

Annual Report 2005



**DVM**  
TECHNOLOGY

DVM Technology Berhad (609953-K)



# Contents

2	Corporate Vision
3	Corporate Information
4	Corporate Structure
5	Calendar of Events
9	Profile of Directors
12	Chairman's Statement
17	Corporate Governance Statement
22	Audit Committee Report
24	Statement on Internal Control
25	Financial Statements
61	List of Property
62	Recurrent Related Party Transactions of a Revenue or Trading Nature
64	Statistics of Shareholdings
66	Notice of Annual General Meeting Proxy Form

## ○ Corporate **Vision**

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

## ○ Corporate **Mission**

- Towards attaining total customers' satisfaction.
- Increasing the intrinsic value of the company for our stakeholders.
- Provide opportunities for mutual growth and benefits to our intellectual capital.
- Towards efficient and effective utilisation of allocated resources through continuous improvement and innovation.

## ○ Corporate **Values**

- Conducts itself in accordance with the highest standards in all relationships with its stakeholders.
- Fosters an environment which encourages pursuits of innovation and diligence amongst staff and rewards accordingly.
- Safe environment to pursue one's cultural and spiritualism through mutual respect and understanding.

## ○ Corporate **Goals**

- Creation of goodwill by performing outstanding customer service and exceeding their expectations.
- Enhance the individual and collective skills, strength and perspective of our intellectual capital.
- Prudent risk management by being an efficient and effective organisation.
- Promote continuous improvement and innovation.
- Provide an avenue to develop and exercise leadership qualities.



# Corporate Information

## BOARD OF DIRECTORS

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

Dato' Goh Kian Seng  
Managing Director

Chen Chee Peng  
Executive Director

Lee Chiew Hooi  
Executive Director

Bhana Swasdibutara  
Executive Director

Kamarudin Bin Ngah  
Independent Non-Executive Director

Lee Keat Hin  
Independent Non-Executive Director

Parames Krairiksh  
Non Independent Non-Executive Director

Watchara Achakornlak  
Non Independent Non-Executive Director

## AUDIT COMMITTEE

Kamarudin Bin Ngah  
Chairman

Lee Keat Hin

Lee Chiew Hooi

## REMUNERATION COMMITTEE

Kamarudin Bin Ngah  
Chairman

Lee Keat Hin

Chen Chee Peng

## COMPANY SECRETARIES

Pang Kah Man (MIA 18831)  
Marion Lim Gaik Bee (MAICSA 7040746)

## REGISTERED OFFICE

13-7A The Boulevard, Mid Valley City  
Lingkar Syed Putra, 59200 Kuala Lumpur  
Tel : 03 2282 7882  
Fax : 03 2284 2688

## BUSINESS ADDRESS

Suite 3A-7, Level 7 Block 3A, Plaza Sentral  
Jalan Stesen Sentral 5, Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Tel : 03 2273 3868  
Fax : 03 2273 3863  
Website : [www.dvm.com.my](http://www.dvm.com.my)  
E-mail : [lee@dvm.com.my](mailto:lee@dvm.com.my)

## SHARE REGISTRAR

Shareworks Sdn Bhd  
23, Jalan Sri Hartamas 7, Sri Hartamas  
50480 Kuala Lumpur

## AUDITORS

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

## SOLICITORS

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

## PRINCIPAL BANKERS

Malayan Banking Berhad  
Citibank Berhad

## SPONSOR

Public Merchant Bank Berhad  
25th Floor, Menara Public Bank, 146, Jalan Ampang  
50450 Kuala Lumpur  
Tel : 03 2166 9382  
Fax : 03 2166 9386

## STOCK EXCHANGE LISTING

MESDAQ Market, Bursa Malaysia Securities Berhad  
Company Name : DVM  
Stock Code : 0036



# Corporate Structure

**DVM**  
TECHNOLOGY  
People and Technology  
**DVM Technology Berhad**



# Calendar of **Events**

## DECEMBER 7, 2004 TO DECEMBER 6, 2006

Genico™ is made available as a permanent showcase, part of Malaysia's year-long MSC Products & Services Showcase, located at the Jeddah Chamber of Commerce & Industry Building, Jeddah, Saudi Arabia.

## JANUARY 27 – 28, 2005

Genico™ and Genico™ **MRBT**, a packet-based music ring back tone solution was showcased at a two-day HP OpenCall Insight Days 2005 held in Kuala Lumpur. We also addressed delegates in a panel discussion, highlighting Genico™ immense flexibility and rapid ROI opportunities for telcos. HP OpenCall Insight Days is a dynamic annual forum attracting the cream of Asia Pacific's telecommunication companies.

## MARCH 15, 2005

We showcased GenCom™, IP Communication solution at HP Smart Office Exhibition Showcase @ IDC's Road Show 2005. This exhibition is targeted at small-to-medium sized enterprises (SMEs) in Kuala Lumpur.

## MARCH 23, 2005

The Second Annual General Meeting (AGM) was held at Kuala Lumpur Golf and Country Club.

## APRIL 7, 2005

In addition to showcasing GenCom™, we also spoke to VIPs and attendees of the Malaysian Chinese Association (MCA) Information and Communications Technology (ICT) Resource Centre (MIRC) Official Launch and Exhibition Showcase 2005. Visitors can have a first-hand experience and evaluate GenCom™ at MIRC.

***VIP attention:** MCA President and Minister of Housing and Local Government, YB Dato' Seri Ong Ka Ting briefed about GenCom™ by NGC Systems Vice President marketing and business development Terence Chong.*



## Calendar of **Events** (cont'd)

### MAY 11 - 14, 2005

The latest version of Genico™ **LiveContact** 2.0 was launched at CeBIT Asia 2005, one of the region's largest and well attended exhibitions. In addition to live demonstrations and lively discussions with corporate and telco representatives, we were also visited by VIPs at the four-day event. CeBIT Asia 2005 was held at the Shanghai New International Expo Centre, Shanghai, China.

***VIP Visit:** Minister of Science, Technology and Innovation YB Dato' Sri Dr. Jamaludin b Dato' Mohd Jarjis (center), posed after a briefing from NGC Systems Sdn Bhd Vice President marketing and business development Alex Chau (right) and Managing Consultant Andrew Yeo (left).*



### MAY 31 – JUNE 2, 2005

We shared ideas and engage with delegates from more than 30 top-tier Service Providers from 10 countries; Taiwan, Korea, Malaysia, Thailand, Philippines, Hong Kong, China, Australia, India and Japan at the HP Network & Service Provider Partner Symposium 2005 (Asia Pacific & Japan). At the three-day conference cum exhibition held in Singapore, we showcased Genico™.

### JUNE 23 – 26, 2005

We shared our excitement about Genico™ with more than 150,000 visitors and VIPs at the China International Software and Services Fair (CISIS) 2005. The four-day exhibition was held in Dalian, China and touted to be one of the largest in China.

***VIP:** Multimedia Development Corporation Sdn Bhd Chief Executive Officer Datuk Dr. Mohamed Arif Nun (second from right) and Multimedia Development Corporation Executive Assistant to the CEO & Head of Corporate Strategy Steven Lim (left) were briefed on Genico™ by NGC Systems Sdn Bhd Vice President marketing and business development Alex Chau (right) and Managing Consultant Andrew Yeo (third from right).*



## Calendar of **Events** (cont'd)

### **JULY 18 – JULY 21, 2005**

We shared our numerous successful experiences from deployments in countries like Thailand, Pakistan, Norway, Hong Kong and Malaysia, and showcased Genico™ and Genico™ **MRBT** at the Hewlett Packard Asia Pacific Software Bootcamp 2005 in Kuala Lumpur.

### **AUGUST 18, 2005**

NGC Systems Sdn Bhd partners Oslo-based Paradiad A.S. to tap demand for IP communication solutions. This partnership expands NGC Systems' reach to Europe. Paradiad A.S., a leading Network Address Translation (NAT)/Firewall solutions software company, will market Genico™ solutions engineered with Paradiad's NAT/ Firewall technology. This agreement increases the number of marketing channels to cross sell both NGC Systems and Paradiad's solutions.



***Expand to Europe:** NGC Systems President Chen Chee Onn and Paradiad Chief Executive Officer Kevin Kliland formalized the collaboration by signing a technology marketing partnership at Paradiad's headquarters in Oslo, Norway.*

### **SEPTEMBER 30, 2005**

We previewed our latest solution, Genico™ **Music4Us**, a packet-based background music solution for telcos at the Hewlett Packard South East Asia Software Forum 2005. We also addressed delegates and HP OpenCall Asia Pacific customers about Genico™ and our experiences on developing Next Generation Network solutions on HP OpenCall.

### **NOVEMBER 21, 2005**

NGC Systems Sdn Bhd teams with JARING, Malaysia's first Internet Service Provider, to provide MY015, a global Internet broadband telephony service in a revenue-sharing partnership which uses Genico™ **Broadband** Telephony, a carrier-grade broadband telephony communication solution.



## Calendar of **Events** (cont'd)

### DECEMBER 6 – 7, 2005

During a two-day National Conference on Computer Science, Technology and Networking 2005 (CSTeN 2005) which was held in Shah Alam, Selangor, DVM Technology Chief Technology Officer Owen Chen Chee Onn shared ideas about broadband communications and communication technology research trends in a panel discussion. CSTeN 2005 was attended by more than 150 delegates from various public and private universities.

GenCom™ and Genico™ **LiveContact** were also showcased at a dedicated booth. This was in line with CSTeN 2005's theme, "Empowering the Foundations of Future Technology".



***Discussion:** DVM Technology CTO Owen Chen responding to question from the floor. He is joined by University Kuala Lumpur's Provost Dean Prof. Dr Abu Talib Othman (center) and TM R&D Sdn Bhd Program Leader Ir. Mat Kamil Awang (left).*

### DECEMBER 14, 2005

We unveiled Genico™ **Broadband** Telephony, the industry's first complete class of broadband telephony solutions for the international telecommunication industry at a press conference. DVM Technology Bhd executive director Chen Chee Peng updated members of the press on our international expansion activities and painted the threats and opportunities of an emerging broadband communication market in 2006.

## Profile of **Directors**

### **GEN (R) TAN SRI ABDUL RAHMAN BIN ABDUL HAMID**

---

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid, aged 68, a Malaysian was appointed the Chairman of DVM on 4 November 2003. Currently, he is the Chairman of Perbadanan Perwira Harta Malaysia, a subsidiary of Lembaga Tabung Angkatan Tentera ("LTAT"), provident fund for members of the Malaysian Armed Forces 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.

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid is also the Chairman for Jaya Tiasa Holdings Berhad, another public listed 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 44, a Malaysian, was appointed the Managing Director of DVM on 8 August 2003. Dato' Goh obtained his degree in Chemical Engineering from Universiti Malaya and a Masters of Business Administration from Southern Cross University, Australia. He is responsible for the overall management, marketing and strategic direction of the DVM Group. He has been in the Computing, Data and Telecommunications industry since 1983.

Dato' Goh holds 25,992,000 fully paid ordinary shares of RM0.10 each or 16.00% interest in the Company. He does not have any family relationship with any director and/or major shareholder of the Company and has no convictions for offences within the past 10 years.

### **CHEN CHEE PENG**

---

Chen Chee Peng, aged 43, a Malaysian was appointed to the Board on 8 August 2003. He obtained his Bachelor of Science in Computer & Information Science from Ohio State University, USA in 1987 and a Masters of Business Administration from Southern Cross University, Australia in 2005. He specialises in communication infrastructure development in the telecommunication industry and has 18 years experience in the IT industry. He is responsible for the operations, business direction and strategies of the DVM Group. He is a member of the Remuneration Committee.

Mr. Chen holds 6,290,099 fully paid ordinary shares of RM0.10 each or 3.87% interest in the Company. He does not have any family relationship with any director and/or major shareholder of the Company. He has no convictions for offences within the past 10 years.

## Profile of **Directors** (cont'd)

### **LEE CHIEW HOOI**

---

Lee Chiew Hooi, aged 34, a Malaysian was appointed to the Board on the 8 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. Mdm Lee is a member of the Audit Committee.

Mdm Lee holds 10,000 fully paid ordinary shares of RM0.10 each or 0.01% interest in the company. 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.

### **BHANA SWASDIBUTARA**

---

Bhana Swasdibutara, aged 46, a Thai national was appointed to the Board on 24 February 2004. He is presently the Managing Director of Datamat Public Company Limited, a company principally involved in the ICT industry in Thailand. He obtained his Bachelor of Electrical Engineering from Kasetsari University, Thailand and a 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.

### **KAMARUDIN BIN NGAH**

---

Kamarudin Bin Ngah, aged 58, a Malaysian was appointed to the Board on 4 November 2003. Kamarudin obtained his Diploma in Civil Engineering from the Johore Technical Institute in 1970. He is presently the Managing Director of Maha Mekar Sdn Bhd, a company principally involved in spiral waste storage and handling systems. En Kamarudin is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination 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.

## Profile of **Directors** (cont'd)

### **LEE KEAT HIN**

---

Lee Keat Hin, aged 48, a Malaysian was appointed to the Board on 29 April 2005. Mr Lee is presently the Managing Consultant for Proactive Consultancy Sdn Bhd, a company principally involved in managing and advising companies in strategic management, corporate restructuring and turnaround projects. He graduated with a Bachelor of Accountancy (First Class Honours) from the Universiti of Malaya and is a member of the Malaysian Institute of Accountants, Malaysian Institute of Management and Institute of Quality Control Malaysia. He was a Past Governor and presently a member of the Institute of Internal Auditors Malaysia. He is also the Acting Managing Director for Promet Berhad. Mr Lee is a member of the Audit Committee, Nomination Committee and 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.

### **PARAMES KRAIRIKSH**

---

Parames Krairiksh, aged 40, a Thai national was appointed to the Board on 5 August 2005. He is presently the Secretary to Director General of Bureau of the Crown Property, Thailand. He obtained his Bachelor of Engineering from Colorado School of Mines, Colorado, United States of America and a Masters in Business Administration (Finance) from Chulalongkorn University, Thailand.

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.

### **WATCHARA ACHAKORNLAK**

---

Watchara Achakornlak, aged 40, a Thai national was appointed to the Board on 5 August 2005. He is presently the Financial Advisor to Thai Petrochemical Industry Public Company Limited and a director of Datamat Public Company Limited, both are public companies in Thailand principally involved in petrochemicals and ICT industry respectively. He obtained his Bachelor of Engineering and Masters of Business Administration from Chulalongkorn University, Thailand and a Masters Degree of Finance from University of Houston (Clear Lake), United States of America.

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.

## Chairman's **Statement**

*On behalf of the  
Board of Directors,*

I would like to  
present the  
Annual Report of  
DVM Technology  
Berhad for the  
financial year ended  
30 September 2005.



**GEN (R) TAN SRI ABDUL RAHMAN BIN ABDUL HAMID**  
*Chairman*

## Chairman's **Statement** (cont'd)

### IN BRIEF

We weathered numerous challenges in the last financial year and have emerged wiser from the experience. It was a stressful business climate, fueled by rising costs and intense market competitions, lower profit margins and greater pace of marketing activities, stretched our operational ability.

In the second year of our expansion plan, we have established our presence in 11 countries including China. Naturally, competition grew as we expanded and we have achieved numerous milestones. We report growth in areas like product portfolio, branding and continue to advance our market positions and strengths during the year. We have also taken on new partners and increased our sales and distribution channels.

We have also received recognition from our technology principals, who are global market leaders in communication infrastructures and 3G technologies. Their support adds value to our research and development activities in producing carrier grade solutions.

In the traditional ICT marketplace of Systems and Network integration, we are experiencing bearish conditions of increased competition, declining prices and lower profit margins.

Our research and development activities continue at its planned roadmap. We have increased our marketing efforts, grew our sales force and secured more partnerships. On this score, we have gained victories in regional and international markets.

I am confident in our abilities to cope with adversity and trust our efforts will soon bear fruit.

### FINANCIAL HIGHLIGHTS

Our turnover in the financial year 2004/ 2005 stood at RM11 million with our Shareholders Fund and Net Asset Value of the Group at RM21.9 million.

- Revenue: We continue to receive revenue from projects in traditional ICT Systems and Network integration. We have also begun to monetize our flagship product, Genico™ with revenues from several projects during the financial year and we anticipate these projects to have an exponential growth in terms of revenue-sharing value. As these projects are still in its infancy, its corresponding monetary gains are small and we expect it to gradually rise in the forthcoming financial year.



## Chairman's **Statement** (cont'd)

- Lower margin: Arising from sluggish market conditions in the ICT industry coupled with intense market competitions, we were adversely affected with lower profitability levels. Our profit margins were also reduced due to setup costs which were required in new revenue-sharing, subscription-based projects which we participated and proof of concepts. At the same time, the subscriber growth in these projects begun on a low note as its respective services had only been recently launched.
- Expansion expenses: As we expand abroad, we continue to invest in more activities to market our solutions and brand Genico™.
- Development Costs: We continue to invest in research and development activities for Genico™ and in line with this commitment, the amortization of software development expenses has also increased. This is an important move in order to remain a leading edge provider of broadband telephony and communication solutions.
- Provisions: With these activities in mind, we are adopting a prudent measure with a one-off Provision for Doubtful Debts of approximately RM5 million in connection to a project undertaken.
- Overall deficit: As a result of the above activities, our overall financial position is a loss of approximately RM9 million.

### RESEARCH AND DEVELOPMENT

On a bright note, we have succeeded in commercializing our research and development findings. In less than three years, we've expanded our technological variety in addition to our presence as an integrator of computer systems and networks.

Our new array of solutions specifically for telcos include broadband telephony communication solutions, value-added mobile communication services and 3G video streaming solutions.

These solutions include Genico™ Broadband Telephony, a suite of advance packet-based broadband communication solutions and Genico™ 3G Pocketsports, a packet-based 3G video authoring, management and streaming solution for telecommunication operators and mobile carriers.

Both new solutions have generated substantial interest in our target market segments. Furthermore, there are indicators that market development for these solutions in the next three years point towards rapid growth.



## Chairman's **Statement** (cont'd)

### PROCEED UTILIZATION

As of 30 September 2005, we have utilized RM20.2 million of the total proceeds raised from our rights issue and Initial Public Offering. The status of our utilization of proceeds is listed below:

	Proposed Utilisation Of proceeds RM'000	Amount utilised as of 30 September 2005 RM'000
Branding and Promotion	624	624
Research and Development	7,500	7,091
Repayment of Bank Borrowings	2,500	2,500
Project Financing	6,000	6,000
Working Capital	2,250	2,250
Listing Expenses	1,178	1,178
Refurbishment costs for the New Office	598	598
Total	20,650	20,241

### PROSPECTS FOR 2005/2006

The prospect for the year 2005/2006 is expected to remain challenging. As such, the Group will conscientiously review our business model, strategies and continuously strengthen our core competencies in Systems and Network Integration. We will also seek new opportunities in product and market development.

We have optimized our resources for rapid growth in telco-driven demand for packet-based broadband telephony and 3G communication services. It is our intent to capitalize on the expected rapid development and high demand for such services. In response to an agile and dynamic market place, our activities are now focused on actively engaging telecommunication operators, mobile carriers and service providers.

To strengthen our financial position, we have also undertaken a private placement of up to 10 per cent of our share capital. Proceeds from the placement of 16,000,000 ordinary shares will be used to increase our working capital. At the date of this report, we have placed 2,500,000 ordinary shares of RM0.10 each.

Looking ahead on product development roadmap, we aim to increase our presence and deliver more 3G-based video and voice services because the 3G video streaming markets are expanding at a rapid pace. Many telcos are now employing strategies which encourage mass subscriber adoption of 3G. We are ahead of the demand curve and consequently aim for excellent growth opportunities.

Barring unforeseen circumstances, the Board believes the Group is well positioned to capitalise on opportunities and improve its performance abeit the challenging business environment.



## Chairman's **Statement** (cont'd)

### **BOARD CHANGES**

On behalf of the Board, I welcome Mr. Lee Keat Hin, Mr. Parames Krairiksh and Mr. Watchara Achakornlak who were recently appointed to the Board. Their experience and insight will be invaluable.

I would like to express my sincere appreciation to Mr. Lum Heap Sum, Mr. Vinai Phongsathorn and Mr. Kusol Sangkananta, who resigned from the Board for the services rendered to the company during their tenure.

### **CREDIT**

DVM Technology consists of many extremely talented employees. I want to thank all of you for the hardwork and support during the year. On behalf of the Board, sincere thanks and appreciation to our customers, shareholders, business partners, technology partners, financiers, the DVM Group technologists who have given us their unwavering support and valuable feedback.

Lastly, I also wish to record my thanks to my fellow directors for their advice and support.

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

Chairman

28th February, 2006





# Corporate Governance **Statement**

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

## **1. DIRECTORS**

### **1.1 Composition of Board**

The Board has nine members which comprises the Independent Non-Executive Chairman, Managing Director, three (3) Executive Directors, two (2) Non-Independent Non- Executive Directors and two (2) Independent Non-Executive Directors. The current Board composition complies with the Listing Requirements of the Bursa Securities for MESDAQ Market.

The profiles of the members of the Board are provided in this Annual Report on page 9 to 11.

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 judgement. The wide spectrum of knowledge, skills and experience of the Board gives added strength to the leadership which is necessary for the effective stewardship of the Group.

### **1.2 Board Responsibilities**

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

The Board is responsible for the following:

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

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

### **1.3 Access to Information and Advice**

The Board members have access to the advice and services of the Company Secretary and senior management staff. The Company Secretary is responsible for ensuring that Board meetings procedures are followed and that applicable rules and regulations are complied with. Where necessary, the Directors may seek independent professional advice at the Group's expense in order to discharge their duties and responsibilities effectively.

### **1.4 Appointment to the Board**

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

## Corporate Governance **Statement** (cont'd)

### 1.5 Re-election of Directors

Directors appointed during the financial year are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments and thereafter (with exception of the Managing Director) shall retire at least once every three years and retiring directors shall be eligible for re-election.

### 1.6 Board Meetings

The Board meets regularly on quarterly basis and as and when required. The Board receives documents on matters requiring its consideration 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 proceedings from the Board meetings are minuted.

During the financial year, six (6) meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, performance of the Group's business, major investment, operation decisions, business plan and policies and strategic issues affecting the Group's business.

The attendance record of each Director since the last financial year or the date of appointment is as follows:

<b>Directors</b>	<b>Attendance</b>
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	5/6
Dato' Goh Kian Seng	6/6
Chen Chee Peng	6/6
Lee Chiew Hooi	6/6
Bhana Swasdibutara	4/6
Kamarudin Bin Ngah	5/6
Lee Keat Hin (appointed on 29th April 2005)	3/3
Parames Krairiksh (appointed on 5th Aug 2005)	0/1
Watchara Achakornlak (appointed on 5th Aug 2005)	1/1
Lum Heap Sum (resigned on 29th April 2005)	3/3
Vinai Phongsathorn (resigned on 5th Aug 2005)	2/5
Kusol Sangkananta (resigned on 5th Aug 2005)	3/5

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 approvals via circular resolutions and are given full access to management to clarify any matters arising.

### 1.7 Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme and would continue to attend and undergo other relevant training programmes to further enhance their skills and knowledge where relevant. The Board of Directors will also on a continuous basis, evaluate and determine the training needs of the Directors in discharge of his/her duties as a Director.

## Corporate Governance **Statement** (cont'd)

### 2. DIRECTORS' REMUNERATION

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

#### 2.1 Remuneration Committee

The members of the Remuneration Committee are as follow:

Kamarudin Bin Ngah (Chairman)	-	Independent Non-Executive Director
Lee Keat Hin (Member)	-	Independent Non-Executive Director
Chen Chee Peng (Member)	-	Executive Director
Lum Heap Sum (Chairman)	-	Independent Non-Executive Director (resigned on 29th April 2005)

The Remuneration Committee met once during the course of financial year.

#### 2.2 Directors' Remuneration

The remuneration of Directors for the financial year ended 30 September 2005 was as follow:

	Directors' Fee (RM)	Directors' Salaries and Other emoluments (RM)	Total (RM)
Executive Directors	-	871,080	871,080
Non-Executive Directors	96,000	-	96,000
<b>Total</b>	<b>96,000</b>	<b>871,080</b>	<b>967,080</b>

The number of Directors whose total remunerations falls within the following bands is as follow:

Remuneration Band (in RM per annum)	Executive Directors	Non- Executive Directors
400,001 – 500,000	1	-
200,001 – 300,000	1	-
100,001 – 200,000	1	-
Below 50,000	-	4



## Corporate Governance **Statement** (cont'd)

### **3. ACCOUNTABILITY AND AUDIT**

#### **3.1 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.

The Directors have the responsibility of ensuring that 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.

#### **3.2 Internal Control**

The Board of Directors is responsible for the Group's system of internal control which supports effective and efficient operations and compliance with laws and regulations. Information pertaining to the Company's internal control is presented in the Statement of Internal Control laid out on page 24 of this Annual Report.

#### **3.3 Relationship with Auditors**

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

The external auditors hold an essential role for the shareholders by enhancing the reliability of the Company's financial statements and providing assurance of that reliability to users these financial statements.

#### **3.4 The Audit Committee**

The Board has set up an Audit Committee, which composition is in compliance with the relevant regulatory requirements. The report of the Audit Committee is laid out on pages 22 to 23.

#### **3.5 Directors responsibility statement in respect of financial statements**

The Directors have the responsibilities of ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company and which ensures that the financial statements comply with the Companies Act, 1965. 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.



## Corporate Governance **Statement** (cont'd)

### 4. SHAREHOLDERS

#### 4.1 Dialogue between the Company and Investors

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

Apart from those mandatory announcements to Bursa Securities, shareholders and investors may access the Group's website at [www.dvm.com.my](http://www.dvm.com.my) for more information.

#### 4.2 Annual General Meeting (AGM)

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

# Audit Committee **Report**

## **MEMBERS OF THE AUDIT COMMITTEE**

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

Kamarudin Bin Ngah	-	Chairman/Independent Non-Executive Director
Lee Keat Hin	-	Member/Independent Non-Executive Director
Lee Chiew Hooi	-	Member/Executive Director
Lum Heap Sum	-	Member/Independent Non-Executive Director (resigned on 29th April 2005)

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

### **(1) Composition of the Audit Committee**

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.

### **(2) Quorum and Committee's procedures**

The Committee will meet at least once a quarter and such additional meetings, as the Chairman shall decide in order to fulfill 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, the external auditors or the internal auditors where applicable. 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 who must be independent director(s).



## Audit Committee **Report** (cont'd)

### (3) **Duties and Responsibilities**

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

1. to review and recommend the appointment of the external auditors, the audit fees and any other related matters;
2. to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
3. to review the external auditors' report;
4. to review the financial statements with both the external auditors and management;
5. to review the effectiveness of the internal audit function, internal control and management information systems;
6. to review all areas of significant financial risks and the arrangements in place to contain those risks to acceptable levels; and
7. to review all related party transactions and potential conflict of interest situations.

### **SUMMARY OF ACTIVITIES**

The Committee had five 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:-

- (1) review of the quarterly financial results and announcements;
- (2) review of the audited report together with the external auditors';
- (3) review the internal audit plan, internal audit report and risk management framework with the outsourced internal auditor;
- (4) review the related party transactions; and
- (5) review the circular of recurrent related party transactions.

### **INTERNAL AUDIT FUNCTION**

The Board outsourced its internal audit function to an independent professional firm.

The Internal Audit Function is responsible to carry out independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. The outsourced internal auditors report directly to the Audit Committee on their findings and provide recommendations for improvement.

The internal audit reports prepared by the outsourced internal auditors are forwarded to the management team for their attention and remedial actions. During the year under review, the internal audit activities have been carried out in accordance with the internal audit plan, which was laid and approved by the Audit Committee earlier.





# Statement of **Internal Control**

## **BOARD RESPONSIBILITY**

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

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

The Group has implemented an on-going process to identify, evaluate, monitor and manage any significant risks through internal controls set out to attain a reasonably assurance that business objectives have been met. These controls are regularly reviewed.

## **KEY PROCESSES**

Salient features of the key processes of the system of internal control of the Group are as follow:

1. The Board have established delegation of responsibilities to Board Committees, namely Audit Committee, Nomination Committee, and Remuneration Committee, management and operation units, including authorisation levels for all aspects of the business.
2. Executive Directors and heads of departments regularly monitor the operational, management issues, financial performance and indicators focusing on the evaluation of applicable risks. Scheduled informal operational and management meetings are held to identify, discuss and resolve business and operational issues. Significant matter identified during these meetings are highlighted to the Board.
3. Documented Group wide policies, procedures and standards are currently being established to further strengthen the internal control system. These documents will be kept updated in accordance with changes in operating environment.
4. The reviews of quarterly and annual financial reports are conducted by the Board and Audit Committee.
5. The Group had outsourced its internal audit services, which provides support to the Audit Committee with respect to the adequacy and integrity of the internal controls.

The systems of internal control were satisfactory. During the financial year, no significant breakdown or weaknesses in the systems of internal controls of the Group resulted in material losses that would require disclosure in the Annual Report. The Board and the management continues to take necessary measures to strengthen its internal control environment.



## Financial **Statements**

26	Directors' Report
30	Report of The Auditors
31	Income Statements
32	Balance Sheets
34	Statement of Changes in Equity
35	Cash Flow Statements
38	Notes to The Financial Statements
60	Statement by Directors
60	Statutory Declaration

# Directors' Report

## DIRECTORS' REPORT

The directors of **DVM TECHNOLOGY BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30th September, 2005.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 11 to the Financial Statements.

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

## RESULTS OF OPERATIONS

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

	The Group	The Company
	RM	RM
Loss before tax	(9,121,085)	(208,754)
Tax income credit/(expense)	48,195	(37,529)
Loss after tax	(9,072,890)	(246,283)
Minority interest	220,500	-
Net loss for the year	(8,852,390)	(246,283)

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

## DIVIDENDS

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

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

## Directors' **Report** (cont'd)

### **SHARE OPTIONS**

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

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, 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 or 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 year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

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

## Directors' Report (cont'd)

### DIRECTORS

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

Dato' Goh Kian Seng  
Chen Chee Peng  
Lee Chiew Hooi  
Kamarudin Bin Ngah  
Bhana Swasdibutara  
Gen. (R) Tan Sri Abdul Rahman Bin Abdul Hamid  
Lee Keat Hin (appointed on 29.4.2005)  
Parames Krairiksh (appointed on 5.8.2005)  
Watchara Achakornlak (appointed on 5.8.2005)  
Lum Heap Sum (resigned on 29.4.2005)  
Kusol Sangkananta (resigned on 5.8.2005)  
Vinai Phongsathorn (resigned on 5.8.2005)

In accordance with Article 81 of the Company's Articles of Association, Messrs. Gen. (R) Tan Sri Abdul Rahman Bin Abdul Hamid and Kamarudin Bin Ngah retire by rotation and, being eligible, offer themselves for re-election.

Messrs. Lee Keat Hin, Parames Krairiksh and Watchara Achakornlak, who were appointed to the Board since the last Annual General Meeting, retire under Article 88 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.10 each			
	Balance as of 1.10.2004	Bought	Sold	Balance as of 30.9.2005
<b>Shares in the Company</b>				
<b>Registered in name of director</b>				
Dato' Goh Kian Seng	25,992,000	-	-	25,992,000
Chen Chee Peng	6,290,099	-	-	6,290,099
Lee Chiew Hooi	-	10,000	-	10,000

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



## Directors' **Report** (cont'd)

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any 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 year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **AUDITORS**

The auditors, Messrs. 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**

Kuala Lumpur  
18th January, 2006

# Report of **the Auditors**

TO THE MEMBERS OF

**DVM TECHNOLOGY BERHAD** (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of 30th September, 2005 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 Malaysia Accounting Standards Board 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, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date; 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**  
**1874/9/06 (J)**  
**Partner**

18th January, 2006

# Income Statements

FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

	Note	The Group		The Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	4	11,053,853	11,472,326	1,944,000	1,944,000
Cost of sales		(8,392,874)	(5,254,192)	-	-
Gross profit		2,660,979	6,218,134	1,944,000	1,944,000
Other operating income		196,307	12,501	438,569	21,867
Distribution expenses		(865,917)	(666,104)	(270,544)	(113,104)
Administrative expenses		(2,222,430)	(2,162,560)	(524,777)	(641,441)
Other operating expenses		(8,720,541)	(2,707,908)	(1,600,409)	(1,347,898)
(Loss)/Profit from operations	5	(8,951,602)	694,063	(13,161)	(136,576)
Interest income from deposits		113,511	270,488	46,326	220,829
Finance costs	7	(282,994)	(27,614)	(241,919)	(21,938)
<b>(Loss)/Profit before tax</b>		<b>(9,121,085)</b>	936,937	<b>(208,754)</b>	62,315
Income tax credit/(expense)	8	48,195	(193,837)	(37,529)	(50,000)
<b>(Loss)/Profit after tax</b>		<b>(9,072,890)</b>	743,100	<b>(246,283)</b>	12,315
Minority interest		220,500	104,677	-	-
<b>Net (loss)/profit for the year</b>		<b>(8,852,390)</b>	847,777	<b>(246,283)</b>	12,315
(Loss)/Earnings per ordinary share					
- basic (sen)	9	(5.53)	0.56		

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



# Balance Sheets

AS OF 30TH SEPTEMBER, 2005

		The Group		The Company	
	Note	2005 RM	2004 RM	2005 RM	2004 RM
<b>Assets</b>					
Property, plant and equipment	10	5,451,113	5,396,901	4,601,309	4,082,170
Investment in subsidiary companies	11	-	-	9,206,570	8,977,070
Development expenditure	12	4,665,207	2,755,873	-	-
<b>Current Assets</b>					
Inventories	13	100,004	-	-	-
Trade receivables	14	14,207,983	20,362,665	-	-
Other receivables and prepaid expenses	15	3,793,924	1,626,808	129,619	381,873
Amount owing by subsidiary companies	11	-	-	15,094,955	8,667,493
Fixed deposits with licensed banks	17	2,620,880	7,764,446	527,583	6,813,479
Cash and bank balances		545,082	2,192,709	125,555	1,380,881
		<b>21,267,873</b>	<b>31,946,628</b>	<b>15,877,712</b>	<b>17,243,726</b>
<b>Current Liabilities</b>					
Trade payables	18	4,164,601	4,011,669	-	-
Other payables and accrued expenses	18	450,793	1,285,629	134,189	205,317
Amount owing to a subsidiary company	11	-	-	-	26,859
Amount owing to a director	19	28,172	160,000	-	-
Hire-purchase payable - current portion	20	-	16,276	-	-
Bank borrowings	21	2,056,536	821,280	256,719	321,757
Long-term loan - current portion	22	209,799	186,267	209,799	186,267
Tax liabilities		16,200	50,000	16,200	50,000
		<b>6,926,101</b>	<b>6,531,121</b>	<b>616,907</b>	<b>790,200</b>
<b>Net Current Assets</b>		<b>14,341,772</b>	<b>25,415,507</b>	<b>15,260,805</b>	<b>16,453,526</b>

(Forward)

## Balance Sheets

AS OF 30TH SEPTEMBER, 2005 (cont'd)

		The Group		The Company	
	Note	2005 RM	2004 RM	2005 RM	2004 RM
<b>Long-term And Deferred Liabilities</b>					
Long-term loan - non current portion	22	2,491,473	2,701,272	2,491,473	2,701,272
Deferred tax liabilities	23	12,000	60,000	12,000	-
		<b>(2,503,473)</b>	<b>(2,761,272)</b>	<b>(2,503,473)</b>	<b>(2,701,272)</b>
<b>Net Assets</b>		<b>21,954,619</b>	<b>30,807,009</b>	<b>26,565,211</b>	<b>26,811,494</b>
<b>Represented by:</b>					
Issued capital	24	16,000,000	16,000,000	16,000,000	16,000,000
Share premium	25	10,818,413	10,818,413	10,818,413	10,818,413
Reserve on consolidation		1,760,900	1,760,900	-	-
(Accumulated loss)/Unappropriated profit		<b>(6,624,694)</b>	<b>2,227,696</b>	<b>(253,202)</b>	<b>(6,919)</b>
<b>Shareholders' Equity</b>		<b>21,954,619</b>	<b>30,807,009</b>	<b>26,565,211</b>	<b>26,811,494</b>

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

# Statement of Changes in Equity

FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

	Issued Capital	Non-distributable reserve - Share premium	Reserve on consolidation	(Accumulated Loss) / Unappropriated Profit	Total
	RM	RM	RM	RM	RM
<b>The Group</b>					
<b>Balance as of 1st October, 2003</b>	12,000,000	-	1,760,900	1,379,919	15,140,819
Shares issued during the year	4,000,000	12,000,000	-	-	16,000,000
Listing expenses	-	(1,181,587)	-	-	(1,181,587)
Net profit for the year	-	-	-	847,777	847,777
<b>Balance as of 30th September, 2004</b>	16,000,000	10,818,413	1,760,900	2,227,696	30,807,009
Net loss for the year	-	-	-	(8,852,390)	(8,852,390)
<b>Balance as of 30th September, 2005</b>	16,000,000	10,818,413	1,760,900	(6,624,694)	21,954,619

	Issued capital	Non- distributable reserve- Share premium	Accumulated Loss	Total
	RM	RM	RM	RM
<b>The Company</b>				
<b>Balance as of 1st October, 2003</b>	12,000,000	-	(19,234)	11,980,766
Shares issued during the year	4,000,000	12,000,000	-	16,000,000
Listing expenses	-	(1,181,587)	-	(1,181,587)
Net profit for the year	-	-	12,315	12,315
<b>Balance as of 30th September, 2004</b>	16,000,000	10,818,413	(6,919)	26,811,494
Net loss for the year	-	-	(246,283)	(246,283)
<b>Balance as of 30th September, 2005</b>	16,000,000	10,818,413	(253,202)	26,565,211

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

# Cash Flow Statements

FOR THE YEAR ENDED 30TH SEPTEMBER, 2005

Note	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<b>Cash Flows From/(Used In) Operating Activities</b>				
(Loss)/Profit before tax	<b>(9,121,085)</b>	936,937	<b>(208,754)</b>	62,315
Adjustments for:				
Allowance for doubtful receivables - net	<b>4,951,090</b>	346,838	-	-
Amortisation of development expenditure	<b>900,328</b>	216,169	-	-
Depreciation of property, plant and equipment	<b>612,380</b>	411,804	<b>176,071</b>	22,485
Interest expense	<b>282,994</b>	27,614	<b>241,919</b>	21,938
Property, plant and equipment written off	<b>96,224</b>	-	-	-
Interest income	<b>(113,511)</b>	(270,488)	<b>(46,326)</b>	(220,829)
Gain on disposal of property, plant and equipment	<b>(2,292)</b>	-	-	-
Goodwill on consolidation written off	-	18,551	-	-
Operating (Loss)/Profit Before Working Capital Changes	<b>(2,393,872)</b>	1,687,425	<b>162,910</b>	(114,091)
(Increase)/Decrease in:				
Inventories	<b>(100,004)</b>	-	-	-
Trade receivables	<b>1,203,592</b>	(5,704,041)	-	-
Other receivables and prepaid expenses	<b>(1,616,397)</b>	18,747	<b>252,254</b>	(381,873)
Amount owing by corporate shareholder	-	8,668	-	-
Amount owing by subsidiary companies	-	-	<b>(6,427,462)</b>	(5,995,243)
Increase/(Decrease) in:				
Trade payables	<b>152,932</b>	(99,028)	-	-
Other payables and accrued expenses	<b>(834,836)</b>	450,726	<b>(71,128)</b>	99,707
Amount owing to a subsidiary company	-	-	<b>(26,859)</b>	26,859
Amount owing to a director	<b>(131,828)</b>	160,000	-	-
Cash Generated Used In Operations	<b>(3,720,413)</b>	(3,477,503)	<b>(6,110,285)</b>	(6,364,641)
Interest paid	<b>(282,994)</b>	(27,614)	<b>(241,919)</b>	(21,938)
Income tax paid	<b>(584,325)</b>	(1,456,008)	<b>(59,329)</b>	-
Net Cash Used In Operating Activities	<b>(4,587,732)</b>	(4,961,125)	<b>(6,411,533)</b>	(6,386,579)

## Cash Flow Statements

FOR THE YEAR ENDED 30TH SEPTEMBER, 2005 (cont'd)

Note	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<b>Cash Flows From/(Used In) Investing Activities</b>				
Interest received	113,511	270,488	46,326	220,829
Proceeds from disposal of property, plant and equipment	12,742	78,200	-	-
Development expenditure incurred	(2,809,662)	(2,842,419)	-	-
Purchase of property, plant and equipment	(773,266)	(4,950,181)	(695,210)	(4,104,655)
Cash inflow from acquisition of subsidiary companies *	-	122,500	-	-
Deferred expenditure incurred	-	(630,145)	-	(630,145)
Subscription of ordinary shares in subsidiary company	-	-	(229,500)	(1,527,500)
Acquisition of remaining interest in a subsidiary company	-	-	-	(99,998)
Net Cash Used In Investing Activities	(3,456,675)	(7,951,557)	(878,384)	(6,141,469)
<b>Cash Flows From Financing Activities</b>				
Drawdown of short term borrowings	1,028,106	-	-	-
Cash inflow from subscription of shares from minority	220,500	-	-	-
(Increase)/Decrease in fixed deposit pledged	(1,142,329)	250,000	-	-
Repayment of term loan	(186,267)	-	(186,267)	-
Repayment of hire-purchase payable	(16,276)	(43,154)	-	-
Proceeds from issue of shares	-	16,000,000	-	16,000,000
Drawdown of term loan	-	2,887,539	-	2,887,539
Repayment of bank borrowings	-	(750,000)	-	-
Net Cash (Used In)/From Financing Activities	(96,266)	18,344,385	(186,267)	18,887,539
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>	<b>(8,140,673)</b>	<b>5,431,703</b>	<b>(7,476,184)</b>	<b>6,359,491</b>
<b>Cash And Cash Equivalents At Beginning Of Year</b>	<b>8,534,908</b>	<b>3,103,205</b>	<b>7,872,603</b>	<b>1,513,112</b>
<b>Cash And Cash Equivalents At End Of Year</b>	<b>394,235</b>	<b>8,534,908</b>	<b>396,419</b>	<b>7,872,603</b>
	27			

## Cash Flow **Statements**

FOR THE YEAR ENDED 30TH SEPTEMBER, 2005 (cont'd)

Note \*: The fair values of assets and liabilities assumed arising from the subscription of ordinary shares in Key Alliance Sdn. Bhd. in 2004 were as follows:

	<b>Unaudited 15th March, 2004</b>
	<b>RM</b>
Net assets acquired as of the date of acquisition:	
Property, plant and equipment	31,352
Other receivables and prepaid expenses	250
Cash and bank balances	250,000
Other payables and accrued expenses	(67,976)
Minority interest	(104,677)
	<hr/>
Net assets acquired	108,949
Goodwill on consolidation	18,551
	<hr/>
Purchase consideration	127,500
Less: Cash and bank balances	(250,000)
	<hr/>
Cash flow on acquisition, net of cash acquired	(122,500)
	<hr/>

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



# Notes To **The Financial Statements**

## **1. GENERAL INFORMATION**

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 11.

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

The total number of employees of the Group and of the Company as of year end was 77 (73 in 2004) and 11(13 in 2004) respectively.

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

The principal place of business of the Company is located at Suite 3A-7, Level 7 Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

## **2. 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 18th January, 2006.

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 Malaysian Accounting Standards Board approved accounting standards in Malaysia.

## **3. 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, 2005. 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 interest of minority shareholder is stated at the minority's proportion of the fair values of the assets and liabilities recognised. 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.

## Notes To **The Financial Statements** (cont'd)

### 3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

#### **Basis of Consolidation** (cont'd)

The results of subsidiary companies acquired during the financial year 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 have passed. Revenue represents 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.

Management fee is recognised when services are rendered.

#### **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 year, at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

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

	<b>2005 RM</b>	<b>2004 RM</b>
United States Dollar	<b>3.77</b>	3.80
Hong Kong Dollar	<b>0.49</b>	-

#### **Income Tax**

The tax effects of transactions are recognised, using the "balance sheet liability" method, and all taxable temporary differences are recognised. Deferred tax is provided at current tax rate on temporary differences arising from property, plant and equipment net of provision which is currently not deductible for tax purposes. Where such temporary differences would give rise to net deferred tax asset, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.



## Notes To **The Financial Statements** (cont'd)

### 3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

#### **Employee Benefits**

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

The Group and the Company make monthly contribution to the Employees Provident Fund (“EPF”), a statutory contributions plan for all its eligible employees. The Group’s and the Company’s contribution to EPF, calculated at certain prescribed rates, is charged to the income statements as mentioned in Notes 5 and 6, and development expenditure as mentioned in Note 12.

#### **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 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:

Office building	2%
Computer software and equipment	20%
Furniture, fittings, office equipment and renovation	20%

#### **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.

#### **Inventories**

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

Cost of packing materials comprises the original invoice cost of buying these inventories to location.

## Notes To **The Financial Statements** (cont'd)

### 3. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

#### **Investments**

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

Allowance for diminution in value of investment is made when the directors consider that there is a permanent impairment of the investment.

#### **Impairment of Assets**

At each balance sheet date, the Group and the Company review the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as an income immediately.

#### **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.

#### **Provisions**

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

#### **Financial Assets**

The Group's principal financial assets are cash and bank balances, fixed deposits with licensed banks, trade receivables, other receivables and prepaid expenses.

#### **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, amount owing to a director, bank borrowings and term loan 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 adopt 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.

## Notes To The Financial Statements (cont'd)

### 4. REVENUE

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sales of computer hardware and software	5,898,576	7,967,000	-	-
Maintenance fees and other services	5,155,277	3,505,326	-	-
Management fee charged to subsidiary companies	-	-	1,944,000	1,944,000
	<b>11,053,853</b>	<b>11,472,326</b>	<b>1,944,000</b>	<b>1,944,000</b>

### 5. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations is arrived at:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
After charging:				
Exceptional item:				
Allowance for doubtful receivables - net	4,951,090	346,838	-	-
Staff costs	2,958,279	2,787,002	427,398	564,727
Directors' remuneration (Note 6)	1,172,840	1,060,720	967,080	935,520
Amortisation of development expenditure (Note 12)	900,328	216,169	-	-
Depreciation of property, plant and equipment (Note 10)	612,380	411,804	176,071	22,485
Rental of premises	93,952	238,038	-	49,450
Property, plant and equipment written off	96,224	-	-	-
Audit fee	34,000	34,000	10,000	10,000
Realised loss on foreign exchange	4,847	120	-	-
Goodwill on consolidation written off	-	18,551	-	-
And crediting:				
Gain on disposal of property, plant and equipment	2,292	-	-	-
Realised gain on foreign exchange	-	2,339	-	-
Rental income	-	-	424,920	17,705

Staff costs include salaries, bonuses, contributions to Employees Provident Fund ("EPF") and any other staff related expenses. Contribution to EPF of the Group and of the Company for the financial year amounted to RM289,002 (RM270,034 in 2004) and RM41,431 (RM52,817 in 2004), respectively.

## Notes To **The Financial Statements** (cont'd)

### 6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Executive directors:				
Other emoluments	980,000	892,000	780,000	780,000
EPF contributions	96,840	96,720	91,080	83,520
	1,076,840	988,720	871,080	863,520
Non-executive directors:				
Fees	96,000	72,000	96,000	72,000
	1,172,840	1,060,720	967,080	935,520

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

	Number of directors	
	2005	2004
<b>Executive Directors</b>		
RM100,001 - RM200,000	1	1
RM200,001 - RM300,000	1	1
RM400,001 - RM500,000	1	1
<b>Non-Executive Directors</b>		
Below RM20,000	4	3
RM20,001 - RM30,000	1	2
RM30,001 - RM50,000	1	1

## Notes To **The Financial Statements** (cont'd)

### 7. FINANCE COSTS

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Interest on:				
Term loan	237,906	19,610	234,038	19,610
Bank overdraft	25,300	2,328	7,881	2,328
Bankers' acceptance	10,592	-	-	-
Short term loan	9,196	-	-	-
Hire-purchase	-	5,676	-	-
	<b>282,994</b>	<b>27,614</b>	<b>241,919</b>	<b>21,938</b>

### 8. INCOME TAX CREDIT/(EXPENSE)

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

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Estimated tax payable:				
Current year	(16,200)	(335,000)	(16,200)	(50,000)
Over/(Under)provision in prior years	16,395	56,163	(9,329)	-
Transfer from deferred tax (Note 23):				
Current year	48,000	1,000	(12,000)	-
Overprovision in prior year	-	84,000	-	-
Income tax credit/(expense)	<b>48,195</b>	<b>(193,837)</b>	<b>(37,529)</b>	<b>(50,000)</b>

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:

## Notes To The Financial Statements (cont'd)

### 8. INCOME TAX CREDIT/(EXPENSE) (cont'd)

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
(Loss)/Profit before tax	(9,121,085)	936,937	(208,754)	62,315
Taxation at statutory tax rate of 28% (28% in 2004)	(2,553,904)	262,342	(58,451)	17,448
Difference in tax rate for chargeable income up to RM500,000 (RM500,000 in 2004) for small and medium scale companies	-	(33,458)	-	-
Income not subject to tax	-	(90,493)	-	-
Expenses not deductible for tax purposes	442,575	41,609	86,651	32,552
Deferred tax assets not recognised	2,079,529	154,000	-	-
	(31,800)	334,000	28,200	50,000

One of the subsidiary companies, NGC Systems Sdn. Bhd. ("NGC"), 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.

As of 30th September, 2005, NGC has tax exempt income amounting to approximately RM1,396,000 (RM1,396,000 in 2004) by virtue of its pioneer status, which is subject to the agreement of the tax authorities.

### 9. (LOSS)/EARNINGS FOR ORDINARY SHARE - BASIC

	The Group	
	2005 RM	2004 RM
Net (loss)/profit attributable to ordinary Shareholders	(8,852,390)	847,777
Number of shares in issue as of beginning of year	160,000,000	120,000,000
Effect of shares issued during the year	-	30,575,342
Weighted average number of ordinary shares in issue	160,000,000	150,575,342
Basic (loss)/earnings per share (sen)	(5.53)	0.56

## Notes To **The Financial Statements** (cont'd)

### 10. PROPERTY, PLANT AND EQUIPMENT

	Office building	Computer software and equipment	Furniture, fittings, office equipment and renovation	Total
	RM	RM	RM	RM
<b>The Group</b>				
<b>Cost</b>				
At beginning of year	4,032,070	2,325,699	340,331	6,698,100
Additions	-	58,658	714,608	773,266
Disposals	-	(15,094)	-	(15,094)
Written off	-	(303,719)	(150,040)	(453,759)
At end of year	4,032,070	2,065,544	904,899	7,002,513
<b>Accumulated depreciation</b>				
At beginning of year	20,160	1,161,753	119,286	1,301,199
Charge for the year	80,642	386,942	144,796	612,380
Disposals	-	(4,644)	-	(4,644)
Written off	-	(244,674)	(112,861)	(357,535)
At end of year	100,802	1,299,377	151,221	1,551,400
<b>Net Book Value</b>				
As of 30.9.2005	3,931,268	766,167	753,678	5,451,113
As of 30.9.2004	4,011,910	1,163,946	221,045	5,396,901
<b>Depreciation charge for 2004</b>	20,160	350,537	41,107	411,804

## Notes To The Financial Statements (cont'd)

### 10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Office building	Computer software and equipment	Furniture, fittings, office equipment and renovation	Total
	RM	RM	RM	RM
<b>The Company</b>				
<b>Cost</b>				
At beginning of year	4,032,070	32,760	39,825	4,104,655
Additions	-	4,999	690,211	695,210
At end of year	4,032,070	37,759	730,036	4,799,865
<b>Accumulated depreciation</b>				
At beginning of year	20,160	724	1,601	22,485
Charge for the year	80,642	6,807	88,622	176,071
At end of year	100,802	7,531	90,223	198,556
<b>Net Book Value</b>				
As of 30.9.2005	3,931,268	30,228	639,813	4,601,309
As of 30.9.2004	4,011,910	32,036	38,224	4,082,170
<b>Depreciation charge for 2004</b>	20,160	724	1,601	22,485

The strata title to the office building has yet to be issued as of the end of the financial year.

The office building of the Company was charged to a bank as security for bank borrowings obtained by the Company and a subsidiary company, as mentioned in Notes 21 and 22.

Included in property, plant and equipment of the Group are computer software and equipment acquired under hire-purchase arrangement with net book value amounting to RM33,585 (RM58,774 in 2004).

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 RM329,458 (RM409,616 in 2004).



## Notes To **The Financial Statements** (cont'd)

### 11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2005 RM	2004 RM
Unquoted shares - at cost	9,206,570	8,977,070

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

Name of Company	Effective Equity Interest		Principal Activities
	2005 %	2004 %	
<b>Direct subsidiary companies</b>			
DVM Innovate Sdn. Bhd. ("DVM Innovate")	100	100	Provision of communications systems integration and solutions, data network and data communications solutions and operational support systems
NGC Systems Sdn. Bhd. ("NGC")	100	100	Development of software applications
Key Alliance Sdn. Bhd. ("KASB")	51	51	Distribution and provision of information technology in relation to computer parts, software and accessories
<b>Indirect subsidiary company, held through DVM Innovate</b>			
DVM IntelliSource Sdn. Bhd.	100	100	Provision of business and operational support systems and services, software development and business process outsourcing

During the financial year, the Company subscribed for 229,500 new ordinary shares of RM1 each for a cash consideration of RM229,500 in KASB. In 2004, the Company subscribed for 127,500 ordinary shares of RM1.00 each for a total cash consideration of RM127,500 in KASB.

The amount owing by/(to) subsidiary companies arose mainly from payments made on behalf and advances, which are unsecured, interest-free and have no fixed terms of repayment.

## Notes To The Financial Statements (cont'd)

### 12. DEVELOPMENT EXPENDITURE

	The Group	
	2005 RM	2004 RM
<b>Cost</b>		
At beginning of year	2,977,935	135,516
Additions	2,809,662	2,842,419
At end of year	5,787,597	2,977,935
<b>Accumulated Amortisation</b>		
At beginning of year	222,062	5,893
Current amortisation (Note 5)	900,328	216,169
At end of year	(1,122,390)	(222,062)
Net	4,665,207	2,755,873

Included in additions to development expenditure of the Group was staff costs amounting to RM1,430,186 (RM641,235 in 2004). Contributions to EPF during the financial year amounted to RM150,893 (RM65,285 in 2004).

### 13. INVENTORIES

	The Group	
	2005 RM	2004 RM
Trading merchandise, at cost	60,100	-
Packing materials	39,904	-
	100,004	-

## Notes To **The Financial Statements** (cont'd)

### 14. TRADE RECEIVABLES

	The Group	
	2005 RM	2004 RM
Trade receivables	20,022,798	21,251,410
Less: Allowance for doubtful receivables	(5,814,815)	(888,745)
Net	14,207,983	20,362,665

The foreign currency exposure profile of trade receivables is as follows:

	The Group	
	2005 RM	2004 RM
Ringgit Malaysia	18,632,104	19,006,463
United States Dollar	1,371,922	2,244,947
Hong Kong Dollar	18,772	-
	20,022,798	21,251,410

The trade receivables comprise amounts receivable from sale of goods. The credit period granted on sales of goods ranges from 30 to 60 days (30 to 60 days in 2004). An allowance has been made for estimated irrecoverable amounts of trade receivables of RM5,814,315 (RM888,745 in 2004) based on the default experience of the Group.

Included in trade receivables as of 30th September, 2005 is an amount owing by a corporate shareholder amounting to RM2,347,156 (2004: RM1,064,000).

Significant transaction with corporate shareholder during the financial year are as follows:

	2005 RM	2004 RM
Sales	1,283,156	1,064,000

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

## Notes To The Financial Statements (cont'd)

### 15. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other receivables	2,179,142	220,840	94,339	123,719
Tax recoverable	1,525,719	975,000	-	-
Refundable deposits	83,936	125,977	33,280	33,280
Prepaid expenses	5,127	304,991	2,000	224,874
	<b>3,793,924</b>	<b>1,626,808</b>	<b>129,619</b>	<b>381,873</b>

Included in other receivables as of 30th September, 2005 is an amount owing by a corporate shareholder amounting to RM81,369 (2004: RM4,980) and RM2,071,462 (2004: RM6,878) in the Company and the Group respectively, which arose from refundable retention money paid to secure certain projects in Thailand, expenses paid on behalf which are unsecured, interest free and have no fixed terms of repayment.

### 16. RELATED PARTIES TRANSACTIONS

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

Name of Company	Nature	The Company	
		2005 RM	2004 RM
DVM Innovate Sdn. Bhd.	Management fee	648,000	648,000
	Rental income	165,600	6,900
DVM Intellisource Sdn. Bhd.	Management fee	648,000	648,000
	Rental income	165,600	6,900
NGC Systems Sdn. Bhd.	Management fee	648,000	648,000
Key Alliance Sdn. Bhd.	Rental income	93,720	3,905

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

## Notes To **The Financial Statements** (cont'd)

### 17. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits of the Group is an amount of RM1,743,297 (RM600,967 in 2004) placed with the local banks as security for banking facilities granted by the said banks to the subsidiary companies, as mentioned in Note 21.

The average effective interest rate of the fixed deposits is at 3% per annum (ranges between 2.6% to 4% per annum in 2004).

The fixed deposits have an average maturity period of 1 to 12 months (12 months in 2004).

### 18. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amount outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 60 days (30 to 60 days in 2004).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other payables	229,356	724,951	59,254	171,017
Accrued expenses	221,437	560,678	74,935	34,300
	450,793	1,285,629	134,189	205,317

### 19. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represents interest-free advances with no fixed term of repayment.

## Notes To The Financial Statements (cont'd)

### 20. HIRE-PURCHASE PAYABLE

	The Group	
	2005 RM	2004 RM
Balance outstanding	-	16,276
Less: Interest-in-suspense	-	-
Principal portion	-	16,276
Less: Amount due within 12 months (included under current liabilities)	-	(16,276)
Non-current portion	-	-

The interest rate implicit in this hire-purchase obligation is Nil% per annum (9.88% in 2004).

### 21. BANK BORROWINGS

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Bank overdrafts (Note 27)	1,028,430	821,280	256,719	321,757
Bankers' acceptance	919,000	-	-	-
Short term loan	109,106	-	-	-
	2,056,536	821,280	256,719	321,757

#### The Company

The Company has bank overdraft facility amounting to RM386,000 (RM386,000 in 2004) obtained from a local bank. The said facility is secured against the office building of the Company, as mentioned in Note 10, and bears interest rate at 7.25% (6.0% in 2004) per annum.

#### Subsidiary Companies

The subsidiary companies have credit facilities totalling RM7.35 million (RM4.5 million in 2004) obtained from local banks. The said facilities are secured against fixed deposits, as mentioned in Note 17, corporate guarantees and certain property of the Company as mentioned in Note 10. These facilities bear interest at rates ranging from 3.96% to 7.50% (4.70% to 7.50% in 2004) per annum.

## Notes To **The Financial Statements** (cont'd)

### 22. LONG-TERM LOAN

	The Group and The Company	
	2005 RM	2004 RM
Principal outstanding	2,701,272	2,887,539
Less: Amount due within 12 months (included under current liabilities)	(209,799)	(186,267)
Non-current portion	2,491,473	2,701,272

The non-current portion is repayable as follows:

	The Group and The Company	
	2005 RM	2004 RM
Financial years ending 30th September:		
2006	-	209,799
2007	233,331	233,331
2008	256,863	256,863
2009	280,395	280,395
2010	303,927	303,927
2011 and after	1,416,957	1,416,957
	2,491,473	2,701,272

The term loan is secured against the office building of the Company, as mentioned in Note 10. The term loan bears interest rate at 6.00% (4.25% in 2004) per annum.

## Notes To **The Financial Statements** (cont'd)

### 23. DEFERRED TAX LIABILITIES

		The Group	
2005	2004	RM	RM
Balance at beginning of year		60,000	145,000
Transfer to income statement (Note 8)		(48,000)	(85,000)
Balance at end of year		12,000	60,000

The deferred tax liabilities is in respect of:

		The Group	
		2005 RM	2004 RM
Tax effect of:			
Temporary differences arising from:			
Property, plant and equipment		27,000	93,000
General allowance for doubtful receivables		(15,000)	(33,000)
		12,000	60,000



## Notes To **The Financial Statements** (cont'd)

### 23. DEFERRED TAX LIABILITIES (cont'd)

As mentioned in Note 3, the tax effects of temporary differences which would give rise to net deferred tax assets are recognised only where the taxable profits will be available against which deductible temporary differences can be utilised. As of 30th September, 2005, the estimated amount of deferred tax asset, calculated at current tax rate which has not been recognised in the financial statements, is as follows:

	<b>The Group Deferred tax Assets/(liabilities)</b>	
	<b>2005 RM</b>	<b>2004 RM</b>
Tax effect of:		
Temporary differences arising from:		
Property, plant and equipment	(197,000)	(133,012)
General allowance for doubtful receivables	118,100	208,000
Unutilised tax losses	2,233,900	94,000
Unabsorbed capital allowances	113,517	20,000
	<b>2,268,517</b>	<b>188,988</b>

### 24. SHARE CAPITAL

	<b>The Group and The Company</b>	
	<b>2005 RM</b>	<b>2004 RM</b>
<b>Authorised:</b>		
250,000,000 ordinary shares of RM0.10 each	<b>25,000,000</b>	25,000,000
<b>Issued and fully paid:</b>		
Ordinary shares of RM0.10 each:		
At beginning of the year	<b>16,000,000</b>	12,000,000
Public issue	-	4,000,000
At end of year	<b>16,000,000</b>	16,000,000

## Notes To **The Financial Statements** (cont'd)

### 25. SHARE PREMIUM

	The Group and The Company	
	2005 RM	2004 RM
At beginning of year	10,818,413	-
Arising from public issue	-	12,000,000
	10,818,413	12,000,000
Less: Listing expenses incurred	-	(1,181,587)
At end of year	10,818,413	10,818,413

### 26 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 fixed deposits, bank borrowings and long-term loan. The interest rates of fixed deposits, bank borrowings and long-term loan of the Group are disclosed in Note 17, 21 and 22 respectively.

#### Credit risk

The Group is exposed to credit risk mainly from trade 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 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.

## Notes To The Financial Statements (cont'd)

### 26 FINANCIAL INSTRUMENTS (cont'd)

#### Fair values

The carrying amount and the estimated fair value of the financial assets and liabilities as of 30th September, 2005 is as follows:

	Note	2005		2004	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Financial Liabilities</b>					
Long-term loan	22	2,491,473	1,796,639	2,701,272	1,744,340

The fair value of term loan is estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

#### Cash and cash equivalents, trade and other receivables, trade and other payables, amount owing to a director, inter-company indebtedness and bank borrowings.

The fair value of these financial instruments approximate the carrying amounts due to the short maturities of these instruments.

### 27. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Fixed deposits with licensed banks	2,620,880	7,764,446	527,583	6,813,479
Cash and bank balances	545,082	2,192,709	125,555	1,380,881
Bank overdraft (Note 21)	(1,028,430)	(821,280)	(256,719)	(321,757)
	2,137,532	9,135,875	396,419	7,872,603
Less: Fixed deposit pledged (Note 17)	(1,743,297)	(600,967)	-	-
	394,235	8,534,908	396,419	7,872,603

## Notes To **The Financial Statements** (cont'd)

### 28. CAPITAL COMMITMENTS

As of financial year end, the Group and the Company have the following capital commitments in respect of:

	The Group and The Company	
	2005 RM	2004 RM
Approved and contracted for:		
Purchase of property, plant and equipment	-	463,000

### 29. SEGMENT REPORTING

The Group operates predominantly in the information communication technology industry involving various types of activities as mentioned in Note 11 and principally in Malaysia. Accordingly, the financial information by geographical and industry segments of the Group's operations are not presented.

### 30. SUBSEQUENT EVENTS

Subsequent to the financial year end:

- (a) the Company acquired 2 ordinary shares of RM1.00 each in DVM Communications Sdn. Bhd., representing 100% of the issued and paid up share capital of DVM Communications Sdn. Bhd., for a total cash consideration of RM2;
- (b) the Company issued and allotted 2,500,000 new ordinary shares of RM0.10 each at par value, being a portion of Private Placement of up to 16,000,000 new ordinary shares of RM0.10 each, for the purpose of increasing the working capital of the Company; and
- (c) the Company subscribed for 1,000,000 new ordinary shares of RM1.00 each in DVM Innovate Sdn. Bhd. for a total cash consideration of RM1,000,000.



## Statement by **Directors**

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 Malaysian Accounting Standards Board 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, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution  
of the Directors,

---

**DATO' GOH KIAN SENG**

Kuala Lumpur,  
18th January, 2006

---

**CHEN CHEE PENG**

---

## Statutory **Declaration**

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 18th day of  
January, 2006.

---

Before me,

---

**COMMISSIONER FOR OATHS**

## List of **Property**

<b>Location</b>	<b>Existing Use</b>	<b>Office Space Area</b>	<b>Tenure</b>	<b>Approximate Aged of Property (years)</b>	<b>Net Book Value @ 30.9.05 (RM)</b>	<b>Year of Valuation/ Acquisition</b>
Parcel No. CS/3A/7 Storey No. Level 7 Building No. 3A Plaza Sentral Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur	For Office	8,060 sq.	Freehold	3	3,931,268	2004

## Recurrent **Related Party**

### Transaction of a Revenue or Trading Nature

At the Annual General Meeting held on 23 March 2005, the Company had obtained shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Group ("Shareholders' Mandate").

In accordance with Paragraph 3.1.5 of Guidance Note 12 of Bursa Securities Listing Requirement for MESDAQ Market, the details of the recurrent related party transactions conducted during the financial year ended 30 September 2005 pursuant to the Shareholders' Mandate are disclosed as follows:

<b>DVM Group</b>	<b>Interested Related Parties</b>	<b>Nature of Transactions</b>	<b>Aggregate value (RM)</b>
DVM Technology Berhad ("DVM")	Key Alliance Sdn Bhd ("KASB")	Rental of office space by DVM to KASB	93,720
	DVM holds 51% interest in KASB. Dato' Goh Kian Seng and Mr. Chen Chee Peng are common Directors in DVM and KASB, collectively holding 19.9% interest in DVM.	Sharing of utilities and office equipment expenses between DVM and KASB	9,846
DVM Innovate Sdn Bhd ("DVM Innovate")		Purchases of computer peripherals, software and hardware by DVM Innovate from KASB	209,941
DVM IntelliSource Sdn Bhd ("DVM Intellis")		Purchases of computer peripherals, software and hardware by DVM Intellis from KASB	8,425
		Provision of technical support services and sale of IT software by DVM Intellis to KASB	5,080
NGC Systems Sdn Bhd ("NGC")		Purchases of computer peripherals, software and hardware by NGC from KASB	86,993
		Purchases of IT software by KASB from NGC	56,868
		Provision of technical support service by NGC to KASB	0

## Recurrent Related Party Transaction of a Revenue or Trading Nature (cont'd)

<b>DVM Group</b>	<b>Interested Related Parties</b>	<b>Nature of Transactions</b>	<b>Aggregate value (RM)</b>
DVM Innovate	Datamat Public Company Limited ("Datamat")  DVM Innovate Sdn Bhd is a wholly-owned subsidiary of DVM. Mr. Bhana Swasdibutara and Mr Watchara Achakornlak are common Directors of Datamat and DVM. Datamat is the substantial shareholder of DVM.	Sales of IT software and provision of technical support services by DVM Innovate to Datamat  Purchase of IT software by DVM Innovate from Datamat	1,283,156  0
KASB		Purchase of IT software by KASB from Datamat	0

The shareholdings of the respective interested Directors/Major shareholders as shown above are based on the information disclosed in the Circular to Shareholders date 28 February 2005 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions.

Notwithstanding the related party disclosure already presented in the audited financial statements in accordance with Malaysia Accounting Standards Board Standard No.8 ("MASB 8"), the above disclosure have been made in order to comply with Paragraph 3.1.5 of Guidance Note 12 of the Listing Requirements of Bursa Securities Listing Requirements for MESDAQ Market ("Listing Requirements") with regard to the value of recurrent related party transactions of a revenue or trading nature conducted in accordance with the Shareholders' Mandate during the financial year, as the scope of the related party relationships and disclosures contemplated in accordance with Listing Requirements are, to a certain extent, different from those of MASB 8.



# Statistics of Shareholdings

## AS OF 7 FEBRUARY 2006

Authorised Capital	RM25,000,000
Issued and fully paid up Capital	RM16,250,000
Class of Shares	Ordinary shares of RM0.10 each
Voting Right	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	0.06	100	-
100 to 999 shares	48	1.48	15,100	0.01
1,000 to 4,999 shares	1,366	42.02	2,771,200	1.71
5,000 to 10,000 shares	974	29.96	7,382,800	4.54
10,001 to 100,000 shares	753	23.16	23,696,800	14.58
100,001 to 1,000,000 shares	98	3.01	28,910,100	17.79
Above 1,000,000 shares	10	0.31	99,723,900	61.37
<b>TOTAL</b>	<b>3,251</b>	<b>100.00</b>	<b>162,500,000</b>	<b>100.00</b>

## LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

Name	<-----No of Shares Held----->			
	Direct	%	Indirect	%
Datamat Public Limited Company	61,200,001	37.66	0	0
Dato Goh Kian Seng	25,992,000	16.00	0	0

## LIST OF DIRECTORS' SHAREHOLDINGS

Name	<-----No of Shares Held----->			
	Direct	%	Indirect	%
Dato Goh Kian Seng	25,992,000	16.00	0	0
Chen Chee Peng	6,290,099	3.87	0	0
Lee Chiew Hooi	10,000	0.01	0	0

## List of Twenty (20) Largest Shareholders as of 7 February 2006

No	Shareholder	No of shares	%
1	Datamat Public Company Limited	51,120,000	31.46
2	Dato Goh Kian Seng	17,902,000	11.02
3	Ke-Zan Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Datamat Public Limited Company	10,080,001	6.20
4	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Goh Kian Seng	8,090,000	4.98
5	Chen Chee Peng	5,290,000	3.26
6	Lim Wooi Beng	2,500,000	1.54
7	Gooi Kee Hua	1,591,800	0.98
8	Eric Lim Boon Eng	1,100,000	0.68
9	Pua Kang	1,050,000	0.65
10	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Chee Peng	1,000,099	0.62
11	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Nik Husni Bin Nik Yaacob	1,000,000	0.62
12	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Ismail @Mustapha Bin Ibrahim	920,000	0.57
13	Gulamoydeen Bin Mohamed Haniffa	900,000	0.55
14	Lau Wai Fong	850,000	0.52
15	Lim Eng Theng	740,000	0.46
16	Lau Chi Chiang	715,500	0.44
17	Lee Keng Hong	700,000	0.43
18	Media Edge Sdn Bhd	661,800	0.41
19	Goh Swee Loang	650,000	0.40
20	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Lim Chow Lee (Margin)	613,200	0.38

# Notice of **Annual General Meeting**

**NOTICE IS HEREBY GIVEN THAT** the Third Annual General Meeting of DVM TECHNOLOGY BERHAD (“DVM” or “the Company”) will be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No.10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 23 March 2006 at 10 am for the following purposes:

## **AGENDA**

### **As Ordinary Business**

- |   |                       |
|---|-----------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 September 2005 together with the Directors’ and Auditors’ Reports thereon. | Ordinary Resolution 1 |
| 2. To approve the payment of Directors’ fees amounting to RM96,000 for the financial year ended 30 September 2005.  | Ordinary Resolution 2 |
| 3. To re-elect the following Directors retiring by rotation in accordance with Article 81 of the Company’s Articles of Association:                       |                       |
| a) Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid   | Ordinary Resolution 3 |
| b) En Kamarudin Bin Ngah  | Ordinary Resolution 4 |
| 4. To re-elect the following Directors retiring in accordance with Article 88 of the Company’s Articles of Association:                                   |                       |
| a) Mr Lee Keat Hin  | Ordinary Resolution 5 |
| b) Mr Parames Krairiksh   | Ordinary Resolution 6 |
| c) Mr Watchara Achakornlak  | Ordinary Resolution 7 |
| 5. To re-appoint Messrs. Deloitte & Touche as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.  | Ordinary Resolution 8 |

### **As Special Business**

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

- |   |                       |
|---|-----------------------|
| 6. Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 | Ordinary Resolution 9 |
|---|-----------------------|

“**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 until the conclusion of the next Annual General Meeting 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.”

## Notice of **Annual General Meeting** (cont'd)

7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate") with the following Related Parties:-

- a) KEY ALLIANCE SDN BHD
- b) DATAMAT PUBLIC COMPANY LIMITED, THAILAND

Ordinary Resolution 10

Ordinary Resolution 11

"**THAT**, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given for DVM and its subsidiaries ("DVM Group") to enter into and give effect to the Recurrent Related Party Transactions of a revenue or trading nature as detailed in Section 2.3 in the Circular accompanying the Annual Report dated 28th February 2006, which are necessary for the DVM Group's day-to-day operations in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company;

**AND THAT**, such approval shall be in force until:

- (i) the conclusion of the next Annual General Meeting, at which time it will lapse, unless by a resolution passed at the meeting whereby the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by shareholders in general meeting,

whichever is earlier,

**AND THAT** authority be and is hereby given to the Directors of the Company to complete and do such acts and things (including executing all such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

8. 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** (MIA 18831)  
**Marion Lim Gaik Bee** ( MAICSA 7040746)  
Secretaries

Kuala Lumpur  
1st March, 2006

## Notice of **Annual General Meeting** (cont'd)

### NOTES

#### (A) APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.
2. 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. If the appointor is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 13-7A The Boulevard Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding this meeting or any adjournment thereof.

#### (B) EXPLANATORY NOTE UNDER SPECIAL BUSINESS

1. Ordinary Resolution No. 9  

The Proposed Ordinary Resolution 9, if passed, will avoid any delay and cost involved in convening a general meeting and 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 best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
2. Ordinary Resolution No. 10 and Ordinary Resolution No 11  

The Ordinary Resolutions No. 10 and No. 11, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature in compliance with Rule 6.8 and Guidance Note 12 of Bursa Securities Listing Requirements for the MESDAQ Market. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 28th February 2006 which is despatched together with the Company Annual Report for the financial year ended 30 September 2005.



## Statement accompanying notice of **Annual General Meeting**

### **1. Directors standing for re-election**

The Directors retiring by rotation and standing for re-election pursuant to Article 81 of the Article of Association of the Company are:

- Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid
- Encik Kamarudin bin Ngah

The Directors retiring and standing for re-election pursuant to Article 88 of the Article of Association of the Company are:

- Mr Lee Keat Hin
- Mr Parames Krairiksh
- Mr Watchara Achakornlak

The profiles of the above Directors are set out in the section entitled “Profile of Directors” on page 9 to 11.

### **2. Date, Time and Venue of the Annual General Meeting**

The Third Annual General Meeting of the Company will be held as follows:-

Date : Thursday, 23 March 2006

Time : 10.00 am

Venue : Banquet Hall, Kuala Lumpur Golf & Country Club  
No. 10, Jalan 1/70D, Off Jalan Bukit Kiara  
60000 Kuala Lumpur

This page is intentionally left blank

# Proxy Form

I/We \_\_\_\_\_ (I.C. No./Co Registration No.) \_\_\_\_\_  
(FULL NAME IN BLOCK LETTER)

of \_\_\_\_\_

being a member/members of DVM TECHNOLOGY BERHAD, hereby appoint \_\_\_\_\_

(I.C. No.) \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_

(I.C. No.) \_\_\_\_\_ of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 23 March 2006 at 10 am and at any adjournment thereof, as indicated below:-

Ordinary	Resolution	For	Against
Resolution 1	Receiving the Audited Financial Statements for the year ended 30 September 2005 together with the Directors and Auditors' Reports thereon.		
Resolution 2	Approval of payment of the Directors' fees amounting to RM96,000 for the financial year ended 30 September 2005		
Resolution 3	Re-election of Gen (R ) Tan Sri Abdul Rahman Bin Abdul Hamid		
Resolution 4	Re-election of Mr Kamarudin bin Ngah		
Resolution 5	Re-election of Mr Lee Keat Hin		
Resolution 6	Re-election of Mr Parames Krairiksh		
Resolution 7	Re-election of Mr Watchara Achakornlak		
Resolution 8	Re-appointment of Messrs. Deloitte & Touche as auditors and to authorise the Directors to fix their remuneration		
Resolution 9	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Key Alliance Sdn Bhd		
Resolution 11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Datamat Public Company Limited, Thailand		

(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 \_\_\_\_\_ 2006

Number of shares held

\_\_\_\_\_  
Signature of Shareholder or Common Seal

#### Notes

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.
- 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing. If the appointor is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 13-7A The Boulevard Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding this meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here



The Company Secretary  
**DVM TECHNOLOGY BERHAD**  
(Company No. 609953-K)

13-7A The Boulevard  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

1st fold here