

## 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 March 2009. The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2009.

The following new FRS and Interpretations were issued in previous financial year but not yet effective and have not been applied by the Group and the Company:

		Effective for the financial periods beginning on or after
- FRS 1 (revised)	First-time Adoption of Financial	1 July 2010
- FRS 3 (revised)	Business Combinations	1 July 2010
- FRS 4	Insurance Contracts	1 January 2010
- FRS 7	Financial Instruments: Disclosures	1 January 2010
- FRS 8	Operating Segments	1 July 2009
- FRS 101	Presentation of Financial Statements (Revised 2009)	1 January 2010
- FRS 123	Borrowing Costs	1 January 2010
- FRS 127	Consolidated and Separate Financial Statements	1 July 2010
- FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
- Amendment to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
- Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
- Amendment to FRS 2	Shared-based Payment	1 July 2010
- Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 2010
- Amendment to FRS 7	Financial Instruments: Disclosures	1 January 2010
- Amendment to FRS 8	Operating Segments	1 January 2010
- Amendment to FRS 107	Statement of Cash Flows	1 January 2010
- Amendment to FRS 108	Accounting policies, Changes in Accounting Estimates and Errors	1 January 2010
- Amendment to FRS 110	Events after the Reporting Period	1 January 2010
- Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
- Amendment to FRS 117	Leases	1 January 2010
- Amendment to FRS 118	Revenue	1 January 2010
- Amendment to FRS 119	Employee Benefits	1 January 2010
- Amendment to FRS 120	Accounting for Government Grants and Disclosure Of Government Assistance	1 January 2010
- Amendment to FRS 123	Borrowing Costs	1 January 2010
- Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
- Amendment to FRS 128	Investments in Associates	1 January 2010
- Amendment to FRS 129	Financing Reporting in Hyperinflationary Economies	1 January 2010
- Amendment to FRS 131	Interest in Joint Ventures	1 January 2010
- Amendment to FRS 132	Financial Instruments: Presentation	1 January 2010
- Amendment to FRS 134	Interim Financial Reporting	1 January 2010
- Amendment to FRS 136	Impairment of Assets	1 January 2010
- Amendment to FRS 138	Intangible Assets	1 January 2010 and 1 July 2010

**1. Basis of preparation (cont'd)**

- Amendment to FRS 139	Financial Instruments: Recognition and measurement	1 January 2010
- Amendment to FRS 140	Investment Property	1 January 2010
- IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
- IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
- IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
- IC Interpretation 12	Service Concession Arrangements	1 July 2010
- IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
- IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
- IC Interpretation 15	Agreement for the Construction of Real Estate	1 July 2010
- IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 January 2010
- IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 January 2010
- Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January and 1 July 2010

The above new FRS and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

**2. Audit qualification of the preceding annual financial statement**

The Auditors' Report on the financial statements for the financial year ended 31 March 2009 was not qualified.

**3. Seasonality or cyclicity of the operations**

The Group does not experience any seasonal or cyclical sales cycle. However, there may be fluctuations between the quarters due to the nature of the system integration businesses which are secured on a project by project basis.

**4. Material unusual items**

Save for an approximately RM0.48 million severance pay to staff of a discontinued business unit during the quarter, there were no material unusual or exceptional items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

**5. Changes in estimates**

There was no change in estimates of amounts reported in prior financial years.

**6. Issuances, cancellation, repurchase, resale and repayment of debt and equity securities**

For the current quarter, there were no cancellation, repurchase, resale and repayment of debt and equity securities.

**7. Dividend paid**

No dividend was paid by the Company since the end of the previous financial year.

**8. Segmental information**

The Group's segmental reports are as follows: -

<b>31 December 2009</b>	<b>Information and Communications Technology Solutions and Services <u>RM'000</u></b>	<b>Business Process Outsourcing <u>RM'000</u></b>	<b>Management Services <u>RM'000</u></b>	<b>Elimination <u>RM'000</u></b>	<b>Group <u>RM'000</u></b>
<b>SALES</b>					
- External sales	30,175	1,951	-	-	<b>32,126</b>
- Intersegment sales	190	-	4,117	(4,307)	-
<b>Total sales</b>	<b>30,365</b>	<b>1,951</b>	<b>4,117</b>	<b>(4,307)</b>	<b>32,126</b>
<b>RESULTS</b>					
Segment results	(1,388)	652	(5,555)	22	<b>(6,269)</b>
Interest income					478
Unallocated expenses					(16)
<b>Loss from operations</b>					<b>(5,807)</b>
Interest expenses					(45)
<b>Loss before tax</b>					<b>(5,852)</b>
Taxation					15
<b>Loss after tax</b>					<b>(5,837)</b>

<b>31 December 2008</b>	<b>Information and Communications Technology Solutions and Services <u>RM'000</u></b>	<b>Business Process Outsourcing <u>RM'000</u></b>	<b>Management Services <u>RM'000</u></b>	<b>Elimination <u>RM'000</u></b>	<b>Group <u>RM'000</u></b>
<b>SALES</b>					
- External sales	41,658	1,955	-	-	<b>43,613</b>
- Intersegment sales *	196	1	4,141	(4,338)	-
<b>Total sales</b>	<b>41,854</b>	<b>1,956</b>	<b>4,141</b>	<b>(4,338)</b>	<b>43,613</b>
<b>RESULTS</b>					
Segment results	(653)	95	(317)	(18)	<b>(893)</b>
Interest income					721
Unallocated expenses					(26)
<b>Loss from operations</b>					<b>(198)</b>
Interest expenses					(229)
<b>Loss before tax</b>					<b>(427)</b>
Taxation					(754)
<b>Loss after tax</b>					<b>(1,181)</b>

\* Comparative amounts had been reclassified to conform with current financial period's presentation.

**9. Valuation of property, plant and equipment**

The Group has not revalued its property, plant and equipment.

**10. Significant events**

There were no material events since the previous financial year ended 31 March 2009 that have not been reflected in the financial statements for the current quarter.

**11. Effects of changes in the composition of the Group**

There were no material changes in the composition of the Group since the previous financial year ended 31 March 2009.

**12. Changes in contingent liabilities (unsecured)**

Unsecured Contingent Liabilities :-	Group		
	31.12.09 RM'000	31.03.09 RM'000	Increase/ (decrease) RM'000
Corporate guarantee given to financial institutions for: - Performance guarantees given to third parties	4,453	3,742	711
<b>Total</b>	<b>4,453</b>	<b>3,742</b>	<b>711</b>

**13. Review of performance**

For the third quarter ended 31 December 2009, the Group recorded a revenue of RM11.35 million and a pre-tax loss of RM1.75 million as compared to a revenue of RM18.76 million and a pre-tax profit of RM0.54 million in the corresponding quarter of the previous financial year. The pre-tax loss was mainly due to the low sales secured and severance pay to employees of a discontinued business unit for approximately RM0.48 million in the current quarter.

**14. Comparison with immediate preceding quarter**

For the current quarter under review, revenue of RM11.35 million was higher as compared to the immediate preceding quarter of RM10.40 million. Pre-tax loss of RM1.75 million during the current quarter is lower than RM2.01 million in the preceding quarter mainly due to the lower operating expenditure incurred.

**15. Prospects**

In tandem with the improved business confidence, the third quarter revenue grew about 9% in comparison to the second quarter. Despite the much improved sentiment, decisions for a number of large projects that the Group is pursuing have been delayed to the 1st half of 2010. Nevertheless, the Board expects the fourth quarter performance to be better than the third quarter. In anticipation of further erosion of gross margin as a result of increased competition, management continue to focus on achieving cost efficiency to improve performance while driving revenue growth through new solutions offering.

**16. Variance for profit forecast / Shortfall in profit guarantee**

Not applicable.

**17. Taxation**

	<b>Current Year Quarter ended 31.12.09 RM'000</b>	<b>Current Year-to- date ended 31.12.09 RM'000</b>
Income tax for current period - Overprovision in prior year	(20)	(20)
Deferred tax - Relating to origination and reversal of temporary differences	2	5
<b>Tax expense</b>	<b>(18)</b>	<b>(15)</b>

**18. Sale of unquoted investments or properties**

There were no sales of unquoted investments or properties for the current quarter under review.

**19. Purchase and disposal of quoted securities**

There was no purchase and disposal of quoted securities for the current quarter under review.

**20. Status of corporate exercise**

There was no corporate exercise as at the date of this announcement.

**21. Group borrowings**

The Group's borrowings as at 31 December 2009 are as follows:

		As at 31.12.09 RM'000	As at 31.03.09 RM'000
<b>Short Term Borrowings:</b>			
<b>Unsecured</b>			
- Hire purchase and finance lease liabilities		37	156
<b>Total Short Term Borrowings</b>	<b>(A)</b>	<b>37</b>	<b>156</b>
<b>Long Term Borrowings:</b>			
<b>Unsecured</b>			
- Hire purchase		183	211
<b>Total Long Term Borrowings</b>	<b>(B)</b>	<b>183</b>	<b>211</b>
<b>Total Borrowings</b>	<b>(A+B)</b>	<b>220</b>	<b>367</b>

All borrowings are denominated in Ringgit Malaysia.

**22. Off balance sheet financial instruments**

There was no financial instrument with off balance sheet risk as at 31 December 2009.

**23. Material litigation**

There were no pending material litigation matters as at 31 December 2009.

**24. Dividend proposed or declared**

The directors do not recommend any dividend for the financial period under review (preceding financial year: nil).

**25. Loss per share****(a) Basic**

	Current Year Quarter ended 31.12.09	Current Year- to-date ended 31.12.09
Loss attributable to ordinary equity holders of the company (RM'000)	(1,924)	(5,799)
Weighted average number of shares in issue ('000)	383,087	367,474
<b>Basic loss per share (sen)</b>	<b>(0.50)</b>	<b>(1.58)</b>

**25. Loss per share (Cont'd)****(b) Diluted**

Diluted loss per share of the Group is calculated by dividing the loss for the financial period attributable to equity holders of the Company by the adjusted weighted average number of ordinary shares in issue during the financial period. The adjusted weighted average number of ordinary shares in issue is arrived at assuming full conversion of the Warrants which represents the dilutive potential of the ordinary shares.

There was no dilution impact on loss per share for the current period as the unexercised Warrants have expired and lapsed on 20 September 2009.

**26. Capital commitment**

The Group has no material capital commitment as at 31 December 2009.

**27. Deferred tax assets**

	<b>31.12.09 RM'000</b>	<b>31.03.09 RM'000</b>
At 1 April	2,815	2,955
Recognised in income statement	(5)	(140)
At end of the period	<b>2,810</b>	<b>2,815</b>
Presented after appropriate offsetting as follows:		
- Deferred tax assets	3,339	3,311
- Deferred tax liabilities	(529)	(496)
	<b>2,810</b>	<b>2,815</b>

By Order of the Board  
**Dataprep Holdings Bhd**

**Pauline Ng Peck Kun**  
**Tan Hock Chye**  
Company Secretaries

25 February 2010