DATASCAN BERHAD
(Company No: 43190-H)

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting and the Listing Requirements of the Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised FRS effective for the financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosures
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earning Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 102, 108, 110, 116, 121, 124, 127, 132, 133, 136 and 138 does not have any significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:

(a) FRS 2 Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company has an Employee Share Option Scheme ("ESOS"). Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a binomial model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options which were granted after 31 December 2004 and which had not yet vested on 1 January 2006. The financial impact to the Group arising from this change in accounting policy is as follows:-

	12 months ended 31.12.06 RM
Decrease in profit for the period	18,544
Increase in equity compensation reserve (included within other reserves)	18,544

(b) FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101.

(c) FRS 140 Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment property of the Group. The FRS permits the Group to choose the cost model which is specified in FRS 116 and requires an investment property to be measured after initial measurement at depreciated cost (less any accumulated impairment losses).

In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 31 December 2005 are not restated. Instead, the changes have been accounted for by restating the retained earnings as at 1 January 2006.

The financial impact to the Group arising from this change in accounting policy is as follows:

	12 months ended 31.12.06 RM
Decrease in profit for the period due to depreciation charges	317,335
Decrease in Investment Property	317,335

A3. Auditors' Report

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2005 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business operations of the Group during the financial period under review are not affected by any significant seasonal or cyclical factors.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items during the financial period under review.

A6. Changes in estimates

There were no material changes in the estimates of amounts that have a material effect on the results for the current quarter under review.

A7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A8. Dividends Paid

No dividend has been paid during the current quarter under review.

A9. Segmental Reporting

No segmental analysis is prepared as the Group is primarily engaged in a single business segment of information technology ("IT") and IT related services.

A10. Revaluation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment for the current quarter under review.

A11. Subsequent Events

The Company's wholly-owned subsidiary, Transbow Sdn Bhd ("Transbow"), had on 7th February 2007 accepted a Letter of Offer from Ascendas Properties Sdn Bhd ("Ascendas") for Ascendas to purchase from Transbow, the building known as Block B, Saujana Resort, Section U2, 40150 Shah Alam, and held under Master Title Grant No. 40278, Lot 88, Bandar Saujana, Mukim Damansara, Petaling District, Selangor (the land together with the building are hereinafter collectively referred to as "the Property") at an offer price of RM17.2 million. The proposed disposal of the Property is subject to a formal SPA to be entered into between the parties. Upon the finalisation of such SPA at a later date, the Company will make a detailed announcement on the above proposal.

None of the directors and/or major shareholders of Datascan and/or any persons connected to them has any interest, direct or indirect, in the proposed disposal of the Property.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review up to the date of this report.

A13. Contingent Liabilities

There were no material contingent liabilities of the Group during the current quarter under review up to the date of this report.

A14. Capital Commitment

The Company has no capital commitment in respect of property, plant and equipment as at the date of this report.

A15. Related Party Transactions

Rosman bin Abdullah is a Non-Executive Director and substantial shareholder of the Company via his substantial shareholdings in Transight Systems Sdn Bhd. Rosman bin Abdullah is also a Director of KUB Malaysia Berhad. Therefore transactions with A&W (Malaysia) Sdn Bhd, a wholly-owned subsidiary of KUB Malaysia Berhad as set out below, are deemed related party transactions.

	12 months ended 31.12.06 RM
Rental of Point-of-Sales ("POS") System	504,651
Remedial and maintenance services	47,311

The above related party transactions are recurrent transactions of a revenue or trading nature and are entered into in the ordinary course of business on terms not more favourable to the related party than those generally available to the public.

The Company had on 28 November 2005 and 30 December 2005 made announcements pertaining to the above.

The shareholders ratification and mandate has been obtained in the EGM held on 22 June 2006 for the transactions. Approval has been given to Datascan and its subsidiaries ("Datascan Group") for those past and existing recurrent transactions of revenue or trading nature falling within the types of transactions set out in Section 3.2 of the circular to the shareholders of the Company dated 7 June 2006 ("the Circular") conducted with those related parties as specified in Section 3.2 ("Transacting Related Party") of the Circular which were necessary for day-to-day operations and which were carried out in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Transacting Related Party than those generally available to the public and not prejudicial to the shareholders of the Company for the period from 19 May 2005 until the extraordinary general meeting ("EGM") on 22 June 2006 and this approval shall be in force until:

(a) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed; or
(b) the expiration of the period within which the AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
(c) revoked or varied by resolution passed by shareholders in a general meeting,

whichever is the earlier.

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

During the quarter under review, the Group generated revenue of RM8.200 million and profit before tax of RM2.864 million, a significant improvement against the preceding year corresponding quarter's revenue of RM4.866 million and loss before tax of RM0.839 million. The improvement was due to the securing of more orders at higher gross margins, more efficient cost structures as well as the contribution from Adeptis Solutions Sdn Bhd.

For the current year to-date, the Group generated revenue of RM29.574 million and profit before tax of RM6.164 million compared to the preceding year corresponding year to-date's revenue of RM21.739 million and loss before tax of RM2.261 million.

B2. Material Changes in the Quarterly Results Compared to the Immediate Preceding Quarter

The Group registered an increased profit before tax of RM2.864 million during the quarter under review compared to the immediate preceding quarter's RM1.558 million. The increase was mainly attributable to the increased contribution from Adeptis Solutions Sdn Bhd of RM1.278 million compared to RM0.384 million in the preceding quarter.

B3. Prospects

With more efficient cost structures and improved business processes put into place, the Board is optimistic that the Group will continue to perform satisfactorily in the coming financial year.

B4. Profit Forecast

No financial forecast was announced or made hence there was no comparison between actual results and forecast.

B5. Taxation

	Individual Quarter		Cumulative	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	RM'000	RM'000	RM'000	RM'000
- Current income tax	(186)	(3)	(261)	(3)
- In respect of prior years	(38)	23	(38)	12
- Deferred tax	(269)	129	(559)	129
	(493)	149	(858)	138

B6. Profit on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties during the quarter under review.

B7. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter under review and financial year to date.

B8. Corporate Proposals

Status of Corporate Proposals as at 21 February 2007
(being a date not earlier than seven (7) days from the date of this announcement)

There were no corporate proposals announced but not completed as at 21 February 2007, being the latest practicable date.

B9. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 December 2006 are as follows:

		RM’000
a)	Short term borrowings	
	- Secured	317
b)	Long term borrowings	
	- Secured	5,105
	Total Borrowings	5,422

B10. Off Balance Sheet Financial Instruments

As at 21 February 2007, being the latest practicable date, the Company does not have any financial instruments with off balance sheet risk.

B11. Material Litigation as at 21 February 2007

(being a date not earlier than seven (7) days from the date of issue of this quarterly report)

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Company or its subsidiaries which might materially and adversely affect the position or business of the Group.

B12. Dividends

No dividend has been declared during the current quarter under review.

B13. Earnings Per Share

(a) Basic earnings per share

The earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	RM	RM	RM	RM
Net profit/(loss) attributable to equity holders of the parent	2,371,317	(606,067)	5,230,138	(1,997,226)
Weighted average number of ordinary shares in issue	218,715,067	152,018,400	176,879,706	152,018,400
Basic earnings/(loss) per share (sen)	1.08	(0.40)	2.96	(1.31)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	Individual Quarter		Cumulative	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	RM	RM	RM	RM
Weighted average number of ordinary shares in issue	218,715,067	152,018,400	176,879,706	152,018,400
Effects of dilution: Share options	55,457	-	55,457	-
Weighted average number of ordinary shares in issue and issuable	218,770,524	152,018,400	176,935,163	152,018,400
Diluted earnings/(loss) per share (sen)	1.08	(0.40)	2.96	(1.31)

By Order of the Board

TAN LEH KIAH
Secretary
Kuala Lumpur
28 February 2007