9. FINANCIAL INFORMATION

9.1 HISTORICAL FINANCIAL INFORMATION

This proforma consolidated results has been extracted from the Accountants' Report set out in Section 10 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 31 December 2003, prepared based on the audited financial statements of all companies on the assumption that the Group has been in existence throughout the period under review.

Financial year ended 31 December	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)
Revenue	15,570	12,684	10,232	8,777	16,646
Gross Profit	8,493	6,960	5,965	7,252	9,338
EBIDTA before R&D	5,391	(197)	138	1,958	2,491
R&D expenses	(713)	(1,064)	(671)	(884)	(1,158)
EBIDTA	4,678	(1,261)	(533)	1,074	1,333
Interest expense	-	-	(32)	-	(39)
Depreciation	(190)	(230)	(252)	(256)	(234)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	-
Share of profits of associated companies	-	-	-	-	-
PBT	4,488	(1,491)	(817)	818	1,060
Taxation	(82)	309	251	(289)	(339)
PAT	4,406	(1,182)	(566)	529	721
Extraordinary items	-	-	-	-	-
MI	-	-	-	-	-
PAT after MI	4,406	(1,182)	(566)	529	721
No. of ordinary shares assumed in issue ('000) #	112,000	112,000	112,000	112,000	112,000
Gross EPS #	4.0	(1.3)	(0.7)	0.7	0.9
Net EPS #	3.9	(1.1)	(0.5)	0.5	0.6

\# *The number of ordinary shares assumed in issue throughout the financial years/period under review represent the number of shares in issue after the proposed share split i.e. 112,000,000 ordinary shares of RM0.10 each*

The analysis on historical information of the Group is set out in section 9.2.2.

The financial statements of the Datascan Group for the years under review were not subjected to any audit qualification.

9.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION

The table below sets out key financial ratios which are provided for illustrative purposes based on the audited financial statements of Datascan and its subsidiary companies, prepared on the assumption that the structure of the Group had been in existence throughout the period under review:-

Year Ended 31 December	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Pre-tax profit/(loss) margin (%)	28.8	(11.8)	(8.0)	9.3	6.4
Effective tax rate (%)	1.8	20.7	30.7	35.3	32.0
Total bank borrowings	356	106	153	-	6,674
Interest expense	-	-	(32)	-	(39)
Interest cover (times)	-	-	N/A	-	28

9.2.1 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years except for the adoption of the following:

(i) MASB 25, Income Taxes;

(ii) MASB 27, Borrowing Costs; and

(iii) MASB 29, Employee Benefits

Apart from the inclusion of the new policies and extended disclosures where required by these new standards, the effects of the changes in the above accounting policies are as follow:-

In the current financial year, Datascan adopted MASB 25, Income Taxes, MASB 27, Borrowing Costs and MASB 29, Employee Benefits on a retrospective basis.

The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and there were no indications the timing differences would reverse thereafter. Deferred tax assets are now recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised (previously only recognised where there was a reasonable expectation of realisation in the near future).

(a) Basis of accounting

The financial statements of the Group are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary as the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiary acquired or disposed of during the period are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiary's net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant and equipment retired from active use and held for disposals are stated at the lower of net book value and net realisable value.

Depreciation

Property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets over the term of their estimated useful lives at the following principal annual rates:

Plant and equipment	10% - 20%
Furniture and fittings	15%
Motor vehicles	20%
Computer systems	20% - 24%

(d) Investments

Long term investments other than in subsidiaries are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Investment is subsidiaries are stated at cost, less impairment loss where applicable.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost. Cost of inventories comprises invoice costs, import duties, handling and other costs directly attributable to the costs of purchases.

(f) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdraft and pledged deposits.

(h) Liabilities

Borrowing and trade and other payables are stated at cost.

(i) Impairment

The carrying amount of the assets, other than inventories, deferred tax assets and financial assets (financial assets in this context exclude investment in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(k) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchanged differences arising on translation are recognised in the income statement.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements are as follows:

1USD	RM3.80

(l) Revenue

i) Goods sold and services rendered

Revenue is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership of the goods have been transferred to the buyer and when the services are rendered.

ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(m) Financing costs

All interest incurred in connection with borrowings are expensed as incurred.

(n) Employee benefit

Defined contribution plan

Obligation for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

9.2.2 ANALYSIS AND COMMENTARY ON FINANCIAL INFORMATION

(1) Revenue

The revenue of the Group surged to RM15,570,000 in 1999. The increase was attributable to the sales of Micros machines to Star Cruises for a new vessel (Superstar Leo) and Fidelio Cruise for total revenue of RM1.1 million and RM0.6 million respectively. The increase was also due to increase in software services income arising from the year 2000 ("Y2K") compliant test. Lower sales in 2000 was mainly due to the lower sales to cruise lines following the termination of sales agreement with Fidelio Cruise Inc. In addition, most customers were already Y2K compliance.

The performance of the Group in 2001 and 2002 has been adversely affected by the lower sales prior to the launch of the Group's own TSSS product. This had resulted in the decrease to the revenue of the Group by approximately 19% and 15% in 2001 and 2002 respectively. With the introduction of TSSS in 2003, the Group's revenue has increased by 90% to RM16,646,000.

(2) PBT

The pre-tax profit margin in 1999 increased by 6.7% as compared to 1998 mainly due to higher gross profit margin from sales made to cruise operators. For these sales, all custom duty and freight charges were borne by the customers.

The Group experienced losses in 2000 and 2001 mainly due to the high administrative expenses vis-à-vis the revenue. The high administrative expenses were mainly attributed to high staff cost, development and advertisement costs. The Group has started to develop its own software applications, namely TSSS application software in 1999, which required additional manpower at the development division. In addition, huge cost was incurred on the creation of a portal business of a subsidiary.

In 2002 and 2003, the pre-tax profit margin rebound principally due to changes in sales mix whereby more services income generated which yield higher profit margin.

(3) Taxation

The effective tax rate for the year 1998 was lower than statutory tax rate due to certain income of the Group was not subject to tax. Income tax expense was not provided for the financial year ended 31 December 1999 in view of the tax waiver year pursuant to the Income Tax (Amendment) Act, 1999. The tax expense in 2001 was in respect of interest income. No tax expense was provided in 2002 due to utilisation of unabsorbed capital allowance brought forward.

In the financial year ended 31 December 2003, the Group adopted a new MASB Standard, MASB 25, Income Taxes. The adoption of this new standards resulted in changes in accounting policy, which has been adopted retrospectively. Historical figures have been adjusted to reflect the changes in this accounting policy

The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and there were no indications the timing differences would reverse thereafter. Deferred tax assets are now recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised (previously only recognised when there was a reasonable expectation of realisation in the near future)

Deferred tax expenses of RM38,000 was provided in 1998 as the carrying amounts of assets was more than their corresponding tax bases, i.e. there was a taxable temporary differences. The deferred tax income for 2000 and 2001 was arose from unutilised tax losses and unabsorbed capital allowance for the respective years. Higher effective tax rate in 2002 arise from deferred tax expenses during the year.

9.3 FINANCIAL PERFORMANCE, POSITION AND OPERATIONS

Save as disclosed in Section 9 of this Prospectus, the Directors are of the view that the financial performance, position and operations of the Group are not affected by any of the following: -

(i) Any known trends, demands, commitments, events or uncertainties that have had, or that the corporation reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the corporation/group;

(ii) Any material capital expenditure commitments, the purpose of such commitments and the anticipated source of funds;

(iii) Any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the corporation/group; and the extent to which the financial performance, position and operations of the corporation/group was so affected;

(iv) Where there has been a substantial increase in revenue, state the extent to which such increase is attributable to prices, volume of goods/services being sold, the introduction of new products/services or any other factors; and

(v) Any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND LITIGATION

(i) Working Capital

The Directors of Datascan are of the opinion that, after taking into account the cashflow forecast and projections, the banking facilities available and the net proceeds from the IPO, the Group will have adequate working capital for a period twelve (12) months from the date of issue of this Prospectus.

(ii) Borrowings

As at 31 May 2004, the total long term borrowing which are interest bearing from the financial institution in form of term loan facility amounted to approximately RM6.296 million.

The Group has not defaulted in any of its payment of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the financial period thereof immediately preceding the date of this Prospectus.

(iii) Contingent Liabilities

As at 31 May 2004 being the latest practicable date prior to the printing of this Prospectus, there are no material contingent liabilities incurred by the Group.

(iv) Material Capital Commitment

As at 31 May 2004 (being the latest practicable date prior to the printing of Prospectus) the Group has the following material capital commitment:-

(a) On 28 March 2003, PT One Hundred Sdn Bhd and TBSB had entered into 7 sale and purchase agreements for the acquisition by TBSB of level, 1, 1A, 2, 3, 4, 5 and 6 of a office block known as Block B, Peremba Square, Saujana Resort, Seksyen U2, 40150 Shah Alam from PT One Hundred Sdn Bhd for the consideration of RM14,500,285.20 ("Total Consideration"). Part of the Total Consideration is to be set off by the sum of RM2,521,532.38 (**Set Off Sum**) being inter-company advances owed by Peremba (Malaysia) Sdn Bhd and its related companies to Datascan. The parties later agreed in writing to defer the sale and purchase of level 5 and 6. As such the Total Consideration was reduced to RM9,307,261.80 and the Set Off Sum was reduced to RM1,762,215.40

By a call option agreement dated 17 October 2003, TBSB, during the period commencing on 3 July 2003 and expiring on 2 July 2004, TBSB has the right to require PT One Hundred Sdn Bhd to sell level 5 and 6 of Block B, Peremba Square, Saujana Resort, Seksyen U2, 40150 Shah Alam ("Level 5 & 6") to TBSB. PT One Hundred Sdn Bhd also has the right to require TBSB to buy Level 5 & 6 from PT One Hundred Sdn Bhd during the period after 14 days from 2 July 2004. After which, PT One Hundred Sdn Bhd has the right to sell Level 5 & 6 to any other person, in which event, both option would terminate. The call options under this agreement is subjected to the same terms in the respective sale and purchase agreements dated 28 March 2003.

b) On 25 March 2004, Datascan has appointed Profound Axis Sdn Bhd to undertake the interior design and renovation works in respect of level 1, 2 and 4 of a office block known as Building B, Peremba Square, Saujana Resort, Sekysen U2, 40150, Shah Alam for the price of RM1,395,981.88. As at 31 May 2004, the aforesaid material commitment amounted to RM348,995.49

(v) Material Litigation/Arbitration

Save as disclosed below, as at 31 May 2004, being the latest practicable date to the printing of the Prospectus, neither the Company nor its subsidiary corporations are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Datascan or its subsidiary corporations and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of Datascan or its subsidiary corporations: -

(1) Shah Alam High Court Suit No. MT4-22-285-2002
Perfect Skyline Sdn Bhd ("Plaintiff") v Datascan (Malaysia) Sdn Bhd ("Defendant")

As a distributor of a cash register software called Sensei POS Terminal ("Goods"), the Defendant supplied the Goods to HRS Marketing Sdn Bhd ("HRS"). By a sales confirmation dated 4 May 2000 between the Plaintiff, Perfect Skyline Sdn Bhd, and HRS, HRS agree to supply the Plaintiff the Goods for the sum of RM26,500 ("Sales Confirmation"). The Plaintiff claims that the Goods are defective and not of merchantable quality. As a result of the usage of the Goods, the Plaintiff alleges that they have suffered loss of about RM371,416.24.

The loss is alleged to be due to the alleged frequent disruption to the business of the Plaintiff and also the cost of hiring extra workers to overcome the alleged disruption. Hence the Plaintiff claims for specific performance in respect of the Sales Confirmation including replacement of a new system of merchantable quality, general damages to be assessed by the Court and costs.

Pursuant to the assignment of HRS' rights and benefits under the Sale Confirmation to the Defendant, the Defendant has a counter claim for RM7,625 in respect of the balance purchase price of the Goods. As the Defendant was not a party to the Sales Confirmation and has never agreed with the Plaintiff nor HRS to take over HRS' contractual obligations and liabilities in respect of the Sales Confirmation, the Defendant had since made an application to strike out the writ of summons and statement of claim on the basis that there is no cause of action.

On 8 October 2003, the Defendant was informed by the Learned Senior Assistant Registrar that the Defendant's application will be heard by the Learned Judge, on a date to be informed by the Court later by mail.

9. FINANCIAL INFORMATION *(Cont'd)*

By a letter dated 13 January 2004, the Honourable Court informed the Defendant's solicitors that the application is fixed for hearing on 20 April 2004. However, on the said hearing date, the Court has postponed the hearing of the application to 29 September 2004.

The Solicitors of the Defendant are of the opinion that the Defendant has a good defence against the claims of the Plaintiff.

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9.5 PROFORMA CONSOLIDATED BALANCE SHEETS OF DATASCAN GROUP AS AT 31 DECEMBER 2003

(Prepared for inclusion in the Prospectus)

The Proforma Consolidated Balance Sheets as at 31 December 2003 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of Datascan, had the Listing Scheme been effected on that date.

	Audited as at 31 December 2003 RM'000	Proforma 1 RM'000	Proforma 2 RM'000	Proforma 3 RM'000
PROPERTY, PLANT AND EQUIPMENT	9,733	9,733	9,733	9,733
OTHER INVESTMENTS	70	70	70	70
DEFERRED TAX ASSETS	410	410	410	410
CURRENT ASSETS				
Inventories	1,770	1,770	1,770	1,770
Trade and other receivables	5,867	5,867	5,867	5,867
Tax recoverable	360	360	360	360
Cash and cash equivalents	342	342	10,242	14,498
	8,339	8,339	18,239	22,495
CURRENT LIABILITIES				
Trade and other payables	1,955	1,955	1,955	1,955
Borrowings	665	665	665	665
	2,620	2,620	2,620	2,620
NET CURRENT ASSETS	5,719	5,719	15,619	19,875
	15,932	15,932	25,832	30,088
FINANCED BY:				
SHARE CAPITAL	1,000	11,200	15,200	16,720
SHARE PREMIUM ACCOUNT	-	-	5,900	8,636
RETAINED PROFITS / (ACCUMULATED LOSSES)	8,878	(1,322)	(1,322)	(1,322)
	9,878	9,878	19,778	24,034
LONG TERM LIABILITIES				
Borrowings	6,009	6,009	6,009	6,009
Deferred tax liabilities	45	45	45	45
	15,932	15,932	25,832	30,088
NTA per share (RM)	9.88	0.88	0.13	0.14

Notes:-

Proforma 1 – Incorporates the Bonus issue of 10,200,000 ordinary shares of RM1.00 each;

Proforma 2 – Incorporates Proforma 1 and the Public Issue of 40,000,000 at an issue price of RM0.28 per share and after adjusting for estimated listing expenses of RM1.3 million against the Share Premium Account.

Proforma 3- Incorporates Proforma 2 and assumes that the ESOS is fully exercised at an exercise price equivalent to the Issue Price of RM0.28 per Share.

9. FINANCIAL INFORMATION *(Cont'd)*

9.6 MOVEMENTS IN THE SHARE CAPITAL AND SHARE PREMIUM

The movements in the share capital and share premium account of the Company are as follows: -

	Share capital RM'000	Share premium RM'000	Retained profits/ (Accumulated losses) RM'000	Total RM'000
As at 31 December 2003	1,000	-	8,878	9,878
Proforma 1: Bonus Issue	10,200	-	(10,200)	-
Proforma 1: Sub-division	-	-	-	-
Proforma 2 : Public Issue	4,000	7,200	-	11,200
Proforma 3 : Full exercise of the ESOS	1,520	2,736	-	4,256
Listing expenses:	-	(1,300)	-	(1,300)
	16,720	**8,636**	**(1,322)**	**24,034**

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9.7 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003 (Prepared for inclusion in the Prospectus)

KPMG

KPMG (Firm No. AF 0758)
Chartered Accountants
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The Board of Directors
Datascan Berhad
(formerly known as Datascan (Malaysia) Berhad)
No.1 Lingkungan Golf Saujana
Saujana Resort, Seksyen U2
40150 Shah Alam
Selangor Darul Ehsan

21 June 2004

Dear Sirs

Reporting Accountants' letter on the proforma consolidated balance sheets at 31 December 2003

We have reviewed the presentation of the proforma consolidated balance sheets of Datascan Berhad (formerly known as Datascan (Malaysia) Berhad) ("Datascan") and its subsidiaries ("Datascan Group") at 31 December 2003, for which the Directors are solely responsible, together with the notes set out in the accompanying statement (which we have stamped for the purpose of identification), which has been prepared for the purpose of submission to the Securities Commission ("SC") and the Bursa Malaysia Securities Berhad ("Bursa Malaysia") in connection with:

i) the public issue of 40,000,000 new ordinary shares of RM0.10 each in Datascan; and

ii) the listing of and quotation for the entire enlarged issued and paid up share capital of Datascan on the Malaysian Exchange of Securities Dealing & Automated Quotation Berhad ("MESDAQ") Market of the Bursa Malaysia and should not be relied on for any other purposes.

In our opinion,

i) the proforma consolidated balance sheets and the accompanying notes, which have been prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the proforma consolidated balance sheets;

ii) the basis set out in the notes to the proforma consolidated balance sheets is consistent with the accounting policies normally adopted by the Datascan Group; and

iii) the adjustments are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

Kpmg

KPMG
Chartered Accountants

KPMG

Datascan Berhad Appendix A-1
(formerly known as Datascan (Malaysia) Berhad)
(Company No. 43190-H)
(Incorporated in Malaysia)

Proforma consolidated balance sheets at 31 December 2003

The proforma consolidated balance sheets of Datascan Group at 31 December 2003 as set out below are provided for illustrative purposes only to show the effects of the transactions referred to in the notes:

	Audited as at 31.12.2003 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000
Property, plant and equipment	9,733	9,733	9,733	9,733
Other investments	70	70	70	70
Deferred tax assets	410	410	410	410
Current assets				
Inventories	1,770	1,770	1,770	1,770
Trade and other receivables	5,867	5,867	5,867	5,867
Tax recoverable	360	360	360	360
Cash and cash equivalents	342	342	10,242	14,498
	8,339	8,339	18,239	22,495
Current liabilities				
Trade and other payables	1,955	1,955	1,955	1,955
Borrowings	665	665	665	665
	2,620	2,620	2,620	2,620
Net current assets	5,719	5,719	15,619	19,875
	15,932	15,932	25,832	30,088
Financed by:				
Capital and reserves				
Share capital	1,000	11,200	15,200	16,720
Share premium	-	-	5,900	8,636
Retained profits/(Accumulated losses)	8,878	(1,322)	(1,322)	(1,322)
	9,878	9,878	19,778	24,034
Long term liabilities				
Borrowings	6,009	6,009	6,009	6,009
Deferred tax liabilities	45	45	45	45
	15,932	15,932	25,832	30,088
Net tangible assets per share (RM)	9.88	0.88	0.13	0.14

* *The calculation of NTA per share have been arrived at by dividing the net tangible assets over the number of ordinary shares in issue.*

KPMG

Appendix A-2

Notes to the proforma consolidated balance sheets as at 31 December 2003

1. The proforma consolidated balance sheets have been prepared for illustrative purposes only and are based on the audited financial statements of Datascan Group as at 31 December 2003 and based on accounting policies consistent with those normally adopted in the preparation of the audited financial statements of Datascan Group.

2. The proforma consolidated balance sheets incorporate, on a proforma basis, the following transactions as though they have been effected on 31 December 2003:

   Proforma I – Bonus Issue

   The proforma balance sheet is stated after incorporating the effect of the Bonus Issue of 10,200,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 each on the basis of one hundred and two (102) new ordinary shares for every ten (10) existing ordinary shares held. All the bonus issue shares rank pari passé in all respects with the then existing ordinary shares of Datascan.

   Proforma II – Public Issue

   The proforma balance sheet is stated after Proforma I, and incorporating the effect of sub-division of existing ordinary shares of RM1.00 each into ordinary shares of RM0.10 each followed by the Public Issue of 40,000,000 new ordinary shares at an issue price of RM0.28 each and after adjusting for estimated listing expenses of RM1.3 million against the Share Premium Account.

   Proforma III – Employee Share Option Scheme ("ESOS")

   The proforma balance sheet is stated after Proforma II and incorporating the effect on the issuance of 15,200,000 new ordinary shares at an issue price of RM0.28 each pursuant to the options to be granted under the ESOS to the directors and eligible employees of the Group. The number of the share options to be granted under the ESOS shall not exceed 10% of the issued and paid-up share capital of Datascan at any time. Based on the illustrative enlarged issued and paid-up share capital of Datascan upon prorforma II above, the assumed maximum number of the shares to be offerred pursuant to the ESOS is 15,200,000.

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Appendix A-3

3. Share Capital, Share Premium and Retained Profits

The movements in the Group's share capital, share premium and retained profits accounts are as follows:

	Share capital Units ('000)	Share capital RM'000	Premium RM'000	Retained profits/ (Accumulated losses) RM'000
As at 31 December 2003	1,000	1,000	-	8,878
Bonus issue of 10,200,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 each	10,200	10,200	-	(10,200)
Sub-division of existing ordinary shares of RM1.00 each into ordinary shares of RM0.10 each	100,800	-	-	-
Public issue of 40,000,000 ordinary shares of RM0.10 each at RM0.28 each	40,000	4,000	7,200	-
Listing expenses	-	-	(1,300)	-
Issuance of 15,200,000 new ordinary shares of RM0.28 each pursuant to the full exercise of ESOS	15,200	1,520	2,736	-
Proforma	167,200	16,720	8,636	(1,322)