

This Prospectus has been seen and approved by the Directors and Promoters of Oceancash Pacific Berhad (OPB) and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Southern Investment Bank Berhad, being the Adviser, Sponsor, Managing Underwriter and Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue (as defined herein).

The Securities Commission (SC) and Bursa Malaysia Securities Berhad (Bursa Malaysia) have approved the Public Issue and that the approval shall not be taken to indicate that Bursa Malaysia and SC recommend the Public Issue.

The SC shall not be liable for any non-disclosure on the part of OPB and take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

The Bursa Malaysia shall not be liable for any non-disclosure on the part of OPB and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of the Public Issue, OPB or of its securities.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Characteristics of the MESDAQ Market of Bursa Malaysia – Investors should be aware that MESDAQ Market of Bursa Malaysia is a distinct market from the Main and Second Boards in many respects. In particular, companies listed on MESDAQ Market are subject to different quantitative and qualitative requirements, which have been primarily designed to accommodate high-growth and/or technology companies. Companies that are listed on MESDAQ Market may not have an operating history or any profit track record prior to listing. As such, whilst potential investment returns may be relatively high, companies listed on the MESDAQ Market may be of higher investment risk. The regulatory philosophy underlying the MESDAQ Market is that the market should be allowed to determine the merits of the securities/ instruments in a particular company. Hence, as with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after due and careful consideration by referring to, amongst others, the Prospectus, latest financial statements and corporate announcements. In this respect, advice from a securities professional/ adviser is strongly recommended.

This Prospectus can also be viewed or downloaded from Bursa Malaysia's website at www.bursamalaysia.com.my.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for OPB's entire enlarged issued and paid-up share capital on the MESDAQ Market of Bursa Malaysia is set out below:

Events	Date
Opening date of the Public Issue	30 June 2004
Closing date of the Public Issue ¹	7 July 2004
Tentative balloting date	9 July 2004
Tentative date for the despatch of Notice of Allotment	20 July 2004
Tentative listing date	21 July 2004

Note:

- 1 The application for the Public Issue closes at the time and date as stated above or on such later date or dates as the Directors of the Company in their absolute discretion may decide, in consultation with the the Adviser and Managing Underwriter. Should the closing date of the application be extended, the dates of the despatch of notices of allotment, and the listing of and quotation for the entire enlarged issued and paid-up capital of OPB on the MESDAQ Market will be extended accordingly. In the event the closing date for the applications is extended, investors will be notified of the change in a widely circulated English and Bahasa Malaysia newspaper in Malaysia.

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ABBREVIATIONS

In this Prospectus, the words and phrases below, unless the context otherwise requires, shall bear the meanings assigned next to them:

Abbreviations	Meanings
<u>Authorities</u>	
Act	Companies Act, 1965
ADA	Authorised Depository Agent
ADA Code	ADA (Broker) Code
CDS	Central Depository System
Central Depositories Act	Securities Industry (Central Depositories) Act, 1991
Depository or BMD	Bursa Malaysia Depository Sdn Bhd (<i>formerly known as Malaysian Central Depository Sdn Bhd</i>) (165570-W)
FIC	Foreign Investment Committee
MESDAQ Market	The MESDAQ Market of Bursa Malaysia
MIH	Malaysian Issuing House Sdn Bhd (258345-X)
MITI	Ministry of International Trade and Industry
MMLR	MESDAQ Market Listing Requirements
Bursa Malaysia	Bursa Malaysia Securities Berhad (<i>formerly known as Malaysia Securities Exchange Berhad</i>) (635998-W)
SC	Securities Commission
<u>Companies</u>	
OPB or the Company	Oceancash Pacific Berhad (590636-M)
OPB Group or the Group	OPB and its subsidiaries
OESB	Oceancash Equities Sdn Bhd (518185-A)
OFSB	Oceancash Felts Sdn Bhd (383427-W)
OHSB	Oceancash Holdings Sdn Bhd (445350-V)
ONW	Oceancash Nonwoven Sdn Bhd (501722-K)
<u>Listing Scheme</u>	
Acquisitions	OFSB Acquisition and ONW Acquisition, collectively
Flotation	Restructuring Scheme and Listing, collectively
OFSB Acquisition	The acquisition of 4,050,000 OFSB Shares, representing approximately 87.8% equity interest in OFSB for a purchase consideration of RM9,424,262 based on the adjusted audited NTA as at 30 September 2002 after incorporating the revaluation surplus of RM675,003, to be satisfied by the issuance of 94,242,620 new OPB Shares at the issue price of RM0.10 per ordinary share

ABBREVIATIONS

Abbreviations	Meanings
Listing	Listing of and quotation for the entire enlarged issued and paid-up share capital of RM22,300,000 of OPB comprising 223,000,000 OPB Shares on the MESDAQ Market
ONW Acquisition	The acquisition of the entire enlarged issued and paid-up ordinary share capital of ONW comprising 6,013,074 ONW Shares for a purchase consideration of RM7,797,936 based on the adjusted audited NTA as at 30 September 2002 after incorporating the capitalisation of director's advances of RM3,613,074 and the revaluation surplus of RM392,757, to be satisfied by an issuance of 77,979,360 new OPB Shares at RM0.10 per ordinary share
Public Issue	Public issue by OPB of 50,778,000 new OPB Shares at an issue price of RM0.20 per OPB Share
Restructuring Scheme	Acquisitions, Renunciation and Public Issue, collectively
Renunciation	Renunciation of rights of allotment of 101,538,280 OPB Shares by OESB to its shareholders, namely Tan Siew Chin, Chen Lee Chew, Lam Kim Hoong, Lau Kok Han @ Lau Sea Huan, Lim Siok Eng, Lee Seong Kar, Tan Chin Ming and Tan Siew Tyan
Public Issue Price	Public issue price of RM0.20 per OPB Share
Public Issue Share(s)	The 50,778,000 new OPB Shares which are the subject of the Public Issue
Revaluation Surplus	Revaluation surplus by OFSB and ONW amounting to RM675,003 and RM392,757 respectively arising from the revaluation of OFSB and ONW landed properties based on their respective net book values as at 30 September 2002 compared to their respective open market values
Share Allocation Scheme	2,778,000 new OPB Shares reserved for eligible Directors and employees of the OPB Group pursuant to the Public Issue

Financial Terms

EPS	Earnings per share
LAT	Loss after taxation
LBT	Loss before taxation
NTA	Net tangible assets
PAT	Profit after taxation
PBT	Profit before taxation
PE multiple	Price earnings multiple

ABBREVIATIONS

Abbreviations	Meanings
<u>Securities</u>	
OPB Share(s)	Ordinary share(s) of RM0.10 each in OPB
OFSB Share(s)	Ordinary share(s) of RM1.00 each in OFSB
ONW Share(s)	Ordinary share(s) of RM1.00 each in ONW
<u>Others</u>	
ATM	Automatic Teller Machine
ACNielsen	ACNielsen (Malaysia) Sdn Bhd (10909-V)
AFTA	ASEAN Free Trade Area
Bangi Land	A piece of industrial land measuring 214,718 sq ft located at H.S. (D) 52918, P.T. No. 41067, Bandar Baru Bangi, Daerah Ulu Langat, Selangor with the postal address Lot 73, Jalan P10/21, Taman Industri Selaman, Seksyen 10, 43650 Bandar Baru Bangi, Selangor
Board	Board of Directors
EGM	Extraordinary General Meeting
FY	Financial year ended/ending 31 December
Independent Market Research Report	The Independent Market Research Report dated 3 July 2003 prepared by ACNielsen, an independent market researcher
kg. and gm.	kilograms and grams respectively
MSSB	Mercury Securities Sdn Bhd (113193-W)
p.a.	per annum
Placement Agents	SIBB and MSSB collectively
RM and sen	Ringgit Malaysia and sen respectively
SIBB	Southern Investment Bank Berhad
sq. ft.	Square feet
USD	United States Dollar

ABBREVIATIONS

Abbreviations	Meanings
Technical Terms	
Bi-component	A type of fibre that contains a combination of two or more types of material in a single strand
Converters	Intermediate users of nonwoven fabrics which subsequently convert the nonwoven fabric into finished products for end-users
Cured Resin Felt	Resin-impregnated felt which has been fully heat treated during the production process until the stage where its resin content is no longer reactive
Felt	Nonwoven product made from organic and / or synthetic fibres, where bonding is normally by chemical, needlepunching or heat process
Fibre	Hair-like, thin threads of organic or synthetic materials
Hot Press Moulding	A process used to mould Semi-cured Resin Felt into shapes. This process utilises pressure and heat to form the felt into the shape of the mould; and heat to reactivate the resin and subsequently set the felt into the final shape after full curing
Hydrophilic	Nonwoven products that are water or liquid permeable
Hydrophobic	Nonwoven products that are impermeable to water or liquid
Nonwoven	Any textile products produced without weaving process. Strands of fibres are interlocked, normally by using chemical or heat treatment process
Needlepunching	A process where thousands of needles punch through the loose fibre fleece to entangle the fibres and subsequently bond it mechanically
P.F. Felt	Phenol-Free felt, a new type of felt comparable in performance to resin felt but does not contain phenolic resins. In addition, P.F Felt has negligible formaldehyde emission compared to resin felt
Polypropylene	A type of plastic materials which forms the basis of all thermal bonding nonwoven due to its relatively low melting temperature
Polypropylene Staple Fibre	The short fibre made of polypropylene that forms the basis of Thermal Bonded nonwoven fabric
Semi-cured Resin Felt	Resin-impregnated felt which has been partially heat treated during the production process to preserve the reactivity of its resin content. With the reactivity of its resin intact, Semi-cured Resin Felt undergoes another heat curing process termed as Hot Press Moulding where the remaining reactivity of its resin is heat treated and cured fully
Spunbonding	A type of bonding process where the fleece are formed through spinning the fibres in random directions
Thermal Bonded	Bonding by heat treatment. Under temperature exceeding their melting points, synthetic fibres change from solid to molten state. This molten state of fibres comes in contact with one another and when cooled rapidly, they become solid again and interlock each other.

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Profession/ Occupation	Nationality
Tan Siew Chin <i>Managing Director</i>	16 Jalan Polo 10/6 Selangor Polo and Club Section 10 Off Jalan Mahagoni Kota Damansara 47810 Petaling Jaya Selangor	Director	Malaysian
Lo Pong Kiat @ Lor Hong Ling <i>Executive Director</i>	38 Lorong SS23/6F Taman SEA 47400 Petaling Jaya Selangor	Director	Malaysian
Tan Siew Tyan <i>Non-Independent Non- Executive Director</i>	37 USJ 2/8A 47630 UEP Subang Jaya Selangor	Director	Malaysian
Chan Soo Wah <i>Independent Non-Executive Director</i>	27 Jalan Menerung 4 Taman SA 59000 Kuala Lumpur	Director	Malaysian
Dr Han Swan Kwong @ Adrian Han <i>Independent Non-Executive Director</i>	18 Linkungan Desa Taman Desa Jalan Klang Lama 58100 Kuala Lumpur	Lawyer	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Chan Soo Wah	Chairman of Committee	Independent Non-Executive Director
Tan Siew Chin	Member of Committee	Managing Director
Dr Han Swan Kwong @ Adrian Han	Member of Committee	Independent Non-Executive Director

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1. CORPORATE DIRECTORY

COMPANY SECRETARY	:	Margaret Peily (LS 04402) 134 Jalan Bukit 43000 Kajang Selangor
		Lin Moi Heyang (MAICSA 7006243) 31A2-5-2 Jalan Palong Taman Miharaja Cheras 55200 Kuala Lumpur
REGISTERED OFFICE	:	No. 22-2 Jalan Tun Sambanthan 3 50470 Kuala Lumpur Tel No.: 03-2274 8988
HEAD / MANAGEMENT OFFICE	:	Lot 73 Jalan P10/21 Taman Industri Selaman, Seksyen 10 43650 Bandar Baru Bangi Selangor Tel No.: 03-8925 0000 Email : ofsb@oceancash.com.my
PRINCIPAL BANKER	:	Hong Leong Bank Berhad (97141-X) 11 & 13 Jalan M/J 1 Taman Majlis Jaya Jalan Sg. Chua 43000 Kajang Selangor Tel No.: 03-8737 6090
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (258345-X) 27 th Floor Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2693 2075
REGISTRAR	:	Sectrars Services Sdn Bhd (92781-X) No. 28-1 Jalan Tun Sambanthan 3 Brickfields 50470 Kuala Lumpur Tel No.: 03-2274 6133
AUDITOR AND REPORTING ACCOUNTANT	:	Monteiro & Heng 22-1 Jalan Tun Sambanthan 3 50470 Kuala Lumpur Tel No.: 03-2274 8988
SOLICITORS FOR THE PUBLIC ISSUE	:	Paul Ong & Associates Unit No. B-2-8 Block B 2 nd Floor Megan Phileo Promenade No. 189 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2166 3188
VALUER	:	Dass Mohamad Chartwell Brooke Hiller Parker Sdn Bhd No. 12(M), Jalan 21/39, Damansara Utama, 47400 Petaling Jaya Selangor Tel No.: 03-7726 6618

1. CORPORATE DIRECTORY

INDEPENDENT MARKET RESEARCHER	:	ACNielsen (Malaysia) Sdn Bhd (10909-V) 19/F Menara MPPJ Jalan Tengah 46200 Petaling Jaya Selangor Tel No.: 03-7956 2311
ADVISER, SPONSOR AND MANAGING UNDERWRITER	:	Southern Investment Bank Berhad (169955-T) 16 th Floor Wisma Genting 28 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2059 4188
UNDERWRITERS	:	Southern Investment Bank Berhad (169955-T) 16 th Floor Wisma Genting 28 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2059 4188
	:	Mercury Securities Sdn Bhd (113193-W) Lot 6-05 Level 6 Tower Block Menara Milenium 8 Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No.: 03-2094 2828
PLACEMENT AGENTS	:	Southern Investment Bank Berhad (169955-T) 16 th Floor Wisma Genting 28 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2059 4188
	:	Mercury Securities Sdn Bhd (113193-W) Lot 6-05 Level 6 Tower Block Menara Milenium 8 Jalan Damanlela Bukit Damansara 50490 Kuala Lumpur Tel No.: 03-2094 2828
LISTING SOUGHT	:	MESDAQ Market of Bursa Malaysia

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2. INFORMATION SUMMARY

The information summary is only a summary of the salient information about the OPB Group. Investors should read and understand the full text of this Prospectus prior to making an investment decision.

2.1 History and Business

OPB was incorporated in Malaysia under the Act on 26 August 2002 as a private limited company under the name of Modernflex Sdn Bhd. On 12 November 2002, it changed its name to Oceancash Pacific Sdn Bhd. Subsequently, on 27 November 2002, it was converted to a public company and assumed its present name.

The OPB Group comprises OPB, as the investment holding company of two (2) subsidiaries, OFSB and ONW. The principal activities of the subsidiaries are set out below:

Subsidiaries	Date and Place of Incorporation	Effective Equity Interest (%)	Issued and Paid-up Share Capital	Principal Activities
OFSB	11 April 1996, Malaysia	Approximately 87.8	RM4,615,000	Manufacturing and distribution of resinated felt which is used for the purposes of thermal and acoustic insulation. Its applications include interior and exterior trims of automobiles, outdoor units of split air conditioners, insulation in buildings including roofs, ceilings, walls, partitions and floors as carpet underlay.
ONW	21 December 1999, Malaysia	100.0	RM6,013,074	Manufacturing and trading of thermal-bonded nonwoven cloth which is widely used in the disposable hygienic products industry. Its applications include the top and bottom layers of diapers and sanitary napkins, wet wipes, surgical apparels including caps, masks and gowns.

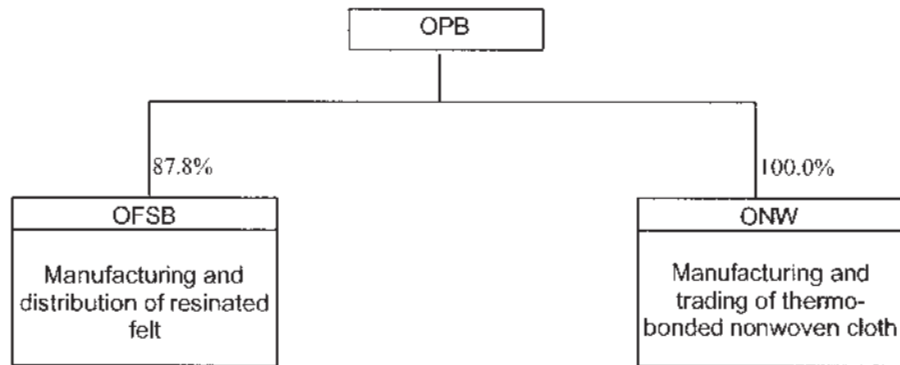
Nonwoven fabrics are defined as sheet or web structures bonded together by entangling fibre or filaments (and by perforating films) mechanically, thermally or chemically. They are flat, porous sheets that are made directly from separate fibres. They are not made by weaving or knitting and do not require conversion of fibres into yarn.

Felt is an abrasively matted textile product made mainly from wool. It is created when heat and moisture are introduced to the raw wool and high pressure is applied over a period of time.

Further information on the history and business of the OPB Group is set out in Section 5 of this Prospectus.

2. INFORMATION SUMMARY

The corporate structure of the OPB Group is set out below:



2.2 Promoters, Directors, Substantial Shareholders, Key Management and Key Technical Personnel

2.2.1 Directors

The direct and indirect interests of the Directors in OPB after the Public Issue will be as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of OPB Shares ¹	%	No. of OPB Shares	%
Tan Siew Chin	Managing Director	Malaysian	112,118,140	50.28	32,112,810	14.40 ²
Lo Pong Kiat @ Lor Hong Ling	Executive Director	Malaysian	30,050	0.01	20,135,040	9.03 ³
Tan Siew Tyan	Non-Independent Non-Executive Director	Malaysian	1,352,420	0.61	142,878,530	64.07 ⁴
Chan Soo Wah	Independent Non-Executive Director	Malaysian	30,000	0.01	-	-
Dr Han Swan Kwong @ Adrian Han	Independent Non-Executive Director	Malaysian	30,000	0.01	-	-

Notes:

- 1 Include Public Issue Shares to be offered under the Share Allocation Scheme.
- 2 Deemed interested as per Section 6A of the Act, by virtue of his wife's, Chen Lee Chew, his brother's, Tan Siew Tyan, his sister's, Tan Chin Ming, and his sister-in-law's, Lim Siok Eng, shareholdings.
- 3 Deemed interested as per Section 6A of the Act, by virtue of his son's, Lor Seng Thee, shareholdings.
- 4 Deemed interested as per Section 6A of the Act, by virtue of his brother's, Tan Siew Chin, his sister's, Tan Chin Ming, and his sisters-in-law's, Chen Lee Chew and Lim Siok Eng, shareholdings.

2. INFORMATION SUMMARY

2.2.2 Substantial Shareholders and Promoters

The direct and indirect interests of the substantial shareholders and promoters in OPB after the Public Issue will be as follows:

Name	Designation	Direct		Indirect	
		No. of OPB Shares ¹	%	No. of OPB Shares	%
Tan Siew Chin	Managing Director / Promoter	112,118,140	50.28	32,112,810	14.40 ²
Chen Lee Chew	Promoter	28,115,540	12.61	115,674,600	51.87 ³
Lor Seng Thee	General Manager - Operations of OFSB / Promoter	20,135,040	9.03	30,050	0.01 ⁴
Tan Chin Ming	-	2,204,040	0.99	142,026,910	63.69 ⁵
Tan Siew Tyan	Non-Independent Non-Executive Director	1,352,420	0.61	142,878,530	64.07 ⁶
Lim Siok Eng	-	440,810	0.20	115,674,600	51.87 ⁷

Notes:

- 1 Include Public Issue Shares to be offered under the Share Allocation Scheme.
- 2 Deemed interested as per Section 6A of the Act, by virtue of his wife's, Chen Lee Chew, his brother's, Tan Siew Tyan, his sister's, Tan Chin Ming, and his sister-in-law's, Lim Siok Eng, shareholdings.
- 3 Deemed interested as per Section 6A of the Act, by virtue of her husband's, Tan Siew Chin, her brother-in-law's, Tan Siew Tyan, and her sister-in-law's, Tan Chin Ming, shareholdings.
- 4 Deemed interested as per Section 6A of the Act, by virtue of his father's, Lo Pong Kiat @ Lor Hong Ling, shareholdings.
- 5 Deemed interested as per Section 6A of the Act, by virtue of her brothers', Tan Siew Chin and Tan Siew Tyan, and sisters-in-law's, Chen Lee Chew and Lim Siok Eng, shareholdings.
- 6 Deemed interested as per Section 6A of the Act, by virtue of his brother's, Tan Siew Chin, his sister's, Tan Chin Ming, and sisters-in-law's, Chen Lee Chew and Lim Siok Eng, shareholdings.
- 7 Deemed interested as per Section 6A of the Act, by virtue of her brothers-in-law's, Tan Siew Chin and Tan Siew Tyan, and her sister-in-law's, Tan Chin Ming, shareholdings.

2.2.3 Key Management

OPB was incorporated as an investment holding company with key management being directly employed by each respective subsidiary. The direct and indirect interests of the key management in the OPB Group after the Public Issue will be as follows:

Name	Designation	Direct		Indirect	
		No. of OPB Shares ¹	%	No. of OPB Shares	%
Lor Seng Thee	General Manager - Operations of OFSB	20,135,040	9.03	30,050	0.01 ²
Lim Kok Cheong	General Manager - Operations of ONW	200,000	0.09	-	-
Mah Yit Mui	Group Finance Manager	200,000	0.09	1,267,330	0.57 ³

Notes:

- 1 Include Public Issue Shares to be offered under the Share Allocation Scheme.
- 2 Deemed interested as per Section 6A of the Act, by virtue of his father's, Lo Pong Kiat @ Lor Hong Ling, shareholdings.
- 3 Deemed interested as per Section 6A of the Act, by virtue of her husband's, Lee Seong Kar, shareholdings.

2. INFORMATION SUMMARY

Key Technical Personnel

The direct and indirect interests of the key technical personnel in OPB after the Public Issue will be as follows:

Name	Designation	Direct		Indirect	
		No. of OPB Shares ¹	%	No. of OPB Shares	%
Loo Tze Meng	Factory Manager	1,516,200	0.68	-	-
Tan Sin Yen	Production Manager	120,000	0.05	-	-
Mohd Fadhti Mohd Zain	Quality Control Engineer	51,000	0.02	-	-
Hon Yu Choong	Quality Assurance Engineer	40,000	0.02	-	-
Yap Chin Siam	Operations Executive	80,000	0.04	-	-
Sazaly Mokhtar	Production Executive	80,000	0.04	-	-

Note:

¹ Include Public Issue Shares to be offered under the Share Allocation Scheme.

Further information on the Promoters, Directors, Substantial Shareholders, Key Management and Key Technical Personnel is set out in Section 6 of this Prospectus.

2.3 Technology Used or To Be Used

Nonwovens are products engineered from various types of fibres. The technology in the blending, mixing and bonding of these fibres is termed nonwoven manufacturing technology. Nonwoven manufacturing technology comprises spunbonding, meltblowing, needlepunching and spunlacing technology.

OPB Group currently employs chemical and thermal bonding technology in the manufacturing of its nonwoven products.

Moving forward, the research and development activities of the Group will focus on fibre technology involving experiments on a combination of different kinds of fibres to produce products of specific characteristics and performance. This self-developed technology is often unique to each manufacturer. The types of fibres that are available for production of nonwoven fabrics include cotton, wool, jute, kenaf, polyester, polypropylene, rayon, acrylic and others. Fibre technology is important as different combinations of fibres used can produce different types of nonwoven fabrics for different applications.

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2. INFORMATION SUMMARY

2.4 Financial Highlights

The table below has been extracted from the Accountants' Report in Section 10.8 of this Prospectus and should be read in conjunction with the notes thereto. A summary of the proforma consolidated financial results of OPB Group for the five (5) years ended 31 December 2003, prepared on the assumption that the current structure of the OPB Group had been in existence throughout the financial years under review, is as follows:

	<-----Year ended 31 December----->				
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,125	7,764	16,171	21,113	26,526
Gross (loss)/ profit	(277)	1,421	4,289	5,893	7,307
Profit before interest, depreciation and taxation	1,112	2,175	3,971	5,440	6,782
Interest expense	(47)	(49)	(241)	(471)	(504)
Interest Income	-	3	17	14	9
Depreciation	(686)	(859)	(1,199)	(1,403)	(1,560)
Exceptional item	-	-	-	-	-
Share of profits of associated companies and joint ventures	-	-	-	-	-
PBT	379	1,270	2,548	3,580	4,727
Taxation	(104)	(317)	(645)	(128)	(768)
PAT	275	953	1,903	3,452	3,959
Extraordinary item	-	-	-	-	-
Minority interest (MI)	(46)	(111)	(214)	(246)	(246)
Net profit for the year	229	842	1,689	3,206	3,713
Number of ordinary shares of RM0.10 each in issue ('000)	172,222	172,222	172,222	172,222	172,222
Gross EPS (RM)	0.002	0.007	0.015	0.021	0.027
Net EPS (RM)	0.001	0.005	0.010	0.019	0.022
Gross Dividend Rate (%)	-	-	-	-	-

Notes to the Proforma Consolidated Results of OPB Group:

(a) Basis of Consolidation

The proforma consolidated income statements of OPB Group are prepared for illustrative purposes only and have been presented on the basis that the OPB Group has been in existence throughout the years/period under review. The proforma consolidated income statements are based on the audited results of OPB Group as follows:

OPB	:	For the financial period from the date of incorporation on 26 August 2002 to 31 December 2002 and the financial year ended 31 December 2003.
OFSB	:	For the financial years ended 31 December 1999 to 2003.
ONW	:	For the financial period from 21 December 1999 to 31 December 2000 and the financial years ended from 31 December 2001 to 2003.

(b) The above results are arrived at after making such adjustments, as the Reporting Accountant considered appropriate including elimination of all material inter-company transactions.

2. INFORMATION SUMMARY

(c) **Revenue**

Revenue of OPB Group in 1999 relates to revenue generated by OFSB in respect of the production of resinated felts for heat and sound insulation in the automotive and air-conditioners industries.

Revenue of the OPB Group surged by 265% in 2000 mainly due to the higher demand for resinated felts in the automotive industry consequential to the improving car sales with the recovery of domestic demand and sustained growth in export. During the year, ONW commenced its manufacturing of non-woven cloths for diapers manufacturers in June 2000 and contributed RM2.2 million.

Revenue of OPB Group further increased by 108% in 2001 mainly due to higher demand of felts in view of the growth in the overall car production, and more orders from diaper manufacturers were secured.

The increasing trend in revenue in 2002 and 2003 of 31% and 26% respectively is mainly attributable to both OFSB and ONW being able to secure orders locally and also successfully tapping into the overseas market, e.g. Indonesia, Thailand and Taiwan.

(d) **PBT**

The gross loss in 1999 was caused by OFSB, mainly due to its production capacity being underutilised and the higher raw material cost incurred.

PBT was however registered in 1999 despite the gross loss mainly due to insurance claims received for consequential loss from the fire incident at the premises of OFSB in 1998.

(e) **Extraordinary/ Exceptional Items**

There were no extraordinary/exceptional items during the years/period under review.

(f) **Taxation**

Taxation in 1999 relates to deferred taxation provided for the timing differences for the excess of capital allowance claimed over depreciation.

The effective tax rates for the remaining financial years/period under review were lower than the statutory tax rate prevailing in Malaysia due mainly to the claiming of the reinvestment allowances and utilisation of brought forward unabsorbed tax losses and capital allowances.

(g) **EPS**

Gross EPS is calculated based on PBT and on the number of shares in issue during each of the respective years/period under review.

Net EPS is calculated based on PAT after MI and on the number of shares in issue during each of the respective years/period under review.

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2. INFORMATION SUMMARY

2.5 Summary of the Proforma Consolidated Balance Sheets as at 31 December 2003

A summary of the proforma consolidated balance sheets of OPB Group, which is provided for illustrative purposes only and has been prepared based on the audited accounts of OPB Group as at 31 December 2003, and on the assumption that the Restructuring Scheme had been effected as at that date, is as follows:

	Audited Balance Sheet of OPB as at 31.12.2003 RM'000	(I) After Acquisitions RM'000	(II) After (I) and Public Issue RM'000	(III) After (II) and utilisation of proceeds RM'000
PROPERTY, PLANT AND EQUIPMENT	-	22,090	22,090	25,230
CURRENT ASSETS	294	12,195	22,351	17,193
CURRENT LIABILITIES	303	9,112	10,112	8,094
NET CURRENT (LIABILITIES)/ ASSETS	(9)	3,083	12,239	9,099
LONG TERM LIABILITIES	-	5,599	5,599	5,599
	(9)	19,574	28,730	28,730
Financed by:				
SHARE CAPITAL	- ¹	17,222	22,300	22,300
SHARE PREMIUM	-	-	4,078	4,078
RESERVE ON CONSOLIDATION	-	786	786	786
ACCUMULATED LOSS	(9)	(9)	(9)	(9)
TOTAL (CAPITAL DEFICIENCY)/ SHAREHOLDERS' EQUITY	(9)	17,999	27,155	27,155
MINORITY INTERESTS	-	1,575	1,575	1,575
NET CAPITAL EMPLOYED	(9)	19,574	28,730	28,730
AUDITED/ADJUSTED NTA	(9)	17,213	26,369	26,369
AUDITED/ADJUSTED NTA PER SHARE (RM)	(450.00)	0.10	0.12	0.12
TOTAL BORROWINGS	-	7,591	7,591	6,573
GEARING RATIO (TIMES)	-	0.42	0.28	0.24

Note:

1 RM2

Please refer to Section 10.6 of this Prospectus for the notes to the proforma consolidated balance sheets of OPB Group as at 31 December 2003.

2. INFORMATION SUMMARY

2.6 Audit Qualification in the Audited Accounts for the past five (5) financial years

The financial statements of OFSB and ONW were audited by Messrs Tan & Tan Associates and Messrs Adrian Yeo & Co respectively. All the audited financial statements for the relevant financial years were reported without any audit qualification, except for the qualified auditors' report issued to OFSB for the financial years ended 31 December 1999 and 31 December 2000 due to two fire incidents at the premises of OFSB on 10 August 1998 and on 22 August 2000 which destroyed most of the assets, stocks, documents, accounting and other records for the financial years ended 31 December 1999 and 31 December 2000. As a result, the auditors were unable to form an opinion on the financial statements of OFSB for the financial years ended 31 December 1999 and 31 December 2000.

2.7 Risk Factors

An investment in the OPB Shares is likely to involve risks specific to investments in entities engaged in nonwoven fabrics manufacturing. Applicants should carefully consider the risks factors that may affect the OPB Group and the industry in which it operates, as well as other information set forth in this Prospectus. Some of the risk factors that should be considered include, but are not limited to the following:

2.7.1 Company Risks

- (i) Dependence on Directors and Key Management
- (ii) Competition
- (iii) Research and Development

2.7.2 Business Risks

- (i) Industry risks
- (ii) Substitute products
- (iii) Dependency on major customers
- (iv) Foreign exchange fluctuation
- (v) Political economic and regulatory considerations
- (vi) Availability of raw materials
- (vii) Variability of earnings
- (viii) Technology and machinery
- (ix) Uncertainty of the Five (5) Year Business Plans
- (x) Product liability
- (xi) Disclosure regarding forward-looking statements
- (xii) Fire
- (xiii) Audit qualification
- (xiv) Involvement in mature industry

2.7.3 Share Risks

- (i) Investment
- (ii) No prior market for OPB Shares
- (iii) Controlling shareholders

Please refer to Section 4 "Risk Factors" of this Prospectus for further information on the abovementioned risk factors which should be considered by prospective investors. Investors are advised to carefully consider the risk factors, together with the other information contained in this Prospectus before applying for the Public Issue Shares.

2. INFORMATION SUMMARY

2.8 Principal Statistics Relating to the Public Issue

2.8.1 Share Capital

Authorised	RM
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
Issued and fully paid-up	
172,222,000 ordinary shares of RM0.10 each	17,222,200
To be issued pursuant to the Public Issue	
50,778,000 ordinary shares of RM0.10 each	5,077,800
Enlarged issued and paid-up share capital	<u>22,300,000</u>

2.8.2 Issue Price Per Ordinary Share RM0.20

2.9 Proforma Consolidated NTA as at 31 December 2003

	Note	NTA (RM'000)	NTA per share (RM)
Audited as at 31 December 2003		(9)	450.0
Proforma Consolidated NTA after Acquisitions	(1)	17,213	0.10
Proforma Consolidated NTA after Acquisitions and Public Issue	(2)	26,369	0.12

Notes:

- (1) Based on the enlarged issued and paid-up share capital of 172,222,000 OPB Shares after the Acquisitions.
 (2) Based on the enlarged issued and paid-up share capital of 223,000,000 OPB Shares after the Acquisitions and Public Issue but before deducting estimated listing expenses of RM1 million.

2.10 Classes of Shares and Rights

There is only one (1) class of shares in the Company, being ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Public Issue Shares, upon allotment and issue, will rank pari passu in all respect with the existing issued and paid-up ordinary shares of the Company, including voting rights and rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the said Public Issue Shares.

2.11 Utilisation of Proceeds of the Public Issue

The Public Issue is expected to raise total gross proceeds of RM10.16 million which will be utilised in the financial year ending 31 December 2004 for the following purposes:

Utilisation	RM'000
Repayment of term loan	1,018
Purchase of machinery	3,140
Working capital	4,998
Listing expenses	1,000
TOTAL	<u><u>10,156</u></u>

Further explanation on the utilisation of the Public Issue proceeds is set out in Section 3.8 of this Prospectus.

2. INFORMATION SUMMARY

2.12 Summary of Five (5)-Year Business Plans and Prospects

In line with the Group's vision to be the leading specialist in nonwoven manufacturing, the Group plans to develop stronger and lighter nonwoven cloth which will be capable of replacing imported counterparts and develop P.F. Felt which is odourless that matches the performance of resin felt.

The Group also intends to pursue new opportunities to expand its revenue base through strengthening its position as a major local player, new product development, strategic alliances with international players and investments in the Asian region. The Group plans to capitalise on the strong local growth trends and strengthen its export position in the Asian region, particularly in countries such as Thailand, Taiwan, China and Indonesia.

The future plans of the Group include the following:

- Local expansion in disposable nonwoven fabric end products;
- Regional expansion in supplying felts to major car manufacturers;
- New product development such as surgical masks, roofing, various types of packing materials including fruit wrappers, disposable table cloth and filters; and
- Strategic alliances with suppliers and customers.

Generally, the Group is committed to have continuous product innovation, staff skill development and improvement in productivity and efficiency which will enable them to face the challenges ahead. The Group plans to use the listing proceeds as working capital for further expansion in order to materialise their future plans.

2.13 Material Litigation, Material Commitment, Contingent Liability, Working Capital and Borrowings

2.13.1 Material Litigation

Neither the Company nor its subsidiaries are engaged in any material litigation, either as plaintiff or defendant or material arbitration proceedings, which has a material effect on the business or financial position of the Company or its subsidiaries and the Directors do not know of any proceeding pending or threatened or of any facts likely to give rise to any proceeding which might materially affect the business or financial position of the Company or its subsidiaries.

2.13.2 Material Commitment

Save as disclosed below, as at 15 June 2004 (being the latest date prior to issuance of this Prospectus), the OPB Group does not have any material commitment which may materially affect the Group.

Contract dated 19 November 2003 entered into between ONW and Shyng Wei Machinery Co. Ltd. for the acquisition of one (1) unit of oven type hot air-through nonwoven fabric production line for USD950,000.

2.13.3 Contingent Liability

As at 15 June 2004 (being the latest date prior to issuance of this Prospectus), the OPB Group does not have any contingent liability that upon materialisation would have a substantial impact on the profit or net assets of the Group.

2. INFORMATION SUMMARY

2.13.4 Working Capital

The Directors of OPB are of the opinion that barring unforeseen circumstances and after taking into account of the Group's cashflow position, banking facilities available and the allocation of RM4.998 million for working capital from the proceeds raised pursuant to the Public Issue, the working capital available to the Group will be sufficient for a period of twelve (12) months from the date of the issue of the Prospectus.

2.13.5 Borrowings

As at 15 June 2004 (being the latest date prior to the issuance of the Prospectus), the total bank borrowings of the Group amounted to RM7,753,281. These borrowings are interest-bearing and comprise the following:

	Payable within twelve (12) months RM	Payable after twelve (12) months RM	Total outstanding RM
Term loan	1,657,421	4,130,505	5,787,926
Bills payable	1,764,722	-	1,764,722
Hire purchase	117,900	82,733	200,633
Total	3,540,043	4,213,238	7,753,281

The Group has not defaulted in any of its payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year ended 31 December 2003 and the subsequent three (3) months financial period ended 31 March 2004 immediately preceding the date of this Prospectus.

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