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of the Annual Report

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

## 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

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

SJ Grant Thornton  
Level 11, Faber Imperial Court, Jalan Sultan Ismail, P.O. Box 12337, 50774 Kuala Lumpur

## Principal Banker

Malayan Banking Berhad

## Stock Exchange Listing

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

# Corporate Structure



▶ 100% **DVM**  
Innovate  
DVM Innovate Sdn Bhd

▶ 100% **DVM**  
Intellis  
DVM IntelliSource Sdn Bhd

▶ 100% **NGC**  
SYSTEMS  
Powering Communications  
NGC Systems Sdn Bhd

▶ 100% **DVM**  
Communications  
DVM Communications Sdn Bhd

▶ 51% **KeyAlliance**  
Your Solutions to Partnership  
Key Alliance Sdn Bhd

▶ 60% **mobile**  
video  
Mobile Video International Limited

# 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 71, 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. Tan Sri is a member of the Audit Committee.

## **Dato' Goh Kian Seng**

### **Managing Director**

Dato' Goh Kian Seng, aged 47, 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 46, 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 Remuneration Committee.

Mr. Chen holds 1,000,099 fully paid ordinary shares of RM0.10 each or 0.6% interest in the Company.

# Profile of Directors

## **Kamarudin Bin Ngah**

### **Independent Non-Executive Director**

Kamarudin Bin Ngah, aged 61, 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.

## **Lee Keat Hin**

### **Independent Non-Executive Director**

Lee Keat Hin, aged 51, 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 strategy, mergers & acquisitions, corporate restructuring and turnaround projects. He graduated with a Bachelor of Accountancy (First Class Honours) from the Universiti of Malaya and is a Malaysian Chartered Accountant and 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.

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 of DVM and its subsidiaries for the financial year ended 31st December 2008.

## Overview

For the financial year under review, we have a satisfactory growth of revenue and have improved our performance compared to previous years. This is because we have taken into cognizance the market environment and plan meticulously and implement our strategic plans effectively in penetrating and capturing a sizeable market share.

The gain achieved was mainly by the projects secured for the network and systems integration and the Genico Broadband Telephony products from both local and overseas customers.

## Industry Trend and Development

Statistically, it has been proven that there is a direct correlation between the Global Competitiveness Index and ICT spending, whereby the higher the ICT spending, the more positive effect it has on a country's competitiveness on a global platform.

According to the World Information Technology and Services Alliance Digital Planet report, Malaysia's ICT spending as a percentage of 2007 GDP is 3% as compared to 6% in Singapore and Hong Kong. So, there is definitely room for growth and improvement.

If Malaysia is determined to compete with other nations on a global scale, especially during this economic downturn, now is perhaps the best time to equip ourselves. ICT should be implemented with even more vigour during this trying period to increase the competitiveness and ensure the survival of Malaysian businesses.

In a recent Entrepreneur Organisation talk by management expert Cameron Herold, titled "Leadership at 100 miles per hour: Hyper-growth strategies", he set forth how ICT can be leveraged as a technology accelerator to achieve a quantum leap in productivity. According to him, if a company provides a myriad of IT tools to each working staff, it will grant them the ability to multi-task, work around-the-clock and maximise productivity with less time. Examples include equipping each employee with a notebook to enable mobility, working with multiple screens at any one time and getting a Blackberry for every employee.

Proper ICT enforcement and usage can empower a growing society as it allows vendors to open new doors of opportunities, seek potential customers and penetrate new market segments, as well as distribute to a larger geographical area.

Many small steps can be taken towards this direction that will not only make it easier for the consumer but also drive costs down for the industry. One example is the take-up of Internet banking in the banking sector where electronic statements and GIRO transfers are given incentives over the traditional monthly account statement and payments via cheques.

In this technology-enabled era, ICT is no longer just a dispensable asset. In fact, the use of ICT has become pervasive and crucial across all segments of the community - be they small and medium businesses, global conglomerates and even governments. Thus, it is all the more important for us to turn to ICT as an enabler and a tool of efficiency to help us emerge stronger from the economic challenges ahead.

(Source: The Edge 9th February 2009)

# Management Discussion

## Financial Highlights

For the twelve (12) months financial year ended 31 December 2008, the Group recorded revenue of RM36.65 million which is an increase by 10% compared to previous year turnover of RM33.29 million.

The performance achieved was due to mainly focusing on the development of our core competencies that were tailored to meet customers demand and expectations in terms of functionality and superior features found in our products.

The Group continues to investment into research and development (R&D) activities amounting to RM1million during the year in order to achieve cutting edge technology which placed us in a superior position to increase our market share both locally and overseas.

The Group has achieved a net profit of RM0.3 million which is slightly lower compared to previous year profit of RM0.5 million. The decrease in the Group's profit was due to higher operating expenditure incurred.

## Technology Investment and Development

The Group continue to invest significantly in enhancing its current products with more feature enriched Broadband Telephony and 3G mobile video applications. The solutions will be designed to cater to the Group's telco customers and to fulfill existing revenue sharing contracts with telcos.

The Group will also invest in the necessary infrastructure and human resources to ensure efficient deliverables and support service to local and overseas customers.

## Prospects

The Group is of an opinion that the R&D expenditure, which is vital to the Group's sustainability of its business operations, is expected to contribute positively to the Group's performance in future.

The recent receipt of an award from Frost & Sullivan Asia Pacific for Asia Pacific's Most Promising innovative Application/ Product for the Year 2008, has enabled the Group to further penetrate into the target market both locally and overseas.

Further capital outlay for the R&D department will be provided on an ongoing basis to improve the existing product lines and to adapt to the rapidly changing technology.

The Group envisaged an exciting year ahead with the increase in teaming arrangements with a number of local and international partners who are committed and share our vision to be global player in promoting our 3G products locally and the bigger part of Asia.

## Acknowledgement and Appreciation

On behalf of the Board, I wish to express sincere thanks and appreciation to the employees of DVM, customers, shareholders, business partners, technology partners and financiers who have given us their continuing strong support and encouragement.

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. It is headed by Kamarudin Bin Ngah whilst the other is Lee Keat Hin. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

### 1.5 Re-election of Directors

In accordance with the Article of Association of the Company, all directors (including Managing Director) shall retire from office once every three(3) years but shall be eligible for re-election and one-third (1/3) of the Directors shall retire from office and eligible for re-election at each Annual General Meeting ("AGM").

Newly appointed directors during the financial year shall hold office until the next following AGM and shall then be eligible for re-election. Directors over seventy (70) years of age are required to submit themselves for re-appointment at every AGM in accordance with Section 129(6) of the Companies Act 1965.



# 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	5/5
Dato' Goh Kian Seng	5/5
Chen Chee Peng	5/5
Kamarudin Bin Ngah	4/5
Lee Keat Hin	5/5

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.

### 2.1 Directors' Remuneration

The remuneration of Directors for the financial period ended 31 December 2008 was as follows:

Categorisation	Aggregate remuneration (in RM) paid/payable to		Total (RM)
	Executive Directors	Non Executive Directors	
Directors Fees	0	96,000	96,000
Directors Emoluments			
- Salaries & Allowances	341,600	0	341,600
- Contribution by employer to Provident Fund	40,992	0	40,992
<b>Total</b>	<b>382,592</b>	<b>96,000</b>	<b>478,592</b>

# 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 14 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 12 to 13.

## 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](http://www.bursamalaysia.com.my).

The Group also provides the website ([www.dvm.com.my](http://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
YBhg General (R) Tan Sri Abdul Rahman Bin Abdul Hamid	-	Member/Independent Non-Executive Director

## Terms of Reference of the Audit Committee

### (1) Composition of the Audit Committee

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

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

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

# Audit Committee Report

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

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

- (a) to review and recommend the appointment of the external auditors, the audit fees and any other related matters;
- (b) to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (c) to review the external auditors' report;
- (d) to review the quarterly results and year end financial statements with both the external auditors and management prior to approval by the Board of Directors;
- (e) to discuss problems and reservations arising from the interim and final results, and any matters that the External Auditors may wish to discuss (in the absence of the management where necessary);
- (f) to review the effectiveness of the internal audit function, internal control and management information systems;
- (g) to review all areas of significant financial risks and the arrangements in place to contain those risks to acceptable levels;
- (h) to review all related party transactions and potential conflict of interest situations;
- (i) be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees, whenever deemed necessary;
- (j) to identify and direct any special project or investigate and to report on any issue or concern in regard to the Management of the Group; and
- (k) to consider other topics as defined by the Board.

## **Summary of Activities**

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

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

- (a) review of the quarterly financial results and announcements;
- (b) review of the audited audit report together with the external auditors;

## **Internal Audit Function**

The Company has outsourced the Internal Audit Function to an independent accounting firm, who reports directly to the Audit Committee of their findings. The proposed professional fee is based on the understanding of the work, degree of responsibility, skill involved and the necessary time taken up.

# Statement of Internal Control

## **Board Responsibility**

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

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

## **Risk Assessment**

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

The top management has continually identified, evaluate and manage the significant risks faced by the company. The risks were discussed and reviewed by the Board during the quarterly meeting. Currently the role of the Risk Management Committee has been undertaken by the Audit Committee which meets quarterly.

## **Key Control Activities / Processes**

The key control activities / 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 performance, management issues, financial performance and indicators focusing on the evaluation of applicable risks. Scheduled informal operational and management meetings are held to identify, discuss and resolve business and operational issues. Significant matters identified during these meetings are highlighted to the Board.
4. The Group has documented policies, procedures and standards in place to further strengthen the internal control system. These documents will be kept updated in accordance with changes in operating environment.
5. The Board and Audit Committee receive and reviews quarterly operating results and annual financial statements.
6. Regular training and development programmes are being attended by employees with the objective of enhancing their knowledge and skill competency.
7. Budgets, containing financial and operating targets, capital expenditure proposals are reviewed and approved by Management.

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

# Corporate Social Responsibility

DVM's approach on Corporate Social Responsibility is to strike our corporate objectives on "sustainable development and good corporate citizenship" which reflected in our mission statement and our commitment to the Global Compact's Principles in the areas of Human Rights, Labour, Environment and Anti-corruption.

As the Group is embarking on the Global Compact Principle and believed that every single human being is entitled to enjoy his or her human rights as we do not practice any form of discrimination in respect of employment, occupation and vocational guidance training provided to our employees. We commit ourselves to promote employment opportunity for people with disabilities based on the principles of non-discrimination to sustained human development.

As more companies are formulating environmental policy to promote awareness on sustainable resource use, reducing paper consumption to reduce, reuse and recycle approach not only offer cost savings but it also respond to environmental concern associated with paperless environment. DVM encourages employees to reduce footprint use by double-siding on copying and printing by default use on all personal and public office printers and photocopiers.

On 26th July 2008 DVM has organized a Teambuilding Program at Genting View Resort for all employees. This program was aimed to assist the employees to build up their own self-image, self-esteem, leadership skills and confidence. We ensure that our employees are well equipped with confidence, leadership skills and motivated to carry out their duties, responsibilities and develop trust amongst each others to enhance a harmonies working environment.

As part of sustainable development which contributes positively to community involvement related program, DVM has rendered financial support to the Selangor and Federal Territory Association for retarded children in Year 2008.

# 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 year.
- 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 year, 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.
- 9. Corporate Social Responsibility Statement**  
The group contributes positively to the sustainable development of the community related program. DVM rendered financial support to the Selangor and Federal Territory Association for retarded children in 2008.

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# FINANCIAL STATEMENTS

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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 year ended 31 December 2008.

## 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 7 to the Financial Statements.

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

## RESULTS OF OPERATIONS

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

	<b>The Group RM</b>	<b>The Company RM</b>
Profit/(Loss) before tax	371,437	(782,462)
Income tax credit	<u>12,220</u>	<u>-</u>
Net profit/(loss) for the year	<u><u>383,657</u></u>	<u><u>(782,462)</u></u>
Attributable to:-		
Equity holders of the Company	452,937	
Minority interest	<u>(69,280)</u>	
	<u><u>383,657</u></u>	

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

# Directors' Report

## DIVIDENDS

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

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

## SHARE OPTIONS

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

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

## OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

# Directors' Report

## OTHER FINANCIAL INFORMATION (CONT'D)

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

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

# Directors' Report

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 25 to the Financial Statements.

## DIRECTORS

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

Dato' Goh Kian Seng  
Chen Chee Peng  
Kamarudin Bin Ngah  
Gen. (R) Tan Sri Abdul Rahman Bin Abdul Hamid  
Lee Keat Hin

In accordance with Article 81 of the Company's Articles of Association, Lee Keat Hin 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 year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

Shares in the Company	Number of Ordinary Shares of RM0.10 each			Balance as of 31.12.2008
	Balance as of 1.1.2008	Bought	Sold	
<b>Registered in name of director</b>				
Dato' Goh Kian Seng	25,932,000	-	-	25,932,000
Chen Chee Peng	2,763,433	-	(1,763,334)	1,000,099

By virtue of their interest in the shares of the Company, the above directors were also deemed to be interested in the shares of the subsidiary companies to the extent the Company has an interest.

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

# Directors' Report

## 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 as disclosed in Note 19 and 23 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

## AUDITORS

The auditors, Messrs. SJ Grant Thornton, have indicated their willingness to continue in office.

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

---

**DATO' GOH KIAN SENG**

---

**CHEN CHEE PENG**

Kuala Lumpur  
28 April 2009

# Statement by Directors & Statutory declaration

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

## 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 applicable Financial Reporting 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 31 December 2008 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution  
of the Directors,

-----  
DATO' GOH KIAN SENG

-----  
CHEN CHEE PENG

Kuala Lumpur  
28 April 2009

## STATUTORY DECLARATION

I, FOONG LAI KWAN, the Officer 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 FOONG LAI KWAN at KUALA LUMPUR in the Federal Territory this day of 28 April 2009

-----  
Before me,

-----  
COMMISSIONER FOR OATHS

# Independent Auditors' Report

## DVM TECHNOLOGY BERHAD

(Incorporated in Malaysia)

Company No: 609953- K

### Report on the Financial Statements

We have audited the financial statements of DVM Technology Berhad, which comprise the balance sheets of the Group and of the Company as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 44.

#### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# Independent Auditors' Report

## Report on the Financial Statements (cont'd)

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of its financial performance and cash flows for the financial year then ended.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the Financial Statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company as at 31 December 2007 were audited by another auditor whose report dated 21 April 2008, expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI  
CHARTERED ACCOUNTANT  
(NO: 708/03/10(J/PH))

Kuala Lumpur  
28 April 2009

# Balance Sheets

DVM TECHNOLOGY BERHAD  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS  
AS OF 31 DECEMBER 2008

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	6	38,139,039	18,859,659	4,335,213	4,092,020
Investment in subsidiary companies	7	-	-	13,452,982	13,706,572
Development expenditure	8	1,950,793	1,392,401	-	-
<b>Total Non-Current Assets</b>		<u>40,089,832</u>	<u>20,252,060</u>	<u>17,788,195</u>	<u>17,798,592</u>
<b>Current Assets</b>					
Inventories	9	29,855	34,641	-	-
Trade receivables	10	16,114,529	7,383,053	-	-
Other receivables, deposits and prepayments	10	2,278,895	118,311	92,831	56,331
Amount owing by subsidiary companies	7	-	-	5,304,081	5,358,441
Fixed deposits with licensed banks	11	6,849,942	4,681,258	-	-
Cash and bank balances		309,550	181,431	4,789	28,411
<b>Total Current Assets</b>		<u>25,582,771</u>	<u>12,398,694</u>	<u>5,401,701</u>	<u>5,443,183</u>
<b>Total Assets</b>		<u>65,672,603</u>	<u>32,650,754</u>	<u>23,189,896</u>	<u>23,241,775</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	12	17,600,000	17,600,000	17,600,000	17,600,000
Share premium	13	10,716,665	10,716,665	10,716,665	10,716,665
Accumulated loss		(11,793,983)	(12,246,920)	(8,667,623)	(7,885,161)
<b>Total Equity</b>		<u>16,522,682</u>	<u>16,069,745</u>	<u>19,649,042</u>	<u>20,431,504</u>

# Balance Sheets

DVM TECHNOLOGY BERHAD  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS  
AS OF 31 DECEMBER 2008 (CONT'D)

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Non-Current Liability</b>					
Long-term loans	14	<u>26,775,118</u>	<u>10,933,386</u>	<u>1,647,118</u>	<u>1,933,386</u>
<b>Total Non-Current Liability</b>		<u>26,775,118</u>	<u>10,933,386</u>	<u>1,647,118</u>	<u>1,933,386</u>
<b>Current Liabilities</b>					
Trade payables	15	12,004,061	1,857,024	-	-
Other payables and accrued expenses	15	3,413,355	1,340,061	1,083,829	512,015
Amount owing to a director	16	436,646	157,200	176,638	-
Bank borrowings	17	2,362,463	2,030,592	346,991	102,124
Long-term loans	14	<u>4,158,278</u>	<u>262,746</u>	<u>286,278</u>	<u>262,746</u>
<b>Total Current Liabilities</b>		<u>22,374,803</u>	<u>5,647,623</u>	<u>1,893,736</u>	<u>876,885</u>
<b>Total Liabilities</b>		<u>49,149,921</u>	<u>16,581,009</u>	<u>3,540,854</u>	<u>2,810,271</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>65,672,603</u>	<u>32,650,754</u>	<u>23,189,896</u>	<u>23,241,775</u>

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

# Income Statements

**DVM TECHNOLOGY BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**INCOME STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	18	36,651,949	33,289,029	1,284,000	864,000
Cost of sales		<u>(23,896,015)</u>	<u>(18,985,217)</u>	-	-
Gross profit		12,755,934	14,303,812	1,284,000	864,000
Investment revenue		186,862	103,585	-	5
Other income		502,222	649,194	405,914	413,255
Finance costs		(1,118,274)	(511,635)	(165,553)	(197,584)
Distribution expenses		(958,968)	(1,054,281)	(145,171)	(164,922)
Administrative expenses		(3,702,229)	(3,019,110)	(569,112)	(448,791)
Other expenses		<u>(7,294,110)</u>	<u>(9,906,589)</u>	<u>(1,592,540)</u>	<u>(1,113,625)</u>
<b>Profit/(loss) before tax</b>	19	371,437	564,976	(782,462)	(647,662)
Income tax credit/(expense)	20	12,220	(26,449)	-	(149)
<b>Net profit/(loss) for the year</b>		<u>383,657</u>	<u>538,527</u>	<u>(782,462)</u>	<u>(647,811)</u>
Attributable to:-					
Equity holders of the Company		452,937	538,527	-	-
Minority interest		<u>(69,280)</u>	-	-	-
		<u>383,657</u>	<u>538,527</u>	-	-
Earnings per ordinary share - basic (sen)	21	<u>0.26</u>	<u>0.31</u>		

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

# Statements of Changes in Equity

DVM TECHNOLOGY BERHAD  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the Company				Total equity RM
	Share capital RM	Non-distributable Share premium RM	Distributable Accumulated loss RM	Minority interest RM	
<b>The Group</b>					
Balance as of 1 January 2007	17,600,000	10,716,665	(12,785,447)	-	15,531,218
Net profit for the year	-	-	538,527	-	538,527
<b>Balance as of 31 December 2007</b>	17,600,000	10,716,665	(12,246,920)	-	16,069,745
Net profit for the year	-	-	452,937	(69,280)	383,657
Share of minority interest	-	-	-	69,280	69,280
<b>Balance as of 31 December 2008</b>	17,600,000	10,716,665	(11,793,983)	-	16,522,682

# Statements of Changes in Equity

DVM TECHNOLOGY BERHAD  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

	Share capital RM	Non- distributable Share premium RM	Distributable Accumulated loss RM	Total RM
<b>The Company</b>				
Balance as of 1 January 2007	17,600,000	10,716,665	(7,237,350)	21,079,315
Net loss for the year	-	-	(647,811)	(647,811)
<b>Balance as of 31 December 2007</b>	17,600,000	10,716,665	(7,885,161)	20,431,504
Net loss for the year	-	-	(782,462)	(782,462)
<b>Balance as of 31 December 2008</b>	17,600,000	10,716,665	(8,667,623)	19,649,042

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

# Cash Flow Statements

DVM TECHNOLOGY BERHAD  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Cash Flows From/(Used In)</b>				
<b>Operating Activities</b>				
Profit/(Loss) Before Tax	371,437	564,976	(782,462)	(647,662)
Adjustments for:				
Allowance for doubtful debts no longer required	(9,698,470)	(617,828)	(69,910)	-
Allowance for doubtful debts	-	-	121,430	-
Impairment loss on subsidiary company	-	-	357,000	-
Bad debts written off	9,713,914	-	80,052	-
Development expenditure written off	-	3,419,243	-	-
Depreciation of property, plant and equipment	3,813,062	2,117,910	263,498	236,803
Amortisation of development expenditure	431,796	1,815,148	-	-
Inventories written down	-	890,827	-	-
Inventories written off	1,670	-	-	-
Interest expenses	1,118,274	511,635	165,553	197,584
Interest income	(186,862)	(103,585)	-	(5)
Property, plant and equipment written off	94	-	-	-
Net (gain)/loss on disposal of property, plant & equipment	(491,513)	(258)	1,133	-
Operating Profit/(Loss) Before Working Capital Changes	5,073,402	8,598,068	136,294	(213,280)
(Increase)/Decrease in:				
Inventories	3,116	3,803,604	-	-
Trade receivables	(8,736,779)	(794,365)	-	-
Other receivables, deposits and prepayments	(2,170,725)	193,639	(46,642)	19,269
Amount owing by subsidiary companies	-	-	(67,070)	556,854

# Cash Flow Statements

**DVM TECHNOLOGY BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)**

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Increase/(Decrease) in:					
Trade payables		10,147,037	(424,503)	-	-
Other payables and accrued expenses		2,073,294	783,677	571,814	290,862
Amount owing to a director		279,446	148,500	176,638	-
<b>Cash From Operations</b>		<b>6,668,791</b>	<b>12,308,620</b>	<b>771,034</b>	<b>653,705</b>
Interest paid		(1,118,274)	(511,635)	(165,553)	(197,584)
Income tax refund/(paid)		12,220	292,740	-	(149)
<b>Net Cash From Operating Activities</b>		<b>5,562,737</b>	<b>12,089,725</b>	<b>605,481</b>	<b>455,972</b>
<b>Cash Flows From/(Used In) Investing Activities</b>					
Interest received		186,862	103,585	-	5
Proceeds from disposal of property, plant and equipment		2,864,874	2,474	950	-
Purchase of property, plant and equipment	A	(6,465,897)	(8,113,420)	(508,774)	(12,093)
Fixed deposit pledged		(2,168,684)	(3,711,725)	-	-
Development expenditure incurred		(990,188)	(1,209,187)	-	-
Acquisition of subsidiary company, net of cash acquired	B	69,280	-	(103,410)	-
<b>Net Cash Used In Investing Activities</b>		<b>(6,503,753)</b>	<b>(12,928,273)</b>	<b>(611,234)</b>	<b>(12,088)</b>



# Cash Flow Statements

DVM TECHNOLOGY BERHAD  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)

	Note	The Group		The Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Cash Flows From/(Used In)</b>					
<b>Financing Activities</b>					
(Repayment)/drawdown of short term borrowings		(604,877)	184,824	-	-
Net drawdown/(repayment) of long term loan		<u>737,264</u>	<u>760,786</u>	<u>(262,736)</u>	<u>(239,214)</u>
Net Cash From/(Used In) Financing Activities		<u>132,387</u>	<u>945,610</u>	<u>(262,736)</u>	<u>(239,214)</u>
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>		(808,629)	107,062	(268,489)	204,670
<b>Cash And Cash Equivalents At Beginning Of Year</b>		<u>(230,337)</u>	<u>(337,399)</u>	<u>(73,713)</u>	<u>(278,383)</u>
<b>Cash And Cash Equivalents At End Of Year</b>	24	<u>(1,038,966)</u>	<u>(230,337)</u>	<u>(342,202)</u>	<u>(73,713)</u>

## A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment with aggregate costs of RM25,465,897 (RM16,113,420 in 2007) of which RM19,000,000 (RM8,000,000 in 2007) were acquired by means of term loan. Cash payments of RM6,465,897 (RM8,113,420 in 2007) for the Group was made to purchase the property, plant and equipment.

# Cash Flow Statements

**DVM TECHNOLOGY BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008 (CONT'D)**

## **B. ACQUISITION OF SUBSIDIARY COMPANY**

The details of assets acquired and liabilities assumed arising from the acquisition of subsidiary company during the financial year were as follows:-

	<b>Group 2008 RM</b>
Cash and bank balances	<u>172,690</u>
Net assets acquired	172,690
Less: Minority interest	<u>(69,280)</u>
Purchase consideration	103,410
Less: Cash and cash balances acquired	<u>(172,690)</u>
Net cash inflow on acquisition of subsidiary company	<u><u>(69,280)</u></u>

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

# Notes to the Financial Statements

**DVM TECHNOLOGY BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

## 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 7.

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

The registered office of the Company is located at 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 Lot 11.3, 11th Floor, Menara Lien Hoe, No.8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Eshan.

The financial statements of the Company have been approved by the Board of Directors in accordance with a resolution of the Directors passed on 28 April 2009.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB").

### 3. ADOPTION OF REVISED FINANCIAL REPORTING STANDARDS ("FRS")

- (i) The amendments to published standards and IC Interpretations to existing standards effective for the Group and the Company for the financial year beginning 1 January 2008 are as follows:-
- |                          |   |
|--------------------------|---|
| (1) Amendment to FRS 121 | - The Effects of Changes in Foreign Exchange Rates<br>- Net Investment in a Foreign Operation |
| (2) IC Interpretation 1  | - Changes in Existing Decommissioning, Restoration and Similar Liabilities                    |

# Notes to the Financial Statements

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

(i)

- |      |                     |  |
|------|---------------------|--|
| (3)  | IC Interpretation 2 | - Members' Shares in Co-operative Entities and Similar Instruments   |
| (4)  | IC Interpretation 5 | - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds               |
| (5)  | IC Interpretation 6 | - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment            |
| (6)  | IC Interpretation 7 | - Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies |
| (7)  | IC Interpretation 8 | - Scope of FRS 2   |
| (8)  | FRS 107             | - Cash Flow Statements   |
| (9)  | FRS 111             | - Construction Contracts   |
| (10) | FRS 112             | - Income Taxes   |
| (11) | FRS 118             | - Revenue  |
| (12) | FRS 120             | - Accounting for Government Grants and Disclosure of Government Assistance   |
| (13) | FRS 134             | - Interim Financial Reporting  |
| (14) | FRS 137             | - Provisions, Contingent Liabilities and Contingent Assets   |

The above Interpretations, FRS 111 and 120 are not applicable to the Group and the Company.

The initial application of the above applicable FRSs did not have any material impact on the financial statements of the Group and of the Company.

# Notes to the Financial Statements

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

(ii) The followings are the standards and IC Interpretations that are not yet effective and have not been early adopted by the Group and the Company:-

FRS 139 - Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

FRS 4 - Insurance Contracts

FRS 7 - Financial Instruments: Disclosures

FRS 8 - Operating Segments

IC Interpretation 9 - Reassessment of Embedded Derivatives

IC Interpretation 10 - Interim Financial Reporting and Impairment

The above standards and IC Interpretations shall be effective for financial periods beginning on or after 1 January 2010 except for FRS 8 Operating Segments, which shall apply to financial periods beginning on or after 1 July 2009.

The above IC Interpretation 9 and FRS 4 are not applicable to the Group and the Company.

The initial application of the above FRS 7, 8 and Interpretation 10 is not expected to have any material impact on the financial statements of the Group and of the Company.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

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

The financial statements are presented in Ringgit Malaysia (RM) which is the Company's functional currency.

# Notes to the Financial Statements

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Investment in Subsidiary Companies

Subsidiary company is a company in which the Company owns, directly or indirectly, more than 50% of the equity share capital and has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in subsidiary companies is stated at cost. Where there is an indication of impairment in the value of the investments, the carrying amount of the investments is assessed and written down immediately to its recoverable amount.

### Basis of Consolidation

The consolidated financial statements incorporated the audited financial statements of the Company and its subsidiary companies as mentioned in Note 7 to the Financial Statements. The subsidiary companies are consolidated on purchase method.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair values of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured as aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued, plus any costs directly attributable to the acquisition.

The excess of the consideration paid for the shares in the subsidiary companies over the fair values of the underlying net assets acquired represents goodwill on consolidation. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The excess of the fair values of the underlying net assets acquired over the consideration paid for the shares in the subsidiary companies represents reserve on consolidation and is recognised in the income statements immediately.

All inter-company transactions, balances and unrealised gains or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

### Minority interest

Minority interest is measured at the minority's share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then. Separate disclosure is made for minority interest.

# Notes to the Financial Statements

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Revenue

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

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

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

### Foreign Currency Conversion

Foreign currency transactions have been translated into Malaysian Ringgit at rates of exchange ruling at the transaction dates. All foreign currency assets and liabilities outstanding at the balance sheet date are translated into Malaysian Ringgit at the approximate exchange rate ruling as at that date. All exchange gains or losses are dealt with in the income statements.

For the purposes of consolidation, net assets of the foreign subsidiary company are translated into Ringgit Malaysia at the exchange rate ruling at the balance sheet date while the income statement items are translated into Malaysian Ringgit at the average exchange rate for the financial year. Exchange differences arising from such translation are taken into exchange fluctuation reserve.

### Employee Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and 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 Note 19 and development expenditure as mentioned in Note 8. Once the contributions have been paid, the Group and the Company have no further payment obligations.

### Income Tax/Deferred Tax Liabilities

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due.

# Notes to the Financial Statements

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Income Tax/Deferred Tax Liabilities (cont'd)

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

Income tax on the profit or loss for the year comprises current tax. Current tax expenses are the expected amount of income taxes payable in respect of the taxable profit for the financial year and are measured using the tax rates that have been enacted by the balance sheet date.

Deferred tax liabilities and assets are provided for under the liability method at the tax rates that have been enacted or substantively enacted at the balance sheet date in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unabsorbed tax losses and unutilised capital allowances.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

### Property, Plant and Equipment and Depreciation

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

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

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

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

Where parts or an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.



# Notes to the Financial Statements

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Property, Plant and Equipment and Depreciation (cont'd)

At each balance sheet date, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively.

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

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

### Development Expenditure

Expenditure on development is charged to the income statements in the year in which it incurred except where a clearly defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activities. Such development costs are recognised as an intangible asset and amortised on a straight line method over the life of the project from the date of commencement of commercial operation, which is on average of five years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

### Inventories

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

### Impairment of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

# Notes to the Financial Statements

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of Assets (cont'd)

An impairment loss is charged to the income statements immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairments loss been recognised. The reversal is recognised in the income statements immediately.

### Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts 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 or the Company 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

### Interest-bearing Borrowings and Borrowing Costs

Interest-bearing bank borrowings are recorded at the amount of proceeds received, net of transactions costs.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of those assets during the period of time that is required to complete and prepare the assets for their intended use.

All other borrowing costs are recognised as expenses in the income statements in the year in which they incurred.

# Notes to the Financial Statements

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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 and Equity Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into.

Significant financial liabilities of the Group and of the Company include trade and other payables, amount owing to a director, bank borrowings and term loans in which they are stated at their nominal values.

Equity instruments are records 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 statements.

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.

### Segmental Results

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segments assets include all assets used by a segment and consist principally of cash and cash equivalents, receivables, inventories, intangibles and property, plant and equipment, net of provision and accumulated depreciation and amortisation. Segments liabilities include all liabilities incurred by a segment and consist principally of payables and borrowings. Segment assets and liabilities include items directly attributable to the segments as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise tax recoverable, tax payable and deferred taxation.

# Notes to the Financial Statements

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### (a) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 4 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

- Allowance for doubtful debts

The Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and doubtful debts expenses in the year in which such estimate has been changed.

## 6. PROPERTY, PLANT AND EQUIPMENT

Group	Office building	Computer software and equipment	Furniture, fittings, office equipment and renovation	Capital work-in-progress	Total 2008	Total 2007
Cost	RM	RM	RM	RM	RM	RM
At beginning of year	4,032,070	17,564,455	800,236	-	22,396,761	7,069,112
Additions	-	2,142,895	611,735	22,711,267	25,465,897	16,113,420
Disposal	-	(2,788,895)	(2,500)	-	(2,791,395)	(5,388)
Written off	-	(1,859)	-	-	(1,859)	(780,383)
At end of year	4,032,070	16,916,596	1,409,471	22,711,267	45,069,404	22,396,761
<b>Accumulated depreciation</b>						
At beginning of year	282,245	2,796,847	458,010	-	3,537,102	2,202,747
Charge for the year	80,641	3,541,375	191,046	-	3,813,062	2,117,910
Disposal	-	(417,617)	(417)	-	(418,034)	(3,172)
Written off	-	(1,765)	-	-	(1,765)	(780,383)
At end of year	362,886	5,918,840	648,639	-	6,930,365	3,537,102

# Notes to the Financial Statements

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<u>Office building</u>	<u>Computer software and equipment</u>	<u>Furniture, fittings, office equipment and renovation</u>	<u>Capital work-in-progress</u>	<u>Total 2008</u>	<u>Total 2007</u>
	RM	RM	RM	RM	RM	RM
<b>Net carrying amount</b>						
As of 31.12.2008	3,669,184	10,997,756	760,832	22,711,267	38,139,039	-
As of 31.12.2007	3,749,825	14,767,608	342,226	-	-	18,859,659
Depreciation charge for the year ended 31 December 2007	80,641	1,883,974	153,295	-	-	2,117,910

Included in capital work-in-progress is an amount of RM535,644 (Nil in 2007) being interest on borrowings capitalised.

<b>Company</b>	<u>Office building</u>	<u>Computer software and equipment</u>	<u>Furniture, fittings, office equipment and renovation</u>	<u>Total 2008</u>	<u>Total 2007</u>
	RM	RM	RM	RM	RM
<b>Cost</b>					
At beginning of year	4,032,070	41,958	746,006	4,820,034	4,807,941
Additions	-	47,738	461,036	508,774	12,093
Disposal	-	-	(2,500)	(2,500)	-
At end of year	4,032,070	89,696	1,204,542	5,326,308	4,820,034
<b>Accumulated depreciation</b>					
At beginning of year	282,245	25,079	420,690	728,014	491,211
Charge for the year	80,641	10,670	172,187	263,498	236,803
Disposal	-	-	(417)	(417)	-
At end of year	362,886	35,749	592,460	991,095	728,014
<b>Net carrying amount</b>					
As of 31.12.2008	3,669,184	53,947	612,082	4,335,213	-
As of 31.12.2007	3,749,825	16,879	325,316	-	4,092,020
Depreciation charge for the year ended 31 December 2007	80,641	7,955	148,207	-	236,803

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

The office building of the Group and of the Company was charged to a bank as security for bank borrowings obtained by the Company and a subsidiary company, as mentioned in Notes 14 and 17.

# Notes to the Financial Statements

## 7. SUBSIDIARY COMPANIES

### (i) Investment in subsidiary companies

	The Company	
	2008 RM	2007 RM
Unquoted shares - at cost	20,309,982	20,206,572
Less: Accumulated impairment loss	(6,857,000)	(6,500,000)
	<u>13,452,982</u>	<u>13,706,572</u>

Details of the subsidiary companies are as follows:-

Name of company	Effective equity interest		Place of incorporation	Principal activities
	2008 %	2007 %		
<b>Direct subsidiary companies</b>				
DVM Innovate Sdn. Bhd.	100	100	Malaysia	Provision of communications systems integration and solutions, data network, data communications solutions, business and operational support systems
NGC Systems Sdn. Bhd.	100	100	Malaysia	Development of software applications and provision of communication solutions
Key Alliance Sdn. Bhd.	51	51	Malaysia	Dormant
DVM Communications Sdn. Bhd.	100	100	Malaysia	Dormant
MobileVideo International Limited	60	-	Cayman Island	Provider of 3G broadband video mobile services and related software applications and accessories
<b>Indirect subsidiary company, held through DVM Innovate Sdn. Bhd.</b>				
DVM IntelliSource Sdn. Bhd.	100	100	Malaysia	Provision of business and operational support systems and services, software development and business process outsourcing

# Notes to the Financial Statements

## 7. SUBSIDIARY COMPANIES (CONT'D)

### (ii) Amount owing by subsidiary companies

	<b>The Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Amount owing by subsidiary companies	5,425,511	5,358,441
Less: Allowance for doubtful debts	<u>(121,430)</u>	<u>-</u>
	<u>5,304,081</u>	<u>5,358,441</u>

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

	<b>The Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At beginning of year	1,638,968	8,355,919
Additions	990,188	1,209,187
Written off	<u>-</u>	<u>(7,926,138)</u>
At end of year	2,629,156	1,638,968
<b>Accumulated Amortisation</b>		
At beginning of year	246,567	2,938,314
Current amortisation	431,796	1,815,148
Written off	<u>-</u>	<u>(4,506,895)</u>
At end of year	<u>678,363</u>	<u>246,567</u>
Net	<u>1,950,793</u>	<u>1,392,401</u>

Included in additions to development expenditure of the Group was staff costs amounting to RM918,936 (RM1,052,064 in 2007). Contributions to EPF during the financial year amounted to RM103,634 (RM109,610 in 2007).

# Notes to the Financial Statements

## 9. INVENTORIES

	The Group	
	2008 RM	2007 RM
At cost:		
Trading merchandise	1,153	2,823
At net realisable value:		
Trading merchandise	28,702	922,645
Less: Inventories written down	-	(890,827)
	28,702	31,818
	29,855	34,641

## 10. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group	
	2008 RM	2007 RM
Trade receivables	16,250,040	15,157,029
Less: Allowance for doubtful debts	(135,511)	(7,773,976)
	16,114,529	7,383,053
	16,114,529	7,383,053

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

	The Group	
	2008 RM	2007 RM
Ringgit Malaysia	13,583,796	11,904,875
United States Dollar	2,113,599	3,252,154
EURO	552,645	-
	16,250,040	15,157,029
	16,250,040	15,157,029

The trade receivables comprise amounts receivable from sale of goods and services rendered. The credit period granted ranges from 30 to 60 days (30 to 60 days in 2007).



# Notes to the Financial Statements

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

Other receivables, deposits and prepayments consist of:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	1,285,468	2,096,374	18,142	84,051
Tax recoverable	29,099	30,500	-	-
Deposits	140,340	46,260	46,610	40,580
Prepayments	823,988	5,182	28,079	1,610
	<u>2,278,895</u>	<u>2,178,316</u>	<u>92,831</u>	<u>126,241</u>
Less: Allowance for doubtful debts	-	(2,060,005)	-	(69,910)
	<u>2,278,895</u>	<u>118,311</u>	<u>92,831</u>	<u>56,331</u>

Included in other receivables of the Group is an amount of RM703,280 (Nil in 2007) pledged to a third party for guarantee given in favour of a third party.

## 11. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group of RM6,849,942 (RM4,681,258 in 2007) were placed with the local banks as security for banking facilities granted by the said banks to the subsidiary companies, as mentioned in Note 17.

The average effective interest rates of the fixed deposits range from 3.00% to 3.10% (3.00% to 3.10% in 2007) per annum. The fixed deposits have an average maturity period of 1 to 12 months (1 to 12 months in 2007).

## 12. SHARE CAPITAL

	The Group and the Company	
	2008 RM	2007 RM
<b>Authorised:</b>		
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>	<u>25,000,000</u>
<b>Issued and fully paid:</b>		
176,000,000 ordinary shares of RM0.10 each	<u>17,600,000</u>	<u>17,600,000</u>

# Notes to the Financial Statements

## 13. SHARE PREMIUM

### The Group and the Company

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

## 14. LONG-TERM LOANS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Principal outstanding	30,933,396	11,196,132	1,933,396	2,196,132
Less: Amount due within 12 months (included under current liabilities)	<u>(4,158,278)</u>	<u>(262,746)</u>	<u>(286,278)</u>	<u>(262,746)</u>
Non-current portion	<u>26,775,118</u>	<u>10,933,386</u>	<u>1,647,118</u>	<u>1,933,386</u>

The non-current portion is repayable as follows:

Financial years ending 31 December	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
2009	-	286,278	-	286,278
2010	7,033,810	2,559,810	309,810	309,810
2011	7,057,342	2,583,342	333,342	333,342
2012 and after	<u>12,683,966</u>	<u>5,503,956</u>	<u>1,003,966</u>	<u>1,003,956</u>
	<u>26,775,118</u>	<u>10,933,386</u>	<u>1,647,118</u>	<u>1,933,386</u>

The Group and the Company have term loan facilities amounting to RM31,902,000 (RM12,902,000 in 2007) and RM2,902,000 (RM2,902,000 in 2007) respectively obtained from local banks.

The long term loans are secured by the following:-

- First party legal charges over the office building of the Company, as mentioned in Note 6 and assignment of rental proceeds from the buildings;
- Debenture incorporating fixed and floating charge over all present and future assets and undertakings of the subsidiary companies;
- Corporate Guarantee from the Company;

# Notes to the Financial Statements

## 14. LONG-TERM LOANS (CONT'D)

- (d) A Deed of Assignment between a subsidiary company and Malaysia Debt Venture Berhad of all contract proceeds to be received from Ministry of Health;
- (e) Any other securities that Malaysia Debt Venture Berhad may from time to time at its absolute discretion required from a subsidiary company; and
- (f) Pledge of fixed deposits.

These facilities bear interest at rates ranging from 7.00% to 8.25% (6.00% to 8.25% in 2007) per annum.

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

The foreign currency exposure profile of trade payables consists of:

	<b>The Group</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Ringgit Malaysia	11,903,148	1,538,349
United States Dollar	100,913	318,675
	<u>12,004,061</u>	<u>1,857,024</u>

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 2007).

Other payables and accrued expenses consist of:

	<b>The Group</b>		<b>The Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>	<b>2008 RM</b>	<b>2007 RM</b>
Other payables	1,887,388	456,270	256,086	82,302
Accrued expenses	1,525,967	883,791	827,743	429,713
	<u>3,413,355</u>	<u>1,340,061</u>	<u>1,083,829</u>	<u>512,015</u>

# Notes to the Financial Statements

## TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (CONT'D)

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	3,045,188	1,340,061	1,083,829	512,015
United States Dollar	368,167	-	-	-
	<u>3,413,355</u>	<u>1,340,061</u>	<u>1,083,829</u>	<u>512,015</u>

## 16. AMOUNT OWING TO A DIRECTOR

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

## 17. BANK BORROWINGS

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Bank overdraft (Note 24)	1,348,516	411,768	346,991	102,124
Bankers' acceptance	232,000	642,722	-	-
Trust receipts	781,947	976,102	-	-
	<u>2,362,463</u>	<u>2,030,592</u>	<u>346,991</u>	<u>102,124</u>

### The Company

The Company has bank overdraft facility amounting to RM386,000 (RM386,000 in 2007) obtained from a local bank. The said facility is secured against the office building of the Company, as mentioned in Note 6, assignment of rental proceeds of the building and bears interest rate at 8.00% (8.00% in 2007) per annum.

### Subsidiary Companies

The subsidiary companies have credit facilities totalling RM5.70 million (RM5.70 million in 2007) obtained from local banks. The said facilities are secured against fixed deposits, as mentioned in Note 11, corporate guarantee and office building of the Company as mentioned in Note 6. These facilities bear interest at rates ranging from 2.50% to 10.25% (3.65% to 8.00% in 2007) per annum.

# Notes to the Financial Statements

## 18. REVENUE

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sales of computer hardware and software	30,914,393	25,391,835	-	-
Maintenance fees	5,737,556	7,897,194	-	-
Management fee charged to subsidiary companies	-	-	1,284,000	864,000
	<u>36,651,949</u>	<u>33,289,029</u>	<u>1,284,000</u>	<u>864,000</u>

## 19. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at:

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>After charging:</b>				
Development expenditure written off	-	3,419,243	-	-
Staff costs	3,916,117	3,155,918	387,480	398,332
Depreciation of property, plant and equipment	3,813,062	2,117,910	263,498	236,803
Inventories written down	-	890,827	-	-
Amortisation of development expenditure	431,796	1,815,148	-	-
Allowance for doubtful debts	-	-	121,430	-
Impairment loss on subsidiary company	-	-	357,000	-
Bad debts written off	9,713,914	-	80,052	-
Property, plant and equipment written off	94	-	-	-
Inventories written off	1,670	-	-	-
Interest on bank overdraft	66,994	64,718	19,459	27,825
Interest on bankers' acceptance	26,084	60,839	-	-
Interest on term loan	947,343	385,994	146,094	169,759
Interest on trust receipts	73,601	-	-	-
Interest on letter of credit	4,252	84	-	-
Directors' remuneration	382,592	327,936	382,592	327,936
Directors' fees	96,000	96,000	96,000	96,000
Rental of equipment	121,656	99,418	-	-
Realised loss on foreign exchange	13,404	86,286	-	-
Loss on disposal of property, plant and equipment	1,133	-	1,133	-

# Notes to the Financial Statements

## 19. PROFIT/(LOSS) BEFORE TAX (CONT'D)

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>After charging (cont'd):</b>				
Audit fees				
- current year	46,800	68,000	12,000	18,000
- underprovision	-	500	-	-
<b>And crediting:</b>				
Allowance for doubtful debts no longer required	(9,698,470)	(617,828)	(69,910)	-
Interest on fixed deposits	(186,862)	(103,585)	-	(5)
Rental income receivable from third party	(2,000)	(10,000)	(2,000)	(10,000)
Rental income receivable from subsidiary companies	-	-	(403,200)	(403,200)
Realised gain on foreign exchange	(4,238)	(3,925)	-	-
Gain on disposal of property, plant and equipment	(492,646)	(258)	-	-

Staff costs include salaries, bonuses, contributions to Employees Provident Fund ("EPF") and any other staff related expenses. Contribution to EPF of the Group and of the Company for the financial year amounted to RM353,830 (RM185,602 in 2007) and RM48,717 (RM34,947 in 2007) respectively.

## 20. INCOME TAX CREDIT/(EXPENSE)

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Estimated income tax:				
Current year	(5,780)	(26,300)	-	-
(Under)/Overprovision in prior years	18,000	(149)	-	(149)
Income tax credit/(expense)	12,220	(26,449)	-	(149)

There was no provision for taxation for current financial year as the Company has no chargeable income.

# Notes to the Financial Statements

## 20. INCOME TAX CREDIT/(EXPENSE) (CONT'D)

The Malaysian statutory tax rate will be reduced to 25% effective year of assessment 2009, from the current year's rate of 26%.

The Group's unabsorbed tax losses and unutilised capital allowances which can be carried forward to offset against future taxable profit are estimated to be RM13,425,000 (RM16,049,000 in 2007) and RM7,904,000 (RM5,802,000 in 2007) respectively.

The amount of tax savings for the Group and the Company which credit are taken as a result of realisation of unabsorbed tax losses carried forward that had not been accounted for in the year amounted to approximately RM780,000 (RM990,500 in 2007) and RM13,000 (RM3,500 in 2007) respectively.

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

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

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(loss) before tax	371,437	564,976	(782,462)	(647,662)
Tax at statutory tax rate of 26% (27% in 2007)	96,574	152,544	(203,440)	(174,869)
Tax effects of:				
Income not subject to tax	(18,177)	-	(18,177)	-
Expenses not deductible for tax purposes	744,583	1,660,056	208,617	174,869
Utilisation of deferred tax assets not recognised	(894,200)	(1,786,300)	(13,000)	-
(Over)/Underprovision in prior years	(18,000)	149	-	149
Effect of change in tax rate on opening deferred tax	77,000	-	-	-
Tax (credit)/expense for the year	(12,220)	26,449	-	149

# Notes to the Financial Statements

## 20. INCOME TAX EXPENSE (CONT'D)

As mentioned in Note 4, the tax effects of temporary differences, unabsorbed tax losses and unutilised capital allowances which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unabsorbed tax losses and unutilised capital allowances can be utilised. As of 31 December 2008, the amount of net deferred tax assets, calculated at the tax rates that have been enacted or substantively enacted at the balance sheet date which is not recognised in the financial statements due to uncertainty of its realisation, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax effects of:				
Temporary differences arising from property, plant and equipment	(2,546,500)	(2,127,300)	(21,000)	2,500
Unabsorbed tax losses	3,356,000	4,173,000	-	-
Unutilised capital allowances	1,976,000	1,508,000	-	13,000
Other temporary differences	(482,000)	(356,000)	-	-
	<u>2,303,500</u>	<u>3,197,700</u>	<u>(21,000)*</u>	<u>15,500</u>

\* Immaterial to adjust

## 21. EARNINGS PER ORDINARY SHARE

### Group

The earnings per ordinary share is calculated based on Group's net profit for the year of RM452,937 (RM538,527 in 2007) and the weighted average number of ordinary shares issued during the financial year of 176,000,000 (176,000,000 in 2007).

## 22. RELATED PARTY TRANSACTIONS

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

Name of Company	Nature	The Company	
		2008 RM	2007 RM
DVM Innovate Sdn. Bhd.	Management fee	513,600	288,000
	Rental income	123,600	123,600
DVM IntelliSource Sdn. Bhd.	Management fee	128,400	288,000
	Rental income	48,000	48,000



# Notes to the Financial Statements

## 22. RELATED PARTY TRANSACTIONS (CONT'D)

Significant transactions with subsidiary companies during the financial year were as follows: (cont'd)

Name of Company	Nature	The Company	
		2008 RM	2007 RM
NGC Systems Sdn. Bhd.	Management fee	385,200	288,000
	Rental income	231,600	231,600
MobileVideo International Limited	Management fee	<u>256,800</u>	<u>-</u>

## 23. DIRECTORS' REMUNERATION

	The Group and The Company	
	2008 RM	2007 RM
Executive directors:		
Other emoluments	341,600	292,800
EPF contributions	40,992	35,136
	<u>382,592</u>	<u>327,936</u>
Non-executive directors:		
Fees	<u>96,000</u>	<u>96,000</u>
	<u>478,592</u>	<u>423,936</u>

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

	Number of directors	
	2008	2007
<b>Executive directors</b>		
RM100,001 - RM200,000	2	1
RM200,001 - RM300,000	-	1
<b>Non-executive directors</b>		
RM20,001 - RM30,000	2	2
RM30,001 - RM50,000	<u>1</u>	<u>1</u>

The remuneration of key management personnel is same with the directors' remuneration as disclosed in the above. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

# Notes to the Financial Statements

## 24. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	6,849,942	4,681,258	-	-
Cash and bank balances	309,550	181,431	4,789	28,411
Bank overdraft (Note 17)	(1,348,516)	(411,768)	(346,991)	(102,124)
	<u>5,810,976</u>	<u>4,450,921</u>	<u>(342,202)</u>	<u>(73,713)</u>
Less: Fixed deposits pledged (Note 11)	<u>(6,849,942)</u>	<u>(4,681,258)</u>	<u>-</u>	<u>-</u>
	<u>(1,038,966)</u>	<u>(230,337)</u>	<u>(342,202)</u>	<u>(73,713)</u>

## 25. SIGNIFICANT EVENT DURING THE YEAR

On 1 April 2008, the Company incorporated a 60% owned subsidiary company in Cayman Islands, known as MobileVideo International Limited for a total consideration of RM103,410.

## 26. SUMMARY OF EFFECTS OF ACQUISITION OF A SUBSIDIARY COMPANY

- (i) The effects of the acquisition of subsidiary company on the financial position of the Group as at date of acquisition were as follows:-

	Group 2008 RM
Cash and bank balances	172,690
Less: Minority interest	<u>(69,280)</u>
	<u>103,410</u>

The fair values of the subsidiary company's assets approximate its carrying values.

# Notes to the Financial Statements

## 26. SUMMARY OF EFFECTS OF ACQUISITION OF A SUBSIDIARY COMPANY (CONT'D)

- (ii) The effects of the acquisition of subsidiary company on the financial results of the Group during the financial year were as follows:-

	<b>Group 2008 RM</b>
Revenue	3,978,663
Cost of sales	(3,510,361)
Administration expenses	<u>(1,098,254)</u>
Loss before taxation	(629,952)
Taxation	<u>-</u>
Net loss for the year	<u>(629,952)</u>
Group's share of net loss for the year	<u>(629,952)</u>

## 27. FINANCIAL INSTRUMENTS

### Financial Risk Management Objectives and Policies

The operations of the Group and of the Company 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 and the Company continuously manage its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company on a daily basis.

### Foreign currency risk

The Group and the Company are exposed to foreign exchange rate risk as certain trade and non-trade transactions are denominated in foreign currencies. The Group's and the Company's policies are to minimise the exposure of foreign currency transaction risk by matching local currency income against local currency costs.

### Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of interest rate changes on interest bearing fixed deposits, bank borrowings and long-term loan. The interest rates of fixed deposits, long-term loans and bank borrowings of the Group and of the Company are disclosed in Note 11, 14 and 17 respectively. The Group's and the Company's policies are to borrow principally on the floating rate basis but to retain a proportion of fixed rate debts. The objectives for the mix between fixed and floating rates borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

# Notes to the Financial Statements

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### Credit risk

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

### Liquidity risk

The Group and the Company practise 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 and the Company review their cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

### Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except for investment in unquoted shares of subsidiary companies which are stated at cost, as it was not practical within the constraints of time and cost to estimate their fair values reliably.

## 28. CONTINGENT LIABILITIES

	The Company	
	2008 RM	2007 RM
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	<u>31,015,472</u>	<u>11,928,468</u>

# Notes to the Financial Statements

## 29. SEGMENT REPORTING

The Group operates predominantly in the information communication technology industry involving various types of activities as mentioned in Note 7. Accordingly, the financial information by industry segments of the Group's operations is not presented.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales Revenue by Geographical Market	
	2008	2007
Malaysia	27,871,748	27,926,526
Pakistan	3,279,268	4,296,649
Middle East	558,952	618,445
Bangladesh	190,319	324,070
Venezuela	1,000,775	-
Singapore	1,880,942	-
Vietnam	1,839,945	-
Other Asia	30,000	123,339
	<u>36,651,949</u>	<u>33,289,029</u>

The following is an analysis of the carrying amount of segment assets and capital additions by geographical areas in which the assets are located:

	Carrying Amount of Segment Assets		Capital Additions	
	2008 RM	2007 RM	2008 RM	2007 RM
Malaysia	63,291,671	30,681,756	25,465,897	16,113,420
Pakistan	845,522	1,417,703	-	-
Middle East	-	528,000	-	-
Bangladesh	65,865	23,295	-	-
Vietnam	1,469,545	-	-	-
	<u>65,672,603</u>	<u>32,650,754</u>	<u>25,465,897</u>	<u>16,113,420</u>

## 30. COMPARATIVE FIGURES

The comparative figures are audited by a firm of Chartered Accountants other than SJ Grant Thornton.

# List of Properties

<b>Location</b>	<b>Existing Use</b>	<b>Office Space Area</b>	<b>Tenure</b>	<b>Approximate Age of Property (years)</b>	<b>Net Book Value @ 31.12.2008 (RM)</b>	<b>Year of Valuation / Acquisition</b>
Parcel No. CS/3A/7, Storey No. Level 7, Building No. 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur	For Office	8,060 sq. ft.	Freehold	5	3,669,184	2004

## Revaluation Policy

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

# Statistics of Shareholdings

As at 7th May 2009

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	469	12.9	431,700	0.2
1,001 to 10,000 shares	1,734	47.7	10,596,000	6.0
10,001 to 100,000 shares	1,215	33.5	45,580,000	25.9
100,001 to 8,799,999 shares (less than 5% of issued shares)	209	5.8	102,352,099	58.2
Above 8,800,000 shares (5% and above of issued shares)	1	0	17,040,000	9.7
<b>TOTAL</b>	<b>3,633</b>	<b>100.0</b>	<b>176,000,000</b>	<b>100.0</b>

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

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

## LIST OF DIRECTORS' SHAREHOLDINGS

Name	Direct	No of Shares Held		%
		%	Indirect	
Dato' Goh Kian Seng	25,932,000	14.7	0	0
Chen Chee Peng	1,000,099	0.6	0	0

# Statistics of Shareholdings

## LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS OF 7th May 2008

No	Shareholder	No of shares	%
1	Goh Kian Seng	17,040,000	9.68
2	Goh Kian Seng	7,202,000	4.09
3	Chee Kok Wing	5,712,700	3.25
4	Ung Yoke Hong	5,000,000	2.84
5	Fong Loong Meng	3,858,500	2.19
6	A.A. Anthony Nominees(Tempatan) Sdn Bhd Pledged Securities Account for Soh Oon Hai	3,703,600	2.10
7	Kurnia Heights Sdn Bhd	3,079,000	1.75
8	Lim Wooi Beng	2,639,600	1.49
9	Choi Swee Cheng	2,415,000	1.37
10	Chen Boon Cheong	2,160,000	1.23
11	Lee Lai Huat	2,000,000	1.14
12	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kiang Seng	1,690,000	0.96
13	Gooi Kee Hua	1,591,800	0.90
14	Piong Choong Fah	1,443,200	0.82
15	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Boon Seng	1,440,000	0.82
16	Lau Chi Chiang	1,362,100	0.77
17	Tan Li Chin	1,250,000	0.71
18	Tan Chet Mei	1,020,000	0.58
19	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Chee Peng	1,000,099	0.57
20	Chua Soo Chai	1,000,000	0.57
21	Yap Lay Hoon	980,800	0.56
22	Tan Wei Sun	978,900	0.55
23	Lim Kok Leng	957,000	0.54
24	Tee Siew Heng	912,500	0.51
25	Jason Yap	873,800	0.50
26	Idris bin Pilus	861,200	0.49
27	Goh Soon Teng	850,000	0.48
28	Tan Bu Chin	830,000	0.47
29	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Chi Chiang	806,000	0.46
30	Ong Siok Lee	800,000	0.45



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Company will be held at Banquet Hall, Kelab Golf Perkhidmatan Awam, Bukit Klara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 25 June 2009 at 10 am for the following purposes:

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon. Ordinary Resolution 1
2. To approve the payment of Directors' fees for the financial year ended 31 December 2008. Ordinary Resolution 2
3. To re-elect Mr Lee Keat Hin as Director who retires by rotation in accordance with Article 81 of the Company's Articles of Association. Ordinary Resolution 3
4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-  
  
"THAT Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid, retiring pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."  
  
Ordinary Resolution 4
5. To re-appoint Messrs. SJ Grant Thornton as the Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

### As Special Business

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

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

"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. "

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  
3 June, 2009

# Notice of Annual General Meeting

## (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 NOTE UNDER SPECIAL BUSINESS

1. *Ordinary Resolution No. 6*

The proposed Ordinary Resolution 6, 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.

# Statement Accompanying The 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 Lee Keat Hin

His profile is set out in the section entitled "Profile of Directors" on page 3

The director to be re-appointed pursuant to Section 129(6) of the Companies Act, 1965 is General ( R) Tan Sri Abdul Rahman Bin Abdul Hamid

His profile is set out in the section entitled "Profile of Directors" on page 3

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

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

Date : 25 June 2009

Time : 10.00 am

Venue : Kelab Golf Perkhidmatan Awam, Banquet Hall, Bukit Kiara  
Off Jalan Damansara  
60000 Kuala Lumpur

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# 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 Sixth Annual General Meeting of the Company to be held at Banquet Hall, Kelab Golf Perkhidmatan Awam, Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 25 June 2009 at 10 am and at any adjournment thereof, as indicated below:-

No	Resolution	For	Against
Resolution 1	Receipt of Audited Financial Statements for the year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon.		
Resolution 2	Approval of payment of the Directors' Fees for the financial year ended 31 December 2008		
Resolution 3	Re-election of Mr Lee Keat Hin as Director		
Resolution 4	Re-appointment of Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid as Director		
Resolution 5	Re-appointment of Messrs. SJ Grant Thornton as Auditors and to authorise the Directors to fix their remuneration		
Resolution 6	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

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

Dated this ..... day of ..... 2009

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

Number of shares held

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 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 appointer or his attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 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 set for holding the meeting or any adjournment thereof.

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The Company Secretary  
**DVM Technology Berhad**  
(Company No. 609953-K)

A-11-3 (Suite2) Northpoint Offices,  
Mid Valley City,  
No 1 Medan Syed Putra Utara,  
59200 Kuala Lumpur

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