

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 2011. The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2011 except for the adoption of the following new and revised Financial Reporting Standards (“FRS”), Amendments to FRSs and IC Interpretations:

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters - Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment - Scope of FRS 2 and revised FRS 3 - Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments
Amendments to FRS 138	Intangible Assets - Additional consequential amendments arising from revised FRS 3
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
Amendments to IC Interpretation 9	Reassessment of Embedded derivatives - Scope of IC Interpretation 9 and revised FRS 3
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to FRSs Classified as "Improvement to FRSs (2010)	

The adoption of the new and revised FRSs and IC Interpretations and their amendments did not result in any significant effect on the financial position and financial performance of the Group and of the Company nor any significant changes in the presentation and disclosure of amounts in the financial statements other than those as described hereunder :-.

FRS 3 Business Combinations (Revised)

The adoption of the revised FRS 3 had resulted in several changes in the accounting for business combinations. Under the revised FRS 3, consideration transferred in a business combination, including contingent consideration, is measured and recognised at fair value at the acquisition date. Acquisition-related costs are now recognised as expenses in the period in which the costs are incurred rather than included in goodwill.

In a business combination achieved in stages, any equity interest held prior to the date on which control is obtained shall now be remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

For each business combination, non-controlling interest is measured either at fair value or at its proportionate share of the acquiree's net identifiable assets. Previously, only the latter was permitted.

The revised FRS 3 applies prospectively to business combinations for which the acquisition date is on or after 1 July 2010. Other than the changes in accounting policies, the adoption of this revised standard during the year did not give rise to any material impact on the financial statements of the Group.

FRS 127, Consolidated and Separate Financial Statements (Revised)

The revised FRS 127 requires that the total comprehensive income be attributed to the owners of the parent and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Previously, excess losses were allocated to the owners of the parent, except to the extent that the non-controlling interest had a binding obligation and was able to make an additional investment to cover the losses.

Any investment retained in a former subsidiary is now measured at fair value at the date when control is lost. Previously, the carrying amount of an investment retained in a former subsidiary was regarded as its cost.

The revised FRS 127 is applied prospectively and other than the changes in accounting policies, its adoption during the year did not give rise to any material impact on the financial statements of the Group and the Company.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

- (a) **Effective for financial periods beginning on or after 1 July 2011**
Amendments to IC Interpretation 14: Prepayment of a Minimum Funding Requirements
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- (b) **Effective for financial periods beginning on or after 1 January 2012**
FRS 124: Related Party Disclosures
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7: Disclosures - Transfers of Financial Assets
Amendments to FRS 112: Deferred Tax - Recovery of Underlying Assets
- (c) **Effective for financial periods beginning on or after 1 July 2012**
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income
- (d) **Effective for financial periods beginning on or after 1 January 2013**
Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 10: Consolidated Financial Statements
FRS 11: Joint Arrangements
FRS 12: Disclosure of Interests in Other Entities
FRS 13: Fair Value Measurement
FRS 119: Employee Benefits
FRS 127: Separate Financial Statements
FRS 128: Investment in Associates and Joint Ventures
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 1: Government Loans
- (e) **Effective for financial periods beginning on or after 1 January 2014**
Amendments to FRS 132: Presentation - Offsetting Financial Assets and Financial Liabilities

(f) Effective for financial periods beginning on or after 1 January 2015*

FRS 9: Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)

FRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)

* The mandatory effective date of FRS 9 has been changed from 1 January 2013 to 1 January 2015 by the MASB.

(g) Effective immediately on the date of its issue by MASB on 1 March 2012

Mandatory Effective Date of FRS 9 and Transition Disclosures

(Amendments to FRS 9 (IFRS 9 issued by IASB in November 2009), FRS 9 (IFRS 9 issued by IASB in October 2010) and FRS 7)

As explained below, the Group will be adopting the new Malaysian Financial Reporting Standards ("MFRS") accounting framework issued by the MASB in preparing its next set of financial statements. The Group will therefore not be adopting the above new and revised FRSs, IC Interpretations and their amendments which are effective for annual periods beginning on or after 1 April 2012.

MFRS Framework

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS framework in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS"). The MFRS framework comprises standards which are equivalent to the IFRS issued by the International Accounting Standards Board.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture and IC Interpretation 15, Agreements for the Construction of Real Estate including its parent, significant investor and venturer (herein called "Transitioning Entities"). Transitioning Entities are allowed to defer adoption of the MFRS Framework for an additional one year (i.e. adoption of MFRS Framework for annual periods beginning on or after 1 January 2013).

All the FRSs issued under the existing MASB's FRS framework are equivalent to the MFRSs issued except that there are no equivalent FRSs to MFRS 141 and IC Interpretation 15 issued under the MFRS Framework and differences in relation to transitional provisions.

The Group will prepare its first MFRS financial statements for the financial year ending 31 March 2013 which will also include an opening MFRS statement of financial position at the date of transition to MFRSs which is 1 April 2011.

The Group expects that there will be no significant impact on its financial position and financial performance upon the adoption of the MFRS framework.

2. Audit qualification of the preceding annual financial statement

The Auditors' Report of the most recent Group's Annual Financial Statements for the financial year ended 31 March 2011 was not subject to any qualification.

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

For the current quarter and financial year under review, there was an impairment loss of goodwill of RM104,000 and reversal of deferred tax assets of RM2,810,000.

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 reporting by business segment is reflected below -

	Technology & Solution Integration	Managed Services	Payment Solutions & Services	Consolidation Adjustments	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Sales	57,330	21,937	2,614	(21,711)	60,170
Segment Results	(624)	(4,295)	(100)	4,345	(674)
Interest Income					845
Unallocated Expenses					(4,882)
Loss from Operations					(4,711)
Finance Cost					(183)
Loss before taxation					(4,894)
Taxation					(2,879)
Loss after taxation					(7,773)

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 which occurred during the current quarter under review except as disclosed in Note 4.

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 2011.

12. Changes in contingent liabilities (unsecured)

Unsecured Contingent Liabilities :-	Group		
	31.03.12 RM'000	31.03.11 RM'000	Increase/ (decrease) RM'000
Corporate guarantee given to financial institutions for: - Performance guarantees given to third parties	7,540	5,789	1,751
Total	7,540	5,789	1,751

13. Review of performance

a) Comparison results of current quarter and previous year corresponding quarter

The Group revenue for the current quarter decreased to RM7.06 million with a loss before tax of RM1.62 million. The revenue was 81% lower than the previous year corresponding quarter of RM37.27 million. The lower revenue was mainly due to reduced contribution from a significant project and lower sales secured for the quarter under review in view of the intense competition in the market place. The higher loss before tax suffered was mainly due to lower gross margins and the one-off charge of impairment loss on goodwill of RM104,000. The higher Loss after tax of RM4.45 million for the current quarter as compared to RM2.045 million for the previous year corresponding quarter was due to the reversal of Deferred tax assets of RM2.810 million.

The performance of the three business segments for the current quarter as compared to the previous year corresponding quarter is as follows:-

Technology & Solution Integration

Revenue decreased to RM6.68 million in the current quarter from RM54.72 million in the previous year corresponding quarter which was mainly due to reduced contribution from a significant project that contributed substantially to the segment revenue in the previous year corresponding quarter. The project is now at its tail-end with reduced level of activity. In addition, a softer market for solution integration engagements has resulted in lower number of projects secured in the current quarter. The lower revenue and the reduced gross margin has resulted in this business segment recorded a loss of RM147,000 for the current quarter compared to a profit of RM2.57 million in previous year corresponding quarter.

Managed Services

Revenue for the current quarter of RM5.78 million was higher than that previous year corresponding period of RM4.22 million. The higher sales revenue translated in lower loss of RM392,000 for the current quarter compared to a loss of RM3.63 million in the previous year corresponding quarter as this business segment operate with a certain level of fixed costs and any excess sales revenue will contribute positively to the results.

Payment Solutions and Services

Revenue increased to RM650,000 in the current quarter from RM607,000 in the previous year corresponding quarter which was mainly due to higher merchant discount rate fee revenue. The higher revenue translated in lower loss from RM71,000 in the previous year corresponding quarter to RM23,000 in the current quarter.

b) Comparison results of current year and previous year

For the current year, the Group revenue decreased by 33% to RM60.17 million as compared to RM89.43 million in the previous year. The higher revenue in the previous year was attributed to a significant project where a major portion of billings was made. However, the billing for this project was reduced during the current year as it is nearing completion.

The Group recorded a loss before tax of RM4.89 million as compared to a loss before tax of RM1.75 million in the previous year corresponding period. The higher loss before tax was mainly due to gross margin erosion as a result of the competitive market environment as well as lower gross profit and the one-off charge of impairment loss of goodwill of RM104,000. The higher Loss after tax of RM7.77 million for the current year as compared to RM1.818 million for the previous year was due to the reversal of Deferred tax assets of RM2.810 million

The performance of the three business segments for the current year as compared to the previous year is as follows:-

Technology & Solution Integration

Revenue decreased to RM57.33 million in the current year from RM85.51 million which was mainly due to reduced contribution from a substantial project where the project is nearing its completion. In addition, a softer market for solution integration engagements has resulted in lower number of projects secured in the current year as compared to the previous year. The lower revenue and the lower gross margin has resulted in this business segment recorded loss of RM624,000 compared to a profit of RM3.50 million in previous year.

Managed Services

Revenue decreased to RM21.94 million in the current year from RM26.06 million in the previous year which was mainly due to certain maintenance contracts that had expired and were not renewed. The lower sales revenue translated in higher loss of RM4.29 million for the current year compared to loss RM3.86 million for the previous year as this business segment operate with a certain level of fixed costs and lower sales revenue will have a negative effect in the result.

Payment Solutions and Services

Revenue of RM2.614 million for the current year remained at the same level with that of the previous year of RM2.608 million. This business segment reported loss of RM100,000 for the current year compared to a profit of RM58,000 in the previous year due to higher operating expenses.

14. Comparison with immediate preceding quarter

	Q4 2012	Q3 2012
	<u>Current Quarter</u>	<u>Preceding Quarter</u>
	RM'000s	RM'000s
Revenue	7,055	15,347
Loss before Taxation	(1,617)	(2,297)

At RM7.06 million, the current quarter's revenue was down 54% as compared to the immediate preceding quarter of RM15.35 million. The lower revenue was mainly due to reduced contribution

from a significant project and lower sales secured for the quarter due to an overall softer market for the ICT business. The Group recorded a lower loss before tax of RM1.62 million as compared to a RM2.29 million loss before tax in the immediate preceding quarter mainly arising from a higher sales mix in the Managed Services which have higher gross margins.

15. Prospects

The Group continues to operate in a very competitive environment with little improvement in growth for the ICT industry. The demand for the Group's products and services is expected to remain soft for the financial year ending 31 March 2013.

For the Technology Solution Integration and Managed Services divisions, stiff competition is expected to continue in these business segments which will result in further erosion of gross margins. The Payment Solutions Services business segment should stabilize as one of the acquiring banks that the Group serves has completed its integration process.

In view of the unfavorable business environment that the Group is currently facing, the Board expects the results for the financial year 2013 to break-even at best.

16. Variance for profit forecast / Shortfall in profit guarantee

Not applicable.

17. Taxation

	Current Year Quarter ended 31.03.12 RM'000	Current Year- to-date ended 31.03.12 RM'000
Income tax		
- Current period	23	68
- Undeprovision in prior year	-	1
Reversal of Deferred tax asset	2,810	2,810
Tax expense	2,833	2,879

18. Status of corporate exercise

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

19. Group borrowings

The Group's borrowings as at 31 March 2012 are as follows:

		As at 31.03.12 RM'000	As at 31.03.11 RM'000
Short Term Borrowings:			
Unsecured			
- Hire purchase and finance lease liabilities		41	39
Secured			
- Banker Acceptance		963	1,602
- Trust Receipts		1,992	-
Total Short Term Borrowings	A	2,996	1,641
Long Term Borrowings:			
Unsecured			
- Hire purchase		94	134
Total Long Term Borrowings	B	94	134
Total Borrowings	(A + B)	3,090	1,775

All borrowings are denominated in Ringgit Malaysia.

20. Material litigation

There were no pending material litigation matters as at 31 March 2012.

21. Dividend proposed or declared

The directors do not recommend any dividend for the financial period under review.

22. Loss per share

(a) Basic

	Current Year Quarter ended 31.03.12	Current Year- to-date ended 31.03.12
Loss attributable to owners of the parent (RM'000)	(3,742)	(6,684)
Weighted average number of shares in issue ('000)	383,087	383,087
Basic loss per share (sen)	(0.98)	(1.74)

(b) Diluted

There was no dilution effect on earnings per share for the current period.

23. Capital commitment

The Group has no material capital commitment as at 31 March 2012.

24. Deferred tax assets

	31.03.12	31.03.11
	RM'000	RM'000
At 1 April	2,810	2,810
Reversal of Deferred tax assets	(2,810)	-
At end of the period	-	2,810
Presented after appropriate offsetting as follows:		
- Deferred tax assets	-	3,244
- Deferred tax liabilities	-	(434)
	-	2,810

25. Notes to the Consolidated Statement of Comprehensive Income

Total comprehensive income for the period is arrived at after charging:

	Current Year Quarter Ended 31.03.12 RM'000	Current Year- to-date Ended 31.03.12 RM'000
Interest Expense	62	183
Depreciation of property, plant and equipment	326	1,340
Amortisation of intangible assets	29	136
Property, plant and equipment written off	54	54
Allowance for obsolete inventories	66	123
Bad debts written off	24	24
Impairment loss of goodwill	104	104
and after crediting:		
Interest Income	(219)	(845)
Incentive from suppliers	(6)	(35)
Gain on disposal of property, plant and equipment	(29)	(67)
Net foreign exchange gain –realised	(2)	(58)

Other than as per disclosed above, there were no (i) gain or loss on disposal of quoted or unquoted investment , (ii) gain or loss on derivatives and (iii) exceptional items for the current quarter and financial year ended 31 March 2012.

26. Realised and unrealised profits/(losses)

	31.03.12 RM'000	31.03.11 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(145,105)	(126,930)
- Unrealised	(1,227)	1,798
	(146,332)	(125,132)
Less : Consolidation adjustments	103,224	88,603
Total group accumulated losses as per consolidated accounts	(43,108)	(36,529)

By Order of the Board
Dataprep Holdings Bhd

K. Jayavathani a/p Kanagaratnam
Wong Choong Ming
Company Secretaries
29 May 2012