697	-
Other payables and accrued expenses	16	766,927	105,610
Hire-purchase payable - current portion	17	41,982	-
Bank borrowings	18	750,000	-
Tax liabilities		252,171	-
		<u>5,921,777</u>	<u>105,610</u>
Net Current Assets		13,716,830	4,079,752
Long-term And Deferred Liabilities			
Hire-purchase payable - non current portion	17	(17,448)	-
Deferred tax liabilities	19	(145,000)	-
		<u>(162,448)</u>	<u>-</u>
Net Assets		<u>15,140,819</u>	<u>11,980,766</u>
Represented by:			
Issued capital	20	12,000,000	12,000,000
Reserve on consolidation		1,760,900	-
Unappropriated profit/(Accumulated loss)		1,379,919	(19,234)
Shareholders' Equity		<u>15,140,819</u>	<u>11,980,766</u>

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

	Issued capital RM	Non-distributable reserve - Reserve on consolidation RM	Distributable reserve - Unappropriated profit RM	Total RM
The Group				
Balance as of date of incorporation	2	-	-	2
Shares issued during the period:				
Acquisition of subsidiary companies	7,349,570	-	-	7,349,570
Rights issue	4,650,428	-	-	4,650,428
Net profit for the period	-	-	1,379,919	1,379,919
Arising from acquisition of subsidiary companies	-	1,760,900	-	1,760,900
Balance as of 30th September 2003	<u>12,000,000</u>	<u>1,760,900</u>	<u>1,379,919</u>	<u>15,140,819</u>

	Issued capital RM	Accumulated loss RM	Total/Net RM
The Company			
Balance as of date of incorporation	2	-	2
Shares issued during the period:			
Acquisition of subsidiary companies	7,349,570	-	7,349,570
Rights issue	4,650,428	-	4,650,428
Net loss for the period	-	(19,234)	(19,234)
Balance as of 30th September 2003	<u>12,000,000</u>	<u>(19,234)</u>	<u>11,980,766</u>

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

Cash Flow Statements

For The Period 25th March 2003 To
30th September 2003



	Note	The Group RM	The Company RM
Cash Flows From Operating Activities			
Profit/(loss) before tax		1,448,919	(19,234)
Adjustments for:			
Allowance for doubtful receivables - net		234,930	-
Depreciation of property, plant and equipment		55,488	-
Interest expense		17,541	-
Amortisation of development expenditure		4,523	-
Property, plant and equipment written off		1,314	-
Interest income		(44)	-
		<hr/>	<hr/>
Operating Profit/(Loss) Before Working Capital Changes		1,762,671	(19,234)
(Increase)/Decrease in:			
Contract work in progress		596,444	-
Trade receivables		5,866,576	-
Other receivables and prepaid expenses		365,821	-
Amount owing by holding company		(4,348)	-
Amount owing by subsidiary companies		-	(2,672,250)
Increase/(Decrease) in:			
Trade payables		(8,926,095)	-
Other payables and accrued expenses		346,906	105,610
		<hr/>	<hr/>
Cash Generated from/(Used In) Operations		7,975	(2,585,874)
Interest paid		(17,541)	-
Income tax paid		(55,161)	-
		<hr/>	<hr/>
Net Cash Used In Operating Activities		(64,727)	(2,585,874)

	Note	The Group RM	The Company RM
Cash Flows From Investing Activities			
Cash inflow from acquisition of subsidiary companies*		250,865	-
Interest received		44	-
Deferred expenditure incurred		(551,442)	(551,442)
Development expenditure incurred		(53,318)	-
Purchase of property, plant and equipment		(11,048)	-
Acquisition of remaining interest in a subsidiary company		(2)	(2)
Net Cash Used In Investing Activities		<u>(364,901)</u>	<u>(551,444)</u>
Cash Flows From Financing Activities			
Proceeds from issue of shares		4,650,430	4,650,430
Repayment of bank borrowings		(1,110,555)	-
Repayment of hire-purchase payable		(6,997)	-
Increase in fixed deposit pledged		(45)	-
Net Cash From Financing Activities		<u>3,532,833</u>	<u>4,650,430</u>
Net Increase In Cash And Cash Equivalents		3,103,205	1,513,112
Cash And Cash Equivalents At Date Of Incorporation		-	-
Cash And Cash Equivalents At End Of Period	22	<u>3,103,205</u>	<u>1,513,112</u>

Cash Flow Statements

For The Period 25th March 2003 To
30th September 2003 (continued)



*Note : The fair values of assets and liabilities assumed arising from the acquisition of entire equity interest in ET Communications Sdn. Bhd were as follows:

**Unaudited
29th July 2003
RM**

Net assets acquired as of the date of acquisition:

Property, plant and equipment	951,126
Development expenditure	80,828
Contract work in progress	596,444
Trade receivables	21,106,968
Other receivables and prepaid expenses	1,036,126
Amount owing by holding company	4,320
Fixed deposits with licensed banks	850,922
Cash and bank balances	250,865
Trade payables	(13,036,792)
Other payables and accrued expenses	(420,021)
Hire-purchase payable	(66,427)
Bank borrowings	(1,860,555)
Tax liabilities	(118,332)
Deferred tax liabilities	(265,000)
	<hr/>
Net assets acquired	9,110,472
Reserve on consolidation	(1,760,900)
	<hr/>
Purchase consideration	7,349,572
Less: Purchase consideration discharged by shares issue	(7,349,570)
Less: Acquisition of remaining interest in indirect subsidiary company	(2)
Less: Cash and bank balances	(250,865)
	<hr/>
Cash flow on acquisition, net of cash acquired	<u>(250,865)</u>

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

NOTES TO THE FINANCIAL STATEMENTS**1. GENERAL INFORMATION**

The Company was incorporated as a public limited company on 25th March 2003. The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are as disclosed in Note 10.

There has been no significant change in the nature of the activities of the Company and of its subsidiary companies during the financial period.

The total number of employees of the Group and of the Company as of period end was 44 and nil respectively.

The registered office of the Company is located at 13-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

2. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

On 31st March 2003, the Company submitted an application to the Securities Commission ("SC") and the Kuala Lumpur Stock Exchange ("KLSE") for the proposed listing of its entire issued and paid up share capital on the MESDAQ Market of the KLSE ("the Proposed Listing"). The Proposed Listing was approved by the SC and the KLSE on 21st July, 2003 and 22nd July, 2003 respectively. On 10th December, 2003, the Company issued a prospectus in connection with its initial public offering of 40,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.40 per ordinary share. The Proposed Listing has not been completed as of the date of the financial statements.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 30th December 2003.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

4. SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to 30th September 2003. Subsidiary companies are those companies in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The excess of the fair value of the net tangible assets of subsidiary companies at the effective date of acquisition over the purchase consideration is included in the consolidated balance sheet as reserve on consolidation.

The results of subsidiary companies acquired during the financial period are included in the consolidated financial statements from the effective date of acquisition.

All significant intercompany transactions and balances are eliminated on consolidation.

Revenue

Sales of goods are recognised upon delivery of products and when the risks and rewards of ownership has passed. Sales represent gross invoiced value of goods sold and services provided net of sales tax, trade discounts and allowances.

Revenue from services rendered is recognised in the income statement on a percentage of completion method based on the work and deliverables performed to date bear to the total contract sum. Where the outcome of the transactions cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial period, at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statement.

The exchange rate ruling at the balance sheet date used is as follow:

	RM
United States Dollar	3.80

Income Tax

The tax effects of transactions are recognised, using the "balance sheet" method, and all taxable temporary differences are recognised. Deferred tax is provided at current tax rate on temporary differences between tax capital allowances and book depreciation of property, plant and equipment net of provision which is currently not deductible for tax purposes.

Property, Plant and Equipment and Depreciation

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

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

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

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

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

Property, Plant and Equipment Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Deferred Expenditure

Deferred expenditure, which relates to the expenditure incurred for the listing of the shares of the Company on the MESDAQ Market of the Kuala Lumpur Stocks Exchange, is stated at cost and will be set off against share premium upon the listing of the shares of the Company.

Development Expenditure

Expenditure on development is charged to the income statements in the year in which it is incurred except where a clearly defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activities. Such development costs are recognised as an intangible asset and amortised on a straight line method over the life of the project from the date of commencement of commercial operation, which is on average of five years.

Investments

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements.

Receivables

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

Financial Assets

The Group's principal financial assets are cash and bank balances, fixed deposits with licensed banks, trade and other receivables and amount owing by holding company.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities of the Group include trade and other payables, hire-purchase payable and bank borrowings in which they are stated at their nominal values.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Cash Flow Statement

The Group and the Company adopts the indirect method in the preparation of the cash flow statement.

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

5. REVENUE

	The Group
	RM
Sales of computer hardware, software and peripherals	7,920,535
Contract turnover	5,623,246
Maintenance fees and other services	374,575
	<u>13,918,356</u>

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is arrived at:

	The Group RM	The Company RM
After charging:		
Allowance for doubtful receivables	285,436	-
Directors' remuneration: Other emolument	236,440	-
Staff costs	163,502	-
Rental of premises	60,200	-
Depreciation of property, plant and equipment (Note 9)	55,488	-
Audit fee	27,000	10,000
Incorporation expenses	5,120	5,120
Amortisation of development expenditure	4,523	-
Property, plant and equipment written off	1,314	-
	<hr/>	<hr/>
And crediting:		
Allowance for doubtful receivables no longer required	50,506	-
Rental income	2,400	-
Interest income from fixed deposits	44	-
	<hr/>	<hr/>

Staff costs include salaries, bonuses, contributions to employee provident fund and any other staff related expenses.

7. FINANCE COSTS

	The Group RM
Interest on:	
Bankers' acceptance	11,303
Bank overdraft	3,953
Hire-purchase	1,142
Others	1,143
	<hr/>
	17,541
	<hr/>

8. INCOME TAX EXPENSE

Income tax expense consists of the following:

	The Group RM
Estimated current tax payable	219,000
Transfer from deferred tax (Note 19)	(120,000)
Overprovision in prior years	(30,000)
	<hr/>
	69,000
	<hr/>

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

	The Group RM	The Company RM
Profit/(Loss) before tax	1,448,919	(19,234)
Taxation at statutory tax rate of 28%	405,697	(5,385)
Difference in tax rate for chargeable income up to RM100,000 for small and medium scale companies	(16,000)	-
Tax exempt income	(377,720)	-
Expenses not deductible for tax purposes	87,023	5,385
Overprovision in prior years	(30,000)	-
	69,000	-

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

9. PROPERTY, PLANT AND EQUIPMENT

	Computer software and equipment RM	Furniture, fittings, office equipment and renovation RM	Total RM
The Group			
Cost			
At date of incorporation	-	-	-
Acquisition of subsidiary companies	1,789,613	253,122	2,042,735
Additions	11,048	-	11,048
Write offs	(119,523)	(80,360)	(199,883)
At end of period	1,681,138	172,762	1,853,900
Accumulated depreciation			
At date of incorporation	-	-	-
Acquisition of subsidiary companies	937,956	153,653	1,091,609
Charge for the year	50,602	4,886	55,488
Write offs	(118,209)	(80,360)	(198,569)
At end of period	870,349	78,179	948,528
Net Book Value			
As of 30.9.2003	810,789	94,583	905,372

Included in property, plant and equipment of the Group are computer software and equipment under hire-purchase arrangement with net book value amounting to RM83,963.

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with cost amounting to RM292,326.

10. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company
	RM
Unquoted shares - at cost	7,349,572

The subsidiary companies, all incorporated in Malaysia, are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest %	Principal Activities
Direct subsidiary company			
ET Communications Sdn. Bhd. ("ETC")	Malaysia	100	Provision of customised telecommunications and computer networking solutions
Indirect subsidiary companies, held through ETC			
Adtel Systems Sdn. Bhd.	Malaysia	100	Provision of operational support systems and services to the telecommunication industry
NGC Systems Sdn. Bhd.	Malaysia	100	Development of software applications

The amount owing by subsidiary companies arose mainly from payments made on behalf and advances, which is unsecured, interest-free and has no fixed terms of repayment.

On 28th March 2003, the Company entered into a sale of shares agreement to acquire the entire equity interest in ETC for a purchase consideration of RM7,349,572, to be satisfied by the issuance of 73,495,700 new ordinary shares of RM0.10 each in the Company at par. The acquisition was completed on 29th July 2003.

The effect of this acquisition on the financial results of the Group for the financial period is as follows:

	From the date of acquisition to 30th September 2003
	RM
Revenue	13,918,356
Cost of sales	(11,384,300)
Gross profit	2,534,056
Other operating income	52,950
Distribution expenses	(77,081)
Administrative expenses	(1,024,231)
Profit from operations	1,485,694
Finance costs	(17,541)
Profit before tax	1,468,153
Income tax expense	(69,000)
Increase in Group profit attributable to shareholders	1,399,153

The effect of this acquisition on the financial position of the Group as of the end of the financial period is as follows:

	RM
Property, plant and equipment	905,372
Development expenditure	129,623
Trade receivables	15,005,462
Other receivables and prepaid expenses	670,305
Amount owing by holding company	8,668
Fixed deposits with licensed banks	850,967
Cash and bank balances	1,590,093
Trade payables	(4,110,697)
Other payables and accrued expenses	(661,317)
Hire-purchase payable	(59,430)
Bank borrowings	(750,000)
Tax liabilities	(252,171)
Deferred tax liabilities	(145,000)
	13,181,875

11. DEVELOPMENT EXPENDITURE

	The Group RM
Staff costs	74,668
Computer software and equipment	60,848
	135,516
Less: Amortisation	(5,893)
	129,623

12. TRADE RECEIVABLES

	The Group RM
Trade receivables	15,547,369
Less: Allowance for doubtful receivables	(541,907)
Net	15,005,462

13. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group RM
Other receivables	13,440
Deposits	580,740
Prepaid expenses	76,125
	<u>670,305</u>

14. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of Datamat Public Company Limited, a company incorporated in Thailand, which is also regarded by the Directors as the ultimate holding company.

The amount owing by holding company arose from expenses paid on behalf which is interest free and has no fixed terms of repayment.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group amounting to RM850,967 are placed with the local banks as security for banking facilities (Note 18) granted by the said banks to the subsidiary companies.

The effective interest rate of the fixed deposit is 4% per annum.

The fixed deposit has an average maturity period of 12 months.

16. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group RM	The Company RM
Other payables	108,935	95,610
Accrued expenses	657,992	10,000
	<u>766,927</u>	<u>105,610</u>

17. HIRE-PURCHASE PAYABLE

	The Group RM
Balance outstanding	65,106
Less: Interest-in-suspense	(5,676)
	<u>59,430</u>
Principal portion	59,430
Less : Amount due within 12 months (included under current liabilities)	(41,982)
	<u>17,448</u>

The non-current portion is payable in the financial year ending 30th September 2005.

The interest rate implicit in this hire purchase obligation is 9.88% per annum.

18. BANK BORROWING

	The Group RM
Bankers' acceptance	750,000

The Group has banking facilities totalling RM4.5 million obtained from local banks. The said facilities are secured by fixed deposit (Note 15) and third party's property, and guaranteed by the directors and a third party. These facilities bear interest at rates ranging from 4.70% to 7.50% per annum.

19. DEFERRED TAX LIABILITIES

	The Group RM
Balance at date of incorporation	-
Acquisition of subsidiary companies	265,000
Transfer to income statement (Note 8)	(120,000)
	145,000

The deferred tax liabilities is in respect of:

	The Group RM
Tax effect of:	
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	231,000
Others	(86,000)
	145,000

20. SHARE CAPITAL

	The Group and The Company RM
Authorised:	
Ordinary shares of RM0.10 each	
At date of incorporation	100,000
Created during the period	24,900,000
	25,000,000
Issued and fully paid:	
Ordinary shares of RM0.10 each	
At date of incorporation	2
Issued during the period:	
Acquisition of subsidiary companies	7,349,570
Rights issue	4,650,428
	12,000,000

The Company was incorporated on 25th March 2003 with an authorised share capital of RM100,000, consisting of 1,000,000 ordinary shares of RM0.10 each and an issued and paid-up capital of RM2, consisting of 20 ordinary shares of RM0.10 each.

As approved by the shareholders at the Extraordinary General Meeting held on 28th July 2003, the authorised share capital of the Company was increased from RM100,000 to RM25,000,000 by the creation of an additional 249,000,000 new ordinary shares of RM0.10 each.

As approved by the shareholders at the Extraordinary General Meeting held on 29th July 2003, the issued and paid up share capital of the Company was increased from RM2 to RM7,349,572 by way of an issue of 73,495,700 new ordinary shares of RM0.10 each at an issue price of RM0.10 each to the shareholders of ET Communications Sdn. Bhd. ("ETC") in connection to the acquisition of the entire equity interest in ETC.

As approved by the shareholders at the Extraordinary General Meeting held on 10th September 2003, the issued and paid up share capital of the Company was increased from RM7,349,572 to RM12,000,000 by way of a rights issue of 46,504,280 new ordinary shares of RM0.10 each at par on the basis of 633 new shares for every 1,000 existing shares held.

The new shares issued rank pari passu with the then existing shares of the Company.

21. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group continuously manages its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group on a daily basis.

Foreign currency risk

The Group is exposed to foreign exchange rate risk as certain trade transactions are denominated in foreign currencies.

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings. The interest rates of borrowings of the Group are disclosed in Note 18.

Credit risk

The credit period granted on sales is 30-45 days.

The Group is exposed to credit rate risk mainly from trade and other receivables. The Group has no concentration of credit risks and manage these risks by monitoring credit ratings to any individual counterparty. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

Liquidity risk

The average credit period granted to the Group for trade purchases is 30-60 days.

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Fair Values

The carrying amounts of the financial assets and liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group RM	The Company RM
Cash and bank balances	3,103,205	1,513,112
Fixed deposits with licensed banks	850,967	-
	<hr/>	<hr/>
	3,954,172	1,513,112
Less: Fixed deposits pledged (Note 15)	(850,967)	-
	<hr/>	<hr/>
	3,103,205	1,513,112

23. COMPARATIVE FIGURES

As the financial statements are drawn up for the first time, no comparative figures are presented.

The directors of DVM TECHNOLOGY BERHAD, state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 30th September 2003 and of the results and the cash flows of the Group and of the Company for the period 25th March 2003 (date of incorporation) to 30th September 2003.

Signed in accordance with a resolution
of the Directors,

DATO' GOH KIAN SENG

CHEN CHEE PENG

Petaling Jaya,
30th December 2003

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, DATO' GOH KIAN SENG, the Director primarily responsible for the financial management of DVM TECHNOLOGY BERHAD, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
DATO' GOH KIAN SENG at KUALA LUMPUR
this 30th day of December 2003.

Before me,

DATO' NG MANN CHEONG (W023)
COMMISSIONER FOR OATHS

Authorised Capital
Issued and fully paid up Capital
Class of Shares
Voting Right

RM25,000,000
RM16,000,000
Ordinary shares of RM0.10 each
One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDING

	No of shareholders	% shareholders	No of shares held	% of issued capital
Less than 100 shares	2	0	100	0
100 to 999 shares	25	0.7	7,500	0
1,000 to 4,999 shares	1,943	50.8	3,866,300	2.4
5,000 to 10,000 shares	1,129	29.5	8,251,800	5.2
10,001 to 100,000 shares	631	16.5	19,696,600	12.3
100,001 to 1,000,000 shares	89	2.3	27,840,700	17.4
Above 1,000,000 shares	8	0.2	100,337,000	62.7
TOTAL	3,827	100.0	160,000,000	100.0

TWENTY LARGEST SHAREHOLDERS

No	Shareholder	No of shares	%
1.	Ke-Zan Nominees (Asing) Sdn Bhd Kim Eng Securities P/L for Datamat Public Company Limited	61,200,001	38.25
2.	Dato Goh Kian Seng	15,590,000	9.74
3.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Goh Kian Seng	10,402,000	6.50
4.	Chen Chee Peng	6,819,999	4.26
5.	Media Edge Sdn Bhd	2,721,000	1.70
6.	Gooi Kee Hua	1,354,000	0.85
7.	Lau Wai Fong	1,150,000	0.72
8.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Eric Lim Boon Eng	1,100,000	0.69
9.	Jason Yap	1,000,000	0.63
10.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Nik Husni bin Nik Yaacob	1,000,000	0.63
11.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Ismail @ Mustapha Bin Ibrahim	1,000,000	0.63
12.	Chan Yee May	967,000	0.60
13.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Gulamoydeen Bin Mohamed Haniffa	900,000	0.56
14.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Cheong Kee Lai	898,500	0.56

15.	Lim Eng Theng	800,000	0.50
16.	Lim Eng Keat	800,000	0.50
17.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Wai Wah	625,000	0.40
18.	Tan Chean Nam	600,000	0.38
19.	Pua Kang	535,000	0.33
20.	Lee Keng Hong	500,000	0.31

SUBSTANTIAL SHAREHOLDERS

Name	No of Shares Held			
	Direct	%	Indirect	%
Datamat Public Company Limited	61,200,001	38.25	0	0
Dato Goh Kian Seng	25,992,000	16.25	0	0

DIRECTORS' SHAREHOLDINGS

Name	No of Shares Held			
	Direct	%	Indirect	%
Dato Goh Kian Seng	25,992,000	16.25	0	0
Chen Chee Peng	6,819,999	4.26	0	0

Notice Of Annual General Meeting



NOTICE IS HEREBY GIVEN THAT the First Annual General Meeting of the DVM TECHNOLOGY BERHAD will be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 29th March 2004 at 10am for the following purposes :-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 30th September 2003 together with the Directors and Auditors' Reports thereon.	Resolution 1
2. To re-elect the following Directors retiring in accordance with the Articles of Association :- <ul style="list-style-type: none">• Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid• Dato Goh Kian Seng• Chen Chee Peng• Lee Chiew Hooi• Vinai Phongsathorn• Bhana Swasdibutara• Kusol Sangkananta• Kamarudin Bin Ngah• Lum Heap Sum	Resolution 2 Resolution 3 Resolution 4 Resolution 5 Resolution 6 Resolution 7 Resolution 8 Resolution 9 Resolution 10
3. To re-appoint Messrs Deloitte & Touche, as Auditors of the Company and authorise the Directors to determine their remuneration.	Resolution 11

As Special Business

4. To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 "THAT pursuant to Section 132D of the Companies Act, 1965 approval be and is hereby given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) percent of the issued share capital of the Company for the time being, subject always to the approval of the relevant regulatory authorities being obtained for such allotment and issue. "	Resolution 12
5. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965	

By order of the Board,
Pang Kah Man
Secretary
Kuala Lumpur
5th March 2004

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any other person to be his proxy and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two(2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an attorney so authorised.
The instrument appointing a proxy must be deposited at the Registered Office of the Company at 13-7 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
4. EXPLANATORY NOTE TO ORDINARY RESOLUTION NO 12 UNDER SPECIAL BUSINESS
The proposed Ordinary Resolution under Special Business, if passed, will empower the Directors of the company to allot and issue shares in the Company up to an amount not exceeding in total 10% of the Issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of next Annual General Meeting.

I/We _____
 (PLEASE USE BLOCK LETTERS)

of _____

being a member of DVM TECHNOLOGY BERHAD, hereby appoint _____

of _____

or failing him/her _____

of _____

as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the First Annual General Meeting of the Company to be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 29th March 2004 at 10.00 am and at any adjournment thereof, as indicated below:-

	Resolution	For	Against
Resolution 1	Adoption of the Audited Financial Statements for the year ended 30 September 2003 together with the Directors and Auditors' Reports thereon.		
Resolution 2	Re-election of Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid		
Resolution 3	Re-election of Dato Goh Kian Seng		
Resolution 4	Re-election of Chen Chee Peng		
Resolution 5	Re-election of Lee Chiew Hooi		
Resolution 6	Re-election of Vinai Phongsathorn		
Resolution 7	Re-election of Bhana Swasdibutara		
Resolution 8	Re-election of Kusol Sangkananta		
Resolution 9	Re-election of Kamarudin Bin Ngah		
Resolution 10	Re-election of Lum Heap Sum		
Resolution 11	Appointment Messrs Deloitte & Touche, as Auditors of the Company and authorise the Directors to determine their remuneration.		
Resolution 12	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

(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).

Dated this _____ day of _____ 2004

Number of shares held						

 Signature of Shareholder or Common Seal

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any other person to be his proxy and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two(2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an attorney so authorised.

The instrument appointing a proxy must be deposited at the Registered Office of the Company at 13-7 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

Stamp

To: The Company Secretary
DVM Technology Berhad
13-7 The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur