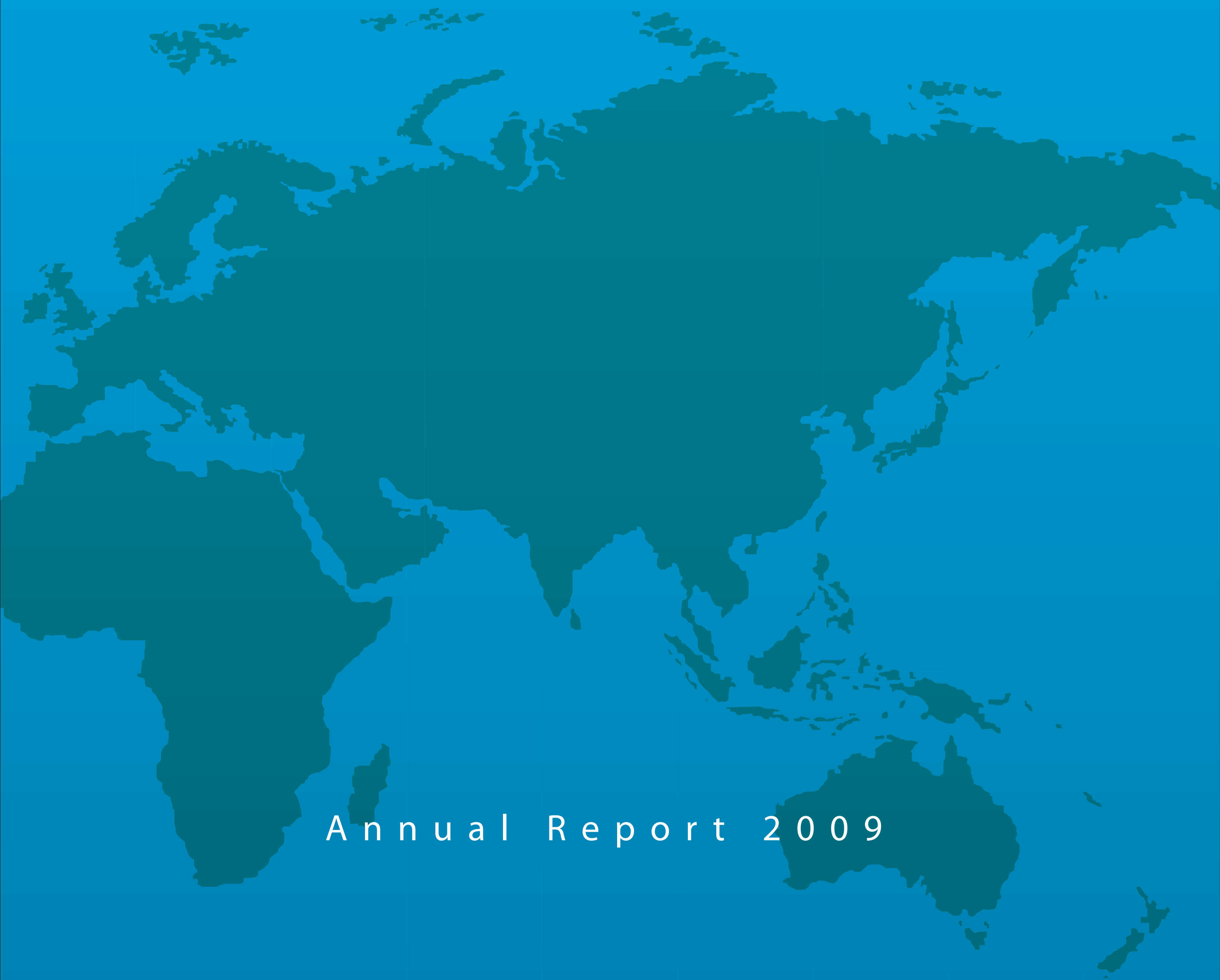
DVM

TECHNOLOGY



Annual Report 2009

DVM Technology Berhad
(609953-K)

Index

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
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Business Address
Lot 11.3, 11th Floor Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya
T 03 7805 3868 F 03 7805 3863
www.dvm.com.my E-mail lee@dvm.com.my

Share Registrar
MIDF Consultancy and Corporate Services Sendirian Berhad
Level 8, Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur
T 03 2173 8888 F 03 2173 8677

Auditors
SJ Grant Thornton (AF 0737)
Level 11, Faber Imperial Court, Jalan Sultan Ismail, P.O. Box 12337, 50774 Kuala Lumpur

Principal Banker
Malayan Banking Berhad

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

Corporate Structure

DVM Technology Berhad

- DVM Innovate Sdn Bhd 100%
  - DVM IntelliSource Sdn Bhd 100%
- NGC Systems Sdn Bhd 100%
- Key Alliance Sdn Bhd100%
- MobileVideo International Limited 60%
- DVM Communications Sdn Bhd 100%

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.

Dato' Goh Kian Seng
Managing Director

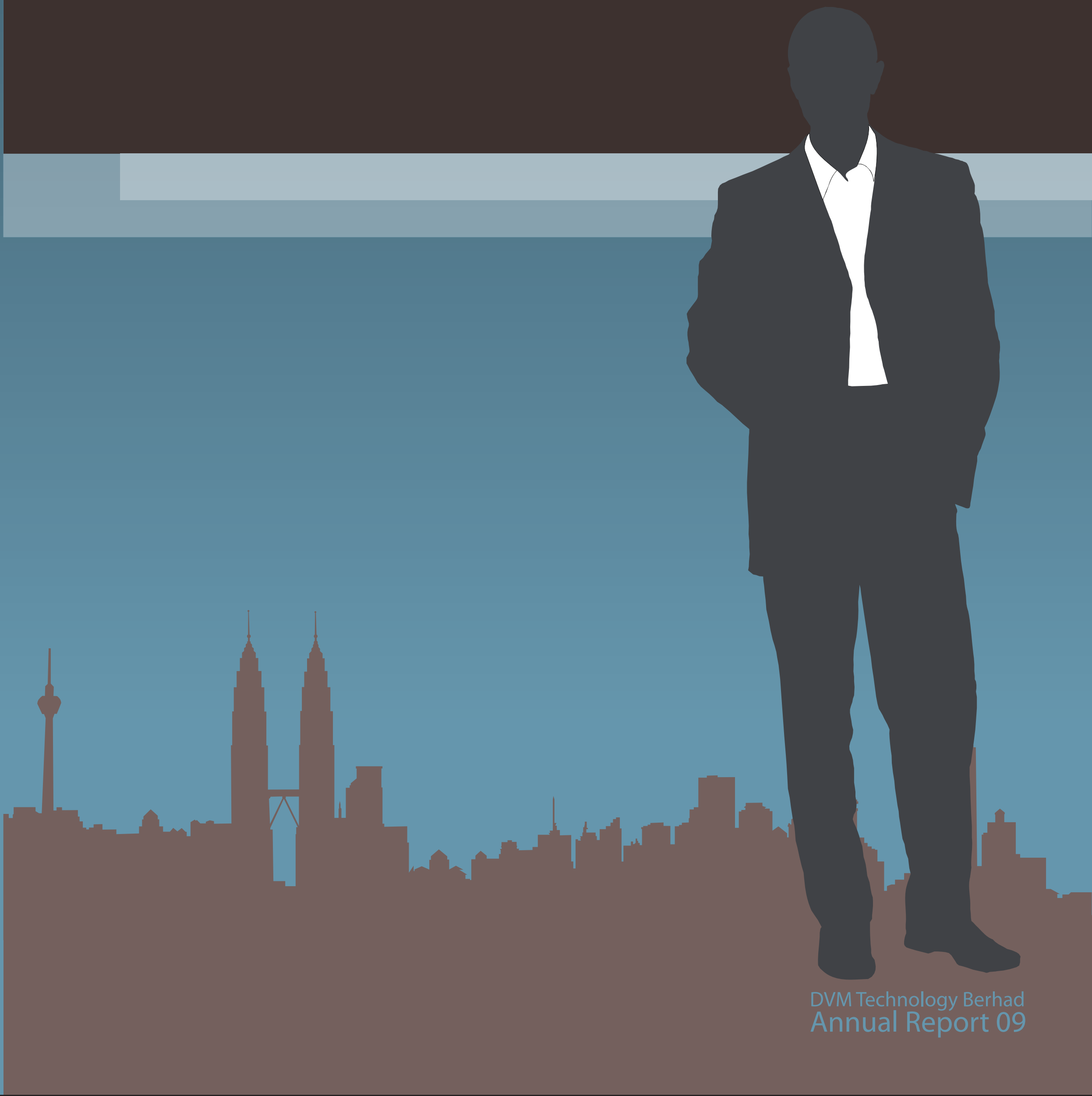
Dato' Goh Kian Seng, aged 47, a Malaysian, was appointed the Managing Director of DVM on 8 August 2003. Dato' Goh obtained his degree in Chemical Engineering from Universiti Malaya and a Masters of Business Administration from Southern Cross University, Australia. He is responsible for the overall management, 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 the Audit and 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 2009.

Overview

For the financial year under review, we have achieved growth of revenue and have improved our performance compared to previous years. This is because we have take 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

The current global economic recession has struck all sectors of the Malaysian economy, and even the information and communication technology (ICT) sector has not been spared. Malaysia's ICT industry annual growth in 2009 has slowed to 5% as opposed to the original forecast of 7%. Based on the five-year plan of Pikom (the association of the computer and multimedia industry), our ICT sector should have attained a size of RM50 billion per year but sadly, as of today, we are nowhere near this now seemingly lofty goal.

Recently, Prime Minister Datuk Seri Najib Razak laid out the stark economic reality for Malaysians, that our country needs to develop a new economic model in order to survive the future. Malaysia must elevate its national income to a much higher level in order to spur domestic consumption.

Currently, the Malaysian economy is far too dependent on exports and low-cost labour. Due to the low national income level, our domestic consumption is not sufficient to sustain growth. And when a global economic crisis strikes, export-oriented countries such as Malaysia will be most affected.

So far, China has been insulated from the financial crisis because of its sizeable domestic consumption.

A case in point: Malaysia's gross national income (GNI) per capita was comparable to that of South Korea and Singapore some 15 to 20 years ago. Today, South Korea's GNI per capita stands at about US$20,000 (RM68,000) while Singapore's hovers above US$33,000. In comparison, Malaysia's GNI lags way behind at US$6,500. The disparity did not happen overnight. Singapore actually had to remake itself as an innovation-based economy and migrate its economic infrastructure over the years to a more innovative and complex level. Today, Singapore is Southeast Asia's leading financial services centre and an emerging bio-technology development hub.

Obviously, we need to move higher up the global value chain and this means nurturing our own R&D talent and capabilities. Technological progress and innovation plays a central role in a country's economic progress. In this regard, our prime minister's clarion call for the nation to focus on innovation and creativity should be heeded, and immediate action taken, by all sectors, especially ICT.

Pikom's recently published National ICT Strategic Review 2009/10, titled Innovation — The Way Forward, could not have been more timely. Innovation is the key competitive advantage for our ICT industry to carve a niche in this increasingly competitive global marketplace. In his review report, Dr Roslan Ahmad from the Ministry of Science, Technology and Innovation (Mosti) points out that the future success of Malaysia depends largely on our capacity to innovate. Our biggest challenge is to lay out an innovative strategy towards a knowledge economy. He further noted that innovation extends beyond creativity and involves taking ideas from creation right through to commercialisation.

To ensure future prosperity and growth, Malaysia clearly needs to innovate its way out of this recession and beyond. An innovation-based growth strategy that focuses on investments in R&D and technology creation offers the greatest potential for economic growth. The government has already laid its foundation towards attaining the K-economy (K for knowledge) with cross cooperation between Mosti and other ministries, as well as strategic thrusts in the Ninth Malaysia Plan. However, more needs to be done to ensure timely execution and delivery of those strategies.

(Source: The Edge 4th January 2010)

Management Discussion

Financial Highlights

For the twelve (12) months financial year ended 31 December 2009, the Group recorded revenue of RM78.58 million which is an increase by 53% compared to previous year turnover of RM36.65 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 RM1.1 million 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 RM1.53 million which is higher compared to previous year profit of RM0.3 million. The increase in the Group's profit was due to higher revenue incurred from overseas customers.

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 2009, 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 ACE 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	5/6
Dato' Goh Kian Seng	5/6
Chen Chee Peng	6/6
Kamarudin Bin Ngah	6/6
Lee Keat Hin	6/6

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 theirs skills and knowledge where relevant. Gen (R) Tan Sri Rahman Bin Abdul Hamid had attended a seminar "Best Practices of Boardroom Affairs" organised by Bursatra Sdn Bhd. The other Directors did not attend any training during the year due to their hectic schedule through out the year. 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 2009 was as follows:

Categorisation	Aggregate remuneration (in RM) paid/payable to Executive Directors	Non Executive Directors	Total (RM)
Directors Fees	0	96,000	96,000
Directors Emoluments			
- Salaries & Allowances	292,800	0	292,800
- Contribution by employer to Provident Fund	35,136	0	35,136
Total	**327,936**	**96,000**	**423,936**

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
Below 50,000		3
100,001 - 150,000	1	
150,000 - 200,000	1	

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.

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

4.2 Annual General Meeting (AGM)

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

Audit Committee Report

Members of the Audit Committee

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

Kamarudin Bin Ngah	-	Chairman/Independent Non-Executive Director
Lee Keat Hin	-	Member/Independent Non-Executive Director
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;

Audit Committee Members	Attendance
Kamarudin Bin Ngah	5/5
Lee Keat Hin	5/5
Gen (R) Tan Sri Abdul Rahman Bin Abdul Hamid	4/5

Internal Audit Function

The Board of Directors acknowledged their responsibilities for maintaining the internal audit function system of the Group and Company to ensure effectiveness and efficiency of the operations and compliance of the rules and regulations. The internal audit function is designed to meet the needs of respective business units and to manage the risks which they are exposed and the Board recognises that the risks cannot be fully avoided as it is not absolute assurance against material misstatement to counter fraud and error. As such the Company has outsourced the Internal Audit Function to an independent accounting firm, who reports directly to the Audit Committee of their findings and aimed to minimise and manage the risks. The proposed professional fee is based on the understanding of the work, degree of responsibility, skill involved and the necessary time taken up. Total cost incurred in respect of the internal audit function during the financial year ended 31 December 2009 was RM17,050.

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 continuingly 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 being the new signatory of the UN Global Compact Initiative signifies the Group's support for the Global Compact's principles in the areas of human rights, labour, the environment and anti-corruption.

DVM actively pursues the development of a continuous learning and to become a knowledge-based organization. The Group constantly provides opportunities for employees to enhance job knowledge and develop professional skills, by encouraging employees to undertake various types of training programmes sponsored by the Company.

As such, DVM has organized a Teambuilding Program at Selesa Resort, Bukit Tinggi on 10th October 2009 for all employees. This program was aimed to build employees' self- esteem, confidence and leadership skills as well as to create bond and develop trust amongst each other. The Group believes employees well-equipped with confidence are motivated to carry out their duties and responsibilities, subsequently creates a sense of mutual accomplishment.

The Group also participates in the initiatives taken by the Government to increase the employment of prospective new graduates by accepting trainees from local colleges and universities for industrial training, subsequently considering them for permanent employment.

DVM aim for sustainable growth in increasing societal value while reducing environmental footprint. The Group promotes awareness in sustainable resource usage by encouraging employees to recycle used papers. The Group has also implemented the e-leave system to reduce the use of paper-based leave application form. These approaches not only help in reducing company expenditure but also respond to environmental concern associated with a paperless environment.

THE GLOBAL COMPACT

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 DVM's Employees' Share Option Scheme ("ESOS") was implemented on 3 July 2009. The details of the options granted and exercised during the financial year are as below:-

Option over ordinary shares of RM 0.10 each		
Date	Granted under the ESOS	Exercised during the year
10 Sept 2009	52,800,000	-

The Company did not issue any warrants or convertible securities during the financial year.

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.

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 2009.

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 8 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:

	The Group RM	The Company RM
Profit/(Loss) before tax	1,793,634	(200,623)
Income tax expense	(262,790)	(124,790)
Net profit/(loss) for the year	1,530,844	(325,413)
Attributable to:-		
Equity holders of the Company	1,482,242	
Minority interest	48,602	
	1,530,844	

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

DIVIDENDS

No dividend has been paid or declared by the Company since the 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

The Company's ESOS is governed by the by-laws which were approved by the shareholders at an Extraordinary General Meeting held on 25 June 2009. The ESOS was implemented on the same date and is to be in force for a period of 5 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 29 to the Financial Statements.

Directors' Report

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 no allowance for doubtful debts was required; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

(a) which would render the amounts 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.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Significant events subsequent to balance sheet date are disclosed in Note 27 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, Chen Chee Peng and Kamarudin Bin Ngah retire by rotation and, being eligible, offer themselves for re-election.

Directors' Report

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM0.10 each			
	Balance as of 1.1.2009	Bought	Sold	Balance as of 31.12.2009
Shares in the Company				
Registered in name of director				
Dato' Goh Kian Seng	25,932,000	-	-	25,932,000
Chen Chee Peng	1,000,099	-	-	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' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than those benefits included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements as disclosed in Note 21 and 25 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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.

Directors' Report

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
8 April 2010

Statement by Directors and 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 2009 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
8 April 2010

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 8 April 2010

Before me,

S.ARULSAMY
COMMISSIONER FOR OATHS

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

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 2009, 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 51.

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

Company No: 609953- K

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 2009 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.

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

DATO' N. K. JASANI
CHARTERED ACCOUNTANT
(NO: 708/03/12 (J/PH))

Kuala Lumpur
8 April 2010

Balance Sheets

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

BALANCE SHEETS
AS OF 31 DECEMBER 2009

		The Group		The Company	
		2009	**2008**	**2009**	**2008**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Property, plant and equipment	6	26,484,927	38,139,039	607,440	4,335,213
Investment property	7	3,588,542	-	3,588,542	-
Investment in subsidiary companies	8	-	-	13,452,982	13,452,982
Development expenditure	9	2,419,743	1,950,793	-	-
Total Non-Current Assets		32,493,212	40,089,832	17,648,964	17,788,195
Current Assets					
Inventories	10	29,855	29,855	-	-
Trade receivables	11	13,001,934	16,114,529	-	-
Other receivables, deposits and prepayments	11	1,434,344	2,278,895	31,030	92,831
Amount owing by subsidiary companies	8	-	-	4,652,137	5,304,081
Fixed deposits with licensed banks	12	1,777,677	6,849,942	-	-
Cash and bank balances		3,553,629	309,550	9,707	4,789
Total Current Assets		19,797,439	25,582,771	4,692,874	5,401,701
Total Assets		52,290,651	65,672,603	22,341,838	23,189,896
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	13	17,600,000	17,600,000	17,600,000	17,600,000
Share premium	14	10,716,665	10,716,665	10,716,665	10,716,665
Accumulated loss		(10,311,741)	(11,793,983)	(8,993,036)	(8,667,623)
Equity attributable to equity holder		18,004,924	16,522,682	19,323,629	19,649,042
Minority interest		48,602	-	-	-
		18,053,526	16,522,682	19,323,629	19,649,042

Balance Sheets

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

BALANCE SHEETS
AS OF 31 DECEMBER 2009 (CONT'D)

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Non-Current Liabilities					
Long-term loans	15	16,241,308	26,775,118	1,337,308	1,647,118
Finance lease liability	16	78,380	-	-	-
Total Non-Current Liabilities		16,319,688	26,775,118	1,337,308	1,647,118
Current Liabilities					
Trade payables	17	5,387,501	12,004,061	-	-
Other payables and accrued expenses	17	4,662,628	3,413,355	1,026,368	1,083,829
Amount owing to a director	18	1,148,898	436,646	-	176,638
Bank borrowings	19	2,162,101	2,362,463	344,723	346,991
Long-term loans	15	4,533,810	4,158,278	309,810	286,278
Finance lease liability	16	22,499	-	-	-
Total Current Liabilities		17,917,437	22,374,803	1,680,901	1,893,736
Total Liabilities		34,237,125	49,149,921	3,018,209	3,540,854
TOTAL EQUITY AND LIABILITIES		52,290,651	65,672,603	22,341,838	23,189,896

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 2009

		The Group		The Company	
		2009	**2008**	**2009**	**2008**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	20	78,395,082	36,651,949	1,284,000	1,284,000
Cost of sales		(61,761,110)	(23,896,015)	-	-
Gross profit		16,633,972	12,755,934	1,284,000	1,284,000
Investment revenue		174,339	186,862	-	-
Other income		762,857	502,222	843,111	405,914
Finance costs		(1,587,047)	(1,118,274)	(148,447)	(165,553)
Distribution expenses		(1,281,182)	(958,968)	(168,672)	(145,171)
Administrative expenses		(5,771,458)	(3,702,229)	(542,842)	(569,112)
Other expenses		(7,137,847)	(7,294,110)	(1,467,773)	(1,592,540)
Profit/(loss) before tax	21	1,793,634	371,437	(200,623)	(782,462)
Income tax (expense)/credit	22	(262,790)	12,220	(124,790)	-
Net profit/(loss) for the year		1,530,844	383,657	(325,413)	(782,462)
Attributable to:-					
Equity holders of the Company		1,482,242	452,937	-	-
Minority interest		48,602	(69,280)	-	-
		1,530,844	383,657	-	-
Earnings per ordinary share					
- basic (sen)	23	0.84	0.26	-	-

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 2009

	Attributable to equity holders of the Company				
		Non-distributable	Distributable		
	Share capital	Share premium	Accumulated loss	Minority interest	Total equity
	RM	RM	RM	RM	RM
The Group					
Balance as of 1 January 2008	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
Balance as of 31 December 2008	17,600,000	10,716,665	(11,793,983)	-	16,522,682
Net profit for the year	-	-	1,482,242	-	1,482,242
Share of minority interest	-	-	-	48,602	48,602
Balance as of 31 December 2009	17,600,000	10,716,665	(10,311,741)	48,602	18,053,526

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 2009 (CONT'D)

	Share capital	Non-distributable Share premium	Distributable Accumulated loss	Total
	RM	RM	RM	RM
The Company				
Balance as of 1 January 2008	17,600,000	10,716,665	(7,885,161)	20,431,504
Net loss for the year	-	-	(782,462)	(782,462)
Balance as of 31 December 2008	17,600,000	10,716,665	(8,667,623)	19,649,042
Net loss for the year	-	-	(325,413)	(325,413)
Balance as of 31 December 2009	17,600,000	10,716,665	(8,993,036)	19,323,629

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 2009

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash Flows From/(Used In) Operating Activities				
Profit/(Loss) Before Tax	1,793,634	371,437	(200,623)	(782,462)
Adjustments for:				
Allowance for doubtful debts no longer required	-	(9,698,470)	-	(69,910)
Allowance for doubtful debts	-	-	-	121,430
Impairment loss on subsidiary company	-	-	-	357,000
Bad debts written off	15,000	9,713,914	-	80,052
Amortisation of investment property	80,642	-	80,642	-
Depreciation of property, plant and equipment	8,123,279	3,813,062	291,368	263,498
Amortisation of development expenditure	643,425	431,796	-	-
Inventories written off	-	1,670	-	-
Interest expenses	1,587,047	1,118,274	148,447	165,553
Interest income	(173,889)	(186,862)	-	-
Property, plant and equipment written off	1,165,001	94	-	-
Net (gain)/loss on disposal of property, plant & equipment	-	(491,513)	-	1,133
Unrealised loss on foreign exchange	2,756	-	-	-
Operating Profit Before Working Capital Changes	13,236,895	5,073,402	319,834	136,294
(Increase)/Decrease in:				
Inventories	-	3,116	-	-
Trade receivables	3,094,839	(8,736,779)	-	-
Other receivables, deposits and prepayments	849,752	(2,170,725)	61,801	(46,642)
Amount owing by subsidiary companies	-	-	651,944	(67,070)

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT'D)

	Note	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Increase/(Decrease) in:					
Trade payables		(6,616,560)	10,147,037	-	-
Other payables and accrued expenses		1,024,559	2,073,294	(153,461)	571,814
Amount owing to a director		712,252	279,446	(176,638)	176,638
Cash From Operations		12,301,737	6,668,791	703,480	771,034
Interest paid		(1,587,047)	(1,118,274)	(148,447)	(165,553)
Income tax (paid)/refund		(43,277)	12,220	(28,790)	-
Net Cash From Operating Activities		10,671,413	5,562,737	526,243	605,481
Cash Flows From/(Used In) Investing Activities					
Interest received		173,889	186,862	-	-
Proceeds from disposal of property, plant and equipment		-	2,864,874	-	950
Purchase of property, plant and equipment	A	(1,184,552)	(6,465,897)	(232,779)	(508,774)
Fixed deposit withdrawn/(pledged)		5,072,265	(2,168,684)	-	-
Development expenditure incurred		(1,112,375)	(990,188)	-	-
Investment in subsidiary company, net of cash acquired	B	-	-	-	(103,410)
Proceeds from issuance of shares to minority interest		-	69,280	-	-
Net Cash From/(Used In) Investing Activities		2,949,227	(6,503,753)	(232,779)	(611,234)

Cash Flow Statements

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT'D)

		The Group		The Company	
		2009	2008	2009	2008
	Note	RM	RM	RM	RM
Cash Flows (Used In)/From Financing Activities					
Repayment of short term borrowings		(464,067)	(604,877)	-	-
Net (repayment)/drawndown of long term loan		(10,158,278)	737,264	(286,278)	(262,736)
Repayment of finance lease liability		(17,921)	-	-	-
Net Cash (Used In)/From Financing Activities		(10,640,266)	132,387	(286,278)	(262,736)
Net Increase/(Decrease) In Cash And Cash Equivalents		2,980,374	(808,629)	7,186	(268,489)
Cash And Cash Equivalents At Beginning Of Year		(1,038,966)	(230,337)	(342,202)	(73,713)
Cash And Cash Equivalents At End Of Year	26	1,941,408	(1,038,966)	(335,016)	(342,202)

A. **PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

In the previous financial year, the Group acquired property, plant and equipment with aggregate costs of RM25,465,897 of which RM19,000,000 were acquired by means of term loan.

During the financial year, the Group acquired property, plant and equipment with aggregate costs of RM1,303,352 (2008: Nil) of which RM118,800 (2008: Nil) was acquired by means of finance lease. Cash payments of RM1,184,552 (RM6,465,897 in 2008) 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 2009 (CONT'D)

B. **INVESTMENT IN SUBSIDIARY COMPANY**

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

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

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

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 8.

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 Ehsan.

The financial statements of the Company have been approved by the Board of Directors in accordance with a resolution of the Directors passed on 8 April 2010.

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")**

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company:-

(a)	Amendments to FRS 1	-	First-time Adoption of Financial Reporting Standards. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
		-	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
(b)	FRS 1 (#)	-	First-time Adoption of Financial Reporting Standards
(c)	Amendments to FRS 2	-	Share Based Payment. Amendments relating to vesting conditions and cancellations

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

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

(d)	Amendments to FRS 2 (#)	-	Share Based Payment. Amendments relating to the scope of the Standard
(e)	FRS 3 (#)	-	Business Combinations
(f)	FRS 4	-	Insurance Contracts
(g)	Amendment to FRS 5	-	Non Current Assets held for sale and Discontinued Operations. Amendment relating to additional disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations
(h)	Amendments to FRS 5 (#)	-	Non-Current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standard
(i)	FRS 7	-	Financial Instruments: Disclosures
(j)	Amendment to FRS 7	-	Financial Instruments: Disclosures. Amendment relating to financial assets
		-	Improving Disclosures about Financial Instruments
(k)	FRS 8	-	Operating Segments
(l)	Amendment to FRS 8	-	Operating Segments. Amendment relating to disclosure information about segment assets
(m)	FRS 101	-	Presentation of Financial Statements (Revised)
(n)	Amendment to FRS 107	-	Statement of Cash Flows. Amendment relating to classification of expenditures on unrecognised assets
(o)	Amendment to FRS 108	-	Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies
(p)	Amendments to FRS 110	-	Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period
(q)	Amendment to FRS 116	-	Property, Plant and Equipment. Amendment relating to derecognition of asset

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

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

(r)	Amendment to FRS 117	- Leases. Amendment relating to classification of leases
(s)	Amendment to FRS 118	- Revenue. Amendment relating to Appendix of this standard and recognition and measurement
(t)	Amendment to FRS 119	- Employee Benefits. Amendment relating to definition, curtailment and settlements
(u)	Amendment to FRS 120	- Accounting for Government Grants and Disclosure of Government Assistance. Amendment relating to definition and government loan at a below – market rate of interest
(v)	FRS 123	- Borrowing Costs
(w)	Amendments to FRS 123	- Borrowing costs. Amendment relating to exclusion of incidental cost to borrowing
(x)	Amendments to FRS 127	- Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
(y)	FRS 127 (#)	- Consolidated and Separate Financial Statements
(z)	Amendment to FRS 128	- Investment in Associates. Amendment relating to Impairment losses in application of the equity method and the scope of this standard.
(aa)	Amendment to FRS 129	- Financial Reporting in Hyperinflationary Economies. Amendment relating to changing of terms used
(ab)	Amendment to FRS 131	- Interests in Joint Ventures. Amendment relating to additional disclosure required for joint venture that does not apply FRS 131
(ac)	Amendment to FRS 132	- Financial Intruments: Presentation. Amendment relating to puttable financial instrument - Financial Instruments: Presentation
(ad)	Amendments to FRS 134	- Interim Financial Reporting. Amendment relating to disclosure of earnings per share

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

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

(ae)	Amendments to FRS 136	-	Impairment of assets. Amendment relating to the disclosure of recoverable amount
(af)	Amendments to FRS 138	-	Intangible assets. Amendments relating to recognition to the revision of an expenses
(ag)	Amendments to FRS 138 (#)	-	Intangible assets. Amendments relating to the revision to FRS 3
(ah)	FRS 139	-	Financial Instruments: Recognition and Measurement.
(ai)	Amendment to FRS 139	-	Financial Instruments: Recognition and Measurement. Amendment relating to eligible hedged items, reclassification of financial assets and embedded derivatives
(aj)	Amendment to FRS 140	-	Investment Property. Amendment relating to inability to determine fair value reliably
(ak)	IC Interpretation 9	-	Reassessment of Embedded Derivatives
(al)	Amendments to IC Interpretation 9 (#)	-	Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3
(am)	IC Interpretation 10	-	Interim Financial Reporting and Impairment
(an)	IC Interpretation 11	-	FRS 2 - Group and Treasury Share Transactions
(ao)	IC Interpretation 12 (#)	-	Service Concession Arrangements
(ap)	IC Interpretation 13	-	Customer Loyalty Programmes
(aq)	IC Interpretation 14	-	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
(ar)	IC Interpretation 15 (#)	-	Agreements for the Construction of Real Estate
(as)	IC Interpretation 16 (#)	-	Hedges of Net Investment in a Foreign Operation

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

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group and the Company (cont'd):-

All the above Amendments, IC Interpretations and FRSs will be effective for accounting period beginning on or after 1 January 2010, other than FRS 8 and those marked with (#) which will be applicable to accounting period beginning on or after 1 July 2009 and 1 July 2010 respectively. The existing FRS 1, FRS 3, FRS 127 as well as FRS 201_{2004} will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010.

On 19 March 2010, the MASB issued amendments to FRSs as follows:-

- Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters (Amendment to FRS 1)
- Improving Disclosures about Financial Instruments (Amendments to FRS 7)
- Amendments to FRS 132 Financial Instruments: Presentation

The Amendments to FRS 1 and FRS 7 shall apply to financial statements of annual periods beginning on or after 1 January 2011.

The Amendments to FRS 132 as identified in paragraphs 95A, 97AA and 97AB of the Standard shall apply to financial statements of annual period beginning on or after 1 January 2010. The amendments in paragraphs 11, 16 and 97E of the Standard, relating to *Classification of Rights Issues* shall apply to financial statements of annual periods beginning on or after 1 March 2010

All the above Amendments, IC Interpretations and FRSs except for FRS 3, 7, 8, 101, 123, 127, 139, Amendments to FRS 2, 7, 8, 107, 108, 110, 116, 117, 118, 119, 123, 127, 132, 134, 136, 138, 139, 140 and IC Interpretation 10 are not expected to be relevant to the operations of the Group and the Company. The Directors anticipate that the mentioned FRS will be adopted in the annual financial statements of the Group and the Company for the financial year commencing 1 January 2010 and that the adoption of these new/revised FRS will have no material impact on the financial statements of the Company in the period for initial application except for the following:

FRS 123 Borrowing Costs (Revised)

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. The Group and the Company shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group and the Company's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital. The possible impacts of FRS 7 on the financial statements upon it initial application is not disclosed by virtue of the exemption given to this standard.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

Notes to the Financial Statements

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.

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 assesed 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 8 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.

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.

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

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 21 and development expenditure as mentioned in Note 9. Once the contributions have been paid, the Group and the Company have no further payment obligations.

The Employee Share Option Scheme ("ESOS") allows the subsidiaries companies' employees to acquire shares of the Company and none of the Company's plan features any options for a cash settlement.

The fair values of the employee services received in exchange for the grant of the share options are recognised as expenses in the income statements over the vesting period of the grant with a corresponding increase in the share option reserve. The fair values of the employee services are measured using intrinsic value, which is the difference between the fair value of the shares to which counterparty has the right to subscribe or which it has the right to receive, and the price the counterparty is required to pay for those shares.

No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received net of any directly attributable transaction costs.

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

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.

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:

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

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

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

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.

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.

Investment properties

Investment properties consist of office buildings held for capital appreciation or rental purpose and are not occupied or only an insignificant portion is occupied for use or in the operations of the Group and the Company.

Investment properties are treated as long-term investment and are measured initially at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

The annual rate used for depreciation is as follow:-

Office building	2%

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.

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

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.

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.

Finance leases

Lease of property, plant and equipment acquired under hire purchase and finance lease arrangement which transfers substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

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

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

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.

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.

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 except for the following:-

Classification between investment properties and owner-occupied properties

The Group and the Company determine whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group and the Company consider whether a property generates cash flows largely independently of the other assets held by the Group and the Company.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(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	Motor vehicle	Total
Cost	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2008	4,032,070	17,564,455	800,236	-	-	22,396,761
Additions	-	2,142,895	611,735	22,711,267	-	25,465,897
Disposals	-	(2,788,895)	(2,500)	-	-	(2,791,395)
Written off	-	(1,859)	-	-	-	(1,859)
Balance as at 31 December 2008	4,032,070	16,916,596	1,409,471	22,711,267	-	45,069,404
Additions	-	161,385	215,251	794,716	132,000	1,303,352
Transfer	-	14,916,895	-	(14,916,895)	-	-
Written off	-	(29,958)	-	(1,165,001)	-	(1,194,959)
Reclassified to investment property	(4,032,070)	-	-	-	-	(4,032,070)
Balance as at 31 December 2009	-	31,964,918	1,624,722	7,424,087	132,000	41,145,727
Accumulated depreciation						
Balance as at 1 January 2008	282,245	2,796,847	458,010	-	-	3,537,102
Charge for the year	80,641	3,541,375	191,046	-	-	3,813,062
Disposals	-	(417,617)	(417)	-	-	(418,034)
Written off	-	(1,765)	-	-	-	(1,765)
Balance as at 31 December 2008	362,886	5,918,840	648,639	-	-	6,930,365
Charge for the year		7,794,229	307,050	-	22,000	8,123,279
Written off	-	(29,958)	-	-	-	(29,958)
Reclassified to investment property	(362,886)	-	-	-	-	(362,886)
Balance as at 31 December 2009	-	13,683,111	955,689	-	22,000	14,660,800
Net carrying amount						
31 December 2009	-	18,281,807	669,033	7,424,087	110,000	26,484,927
31 December 2008	3,669,184	10,997,756	760,832	22,711,267	-	38,139,039

Included in capital work-in-progress is an amount of RM794,356 (RM535,644 in 2008) being interest on borrowings capitalised.

Motor vehicle with net carrying amount of RM110,000 (2008: Nil) was acquired under finance lease arrangement.

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

Company	Office building	Computer software and equipment	Furniture, fittings, office equipment and renovation	Total
	RM	RM	RM	RM
Cost				
Balance as at 1 January 2008	4,032,070	41,958	746,006	4,820,034
Additions	-	47,738	461,036	508,774
Disposals	-	-	(2,500)	(2,500)
Balance as at 31 December 2008	4,032,070	89,696	1,204,542	5,326,308
Additions	-	33,750	199,029	232,779
Reclassified to investment property	(4,032,070)	-	-	(4,032,070)
Balance as at 31 December 2009	-	123,446	1,403,571	1,527,017
Accumulated depreciation				
Balance as at 1 January 2008	282,245	25,079	420,690	728,014
Additions	80,641	10,670	172,187	263,498
Disposals	-	-	(417)	(417)
Balance as at 31 December 2008	362,886	35,749	592,460	991,095
Charge for the year	-	20,706	270,662	291,368
Reclassified to investment property	(362,886)	-	-	(362,886)
Balance as at 31 December 2009	-	56,455	863,122	919,577
Net carrying amount				
31 December 2009	-	66,991	540,449	607,440
31 December 2008	3,669,184	53,947	612,082	4,335,213

7. **INVESTMENT PROPERTY**

	2009 RM
Cost	
Reclassified from property, plant and equipment	4,032,070
Balance as at 31 December 2009	4,032,070
Accumulated amortisation	
Reclassified from property, plant and equipment	362,886
Charge for the year	80,642
Balance as at 31 December 2009	443,528
Net carrying amount	
31 December 2009	3,588,542
At fair values	6,448,000

The investment property 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 Note 15 and 19.

8. **SUBSIDIARY COMPANIES**

(i) **Investment in subsidiary companies**

	The Company 2009 RM	The Company 2008 RM
Unquoted shares - at cost	20,309,982	20,309,982
Less: Accumulated impairment loss	(6,857,000)	(6,857,000)
	13,452,982	13,452,982

Details of the subsidiary companies are as follows:-

Name of company	Effective equity interest 2009 %	Effective equity interest 2008 %	Place of incorporation	Principal activities
Direct subsidiary companies				
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	60	Cayman Island	Provider of 3G broadband video mobile services and related software applications and accessories
Indirect subsidiary company, held through DVM Innovate Sdn. Bhd.				
DVM IntelliSource Sdn. Bhd.	100	100	Malaysia	Provision of business and operational support systems and services, software development and business process outsourcing

(ii) **Amount owing by subsidiary companies**

	The Company 2009 RM	The Company 2008 RM
Amount owing by subsidiary companies	4,773,567	5,425,511
Less: Allowance for doubtful debts	(121,430)	(121,430)
	4,652,137	5,304,081

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.

Notes to the Financial Statements

9. **DEVELOPMENT EXPENDITURE**

	The Group	
	2009	**2008**
	RM	**RM**
Cost		
At beginning of year	2,629,156	1,638,968
Additions	1,112,375	990,188
At end of year	3,741,531	2,629,156
Accumulated Amortisation		
At beginning of year	678,363	246,567
Current amortisation	643,425	431,796
At end of year	1,321,788	678,363
Net	2,419,743	1,950,793

Included in additions to development expenditure of the Group was staff costs amounting to RM1,072,434 (RM918,936 in 2008). Contributions to EPF during the financial year amounted to RM113,831 (RM103,634 in 2008).

10. **INVENTORIES**

	The Group	
	2009	**2008**
	RM	**RM**
At cost:		
Trading merchandise	1,153	1,153
At net realisable value:		
Trading merchandise	28,702	28,702
	29,855	29,855

Notes to the Financial Statements

11. **TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group 2009 RM	The Group 2008 RM
Trade receivables	13,137,445	16,250,040
Less: Allowance for doubtful debts	(135,511)	(135,511)
	13,001,934	16,114,529

The currency exposure profile of trade receivables is as follows:

	The Group 2009 RM	The Group 2008 RM
Ringgit Malaysia	11,121,360	13,583,796
United States Dollar	1,124,641	2,113,599
EURO	891,444	552,645
	13,137,445	16,250,040

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 2008).

Other receivables, deposits and prepayments consist of:

	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Other receivables	25,345	1,285,468	-	18,142
Tax recoverable	34,300	29,099	-	-
Deposits	114,778	140,340	31,030	46,610
Prepayments	1,259,921	823,988	-	28,079
	1,434,344	2,278,895	31,030	92,831

Included in other receivables of the Group is an amount of RM703,280 pledged to a third party for guarantee given in favour of a third party in the previous financial year.

12. **FIXED DEPOSITS WITH LICENSED BANKS**

The fixed deposits of the Group of RM1,777,677 (RM6,849,942 in 2008) were placed with the local banks as security for banking facilities granted by the said banks to the subsidiary companies, as mentioned in Note 19.

The average effective interest rates of the fixed deposits range from 1.90% to 3.10% (3.00% to 3.10% in 2008) per annum. The fixed deposits have an average maturity period of 1 to 12 months (1 to 12 months in 2008).

13. **SHARE CAPITAL**

	The Group and the Company	
	2009	**2008**
	RM	**RM**
Authorised:		
250,000,000 ordinary shares of RM0.10 each	25,000,000	25,000,000
Issued and fully paid:		
176,000,000 ordinary shares of RM0.10 each	17,600,000	17,600,000

14. **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.

15. **LONG-TERM LOANS**

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Principal outstanding	20,775,118	30,933,396	1,647,118	1,933,396
Less: Amount due within 12 months (included under current liabilities)	(4,533,810)	(4,158,278)	(309,810)	(286,278)
Non-current portion	16,241,308	26,775,118	1,337,308	1,647,118

15. **LONG-TERM LOANS (CONT'D)**

The non-current portion is repayable as follows:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Financial years ending 31 December				
2010	4,224,000	7,033,810	-	309,810
2011	6,557,342	7,057,342	333,342	333,342
2012 and after	5,459,966	12,683,966	1,003,966	1,003,966
	16,241,308	26,775,118	1,337,308	1,647,118

The Group and the Company have term loan facilities amounting to RM34,902,000 (RM31,902,000 in 2008) and RM2,902,000 (RM2,902,000 in 2008) respectively obtained from local banks.

The long term loans are secured by the following:-

(a) First party legal charges over the office building of the Company, as mentioned in Note 7 and assignment of rental proceeds from the buildings;

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

(c) Corporate Guarantee from the Company;

(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 6.80% to 7.20% (7.00% to 8.25% in 2008) per annum.

16. **FINANCE LEASE LIABILITY**

	Group 2009 RM	Group 2008 RM
Finance lease liability	110,480	-
Less: Future finance charges on finance lease	(9,601)	-
	100,879	-
Payable within 1 year	(22,499)	-
Payable after 1 year but not later than 5 years	78,380	-

The finance lease bears interest rate at 2.43% (Nil in 2008) per annum.

17. **TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES**

The foreign currency exposure profile of trade payables consists of:

	The Group 2009 RM	The Group 2008 RM
Ringgit Malaysia	5,197,841	11,903,148
United States Dollar	189,660	100,913
	5,387,501	12,004,061

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 2008).

Other payables and accrued expenses consist of:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	1,065,329	1,221,854	39,853	256,086
Tax payable	224,714	-	96,000	-
Deferred income	2,073,500	665,534	-	-
Accrued expenses	1,299,085	1,525,967	890,515	827,743
	4,662,628	3,413,355	1,026,368	1,083,829

17. **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	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	4,662,628	3,045,188	1,026,368	1,083,829
United States Dollar	-	368,167	-	-
	4,662,628	3,413,355	1,026,368	1,083,829

18. **AMOUNT OWING TO A DIRECTOR**

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

19. **BANK BORROWINGS**

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Bank overdraft (Note 26)	1,612,221	1,348,516	344,723	346,991
Bankers' acceptance	-	232,000	-	-
Trust receipts	549,880	781,947	-	-
	2,162,101	2,362,463	344,723	346,991

The Company

The Company has bank overdraft facility amounting to RM386,000 (RM386,000 in 2008) obtained from a local bank. The said facility is secured against the office building of the Company, as mentioned in Note 7, assignment of rental proceeds of the building and bears interest rate at 7.50% (8.00% in 2008) per annum.

Subsidiary Companies

The subsidiary companies have credit facilities totalling RM5.70 million (RM5.70 million in 2008) obtained from local banks. The said facilities are secured against fixed deposits, as mentioned in Note 12, corporate guarantee and office building of the Company as mentioned in Note 7. These facilities bear interest at rates ranging from 2.15% to 8.25% (2.50% to 10.25% in 2008) per annum.

Notes to the Financial Statements

20. **REVENUE**

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Sales of computer hardware and software	59,203,664	30,914,393	-	-
Maintenance fees	19,191,418	5,737,556	-	-
Management fee charged to subsidiary companies	-	-	1,284,000	1,284,000
	78,395,082	36,651,949	1,284,000	1,284,000

21. **PROFIT/(LOSS) BEFORE TAX**

Profit/(loss) before tax is arrived at:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
After charging:				
Staff costs	5,455,116	3,916,117	428,309	475,316
Depreciation of property, plant and equipment	8,123,279	3,813,062	291,368	263,498
Amortisation of development expenditure	643,425	431,796	-	-
Amortisation of investment property	80,642	-	80,642	-
Allowance for doubtful debts	-	-	-	121,430
Impairment loss on subsidiary company	-	-	-	357,000
Bad debts written off	15,000	9,713,914	-	80,052
Property, plant and equipment written off	1,165,001	94	-	-
Inventories written off	-	1,670	-	-
Interest on hire purchase	4,179	-	-	-
Interest on bank overdraft	113,536	66,994	25,885	19,459
Interest on bankers' acceptance	43,785	26,084	-	-
Interest on term loan	1,382,039	947,343	122,562	146,094
Interest on trust receipts	39,197	73,601	-	-
Interest on letter of credit	4,311	4,252	-	-
Directors' fees	96,000	96,000	96,000	96,000
Directors' remuneration	920,936	382,592	327,936	382,592
Rental of equipment	125,973	121,656	3,076	-

21. **PROFIT/(LOSS) BEFORE TAX (CONT'D)**

Profit/(loss) before tax is arrived at (cont'd):

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
After charging (cont'd):				
Realised loss on foreign exchange	86,123	13,404	13,600	-
Unrealised loss on foreign exchange	2,756	-	-	-
Loss on disposal of property, plant and equipment	-	1,133	-	1,133
Audit fee	49,000	46,800	12,000	12,000
And crediting:				
Bad debts recovered	(6,000)	-	(6,000)	-
Allowance for doubtful debts no longer required	-	(9,698,470)	-	(69,910)
Interest on fixed deposits	(173,889)	(186,862)	-	-
Rental income receivable from third party	(635,250)	(2,000)	(635,250)	(2,000)
Rental income receivable from subsidiary companies	-	-	(197,616)	(403,200)
Realised gain on foreign exchange	(14,925)	(4,238)	-	-
Gain on disposal of property, plant and equipment	-	(492,646)	-	-

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 RM452,695 (RM353,830 in 2008) and RM48,633 (RM48,717 in 2008) respectively.

22. **INCOME TAX (EXPENSE)/CREDIT**

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

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Estimated income tax:				
Current year	(234,000)	(5,780)	(96,000)	-
(Under)/Overprovision in prior years	(28,790)	18,000	(28,790)	-
Income tax (expense)/credit	(262,790)	12,220	(124,790)	-

22. **INCOME TAX (EXPENSE)/CREDIT (CONT'D)**

The Malaysian income tax is calculated at the statutory rate of 25% (2008: 26%) of the estimated assessable profits for the current financial year.

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 RM11,400,000 (RM11,180,000 in 2008) and RM13,650,000 (RM8,830,000 in 2008) 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 Nil (RM780,000 in 2008) and Nil (RM13,000 in 2008) 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**	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Profit/(loss) before tax	1,793,634	371,437	(200,623)	(782,462)
Tax at statutory tax rate of 25% (26% in 2008)	448,409	96,574	(50,156)	(203,440)
Tax effects of:				
Income not subject to tax	-	(18,177)	-	(18,177)
Expenses not deductible for tax purposes	664,591	744,583	146,156	208,617
Utilisation of deferred tax assets not recognised	(879,000)	(894,200)	-	13,000
Under/(Over)provision in prior years	28,790	(18,000)	28,790	-
Effect of change in tax rate on opening deferred tax	-	77,000	-	-
Tax expense/(credit) for the year	262,790	(12,220)	124,790	-

22. **INCOME TAX CREDIT/(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 2009, 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax effects of:				
Temporary differences arising from property, plant and equipment	(4,578,000)	(2,543,000)	(28,000)	(21,000)
Unabsorbed tax losses	2,850,000	2,795,000	-	-
Unutilised capital allowances	3,413,000	2,208,000	-	-
Other temporary differences	(586,000)	(482,000)	-	-
	1,099,000	1,978,000	(28,000)*	(21,000)*

* Immaterial to adjust

23. **EARNINGS PER ORDINARY SHARE**

Group

The earnings per ordinary share is calculated based on Group's net profit for the year of RM1,482,242 (RM452,937 in 2008) and the weighted average number of ordinary shares issued during the financial year of 176,000,000 (176,000,000 in 2008).

24. **RELATED PARTY TRANSACTIONS**

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

		The Company	
Name of Company	**Nature**	**2009 RM**	**2008 RM**
DVM Innovate Sdn. Bhd.	Management fee	513,600	513,600
	Rental income	67,511	123,600
DVM IntelliSource Sdn. Bhd.	Management fee	128,400	128,400
	Rental income	4,000	48,000
NGC Systems Sdn. Bhd.	Management fee	385,200	385,200
	Rental income	126,105	231,600
MobileVideo International Limited	Management fee	256,800	256,800

25. **DIRECTORS' REMUNERATION**

	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Executive directors:				
Other emoluments	885,800	341,600	292,800	341,600
EPF contributions	35,136	40,992	35,136	40,992
	920,936	382,592	327,936	382,592
Non-executive directors:				
Fees	96,000	96,000	96,000	96,000
	1,016,936	478,592	423,936	478,592

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.

26. **CASH AND CASH EQUIVALENTS**

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

	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Fixed deposits with licensed banks	1,777,677	6,849,942	-	-
Cash and bank balances	3,553,629	309,550	9,707	4,789
Bank overdraft (Note 19)	(1,612,221)	(1,348,516)	(344,723)	(346,991)
	3,719,085	5,810,976	(335,016)	(342,202)
Less: Fixed deposits pledged (Note 12)	(1,777,677)	(6,849,942)	-	-
	1,941,408	(1,038,966)	(335,016)	(342,202)

27. **SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE**

(a) On 14 January 2010, the proposed special issue of up to 32,700,000 new ordinary shares of RM0.10 each in the Company to Bumiputra investors has been approved by relevant authorities and subject to approval from shareholders.

(b) The Company held an Extraordinary General Meeting on 26 March 2010 which passed the following resolutions:-

(i) Increase in authorised share capital of the Company from RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each to RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each; and

(ii) Special issue of up to 32,700,000 new ordinary shares at RM0.10 each to Bumiputra investors to be identified and approved by the ministry of the International Trade and Industry ("proposed special issue").

(iii) Amendment of Clause 5 to Memorandum of Association of the Company.

28. **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 12, 15 and 19 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.

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 counter-party. 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.

29. **EMPLOYEES BENEFITS EXPENSE AND INFORMATION**

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the-laws approved by the shareholders at an Extraordinary General Meeting on 25 June 2009. The ESOS was implemented on the same date and is to be in force for a period of 5 years from the date of implementation.

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

(i) Maximum Number of DVM Shares which may be made available under the Scheme shall not exceed 30% of the issued and paid-up share capital of the Company at any point of time during the duration of the Scheme and is subject to the following:-

(a) not more than 50% of the Shares available under the Scheme shall be allocated, in aggregate, to Directors and senior management of the Group; and

(b) the allocation to an Eligible Employee who, singly or collectively though persons connected with him, holds 20% or more of the issued and paid-up capital of DVM, must not exceed 10% of the total number of shares available under the Scheme.

(ii) **Eligibility**

An Eligible Employee who fulfils the following conditions shall be eligible to participate in the Scheme:-

(a) if he is at least 18 years of age on the date of offer;

(b) if he is confirmed and has worked for the Group for at least one year prior to the date of offer;

(c) if he is employed by a subsidiary of the Company, the period of employment in the Group shall be deemed to commence from the date on which he has been confirmed and worked for the subsidiary for at least one year, or the date on which such company become a subsidiary of the Company, whichever is earlier; and

(d) if in the case of a Director, whose specific allocation has been approved by the shareholders of the Company in a general meeting and is not prohibited or disallowed by the relevant authorities or laws from participating in the Scheme.

(iii) **Subscription Price**

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

(a) the weighted average market price of the DVM Shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%; or

(b) the par value of the Shares.

The Subscription Price shall be subject to certain adjustments in accordance with the By-Laws.

(iv) **Acceptance of Offer**

An offer shall be accepted by an Eligible Employee within a period of 14 days from the date of offer by written notice to the Company accompanied by a payment to the Company of a nominal no-refundable consideration of RM1.00 only for the grant of the options. The date of receipt by the Option Committee of such written notice shall constitute the date of acceptance.

30. **CONTINGENT LIABILITIES**

	The Company	
	2009	**2008**
	RM	**RM**
Guarantees given to financial institutions in respect of credit facilities granted to subsidiary companies	20,945,378	31,015,472

31. **SEGMENT REPORTING**

The Group operates predominantly in the information communication technology industry involving various types of activities as mentioned in Note 8. 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	
	2009	**2008**
Malaysia	60,002,216	27,871,748
Pakistan	3,140,080	3,279,268
Middle East	240,720	558,952
Bangladesh	251,704	190,319
Venezuela	4,670,573	1,000,775
Singapore	-	1,880,942
Vietnam	1,398,552	1,839,945
Iran	1,963,413	-
Sweden	6,685,919	-
Other Asia Countries	41,905	30,000
	78,395,082	36,651,949

31. **SEGMENT REPORTING (CONT'D)**

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	
	2009	2008
	RM	RM
Malaysia	50,273,042	63,291,671
Pakistan	701,895	845,522
Iran	1,132,164	-
Bangladesh	114,363	65,865
Vietnam	69,187	1,469,545
	52,290,651	65,672,603

	Capital Additions	
	2009	2008
	RM	RM
Malaysia	1,303,352	25,465,897

List of Properties

Location	Existing Use	Office Space Area	Tenure	Approximate Age of Property (years)	Net Book Value @ 31.12.2009 (RM)	Year of Valuation / Acquisition
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	3,588,542	2004

Revaluation Policy

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

Statistics of Shareholdings

As at 6th May 2010

Authorised Capital	RM50,000,000
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	460	12.9	423,100	0.2
1,001 to 10,000 shares	1,646	45.8	9,979,900	5.7
10,001 to 100,000 shares	1,239	34.5	47,754,800	27.2
100,001 to 8,799,999 shares (less than 5% of issued shares)	242	6.7	91,909,999	52.2
Above 8,800,000 shares (5% and above of issued shares)	1	0	25,932,000	14.7
TOTAL	3,593	100.0	176,000,000	100.0

LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

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

LIST OF DIRECTORS' SHAREHOLDINGS

	No of Shares Held			
Name	**Direct**	**%**	**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 6th May 2010

No	Shareholder	No of shares	%
1	Goh Kian Seng	17,040,000	9.68
2	Goh Kian Seng	7,202,000	4.09
3	A.A. Anthony Nominees(Tempatan) Sdn Bhd Pledged Securities Account for Soh Oon Hai	3,933,600	2.24
4	Fong Loong Meng	3,858,500	2.19
5	Kurnia Heights Sdn Bhd	3,079,000	1.75
6	Lim Wooi Beng	2,639,600	1.50
7	Choi Swee Cheng	2,415,000	1.37
8	Chen Boon Cheong	2,160,000	1.23
9	Lau Chi Chiang	2,090,800	1.19
10	Lee Lai Huat	2,000,000	1.14
11	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kiang Seng	1,690,000	0.96
12	Piong Choong Fah	1,673,900	0.95
13	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Boon Seng	1,640,000	0.93
14	Gooi Kee Hua	1,591,800	0.90
15	Tan Li Chin	1,250,000	0.71
16	Tan Chet Mei	1,030,000	0.58
17	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Chee Peng	1,000,099	0.57
18	Chua Soo Chai	1,000,000	0.57
19	Public Nominees (Tempatan) sdn Bhd Pledged Securities Account for Lee A Hong @ Lee Lum Sow (E-TMM)	1,000,000	0.57
20	Yap Lay Hoon	980,800	0.56
21	Tee Siew Heng	912,500	0.51
22	Jason Yap	873,800	0.50
23	Lim Kok Leng	857,000	0.49
24	Goh Soon Teng	850,000	0.48
25	Tan Bu Chin	830,000	0.47
26	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Chi Chiang	806,000	0.46
27	Ong Siok Lee	800,000	0.45
28	Ooi Bee Eng	781,700	0.44
29	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	701,600	0.40
30	Tan Hun Guak	700,000	0.40

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 24 June 2010 at 10.00 a.m. for the following purposes:

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon (Please refer to Note A).	
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2009.	(Ordinary Resolution 1)
3.	To re-elect Mr Chen Chee Peng as Director who retires by rotation in accordance with Article 81 of the Company's Articles of Association.	(Ordinary Resolution 2)
4.	To re-elect Encik Kamarudin Bin Ngah as Director who retires by rotation in accordance with Article 81 of the Company's Articles of Association.	(Ordinary Resolution 3)
5.	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)
6.	To re-appoint Messrs. SJ Grant Thornton as 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 resolution:-

7.	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 "THAT pursuant to Section 132D of the Companies Act, 1965 approval be and is hereby given to the Directors to issue shares in the Company at any time 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. "	(Ordinary Resolution 6)
8.	To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965.	

By order of the Board,

Pang Kah Man (MIA 18831)
Secretary

Kuala Lumpur
1 June 2010

Notice of Annual General Meeting

Notes

(A) This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

(B) **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.

(C) **EXPLANATORY NOTE UNDER SPECIAL BUSINESS**

1. Ordinary Resolution No. 6
Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

(a) The proposed Ordinary Resolution no. 6, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting to allot and issue shares in the Company up to an amount not exceeding ten percent (10%) of the issued capital of the Company for the time being for such purposes as they may deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

(b) The mandate now sought is a renewal from the previous mandate obtained at the last Annual General Meeting held on 25 June 2009 which will expire at the conclusion of the forthcoming Annual General Meeting.

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

(d) The proceeds from the issuance of the new shares may be used to raise capital for investment purposes, as part of its long term plan to embark on a corporate acquisition strategy.

(e) The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Statement Accompanying Notice of Annual General Meeting

1. **DIRECTORS STANDING FOR RE-ELECTION**

The Directors retiring by rotation and standing for re-election in accordance with Article 81 of the Articles of Association of the Company are :-

(i) Mr Chen Chee Peng
(ii) Encik Kamarudin Bin Ngah

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

2. **FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION**

Further details of the Directors who are standing for re-election or re-appointment are set out in the Profile of Directors section appearing on pages 4 to 5 while their securities holdings are set out in the Directors' shareholdings under Analysis of Shareholdings of the Annual Report 2009 on page 64.

3. **DATE, TIME AND VENUE OF THE ANNUAL GENERAL MEETING**

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

Date: Thursday, 24 June 2010

Time: 10.00 a.m.

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

Proxy Form

I/We,…………………………………………………………… (I/C No./ Co. 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 Seventh Annual General Meeting of the Company to be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday , 24th day of June 2010 at 10.00 a.m. and at any adjournment thereof, as indicated below:-

No	**Resolution**	**For**	**Against**
Resolution 1	Payment of the Directors' Fees for the financial year ended 31 December 2009		
Resolution 2	Re-election of Mr Chen Chee Peng as Director		
Resolution 3	Re-election of Encik Kamarudin bin Ngah as Director		
Resolution 4	Re-appoinment 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 ……………………….. 2010

Number of shares held

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

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.

www.dvm.com.my

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(609953-K)

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