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2 0 0 6 A N N U A L R E P O R T



DVM TECHNOLOGY BERHAD (609953-K)

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DVM
TECHNOLOGY

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CORPORATE VISION

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

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*
Kamarudin Bin Ngah - *Independent Non-Executive Director*
Lee Keat Hin - *Independent Non-Executive Director*

Audit Committee

Kamarudin Bin Ngah - Chairman
Lee Keat Hin
Chen Chee Peng

Remuneration Committee

Kamarudin bin Ngah - Chairman
Lee Keat Hin
Chen Chee Peng

Nomination Committee

Kamarudin bin Ngah - Chairman
Lee Keat Hin

Company Secretary

Pang Kah Man (MIA 18831)

Registered Office

A-11-3 (Suite 2), Northpoint Offices, Mid Valley City
No 1 Medan Syed Putra Utara, 59200 Kuala Lumpur
T 03 2287 3788 F 03 2287 2688

Business Address

Suite 3A-7, Level 7 Block 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral,
50470 Kuala Lumpur
T 03 2273 3868 F 03 2273 3863
www.dvm.com.my E-mail lee@dvm.com.my

Share Registrar

Shareworks Sdn Bhd
23, Jalan Sri Hartamas 7, Sri Hartamas, 50480 Kuala Lumpur
T 03 6201 1120 F 03 6201 3121

Auditors

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

Principal Banker

Malayan Banking Berhad

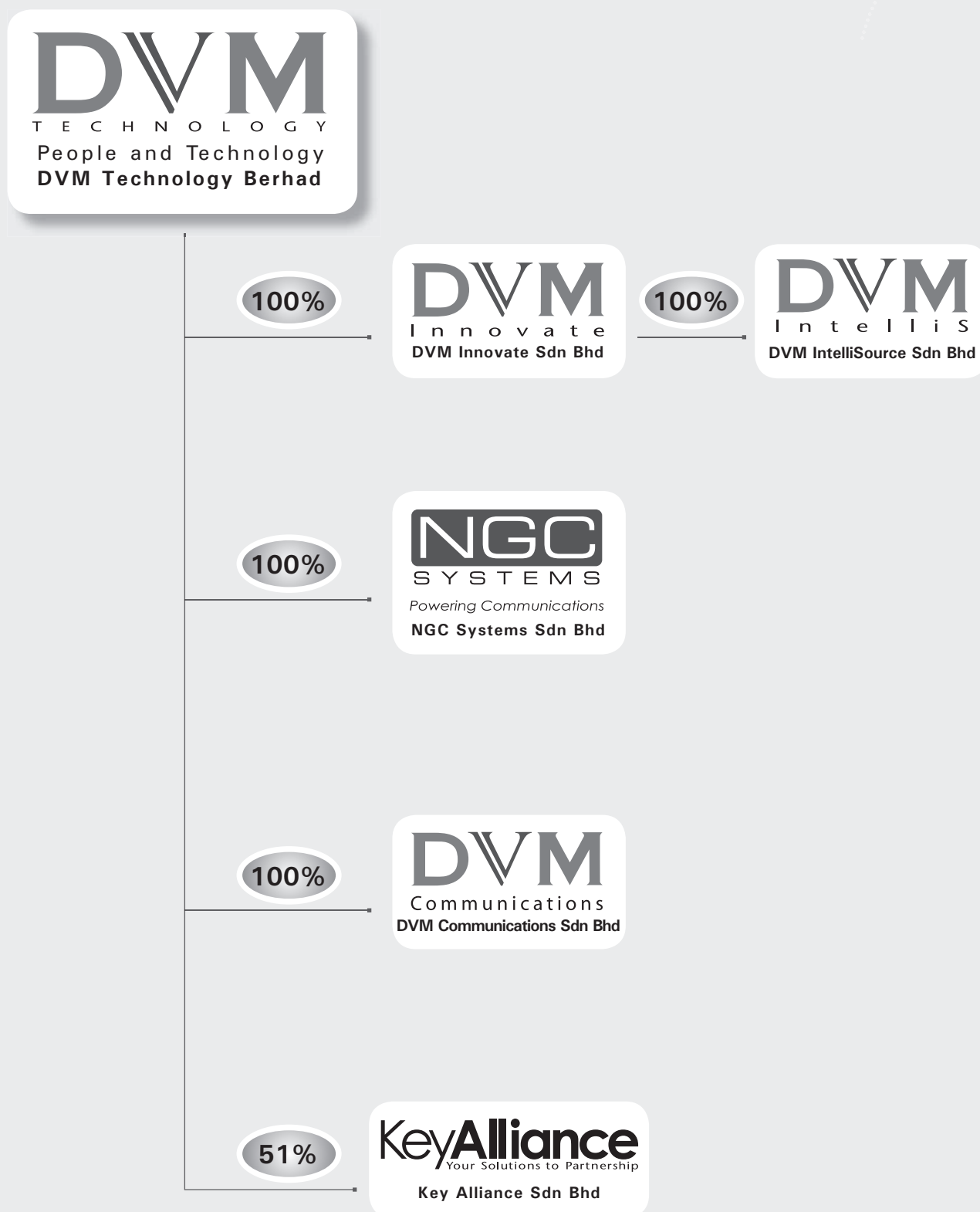
Sponsor

Public Investment Bank Berhad
25th Floor, Menara Public Bank, 146, Jalan Ampang, 50450 Kuala Lumpur
T 03 2166 9382 F 03 2166 9386

Stock Exchange Listing

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

CORPORATE STRUCTURE





PROFILE OF DIRECTORS

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

Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid, aged 69, a Malaysian was appointed the Chairman of DVM on 4 November 2003. 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.

Dato' Goh Kian Seng **Managing Director**

Dato' Goh Kian Seng, aged 45, 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 25,932,000 fully paid ordinary shares of RM0.10 each or 14.7% interest in the Company.

Chen Chee Peng **Executive Director**

Chen Chee Peng, aged 44, 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 and a Masters of Business Administration from Southern Cross University, Australia. He has 18 years experience in the IT industry. He is responsible and manages the operations, business direction and strategies of the DVM Group. He is a member of the Audit and Remuneration Committee.

Mr. Chen holds 2,763,433 fully paid ordinary shares of RM0.10 each or 1.6% interest in the Company.

Kamarudin Bin Ngah **Independent Non-Executive Director**

Kamarudin Bin Ngah, aged 59, 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 a private company involved in spiral waste storage and handling systems. En Kamarudin is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

PROFILE OF DIRECTORS

Lee Keat Hin

Independent Non-Executive Director

Lee Keat Hin, aged 49, 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 member of the Audit Committee, Nomination Committee and Remuneration Committee.

Notes to Directors' Profile

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

MANAGEMENT

DISCUSSION

Dear Valued Shareholders

On behalf of the Board of Directors, I would like to present you the Annual Report and Audited Financial Statements for the financial period ended 31st December 2006.

Overview

During the financial period under review, we faced numerous challenges in the market. To address the business condition that DVM faces and to maintain market competitiveness, we have taken proactive steps towards the objective to focus on specific and selective core products and to rationalise the Group's operational efficiency and effectiveness.

This action has borne fruits as the Group report growth in areas like sales turnover, product, customer portfolio and expansion in revenue sharing contracts.

Industry Trend and Development

During the Ninth Plan period, the country will leverage on the significant progress made in fostering the development of ICT and multimedia industries. Taking into cognisance the increasing competition from other ICT hubs worldwide, efforts will be intensified towards strengthening Malaysia's position as a preferred global location for ICT investment and as a market leader for ICT solutions. Since the provision for a conducive environment, such as reliable infrastructure as well as service availability, affordability, and productivity, is a critical requirement in attracting key players, continuous global benchmarking of Malaysia's position will be important in assessing Malaysia's competitiveness and investment attractiveness internationally. In this regard, the National Information Technology Council (NITC) will continue to be the principal forum to further develop national ICT policy and strategy, coordinate initiatives and monitor implementation.

(Source: Ninth Malaysia Plan 2006 - 2010)

In light of the positive growth prospects of the global economy, Malaysian economy and the Government's continuous efforts to strengthen the ICT industry in Malaysia, this is expected to augur well for the ICT industry for the next twelve (12) months.

Financial Highlights

For the financial period, our Group's turnover increased by 48% from RM11.0 million to RM16.3 million. The increase is due to stronger book orders and from expansion of customer portfolio from local and overseas alike. As a direct result from the Group's focus on specific and selective core products and market, the gross profits had improved from RM2.7 million to RM5.7 million.

As a result of the Group's costs rationalization, the Group had managed to lower its administrative and distribution expenses.

The other operating expenses had shown a significant increase which is primarily due to the provision for doubtful debts, inventory write down and increase in amortisation expense.

During the period, the Group had taken prudent measure which resulted in a one off provision for doubtful debts of RM4.6 million and write-down of stocks of RM1.1 million. This contributed to the increase in the other operating expenses.

The Group continues to invest in research and development (R&D) activities for Genico[®] and in line with this commitment, the amortization of software development continues to increase. The continuous investment is an important move in order to maintain a leading edge as provider of broadband telephony

MANAGEMENT DISCUSSION

and communication solutions and to support our existing local and overseas telecommunications and enterprise customers. Total investment for the period totaled RM2.6 million whilst the total amortisation expense for the period increased to RM1.8 million.

As a result, overall, the Group had a loss of RM7.9 million.

Utilisation of Proceeds

As at 31 December 2006, proceeds raised from the private placement (which was completed on 28 March 2006) totaling RM1.6 million had been fully utilized for working capital purposes.

Technology Investment and Development

During the period, the Group invested a total of RM2.6 million in R&D. The R&D expenditure which is crucial to the Group's sustainability of its business operations are expected to contribute positively to the Group's performance in the future.

The R&D is focused on developing solutions range for the packet-based broadband telephony and 3G communication services. The packet based broadband telephony solutions is for the telecommunications operators and enterprises whilst the 3G series is for the telecommunication operators and mobile carriers.

Looking ahead on our product development roadmap, we aim to expand on more 3G based products because the 3G video streaming markets are expanding at a rapid pace.

Prospects

The prospects for the coming financial year are expected to remain challenging. As such, the Group will conscientiously review our business model, strategies and continuously strengthen our core competencies in both the systems integration and network integration and R&D development.

The Group has signed several revenue sharing agreements with local and overseas telco customers and we anticipate these projects to have gradual growth in the forthcoming financial year. Earlier this year, the Group had launched its 3G Pocketsports, a packet based 3G video solutions and moving forward, the Group will leverage on its existing customer base and teaming arrangement with several local and international technology partners as the Group expects stronger growth for the mobile 3G solutions from other Asian countries in view of their larger population.

Barring unforeseen circumstances, the Board is optimistic about the global and Malaysian economies and the ICT Industry in Malaysia and hopes to improve the Group's performance for the next financial year.

Acknowledgement and Appreciation

On behalf of the board, I wish to express sincere thanks and appreciation to the employees of DVM, customers, shareholders, business partners, technology partners and financiers who have given us their unwavering support and valuable feedback.

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

The Management Team of DVM Technology Berhad



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 five members which comprise the Independent Non-Executive Chairman, Managing Director, one Executive Director and two 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 4 to 5.

All the Independent Non-Executive Directors are independent of Management and free from any business or other relationship that could materially interfere with the exercise of their independent 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. The Committee 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.

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.

CORPORATE GOVERNANCE STATEMENT

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.

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

Directors	Attendance
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	7 / 7
Dato' Goh Kian Seng	6 / 7
Chen Chee Peng	7 / 7
Kamarudin Bin Ngah	7 / 7
Lee Keat Hin	7 / 7

During the financial period, 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 duties as a Director.

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 Director. Individual Directors are required to abstain from discussion on their own remuneration.

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

2.1 Directors' Remuneration

The remuneration of Directors for the financial period ended 31 December 2006 was as follows:

Categorisation	Aggregate remuneration (in RM) paid/payable to		Total (RM)
	Executive Directors	Non Executive Directors	
Directors Fees	0	120,000	120,000
Directors Emoluments			
- Salaries & Allowances	484,800	0	484,800
- Contribution by employer to Provident Fund	58,176	0	58,176
Total	542,976	120,000	662,976

CORPORATE GOVERNANCE

STATEMENT

The number of Directors whose total remunerations falls within the following bands was as follows:

Remuneration Band (in RM per period)	Executive Directors	Non-Executive Directors
200,001 – 250,000	1	0
150,001 – 200,000	1	0
100,001 – 150,000	0	0
50,001 – 100,000	0	1
Below 50,000	0	2

3. ACCOUNTABILITY AND AUDIT

3.1 Financial Reporting

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.

The Directors are responsible for ensuring that financial statement are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia. In preparing the financial statements, the Directors are required to select appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

3.2 Internal Control

The Group's Statement of Internal Control is set out on page 13 of this Annual Report.

3.3 Relationship with Auditors

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

3.4 The Audit Committee

The Board has set up an Audit Committee, which composition is in compliance with the relevant regulatory requirements. The report of the Audit Committee is laid out on pages 11 to 12.

4. SHAREHOLDERS

4.1 Dialogue between the Company and Investors

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

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

4.2 Annual General Meeting (AGM)

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

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
Chen Chee Peng	-	Member/Executive Director

Terms of Reference of the Audit Committee

(1) Composition of the Audit Committee

- (a) The Audit Committee shall be appointed by the Board of Directors from among their number and shall be composed of not fewer than 3 members of whom a majority shall be independent non-executive directors.
- (b) The Board shall at all times ensure that at least one (1) member of the Committee shall be:-
 - a member of the Malaysian Institute of Accountants (MIA); or
 - If he or she is not a member of MIA, he must have at least three (3) years of working experience and :-
 - he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he or she must be a member of the associates of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (c) The members of the Audit Committee shall elect a Chairman from among their number who is not an executive director or employee of the Company or any related corporation. The Chairman elected shall be subject to endorsement by the Board.
- (d) If a member to the Audit Committee for any reason ceases to be a member with the results that the number is reduced to below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

(2) Quorum and Committee's procedures

- (a) The Committee will meet at least once a quarter and such additional meetings, as the Chairman shall decide in order to fulfill its duties.
- (b) In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee Member, the Company's Managing Director, the external auditors or the internal auditors where applicable.
- (c) The Chairman may appoint a Secretary responsible for keeping the minutes of meetings of the Committee, and circulating them to Committee members and to other members of the Board of Directors.
- (d) A quorum shall consist of a majority of Committee members who must be independent director(s).

(3) Duties and Responsibilities

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

- (a) to review and recommend the appointment of the external auditors, the audit fees and any other related matters;
- (b) to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (c) to review the external auditors' report;
- (d) to review the financial statements with both the external auditors and management;



AUDIT COMMITTEE

REPORT

- (e) to review the effectiveness of the internal audit function, internal control and management information systems;
- (f) to review all areas of significant financial risks and the arrangements in place to contain those risks to acceptable levels; and
- (g) to review all related party transactions and potential conflict of interest situations.

Summary of Activities

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

During the financial year, the Audit Committee had carried out the following activities:-

- (a) review of the quarterly financial results and announcements;
- (b) review of the audited audit report together with the external auditors;
- (c) review the recurrent related party transactions; and
- (d) review the circular for the recurrent related party transactions.

Internal Audit Function

Presently the Group does not have an internal audit department and the Audit Committee relied on discussions with the executive directors and management, review of quarterly financial statements and input from the external auditors to discharge their duties.

STATEMENT OF INTERNAL CONTROL

Board Responsibility

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

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

The Group has in place an on-going process to review the effectiveness, adequacy and integrity of the internal controls.

Key Processes

The key processes of internal control of the Group include:

1. The Board have established delegation of responsibilities to Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee.
2. Within the Group, there are organisation structure with clearly defined lines of responsibility, authority and accountability.
3. Executive Directors and management regularly meet and monitor the operational, management issues, financial performance and indicators focusing on the evaluation of applicable risks. Scheduled informal operational and management meetings are held to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board.
4. The Group has documented policies, procedures and standards in place to further strengthen the internal control system. These documents will be kept updated in accordance with changes in operating environment.
5. The Board and Audit Committee receive and review quarterly operating reports and annual financial statements.
6. Regular training and development programmes are being attended by employees with the objective of enhancing their knowledge and skill competency.

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



ADDITIONAL COMPLIANCE INFORMATION

1. Share Buyback
The Company does not have a scheme to buy back its shares.
2. Options, Warrants or Convertible Securities
The Company does not have any options, warrants or convertible securities in issue during the financial period.
3. Depository Receipt Programme
The Company did not sponsor any depository receipt programme during the financial period.
4. Imposition of Sanctions and/or penalties
There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies during the financial period.
5. Non audit fees
There were no non –audit fees paid to the external auditors of the Company during the financial period.
6. Variation of Results
During the financial period, there were no significant variances noted between the reported results and the unaudited results announced.
7. Profit Guarantee
The Company did not give any profit guarantee during the financial period.
8. Material Contracts
There were no material contracts of the Company and its subsidiaries, involving the directors and substantial shareholders' interests during the financial period.

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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 period 1st October, 2005 to 31st December, 2006.

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 period.

CHANGE OF FINANCIAL YEAR-END

During the financial period, the Company changed its financial year-end from 30th September to 31st December. Accordingly, the financial statements of the Group and of the Company for the current financial period are drawn up for the period 1st October, 2005 to 31st December, 2006 or a period of fifteen months.

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Loss before tax	(7,820,749)	(7,003,326)
Income tax (expense)/credit	(100,904)	19,178
Loss after tax	(7,921,653)	(6,984,148)
Minority interest	-	-
Net loss for the period	(7,921,653)	(6,984,148)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature other than exceptional items as disclosed in Note 5 to the Financial Statements.

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 period.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM16,000,000 to RM17,600,000 by a private placement of 16,000,000 new ordinary shares of RM0.10 each at par for the purpose of increasing working capital of the Company.

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

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

SHARE OPTIONS

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

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

OTHER FINANCIAL INFORMATION

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

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

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

- (a) which would require the writing off of bad receivables 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.

DIRECTORS'

REPORT

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

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

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

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

DIRECTORS

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

Dato' Goh Kian Seng
 Chen Chee Peng
 Kamarudin Bin Ngah
 Gen. (R) Tan Sri Abdul Rahman Bin Abdul Hamid
 Lee Keat Hin
 Lee Chiew Hooi (resigned on 28.8.2006)
 Bhana Swasdibutara (resigned on 22.8.2006)
 Parames Krairiksh (resigned on 27.4.2006)
 Watchara Achakornlak (resigned on 27.4.2006)

In accordance with Article 81 of the Company's Articles of Association, Mr. Chen Chee Peng retires by rotation and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.10 each			
	Balance as of 1.10.2005	Bought	Sold	Balance as of 31.12.2006
Shares in the Company				
Registered in name of director				
Dato' Goh Kian Seng	25,992,000	17,040,000	(17,100,000)	25,932,000
Chen Chee Peng	6,290,099	-	(3,526,666)	2,763,433

DIRECTORS' REPORT

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

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 and any benefits which may be deemed to have arisen by virtue of the transactions as disclosed in Notes 14 and 15 to the Financial Statements.

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

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
24th April, 2007



REPORT OF

THE AUDITORS TO THE MEMBERS OF DVM TECHNOLOGY BERHAD (Incorporated in Malaysia)

We have audited the accompanying balance sheet as of 31st December, 2006 and the related statements of income, cash flows and changes in equity for the period 1st October, 2005 to 31st December, 2006. 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 31st December, 2006 and of the results and the cash flows of the Group and of the Company for the period 1st October, 2005 to 31st December, 2006; 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
1874/9/08 (J)
Partner

24th April, 2007

INCOME STATEMENTS

FOR THE PERIOD 1ST OCTOBER, 2005 TO 31ST DECEMBER, 2006

(With comparative figures for the year ended 30th September, 2005)

	Note	The Group		The Company	
		31.12.2006 (15 months) RM	30.9.2005 (12 months) RM	31.12.2006 (15 months) RM	30.9.2005 (12 months) RM
Revenue	4	16,294,610	11,053,853	1,392,000	1,944,000
Cost of sales		(10,581,959)	(8,392,874)	-	-
Gross profit		5,712,651	2,660,979	1,392,000	1,944,000
Other operating income		9,873	196,307	509,376	438,569
Distribution expenses		(861,748)	(865,917)	(188,627)	(270,544)
Administrative expenses		(2,070,027)	(2,222,430)	(467,011)	(524,777)
Other operating expenses		(10,291,737)	(8,720,541)	(7,993,243)	(1,600,409)
Loss from operations	5	(7,500,988)	(8,951,602)	(6,747,505)	(13,161)
Interest income from deposits		68,816	113,511	15,253	46,326
Finance costs	7	(388,577)	(282,994)	(271,074)	(241,919)
Loss before tax		(7,820,749)	(9,121,085)	(7,003,326)	(208,754)
Income tax (expense)/credit	8	(100,904)	48,195	19,178	(37,529)
Loss after tax		(7,921,653)	(9,072,890)	(6,984,148)	(246,283)
Minority interest		-	220,500	-	-
Net loss for the period/year		<u>(7,921,653)</u>	<u>(8,852,390)</u>	<u>(6,984,148)</u>	<u>(246,283)</u>
Loss per ordinary share - basic (sen)	9	<u>(4.65)</u>	<u>(5.53)</u>		

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

BALANCE SHEETS

AS OF 31ST DECEMBER, 2006

	Note	The Group		The Company	
		31.12.2006	30.9.2005	31.12.2006	30.9.2005
		RM	RM	RM	RM
ASSETS					
Property, plant and equipment	10	4,866,365	5,451,113	4,316,730	4,601,309
Investment in subsidiary companies	11	-	-	13,706,572	9,206,570
Development expenditure	12	5,417,605	4,665,207	-	-
Current Assets					
Inventories	13	4,729,072	100,004	-	-
Trade receivables	14	5,970,860	14,207,983	-	-
Other receivables and prepaid expenses	15	723,115	3,793,924	75,600	129,619
Amount owing by subsidiary companies	11	-	-	5,915,295	15,094,955
Fixed deposits with licensed banks	17	970,211	2,620,880	678	527,583
Cash and bank balances		456,327	545,082	43,127	125,555
		<u>12,849,585</u>	<u>21,267,873</u>	<u>6,034,700</u>	<u>15,877,712</u>
Current Liabilities					
Trade payables	18	2,281,527	4,164,601	-	-
Other payables and accrued expenses	18	556,384	450,793	221,153	134,189
Amount owing to a director	19	8,700	28,172	-	-
Bank borrowings	20	2,228,404	2,056,536	322,188	256,719
Long-term loan - current portion	21	239,214	209,799	239,214	209,799
Tax liabilities		91,976	16,200	-	16,200
		<u>5,406,205</u>	<u>6,926,101</u>	<u>782,555</u>	<u>616,907</u>
Net Current Assets		7,443,380	14,341,772	5,252,145	15,260,805

(Forward)

BALANCE SHEETS (cont'd)

AS OF 31ST DECEMBER, 2006

	Note	The Group		The Company	
		31.12.2006	30.9.2005	31.12.2006	30.9.2005
		RM	RM	RM	RM
Long-term And Deferred Liabilities					
Long-term loan - non current portion	21	2,196,132	2,491,473	2,196,132	2,491,473
Deferred tax liabilities	22	-	12,000	-	12,000
		(2,196,132)	(2,503,473)	(2,196,132)	(2,503,473)
Net Assets		<u>15,531,218</u>	<u>21,954,619</u>	<u>21,079,315</u>	<u>26,565,211</u>
Represented by:					
Issued capital	23	17,600,000	16,000,000	17,600,000	16,000,000
Share premium	24	10,716,665	10,818,413	10,716,665	10,818,413
Reserve on consolidation	24	1,760,900	1,760,900	-	-
Accumulated loss		(14,546,347)	(6,624,694)	(7,237,350)	(253,202)
Shareholders' Equity		<u>15,531,218</u>	<u>21,954,619</u>	<u>21,079,315</u>	<u>26,565,211</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1ST OCTOBER, 2005 TO 31ST DECEMBER, 2006

(With comparative figures for the year ended 30th September, 2005)

	Issued capital RM	Share premium RM	Non-distributable reserve - Reserve on consolidation RM	Unappropriated profit/ (Accumulated loss) RM	Total RM
The Group					
Balance as of 30th September, 2004	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)
Balance as of 30th September, 2005	16,000,000	10,818,413	1,760,900	(6,624,694)	21,954,619
Net loss for the period	-	-	-	(7,921,653)	(7,921,653)
Shares issued during the period (Note 23)	1,600,000	-	-	-	1,600,000
Shares issued expenses	-	(101,748)	-	-	(101,748)
Balance as of 31st December, 2006	<u>17,600,000</u>	<u>10,716,665</u>	<u>1,760,900</u>	<u>(14,546,347)</u>	<u>15,531,218</u>

	Issued capital RM	Non-distributable reserve- Share premium RM	Accumulated loss RM	Total RM
The Company				
Balance as of 30th September, 2004	16,000,000	10,818,413	(6,919)	26,811,494
Net loss for the year	-	-	(246,283)	(246,283)
Balance as of 30th September, 2005	16,000,000	10,818,413	(253,202)	26,565,211
Shares issued during the period (Note 23)	1,600,000	-	-	1,600,000
Shares issued expenses	-	(101,748)	-	(101,748)
Net loss for the period	-	-	(6,984,148)	(6,984,148)
Balance as of 31st December, 2006	<u>17,600,000</u>	<u>10,716,665</u>	<u>(7,237,350)</u>	<u>21,079,315</u>

CASH FLOW STATEMENTS

FOR THE PERIOD 1ST OCTOBER, 2005 TO 31ST DECEMBER, 2006

(With comparative figures for the year ended 30th September, 2005)

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	(15 months)	(12 months)	(15 months)	(12 months)
	RM	RM	RM	RM
Cash Flows From/(Used In)				
Operating Activities				
Loss before tax	(7,820,749)	(9,121,085)	(7,003,326)	(208,754)
Adjustments for:				
Allowance for doubtful receivables	4,636,994	4,951,090	69,910	-
Amortisation of development expenditure	1,815,924	900,328	-	-
Inventory write down	1,068,992	-	-	-
Depreciation of property, plant and equipment	706,821	612,380	293,791	176,071
Interest expense	388,577	282,994	271,074	241,919
Property, plant and equipment written off	51,687	96,224	-	-
Loss/(Gain) on disposal of property, plant and equipment	7,887	(2,292)	2,964	-
Interest income	(68,816)	(113,511)	(15,253)	(46,326)
Impairment loss of investment in subsidiary companies	-	-	6,500,000	-
Operating Profit/(Loss) Before Working Capital Changes	787,317	(2,393,872)	119,160	162,910
(Increase)/Decrease in:				
Inventories	(5,698,060)	(100,004)	-	-
Trade receivables	5,660,134	1,203,592	-	-
Other receivables and prepaid expenses	(73,250)	(1,616,397)	(15,891)	252,254
Amount owing by subsidiary companies	-	-	(820,340)	(6,427,462)
(Forward)				

CASH FLOW

STATEMENTS (cont'd)

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	(15 months)	(12 months)	(15 months)	(12 months)
	RM	RM	RM	RM
Increase/(Decrease) in:				
Trade payables	(1,883,074)	152,932	-	-
Other payables and accrued expenses	105,591	(834,836)	86,964	(71,128)
Amount owing to a subsidiary company	-	-	-	(26,859)
Amount owing to a director	(19,472)	(131,828)	-	-
Cash Used In Operations	(1,120,814)	(3,720,413)	(630,107)	(6,110,285)
Interest paid	(388,577)	(282,994)	(271,074)	(241,919)
Income tax refund/(paid)	1,046,926	(584,325)	(9,022)	(59,329)
Net Cash Used In Operating Activities	(462,465)	(4,587,732)	(910,203)	(6,411,533)
Cash Flows From/(Used In) Investing Activities				
Interest received	68,816	113,511	15,253	46,326
Proceeds from disposal of property, plant and equipment	41,982	12,742	850	-
Development expenditure Incurred	(2,568,322)	(2,809,662)	-	-
Purchase of property, plant and equipment	(223,629)	(773,266)	(13,026)	(695,210)
Subscription of ordinary shares in subsidiary company	-	-	(1,000,002)	(229,500)
Net Cash Used In Investing Activities	(2,681,153)	(3,456,675)	(996,925)	(878,384)

(Forward)

CASH FLOW STATEMENTS (cont'd)

	Note	The Group		The Company	
		31.12.2006	30.9.2005	31.12.2006	30.9.2005
		(15 months)	(12 months)	(15 months)	(12 months)
		RM	RM	RM	RM
Cash Flows From/(Used In) Financing Activities					
Issue of shares		1,600,000	-	1,600,000	-
Decrease/(Increase) in fixed deposit pledged		773,764	(1,142,329)	-	-
Drawdown of short term borrowings		405,894	1,028,106	-	-
Repayment of term loan		(265,926)	(186,267)	(265,926)	(186,267)
Share issue expenses		(101,748)	-	(101,748)	-
Cash inflow from subscription of shares from minority		-	220,500	-	-
Repayment of hire-purchase payable		-	(16,276)	-	-
Net Cash From/(Used In) Financing Activities		2,411,984	(96,266)	1,232,326	(186,267)
Net Decrease In Cash And Cash Equivalents		(731,634)	(8,140,673)	(674,802)	(7,476,184)
Cash And Cash Equivalents At Beginning Of Period/Year		394,235	8,534,908	396,419	7,872,603
Cash And Cash Equivalents At End Of Period/Year	26	(337,399)	394,235	(278,383)	396,419

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 period.

During the financial period, the Company changed its financial year-end from 30th September to 31st December. Accordingly, the financial statements of the Group and of the Company for the current financial period are drawn up for the period 1st October, 2005 to 31st December, 2006 or a period of fifteen months.

The total number of employees of the Group and of the Company as of period end was 53 (77 in 2005) and 7 (11 in 2005) respectively.

The registered office of the Company is located at A-11-3 (Suite 2), Northpoint Offices, Mid Valley City, No.1, Medan Syed Putra Utara, 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 24th April, 2007.

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 31st December, 2006. 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

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

All significant intercompany transactions and balances are eliminated on consolidation.

Revenue

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

Revenue from maintenance fees is recognised in the income statements on a time basis, by reference to the agreement entered, and when the services are rendered.

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

Foreign Currency Conversion

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

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

	31.12.2006	30.9.2005
	RM	RM
Currencies		
United States Dollar	3.52	3.77
Euro	4.61	-

Income Tax

Income tax (if any) on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is accounted for using the "balance sheet liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for taxable temporary differences, and deferred tax assets are generally recognised for deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS

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).

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%

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.

Development Expenditure

Expenditure on development is charged to the income statements in the period 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 and packing materials 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.

Investments

Investment in subsidiary companies, which is eliminated on consolidation, is 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 decline, other than a temporary decline, in the value of the investment.

NOTES TO THE FINANCIAL STATEMENTS

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 and other receivables. The Company's principal financial assets also include amount owing by subsidiary companies.

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.

Bank borrowings and equity instruments are recorded at the proceeds received, net of direct issue costs.

Cash Flow Statements

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

4. REVENUE

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	(15 months)	(12 months)	(15 months)	(12 months)
	RM	RM	RM	RM
Sales of computer hardware and software	11,858,662	5,898,576	-	-
Maintenance fees	4,435,948	5,155,277	-	-
Management fee charged to subsidiary companies	-	-	1,392,000	1,944,000
	<u>16,294,610</u>	<u>11,053,853</u>	<u>1,392,000</u>	<u>1,944,000</u>

5. LOSS FROM OPERATIONS

Loss from operations is arrived at:

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	(15 months)	(12 months)	(15 months)	(12 months)
	RM	RM	RM	RM
After charging:				
Exceptional items:				
Allowance for doubtful receivables				
- trade	2,576,989	4,951,090	-	-
- non-trade	2,060,005	-	69,910	-
	4,636,994	4,951,090	69,910	-
Inventory write down (Note 13)	1,068,992	-	-	-
Impairment loss of investment in subsidiary companies (Note 11)	-	-	6,500,000	-
Staff costs	3,163,706	2,958,279	385,722	427,398
Amortisation of development expenditure (Note 12)	1,815,924	900,328	-	-
Depreciation of property, plant and equipment (Note 10)	706,821	612,380	293,791	176,071

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	(15 months)	(12 months)	(15 months)	(12 months)
	RM	RM	RM	RM
After charging:				
Directors' remuneration (Note 6)	685,422	1,172,840	662,976	967,080
Rental of equipment	92,214	-	-	-
Property, plant and equipment written off	51,687	96,224	-	-
Rental of premises	40,010	93,952	-	-
Audit fee	35,000	34,000	10,000	10,000
Loss on disposal of property, plant and equipment	7,887	-	2,964	-
Realised loss on foreign exchange	3,001	4,847	-	-
And crediting:				
Realised gain on foreign exchange	5,590	-	-	-
Rental income receivable from subsidiary companies	-	-	508,940	424,920
Gain on disposal of property, plant and equipment	-	2,292	-	-

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 period amounted to RM193,342 (RM289,002 in 2005) and RM36,098 (RM41,431 in 2005), respectively.

NOTES TO THE FINANCIAL STATEMENTS

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	(15 months)	(12 months)	(15 months)	(12 months)
	RM	RM	RM	RM
Executive directors:				
Other emoluments	507,246	980,000	484,800	780,000
EPF contributions	58,176	96,840	58,176	91,080
	565,422	1,076,840	542,976	871,080
Non-executive directors:				
Fees	120,000	96,000	120,000	96,000
	685,422	1,172,840	662,976	967,080

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

	Number of directors	
	31.12.2006	30.9.2005
Executive Directors		
RM100,001 - RM200,000	1	1
RM200,001 - RM300,000	1	1
RM400,001 - RM500,000	-	1
Non-Executive Directors		
Below RM20,000	-	4
RM20,001 - RM30,000	2	1
RM30,001 - RM50,000	-	1
RM50,001 - RM70,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCE COSTS

	The Group		The Company	
	31.12.2006 (15 months)	30.9.2005 (12 months)	31.12.2006 (15 months)	30.9.2005 (12 months)
	RM	RM	RM	RM
Interest on:				
Term loan	245,124	237,906	245,124	234,038
Bank overdraft	86,565	25,300	25,950	7,881
Bankers' acceptance	42,819	10,592	-	-
Short term loan	14,069	9,196	-	-
	<u>388,577</u>	<u>282,994</u>	<u>271,074</u>	<u>241,919</u>

8. INCOME TAX (EXPENSE)/CREDIT

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

	The Group		The Company	
	31.12.2006 (15 months)	30.9.2005 (12 months)	31.12.2006 (15 months)	30.9.2005 (12 months)
	RM	RM	RM	RM
Estimated tax payable:				
Current period/year	-	(16,200)	-	(16,200)
(Under)/Overprovision in prior years	(112,904)	16,395	7,178	(9,329)
	<u>(112,904)</u>	<u>195</u>	<u>7,178</u>	<u>(25,529)</u>
Transfer from deferred tax (Note 22):				
Current period/year	12,000	48,000	12,000	(12,000)
Income tax (expense)/credit	<u>(100,904)</u>	<u>48,195</u>	<u>19,178</u>	<u>(37,529)</u>

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	31.12.2006 (15 months) RM	30.9.2005 (12 months) RM	31.12.2006 (15 months) RM	30.9.2005 (12 months) RM
Loss before tax	<u>(7,820,749)</u>	<u>(9,121,085)</u>	<u>(7,003,326)</u>	<u>(208,754)</u>
Tax at statutory tax rate of 28% (28% in 2005)	(2,189,810)	(2,553,904)	(1,960,931)	(58,451)
Tax effects of:				
Expenses not deductible for tax purposes	226,258	442,575	1,869,461	86,651
Deferred tax asset not recognised	1,951,552	2,079,529	79,470	-
Under/(Over)provision in prior years	<u>112,904</u>	<u>(16,395)</u>	<u>(7,178)</u>	<u>9,329</u>
Tax expense/(credit) for the period/year	<u>100,904</u>	<u>(48,195)</u>	<u>(19,178)</u>	<u>37,529</u>

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 31st December, 2006, NGC has tax exempt income amounting to approximately RM1,396,000 (RM1,396,000 in 2005) by virtue of its pioneer status, which is subject to the agreement of the tax authorities.

9. LOSS FOR ORDINARY SHARE - BASIC

	The Group	
	31.12.2006 (15 months) RM	30.9.2005 (12 months) RM
Net loss attributable to ordinary shareholders (RM)	<u>(7,921,653)</u>	<u>(8,852,390)</u>
Number of shares in issue as of beginning of period/ year (units)	160,000,000	160,000,000
Effect of shares issued during the period/year (units)	<u>10,183,807</u>	<u>-</u>
Weighted average number of ordinary shares in issue (units)	<u>170,183,807</u>	<u>160,000,000</u>
Basic loss per ordinary share (sen)	<u>(4.65)</u>	<u>(5.53)</u>

NOTES TO THE FINANCIAL STATEMENTS

The basic loss per ordinary share is calculated by dividing the Group's loss after tax and minority interest of RM7,921,653 (RM8,852,390 in 2005) by the weighted average number of issued shares during the financial period.

10. PROPERTY, PLANT AND EQUIPMENT

	Office building RM	Computer software and equipment RM	Furniture, fittings, office equipment and renovation RM	Total RM
The Group				
Cost				
At beginning of period	4,032,070	2,065,544	904,899	7,002,513
Additions	-	210,059	13,570	223,629
Disposals	-	(20,940)	(56,940)	(77,880)
Written off	-	-	(79,150)	(79,150)
At end of period	4,032,070	2,254,663	782,379	7,069,112
Accumulated depreciation				
At beginning of period	100,802	1,299,377	151,221	1,551,400
Charge for the period	100,802	402,461	203,558	706,821
Disposals	-	(8,369)	(19,642)	(28,011)
Written off	-	-	(27,463)	(27,463)
At end of period	201,604	1,693,469	307,674	2,202,747
Net Book Value				
As of 31.12.2006	3,830,466	561,194	474,705	4,866,365
As of 30.9.2005	3,931,268	766,167	753,678	5,451,113
Depreciation charge for 2005	80,642	386,942	144,796	612,380

(Forward)

NOTES TO THE FINANCIAL STATEMENTS

	Office building RM	Computer software and equipment RM	Furniture, fittings, office equipment and renovation RM	Total RM
The Company				
Cost				
At beginning of period	4,032,070	37,759	730,036	4,799,865
Additions	-	924	12,102	13,026
Disposals	-	-	(4,950)	(4,950)
At end of period	4,032,070	38,683	737,188	4,807,941
Accumulated depreciation				
At beginning of period	100,802	7,531	90,223	198,556
Charge for the period	100,802	9,593	183,396	293,791
Disposals	-	-	(1,136)	(1,136)
At end of period	201,604	17,124	272,483	491,211
Net Book Value				
As of 31.12.2006	3,830,466	21,559	464,705	4,316,730
As of 30.9.2005	3,931,268	30,228	639,813	4,601,309
Depreciation charge for 2005	80,642	6,807	88,622	176,071

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

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 20 and 21.

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 RMNil (RM33,585 in 2005).

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 RM1,058,274 (RM329,458 in 2005).

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	31.12.2006	30.9.2005
	RM	RM
Unquoted shares in Malaysia - at cost	20,206,572	9,206,570
Less: Impairment loss (Note 5)	(6,500,000)	-
Net	<u>13,706,572</u>	<u>9,206,570</u>

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

Name of Company	Effective Equity Interest		Principal Activities
	31.12.2006	30.9.2005	
	%	%	
Direct subsidiary companies			
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 and provision of communication solutions
Key Alliance Sdn. Bhd.	51	51	Distribution and provision of information technology in relation to computer parts, software and accessories
DVM Communications Sdn. Bhd. ("DVM Com")	100	-	Dormant
Indirect subsidiary company, held through DVM Innovate			
DVM IntelliSource Sdn. Bhd.	100	100	Provision of business and operational support systems and services, software development and business process outsourcing

NOTES TO THE FINANCIAL STATEMENTS

During the financial period:

- a) the Company subscribed for 7,000,000 new ordinary shares of RM1 each in DVM Innovate for a total cash consideration of RM1,000,000 and through the capitalisation of an amount of RM6,000,000 owing by DVM Innovate;
- b) the Company subscribed for 4,000,000 new ordinary shares of RM1 each in NGC through the capitalisation of an amount of RM4,000,000 owing by NGC; and
- c) the Company acquired the entire equity interest of DVM Com, comprising 2 ordinary shares of RM1 each.

The amount owing by subsidiary companies arose mainly from payments made on behalf and advances, which are unsecured, interest-free and have no fixed terms of repayment. Significant transactions with the subsidiary companies are disclosed in Note 16.

12. DEVELOPMENT EXPENDITURE

	The Group	
	31.12.2006	30.9.2005
	RM	RM
Cost		
At beginning of period/year	5,787,597	2,977,935
Additions	2,568,322	2,809,662
At end of period/year	8,355,919	5,787,597
Accumulated Amortisation		
At beginning of period/year	1,122,390	222,062
Current amortisation (Note 5)	1,815,924	900,328
At end of period/year	(2,938,314)	(1,122,390)
Net	5,417,605	4,665,207

Included in additions to development expenditure of the Group was staff costs amounting to RM1,727,469 (RM1,430,186 in 2005). Contributions to EPF during the financial period amounted to RM178,030 (RM150,893 in 2005).

NOTES TO THE FINANCIAL STATEMENTS

13. INVENTORIES

	The Group	
	31.12.2006	30.9.2005
	RM	RM
At cost:		
Trading merchandise	413,200	60,100
Packing materials	39,904	39,904
	453,104	100,004
At realisable value:		
Trading merchandise	5,344,960	-
Less: Inventory write down (Note 5)	(1,068,992)	-
	4,275,968	-
	4,729,072	100,004

14. TRADE RECEIVABLES

	The Group	
	31.12.2006	30.9.2005
	RM	RM
Trade receivables	13,451,514	20,022,798
Unbilled receivable	911,150	-
Total	14,362,664	20,022,798
Less: Allowance for doubtful receivables	(8,391,804)	(5,814,815)
Net	5,970,860	14,207,983

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

	The Group	
	31.12.2006	30.9.2005
	RM	RM
Ringgit Malaysia	11,657,218	18,632,104
United States Dollar	2,705,446	1,371,922
Hong Kong Dollar	-	18,772
	14,362,664	20,022,798

NOTES TO THE FINANCIAL STATEMENTS

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 2005). An allowance has been made for estimated irrecoverable amounts of trade receivables of RM8,391,804 (RM5,814,815 in 2005) based on the default experience of the Group.

Included in trade receivables as of 31st December, 2006 is an amount owing by Datamat Public Company Limited ("Datamat"), a former corporate shareholder, amounting to RM2,347,156 (RM2,347,156 in 2005). During the financial period, the Group has made an allowance for doubtful receivables on the said balance amounting to RM2,347,156 (RMNil in 2005). Notwithstanding the full provision, the directors affirmed that it is pursuing the necessary action to recover the amount from Datamat.

Significant transactions with the former corporate shareholder during the financial period/year are as follows:

	The Group	
	31.12.2006	30.9.2005
	(15 months)	(12 months)
	RM	RM
Sales	-	1,283,156

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.

15. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	RM	RM	RM	RM
Other receivables	2,185,654	2,179,142	83,289	94,339
Tax recoverable	441,665	1,525,719	-	-
Refundable deposits	57,235	83,936	34,780	33,280
Prepaid expenses	98,566	5,127	27,441	2,000
	<u>2,783,120</u>	<u>3,793,924</u>	<u>145,510</u>	<u>129,619</u>
Less: Allowance for doubtful receivables	(2,060,005)	-	(69,910)	-
	<u>723,115</u>	<u>3,793,924</u>	<u>75,600</u>	<u>129,619</u>

Included in other receivables of the Group and of the Company as of 31st December, 2006 is an amount owing by Datamat amounting to RM2,060,005 (RM2,071,462 in 2005) and RM69,910 (RM81,369 in 2005) respectively, which arose from refundable retention money provided by a subsidiary company for projects secured in Thailand and expenses paid on behalf, which are unsecured, interest free and have no fixed terms of repayment. During the financial period, the Group and the Company have made an allowance for doubtful receivables on the said balances amounting to RM2,060,005 and RM69,910 (RMNil and RMNil in 2005) respectively.

NOTES TO THE FINANCIAL STATEMENTS

16. RELATED PARTIES TRANSACTIONS

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

Name of Company	Nature	The Company	
		31.12.2006	30.9.2005
		(15 months) RM	(12 months) RM
DVM Innovate Sdn. Bhd.	Management fee	464,000	648,000
	Rental income	168,500	165,600
DVM Intellisource Sdn. Bhd.	Management fee	464,000	648,000
	Rental income	99,200	165,600
NGC Systems Sdn. Bhd.	Management fee	464,000	648,000
	Rental income	193,000	-
Key Alliance Sdn. Bhd.	Rental income	<u>48,240</u>	<u>93,720</u>

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.

17. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits of the Group is an amount of RM969,533 (RM1,743,297 in 2005) placed with the local banks as security for banking facilities granted by the said banks to the subsidiary companies, as mentioned in Note 20.

The average effective interest rate of the fixed deposits ranges from 3% to 3.10% (3% in 2005) per annum.

The fixed deposits have an average maturity period of 1 to 12 months (1 to 12 months in 2005).

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 2005).

NOTES TO THE FINANCIAL STATEMENTS

The foreign currency exposure profile of trade payables consists of:

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	RM	RM	RM	RM
Ringgit Malaysia	2,169,423	4,164,601	-	-
Euro	112,104	-	-	-
	<u>2,281,527</u>	<u>4,164,601</u>	<u>-</u>	<u>-</u>

Other payables and accrued expenses consist of:

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	RM	RM	RM	RM
Other payables	391,581	229,356	124,268	59,254
Accrued expenses	164,803	221,437	96,885	74,935
	<u>556,384</u>	<u>450,793</u>	<u>221,153</u>	<u>134,189</u>

The foreign currency exposure profile of other payables and accrued expenses consists of :

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	RM	RM	RM	RM
Ringgit Malaysia	532,970	450,793	221,153	134,189
Euro	23,414	-	-	-
	<u>556,384</u>	<u>450,793</u>	<u>221,153</u>	<u>134,189</u>

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

20. BANK BORROWINGS

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	RM	RM	RM	RM
Bank overdrafts (Note 26)	794,404	1,028,430	322,188	256,719
Bankers' acceptance	719,000	919,000	-	-
Short term loan	715,000	109,106	-	-
	<u>2,228,404</u>	<u>2,056,536</u>	<u>322,188</u>	<u>256,719</u>

The Company

The Company has bank overdraft facility amounting to RM386,000 (RM386,000 in 2005) 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 7.65% (7.25% in 2005) per annum.

Subsidiary Companies

The subsidiary companies have credit facilities totalling RM5.70 million (RM7.35 million in 2005) 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 3.65% to 7.75% (3.96% to 7.50% in 2005) per annum.

21. LONG-TERM LOAN

	The Group and The Company	
	31.12.2006	30.9.2005
	RM	RM
Principal outstanding	2,435,346	2,701,272
Less: Amount due within 12 months (included under current liabilities)	<u>(239,214)</u>	<u>(209,799)</u>
Non-current portion	<u>2,196,132</u>	<u>2,491,473</u>

NOTES TO THE FINANCIAL STATEMENTS

The non-current portion is repayable as follows:

	The Group and The Company	
	31.12.2006 RM	30.9.2005 RM
Financial periods ending 31st December:		
2007	-	233,331
2008	262,746	256,863
2009	286,278	280,395
2010	309,810	303,927
2011	333,342	333,342
2012 and after	1,003,956	1,083,615
	<u>2,196,132</u>	<u>2,491,473</u>

The Company has term loan facility amounting to RM2,902,000 (RM2,902,000 in 2005) obtained from a local bank. The said facility is secured against the office building of the Company, as mentioned in Note 10. The term loan bears interest rate at 7.25% (6.00% in 2005) per annum.

22. DEFERRED TAX LIABILITIES

	The Group		The Company	
	31.12.2006 RM	30.9.2005 RM	31.12.2006 RM	30.9.2005 RM
Balance at beginning of period/year	12,000	60,000	12,000	-
Transfer to income statements (Note 8)	(12,000)	(48,000)	(12,000)	12,000
Balance at end of period/year	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>

The deferred tax liabilities are in respect of:

	The Group and The Company	
	31.12.2006 RM	30.9.2005 RM
Tax effect of:		
Temporary differences arising from:		
Property, plant and equipment	-	27,000
Trade receivables	-	(15,000)
	<u>-</u>	<u>12,000</u>

NOTES TO THE FINANCIAL STATEMENTS

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 the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. As of 31st December, 2006, the estimated amount of deferred tax asset, calculated at current tax rate which has not been recognised in the financial statements due to uncertainty of its realisation, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	RM	RM	RM	RM
Tax effect of:				
Temporary differences arising from:				
Inventories	299,320	-	-	-
Property, plant and equipment	(101,560)	(197,000)	13,085	-
General allowance for doubtful receivables	-	118,100	-	-
Unutilised tax losses	3,812,294	2,233,900	23,860	-
Unabsorbed capital allowances	210,015	113,517	42,525	-
	<u>4,220,069</u>	<u>2,268,517</u>	<u>79,470</u>	<u>-</u>

The unutilised tax losses and unabsorbed capital allowances, subject to agreement of tax authorities are available for set-off against future taxable income.

23. SHARE CAPITAL

	The Group and The Company	
	31.12.2006	30.9.2005
	RM	RM
Authorised:		
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid:		
Ordinary shares of RM0.10 each:		
At beginning of the period/year	16,000,000	16,000,000
Issued of shares during the period/year	<u>1,600,000</u>	<u>-</u>
At end of period/year	<u>17,600,000</u>	<u>16,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM16,000,000 to RM17,600,000 by a private placement of 16,000,000 new ordinary shares of RM0.10 each at par for the purpose of increasing working capital of the Company.

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

24. SHARE PREMIUM AND RESERVE ON CONSOLIDATION

Share premium:

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

Reserve on consolidation:

Reserve on consolidation represents the excess of the fair value attributable to the related net assets of subsidiary companies at date of acquisition over the Company's cost of investment.

25. 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, 20 and 21 respectively.

NOTES TO THE FINANCIAL STATEMENTS

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

Cash flow risk

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

Fair values

The carrying amount and the estimated fair value of the financial assets and liabilities as of 31st December, 2006 is as follows:

The Group and the Company	Note	31.12.2006		30.9.2005	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		RM	RM	RM	RM
Financial Liability					
Long-term loan	21	2,435,346	1,760,625	2,701,272	1,796,639

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 approximates the carrying amounts due to the short maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS

26. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	31.12.2006	30.9.2005	31.12.2006	30.9.2005
	RM	RM	RM	RM
Fixed deposits with licensed banks	970,211	2,620,880	678	527,583
Cash and bank balances	456,327	545,082	43,127	125,555
Bank overdraft (Note 20)	(794,404)	(1,028,430)	(322,188)	(256,719)
	632,134	2,137,532	(278,383)	396,419
Less: Fixed deposit pledged (Note 17)	(969,533)	(1,743,297)	-	-
Net	(337,399)	394,235	(278,383)	396,419

27. CONTINGENT LIABILITIES

As of 31st December, 2006, the Company is contingently liable to the extent of RM5,700,000 (RM7,350,000 in 2005) in respect of unsecured corporate guarantees given to local financial institutions for credit facilities granted to its suppliers for securing trade supplies.

28. 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.

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 31st December, 2006 and of the results and the cash flows of the Group and of the Company for the period 1st October, 2005 to 31st December, 2006.

Signed in accordance with a resolution
of the Directors,

DATO' GOH KIAN SENG

Kuala Lumpur,
24th April, 2007

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 24th day of April, 2007.

Before me,

COMMISSIONER FOR OATHS

LIST OF PROPERTIES

Location	Existing Use	Office Space Area	Tenure	Approximate Age of Property (years)	Net Book Value @ 31.12.2006 (RM)	Year of Valuation / Acquisition
Parcel No. CS/3A/7, Storey No. 7, Building No. 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur	For Office	8,060 sq. ft.	Freehold	4	3,830,466	2004

Revaluation Policy

Todate, the revaluation for the above property has not been carried out.

RECURRENT RELATED PARTY

TRANSACTION OF REVENUE OR TRADING NATURE

At the Annual General Meeting held on 23 March 2006, 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 period ended 31 December 2006 pursuant to the Shareholders' Mandate are disclosed as follows:

DVM Group	Transacting Party	Nature of Transactions	Incurred during the period (RM)	2006 Mandate (RM)
DVM Technology Berhad ("DVM")	Key Alliance Sdn Bhd ("KASB")	Rental of office space by DVM to KASB	48,240	93,720
		Sharing of utilities and office equipment expenses between DVM and KASB	5,404	12,000
DVM Innovate Sdn Bhd ("DVM Innovate")	Key Alliance Sdn Bhd ("KASB")	Purchases of computer peripherals, software and hardware by DVM Innovate from KASB	77,390	250,000
NGC Systems Sdn Bhd ("NGC")	Key Alliance Sdn Bhd ("KASB")	Purchases of IT software & hardware by KASB from NGC	31,528	250,000
		Provision of technical services by NGC to KASB	0	100,000
		Purchases of computer peripherals, software and hardware by NGC from KASB	3,600	250,000
DVM Intellisource Sdn Bhd ("DVM Intellis")	Key Alliance Sdn Bhd ("KASB")	Purchases of computer peripherals, software and hardware by DVM Intellis from KASB	1,150	100,000
		Provision of technical support services and sale of IT software by DVM Intellis to KASB	0	100,000

Notes on Nature of Relationship :

1. DVM holds 51% interest in KASB and Dato' Goh Kian Seng and Mr Chen Chee Peng are common Directors in DVM and KASB, collectively holding 16.3 % in DVM and 0% in KASB.
2. DVM Innovate and NGC are wholly-owned subsidiaries of DVM and DVM Intellis is a wholly-owned subsidiary of DVM Innovate.

RECURRENT RELATED PARTY

TRANSACTION OF REVENUE OR TRADING NATURE

DVM Group	Transacting Party	Nature of Transactions	Incurred during the period (USD)	2006 Mandate (USD)
DVM Innovate	Datamat Public Company Limited ("Datamat")	Sales of IT software and provision of technical support services by DVM Innovate to Datamat	0	500,000
		Purchase of IT software by DVM Innovate from Datamat	0	250,000

Notes on Nature of Relationship:

Two of DVM's former non-independent directors were common directors of Datamat and DVM. Datamat was one of the substantial shareholders of DVM.

STATISTICS OF SHAREHOLDINGS

As of 15 May 2007

Authorised Capital	RM25,000,000
Issued and fully paid up Capital	RM17,600,000
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	5	0.1	201	0
100 to 1,000 shares	524	11.5	486,800	0.3
1,001 to 10,000 shares	2,154	47.4	13,551,300	7.7
10,001 to 100,000 shares	1,623	35.7	60,201,300	34.2
100,001 to 8,799,999 shares	241	5.3	84,720,399	48.1
Above 8,800,000 shares (5% and above of issued shares)	1	0	17,040,000	9.7
TOTAL	4,548	100.0	176,000,000	100.0

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

Name	No of Shares Held			
	Direct	%	Indirect	%
Dato' Goh Kian Seng	25,932,000	14.7	0	0

LIST OF DIRECTORS' SHAREHOLDINGS

Name	No of Shares Held			
	Direct	%	Indirect	%
Dato' Goh Kian Seng	25,932,000	14.7	0	0
Chen Chee Peng	2,763,433	1.6	0	0

LIST OF THIRTY (30)

LARGEST SHAREHOLDERS AS OF 15 MAY 2007

No	Shareholder	No of shares	%
1	Dato Goh Kian Seng	17,040,000	9.68
2	Dato Goh Kian Seng	7,202,000	4.09
3	Soh Oon Hai	3,670,800	2.09
4	Chen Boon Cheong	2,130,000	1.21
5	Ung Yoke Hong	2,000,000	1.14
6	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kuek Sze Tong	1,800,000	1.02
7	Chen Chee Peng	1,763,334	1.00
8	A.A. Anthony Nominees (Asing) Sdn Bhd Pledged Securities Account for Tan Teng Yew	1,700,000	0.97
9	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato Goh Kian Seng	1,690,000	0.96
10	Gooi Kee Hua	1,591,800	0.90
11	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Boon Seng	1,440,000	0.82
12	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Lee Rin	1,100,000	0.63
13	Pua Kang	1,050,000	0.60
14	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Chee Peng	1,000,099	0.57
15	Lee Soon Aun @ Lee Eng Soon	912,900	0.52
16	Hwang Cheng Kiong	900,000	0.51
17	Gulamoydeen Bin Mohamed Haniffa	900,000	0.51
18	Tan Bu Chin	830,000	0.47
19	Ang Bee Gin	788,700	0.45
20	Lim Eng Theng	740,000	0.42
21	Wong Kim Fatt	700,000	0.40
22	Tan Hun Guak	700,000	0.40
23	Tang Wei Lee	700,000	0.40
24	Public Invest Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Othman Bin Merican	700,000	0.40
25	Lim Kok Leng	657,000	0.37
26	Goh Swee Loang	650,000	0.36
27	Chuah Tey Ling	610,000	0.35
28	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Boo Teck	600,000	0.34
29	Hong Hong Ming	550,000	0.31
30	Lim Eng Keat	550,000	0.31

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of 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 Tuesday, 19 June 2007 at 10 am for the following purposes:

AGENDA

As Ordinary Business

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| 1. To receive the Audited Financial Statements for the financial period ended 31 December 2006 together with the Directors' and Auditors' Reports thereon. | Ordinary Resolution 1 |
| 2. To approve the payment of Directors' fees amounting to RM120,000 for the financial period ended 31 December 2006. | Ordinary Resolution 2 |
| 3. To re-elect Mr Chen Chee Peng as Director who retires in accordance with Article 81 of the Company's Articles of Association. | Ordinary Resolution 3 |
| 4. To re-appoint Messrs. Deloitte & Touche as the Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 4 |

As Special Business

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

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

"**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. "

6. Proposed Amendments to the Articles Of Association

" THAT the deletions, alterations, modification, variations and additions of the Articles of Association of the Company as set out in the Circular dated 29 May 2007 and are hereby approved."	Special Resolution 6
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7. 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)
Secretary

Kuala Lumpur
29 May, 2007

NOTICE OF ANNUAL GENERAL MEETING

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 and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Registered Office of the Company at A-11-3 (Suite 2), Northpoint Offices, Mid Valley City, No 1 Medan Syed Putra Utara, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding this meeting or any adjournment thereof.

(B) EXPLANATORY NOTES UNDER SPECIAL BUSINESS

1. Ordinary Resolution No. 5

The Proposed Ordinary Resolution 5, 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. Special Resolution No.6

The Special Resolution No. 6 is for the proposed amendments to the Articles of Association of the Company to incorporate the relevant requirement in line with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ market. Please refer to the Circular dated 29 May 2007 attached to the Annual Report 2006 for details of the proposed amendments.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Director Standing for re-election

The director retiring by rotation and standing for re-election pursuant to Article 81 of the Articles of Association of the Company is:

◆ Mr Chen Chee Peng

His profile is set out in the section entitled "Profile of Directors" on page 4

2. Date, Time, Venue of the Annual General Meeting

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

Date : 19 June 2007

Time : 10.00 am

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

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 Fourth 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 Tuesday, 19 June 2007 at 10 am and at any adjournment thereof, as indicated below:-

No	Resolution	For	Against
Resolution 1	Receiving the Audited Financial Statements for the period ended 31 December 2006 together with the Directors and Auditors' Reports thereon.		
Resolution 2	Approval of payment of the Directors' Fee amounting to RM120,000 for the financial period ended 31 December 2006		
Resolution 3	Re-election of Mr Chen Chee Peng		
Resolution 4	Re-appointment of Deloitte & Touche as auditors and to authorise the Directors to fix their remuneration		
Resolution 5	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 6	Approval of Proposed Amendments to the Articles of Association of the Company		

(Please indicate with an "X" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion).

Dated this _____ day of _____ 2007

Number of shares held

Signature of Shareholder or Common Seal

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any other person to be his proxy and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing. 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 A-11-3 (Suite 2) Northpoint Offices Midvalley City No 1 Medan Syed Putra Utara 59200 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

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Fold this flap for sealing



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

A-11-3 (Suite 2) Northpoint Offices,
Mid Valley City,
No 1 Medan Syed Putra Utara,
59200 Kuala Lumpur

Fold this flap for sealing