

11. FINANCIAL INFORMATION

11.1 Proforma Consolidated Income Statements

The following is a summary of our proforma consolidated income statements for the past three (3) FYE 30 June 2006 and three (3) months FPE 30 September 2005 and 2006 which have been prepared based on the assumption that the Acquisitions and Corporate Reorganisation had been effected throughout the period under review. The proforma consolidated income statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information set out in Section 11.16 of this Prospectus.

	FYE 30 June			Three (3) Months FPE 30 September	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
Revenue	52,006	100,469	136,057	30,241	30,308
Gross profit	30,419	56,844	79,952	19,647	19,463
Profit before amortisation, depreciation, interest and taxation	7,276	14,774	20,930	5,748	4,793
Depreciation	(972)	(1,430)	(1,800)	(359)	(636)
Interest expense	(96)	(99)	(90)	(3)	(24)
PBT	6,208	13,245	19,040	5,386	4,133
Taxation	(1,840)	(3,807)	(6,034)	(1,578)	(1,361)
PAT	4,368	9,438	13,006	3,808	2,772
MI	(46)	(143)	(1,312)	(391)	(181)
PAT and after MI	4,322	9,295	11,694	3,417	2,591
Gross profit margin (%)	58.49	56.58	58.76	64.97	64.22
Net profit margin (%)	8.31	9.25	8.59	11.30	8.55
Number of Shares assumed in issue ('000)	102,799	102,799	102,799	102,799	102,799
Gross EPS (sen)	6.04	12.88	18.52	5.24	4.02
Net EPS (sen)	4.20	9.04	11.38	3.32	2.52

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11. FINANCIAL INFORMATION (Cont'd)

Notes:

1. *Basis of preparation:-*

Our Proforma Consolidated Income Statements for the past three (3) FYE 30 June 2006 and three (3) months FPE ended 30 September 2005 and 2006 are provided for illustrative purpose only and have been prepared:-

- (i) based on the audited financial statements for the three (3) FYE 30 June 2006 and the three (3) months FPE 30 September 2006, and the unaudited management accounts for the FPE 30 September 2005 of all the companies within our current Group, after making appropriate adjustments for the purpose of preparing the proforma consolidated income statements on the assumption that the Acquisitions and Corporate Reorganisation had been effected throughout the financial years/period under review;*
 - (ii) in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board; and*
 - (iii) based on the basis and assumptions consistent with those accounting policies adopted by our Company and our subsidiary companies.*
2. *The number of Shares assumed to be in issue is based on our issued and paid-up share capital after the Acquisitions and Rights Issue but before the IPO.*
3. *There were no exceptional or extraordinary items throughout the periods under review.*
4. *Our gross EPS and net EPS are calculated by dividing the PBT and PAT and after MI respectively by the number of Shares assumed in issue.*
5. *The auditors' reports for all the companies within our Group for the financial years/period under review were reported without any qualification.*
6. *Our consolidated income statements for the three (3) months FPE 30 September 2005 are not audited and are provided for comparison only.*

11.2 Overview of our Group's Historical Financial Performance

Review of the FYE 30 June 2004

The increase in revenue by approximately RM8.7 million, from approximately RM43.3 million in 2003 to RM52.0 million in 2004, was mainly due to further expansion of retail outlets from 35 to 38 by our Group and, the introduction of a new massage chair model towards the end of the financial year which contributed positively to our Group's revenue.

Despite the increase in revenue, the PBT increased marginally mainly due to the decrease in gross profit margin arising from the offering of special sale packages as a marketing strategy to boost sales. The effective tax rate of 29% was slightly higher than the statutory tax rate of 28% mainly due to certain expenses which were not deductible for tax purposes.

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11. FINANCIAL INFORMATION (Cont'd)

Review of the FYE 30 June 2005

The significant increase in revenue by approximately RM48.5 million, from approximately RM52.0 million in 2004 to RM100.5 million, was mainly due to the following:

- The introduction of new models of massage chairs at the higher price range, towards the end of 2004, had resulted in a shift in our Group's sales mix from lower-priced items to middle and high-end items. In addition, the strategic tie-ups with various financial institutions to offer easy payment plans to customers had contributed towards the significant improvement in the Group's revenue growth;
- Increase in the number of retail outlets from 38 to 65. These outlets, which are strategically located at prime shopping malls, had created a strong market presence for our Group in the Malaysia and Singapore markets;
- Aggressive advertising campaign and promotions undertaken to enhance the image of the OGAWA brand among the general public. This comprises mainly advertisements in local media including television, radio, magazine and the appointment of brand ambassadors to endorse OGAWA products; and
- Intensive road shows and promotion fairs undertaken to promote our Group's products.

The significant increase in PBT was in line with the significant increase in revenue. The effective tax rate of 29% was slightly higher than the statutory tax rate of 28% due mainly to certain expenses which were not deductible for tax purposes.

Review of the FYE 30 June 2006

The increase in revenue by approximately RM35.6 million, from approximately RM100.5 million in 2005 to RM136.1 million in 2006, was mainly due to the following:

- Aggressive advertising campaign and promotions undertaken to enhance the image of OGAWA brand, including the co-sponsoring of various musical concerts in addition to advertisements in local media as well as intensive road shows and promotion fairs undertaken to promote our products;
- Improved penetration of the Indonesian and Australian markets by the sole distributors in these markets coupled by the venture into the Vietnam market through an appointed sole distributor had also contributed to the increase in our Group's revenue; and
- Expansion into the China and Hong Kong markets via the incorporation of OSHCE and OHCIHK, which operated 15 retail outlets in China and 3 retail outlets in Hong Kong respectively as of the end of the FYE 30 June 2006, had generated strong demand of our products in these markets.

The increase in PBT was in line with the increase in revenue. The effective tax rate of 32% was higher than the statutory rate of 28% was mainly due to certain expenses which were not deductible for tax purposes.

11. FINANCIAL INFORMATION (Cont'd)

Review of the three (3) months FPE 30 September 2006

The revenue for the FPE 30 September 2006 of approximately RM30.3 million shows a slight improvement over that of the FPE 30 September 2005 of RM30.2 million wherein our overseas market contribution has increased from 23.5% to 33.1% mainly due to our expansion into new overseas market such as China, Hong Kong and Vietnam during the FPE 30 September 2006 as our new avenue of growth and expansion.

Our PBT for the FPE 30 September 2006 was approximately RM1.3 million lower than that of the FPE 30 September 2005. This was due mainly to the absorption of operational losses of certain of our overseas subsidiaries which include the write off of initial start up expenses and extensive advertisement and promotional expenses incurred to build our brand name and to enhance public awareness of our products. The effective tax rate of 33% was higher than the statutory tax rate of 27% due mainly to certain expenses which were not deductible for tax purposes.

11.3 Segmental Analysis of our Proforma Revenue and PBT

11.3.1 Analysis of Revenue

a) Revenue by companies

	FYE 30 June			Three (3) months FPE 30 September	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
OWB	-	-	-	-	-
Healthy World	37,684	82,527	75,300	18,267	16,759
Morwell	21,263	44,337	24,499	10,935	-
Fujiiryoki	-	3,282	8,221	2,034	1,643
Ogawa Health-Care	9,758	14,414	17,505	3,925	2,697
OHCKL	2,630	3,694	28,433	6,746	5,928
Buzzard Event	218	-	-	-	-
Ogawa Care Services	-	3,058	11,139	2,794	2,989
OHCPPL	2,792	7,246	14,101	4,799	4,120
OHCEM	-	-	21,933	4,771	4,205
OHCS	-	-	19,200	4,522	3,142
OSHCE	-	-	2,365	-	1,359
OHCIHK	-	-	1,706	-	862
	74,345	158,558	224,402	58,793	43,704
Consolidation elimination	(22,339)	(58,089)	(88,345)	(28,552)	(13,396)
Total	52,006	100,469	136,057	30,241	30,308

11. FINANCIAL INFORMATION (Cont'd)

b) Revenue by products

	FYE 30 June			Three (3) months FPE 30 September	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
Massage chairs	13,879	65,002	92,075	20,644	21,323
Foot massagers	26,199	24,811	25,155	5,840	5,435
Portable massagers	2,541	3,918	6,984	1,691	1,785
Others	9,387	6,738	11,843	2,066	1,765
Total	52,006	100,469	136,057	30,241	30,308

c) Revenue by geographical locations

	FYE 30 June			Three (3) months FPE 30 September	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
Malaysia	48,147	88,990	106,902	23,132	20,279
Singapore	2,792	7,246	14,101	4,799	4,120
Indonesia	599	2,743	5,587	918	1,968
Australia	468	1,490	4,765	1,392	1,192
China	-	-	2,365	-	1,359
Hong Kong	-	-	1,706	-	862
Vietnam	-	-	631	-	528
Total	52,006	100,469	136,057	30,241	30,308

11.3.2 Analysis of PBT by Companies

	FYE 30 June			Three (3) months FPE 30 September	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
OWB	-	-	(8)	-	(105)
Healthy World	4,428	10,343	11,138	2,615	3,147
Morwell	1,053	1,440	504	61	(5)
Fujiiryoki	(4)	64	533	431	171
Ogawa Health-Care	706	831	1,223	134	279
OHCKL	57	88	2,507	618	750
Buzzard Event	(71)	(12)	(3)	(1)	(1)
Ogawa Care Services	-	203	1,040	597	394
OHCPL	39	668	359	132	(782)
OHCEM	-	-	1,519	274	335
OHCS	-	-	1,863	713	403
OSHCE	-	-	(588)	-	(59)
OHCiHK	-	-	(668)	-	(595)
	6,208	13,625	19,419	5,574	3,932
Consolidation elimination	-	(380)	(379)	(188)	201
Total	6,208	13,245	19,040	5,386	4,133

11. FINANCIAL INFORMATION (Cont'd)

11.4 Proforma Consolidated Statement of Assets and Liabilities

The following is the proforma consolidated statement of assets and liabilities as at 30 September 2006 which is presented for illustrative purposes only on the basis that the Acquisitions and Corporate Reorganisation had been completed on that date and should be read in conjunction with the Reporting Accountant's Letter on the Proforma Consolidated Financial Information set out in Section 11.16 of this Prospectus.

	30 September 2006 RM'000
ASSETS	
Non-Current Assets	
Property, plant and equipment	13,101
Investment	25
Goodwill	232
Deferred tax asset	12
	<u>13,370</u>
Current Assets	
Inventories	14,608
Trade receivables	15,622
Other receivables and prepaid expenses	8,505
Amount owing by Directors	5
Short-term deposits with licensed banks	5,935
Cash and bank balances	4,655
	<u>49,330</u>
TOTAL ASSETS	<u><u>62,700</u></u>
EQUITY AND LIABILITIES	
Capital and Reserves	
Issued capital	9,510
Reserves	30,099
	<u>39,609</u>
Equity attributable to equity holders of parent	39,609
Minority interests	1,465
	<u>41,074</u>
Non-Current Liabilities	
Hire-purchase payables – non-current portion	1,036
Deferred tax liabilities	359
	<u>1,395</u>
Current Liabilities	
Trade payables	9,158
Other payables and accrued expenses	8,307
Amount owing to Directors	153
Hire-purchase payables- current portion	850
Tax liabilities	1,763
	<u>20,231</u>
Total Liabilities	<u>21,626</u>
TOTAL EQUITY AND LIABILITIES	<u><u>62,700</u></u>

11. FINANCIAL INFORMATION (Cont'd)

11.5 Proforma Consolidated Cash Flow Statements

The following is our proforma Group cash flow statements for the three (3) months FPE 30 September 2005 and 2006 which have been prepared on the assumption that the Acquisitions and Corporate Reorganisation had been effected throughout the period under review. The proforma consolidated cash flow statements are prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountant's Letter on the Proforma Consolidated Financial Information set out in Section 11.16 of this Prospectus.

	Three (3) months FPE 30 September	
	2005 RM'000	2006 RM'000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,386	4,133
Adjustments for:		
Depreciation of property, plant and equipment	359	636
Property, plant and equipment written off	1	51
Finance costs	3	24
Interest income	(22)	(49)
Operating profit before working capital changes	5,727	4,795
(Increase)/Decrease in:		
Inventories	635	(4,793)
Trade receivables	(2,637)	(373)
Other receivable and prepaid expenses	(375)	(1,651)
Amount owing by Directors	(1)	604
Increase/(Decrease) in:		
Trade payables	(2,122)	4,979
Other payables and accrued expenses	584	(1,054)
Amount owing to Directors	(51)	(145)
Cash from operations	1,760	2,362
Income tax paid	(66)	(1,242)
Net cash from operating activities	1,694	1,120
CASHFLOW FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(736)	(1,582)
Interest received	22	49
Proceeds from disposal of property, plant and equipment	287	-
Net cash used in investing activities	(427)	(1,533)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of hire purchase payables	(147)	(232)
Finance costs paid	(3)	(24)
Net cash used in financing activities	(150)	(256)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,117	(669)
Cash and cash equivalents at beginning of period	8,777	11,262
Effects of exchange rates on cash and cash equivalents	-	(3)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,894	10,590

11. FINANCIAL INFORMATION (Cont'd)

Notes:

1. *Our Proforma Consolidated Cash flow Statements for the three (3) months FPE ended 30 September 2005 and 2006 are provided for illustrative purpose only and have been prepared:-*
 - (i) *based on the unaudited management accounts for the three (3) months FPE 30 September 2005 and the audited financial statements for the FPE 30 September 2006 of all the companies within our current Group, after making appropriate adjustments for the purpose of preparing the proforma consolidated cash flow statements on the assumption that the Acquisitions and Corporate Reorganisation had been effected throughout the financial period under review;*
 - (ii) *in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board; and*
 - (iii) *based on the basis and assumptions consistent with those accounting policies adopted by our Company and our subsidiary companies.*
2. *Our consolidated cash flow statement for the three (3) months FPE 30 September 2005 are not audited and are provided for comparison only.*

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11. FINANCIAL INFORMATION (Cont'd)

11.6 Proforma Consolidated Balance Sheets

Our proforma consolidated balance sheets as set out below have been prepared for illustrative purposes only to show the effects on our audited balance sheets as at 30 September 2006 had the Acquisitions, Corporate Reorganisation, Rights Issue and IPO been completed on that date. The proforma consolidated balance sheets below should be read in conjunction with the accompanying notes included in the Reporting Accountants' Letter on the Proforma Consolidated Balance Sheet set out in Section 11.17 of this Prospectus.

	As at 30.9.2006 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000	Proforma V RM'000	Proforma VI RM'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	-	12,949	12,949	13,101	13,101	13,101	13,101
Investment	-	-	-	25	25	25	25
Goodwill on consolidation	-	227	227	232	232	232	232
Deferred tax asset	-	12	12	12	12	12	12
	-	13,188	13,188	13,370	13,370	13,370	13,370
Current Assets							
Inventories	-	14,608	14,608	14,608	14,608	14,608	14,608
Trade receivables	-	15,622	15,622	15,622	15,622	15,622	15,622
Other receivables and prepaid expenses	-	7,857	7,857	8,505	8,505	8,505	8,505
Amount owing by Directors	-	5	5	5	5	5	5
Short-term deposits with licensed banks	-	3,270	3,270	5,935	5,935	5,935	5,935
Cash and bank balances	20	4,652	4,652	4,655	4,655	19,341	34,942
	20	46,014	46,014	49,330	49,330	64,016	79,617
TOTAL ASSETS	20	59,202	59,202	62,700	62,700	77,386	92,987
EQUITY AND LIABILITIES							
Capital And Reserves							
Issued capital	1	1,200	2,598	9,510	9,510	24,196	32,797
Reserves	(113)	30,033	30,099	30,099	30,099	30,099	37,099
(Capital deficiency)/ Equity attributable to equity holders of parent	(112)	31,233	32,697	39,609	39,609	54,295	69,896
Minority interests	-	2,929	1,465	1,465	1,465	1,465	1,465
Total Equity	(112)	34,162	34,162	41,074	41,074	55,760	71,361
Non-Current Liabilities							
Hire-purchase payables	-	1,036	1,036	1,036	1,036	1,036	1,036
Deferred taxation	-	349	349	359	359	359	359
	-	1,385	1,385	1,395	1,395	1,395	1,395

11. FINANCIAL INFORMATION (Cont'd)

	As at 30.9.2006 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000	Proforma V RM'000	Proforma VI RM'000
Current Liabilities							
Trade payables	-	11,864	11,864	9,158	9,158	9,158	9,158
Other payables and accruals	128	9,040	9,040	8,307	8,307	8,307	8,307
Amount owing to Directors	4	153	153	153	153	153	153
Hire-purchase payables	-	835	835	850	850	850	850
Tax liabilities	-	1,763	1,763	1,763	1,763	1,763	1,763
	132	23,655	23,655	20,231	20,231	20,231	20,231
Total Liabilities	132	25,040	25,040	21,626	21,626	21,626	21,626
TOTAL EQUITY AND LIABILITIES	20	59,202	59,202	62,700	62,700	77,386	92,987
Number of shares ('000)	2	56,808	59,604	73,428	73,428	102,799	120,000
Net tangible (liabilities)/ assets per share (RM)	(56.00)	0.55	0.54	0.54	0.54	0.53	0.58

Notes:

<i>Proforma I</i>	:	<i>After Acquisition of Healthy World</i>
<i>Proforma II</i>	:	<i>After Proforma I and Acquisition of Subsidiaries</i>
<i>Proforma III</i>	:	<i>After Proforma II and Acquisition of Morwell</i>
<i>Proforma IV</i>	:	<i>After Proforma III and Corporate Reorganisation</i>
<i>Proforma V</i>	:	<i>After Proforma IV and Rights Issue</i>
<i>Proforma VI</i>	:	<i>After Proforma V and IPO</i>

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11. FINANCIAL INFORMATION (Cont'd)

11.7 Trends Information and Factors Affecting Financial Performance, Position and Operations of our Group

Our Directors believe that the prospects for our Group are promising with the increasing awareness of our products and brand names as well as the anticipation of increase in the demand for health and wellness equipment products. As mentioned in Section 6.6 of this Prospectus, the local health and wellness equipment market is expected to achieve a compound annual growth rate of 16.9% for the next five (5) years reaching a market value of more than RM660 million in 2011. The increasingly health conscious society, growing affluence and improvement in living standards of populations and higher disposal income are among the factors that will have a positive impact on our Group's business and financial prospects.

Our cost of sales mainly comprises of purchases from the external manufacturers and we vary our orders for the supply of any particular model of our product according to the customers' demand. Our health and wellness equipment products are mainly sold to the general public either directly through our retail outlets, permanent counters and road shows or indirectly through our sole distributors. Accordingly, due to the nature of our business, we do not maintain an order book.

As at 22 February 2007, being the latest practicable date prior to the printing of this Prospectus, save as disclosed in this Prospectus, our Group is not aware of the following:

- (i) any known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group;
- (ii) any known trends, demands, commitments, events or uncertainties that would cause the historical financial statements to be not necessarily indicative of future financial information;
- (iii) any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group; and
- (iv) any substantial increase in revenue attributable to prices, volume of goods sold, the introduction of new products/services or any other factors.

11.8 Liquidity and Capital Resources

Our Group's principal sources of liquidity and capital resources are the cash flow from our internal operations derived mainly from cash generated from operations and various credit facilities from financial institutions.

As at 30 September 2006, our Group's cash and cash equivalents stood at RM10.590 million, and we have banking facilities amounting to approximately RM4.250 million which has yet to be utilised.

Our Directors are of the opinion that after taking into consideration our Group's cashflow forecast and the banking facilities available to our Group, we will have adequate working capital for a period of twelve (12) months from 22 February 2007, being the latest practicable date prior to the printing of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)

11.8.1 Proforma Cash flow Summary

The following is a summary of our Group proforma cash flow for the three (3) months FPE 30 September 2006 and should be read in conjunction with the Reporting Accountant's Letter on the Proforma Consolidated Financial Information set out in Section 11.16 of this Prospectus.

	FPE 30 September 2006 RM'000
Net cash from operating activities	1,120
Net cash used in investing activities	(1,533)
Net cash used in financing activities	(256)
Net decrease in cash and cash equivalents	(669)
Cash and cash equivalents at beginning of period	11,262
Effect of exchange rate changes on cash and cash equivalents	(3)
Cash and cash equivalents at end of period	<u>10,590</u>

Brief commentaries on our consolidated cash flow statement for the three (3) months FPE 30 September 2006 is set out below.

Net cash generated from operating activities

The net cash generated from operating activities of RM1.1 million were mainly attributable to PBT of RM4.1 million adjusted for the following:

- non-cash items of approximately RM0.6 million arising from depreciation of property, plant and equipment;
- working capital cash outflow of approximately RM2.4 million; and
- tax paid of approximately RM1.3 million.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately RM1.5 million was mainly attributable to the purchase of property, plant and equipment in line with our new retail outlets established.

Net cash used in from financing activities

Net cash outflow of approximately RM0.3 million from financing activities was mainly due to repayment of hire purchase facilities.

11. FINANCIAL INFORMATION (Cont'd)

11.8.2 Borrowings

As at 22 February 2007, being the latest practicable date prior to the printing of this Prospectus, the total outstanding borrowings of our Group amounted to approximately RM1.751 million, all of which are interest bearing.

Details of the outstanding bank borrowings as at 22 February 2007 are as follows:

Type of borrowings	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Hire-purchase	895	856	1,751

Out of the total outstanding borrowings as at 22 February 2007 approximately RM33,226 or SGD14,446 are outstanding hire purchase denominated in foreign currency.

Our gearing ratio is 0.03 times, which is computed based on our outstanding borrowings of RM1.886 million as at 30 September 2006 divided by our proforma shareholders' equity as at 30 September 2006 (after IPO and deducting estimated listing expenses) of RM69.896 million.

We have not defaulted in any of our payments of either interest charges and/or principal sums in respect of any of our borrowings throughout the past one (1) financial year ended and the subsequent period thereof, immediately preceding the date of this Prospectus.

11.9 Key Financial Ratios

Our key financial ratios for the FYE 30 June 2006 and FPE 30 September 2006 based on our Proforma Consolidated Balance Sheets and Income Statements, are as follows:

	FYE 30 June 2006 No. of days	FPE 30 September 2006 No. of days*
Inventory turnover	64	123 [^]
Trade receivable turnover	41	47
Trade payable turnover	26	72 [#]

Notes:

* The financial results for the three (3) months FPE 30 September 2006 were extrapolated to 12 months results in computing the above financial ratios.

[^] The longer inventory turnover period for the FPE 30 September 2006 as compared to the FYE 30 June 2006 was mainly due to a higher inventory balance as at 30 September 2006, arising from the purchase of inventories from VGO Corporation Limited pursuant to the Sale and Purchase Agreement dated 1 July 2006, as disclosed in Section 15.5 of this Prospectus.

[#] The longer trade payable turnover period for the FPE 30 September 2006 as compared to the FYE 30 June 2006 was mainly due to amount owing to VGO Corporation Limited arising from the abovementioned purchase of inventories from VGO Corporation Limited.

11. FINANCIAL INFORMATION (Cont'd)

11.10 Material Litigation/Arbitration, Contingent Liabilities and Material Commitments for Capital Expenditure

(i) Material Litigation/Arbitration

Save as disclosed in Section 15.4, as at 22 February 2007, being the latest practicable date prior to the printing of this Prospectus, our Company and our subsidiary companies are not engaged in any litigation or arbitration, either as plaintiff or defendant, which have a material effect on our Company or subsidiary companies' financial position and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our Company or subsidiary companies' financial position or business.

(ii) Contingent Liabilities

As at 22 February 2007, being the latest practicable date prior to the printing of this Prospectus, our Directors are not aware of any material contingent liabilities, which upon becoming enforceable, may have a substantial impact on the financial position of our Group.

(iii) Material Commitments for Capital Expenditure

As at 22 February 2007, being the latest practicable date prior to the printing of this Prospectus, there are no material commitments for capital expenditure contracted or known to be contracted by our Company or our subsidiaries, which may have a substantial impact on our financial position.

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11. FINANCIAL INFORMATION (Cont'd)

11.11 Consolidated Profit Forecast

The following is the summary of our Group profit forecast for the financial year ending 30 June 2007.

	Forecast 2007
	RM'000
Revenue	<u>162,400</u>
Consolidated PBT	24,312
Taxation	<u>(7,266)</u>
Consolidated PAT	17,046
MI	<u>(1,036)</u>
Consolidated PAT and after MI	<u>16,010</u>
Weighted average number of ordinary shares in issue ('000)*	48,973
Enlarged issued and paid-up share capital ('000)	120,000
<i>Based on the weighted average number of ordinary shares in issue:-</i>	
Gross EPS (sen)	49.64
Net EPS (sen)	32.69
Gross PE Multiple based on the IPO Price (times)	2.01
Net PE Multiple based on the IPO Price (times)	3.06
<i>Based on the enlarged number of ordinary shares upon Listing:-</i>	
Gross EPS (sen)	20.26
Net EPS (sen)	13.34
Gross PE Multiple based on the IPO Price (times)	4.94
Net PE Multiple based on the IPO Price (times)	7.50

Note:

* Computed on the basis that the Public Issue will be completed by end April 2007.

Please refer to Section 11.12 of this Prospectus for details of the underlying bases and assumptions used in our profit forecast.

11. FINANCIAL INFORMATION (Cont'd)

11.12 Reporting Accountants' Letter on the Consolidated Profit Forecast

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Malaysia

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Malaysia

Tel : +603 77236500, 77261833
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myaaa@deloitte.com
www.deloitte.com.my

(Prepared for inclusion in this Prospectus)

March 1, 2007

The Board of Directors
Ogawa World Berhad
Lot 4.81, 4th Floor
Wisma Central, Jalan Ampang
50450 Kuala Lumpur

Dear Sirs:

**OGAWA WORLD BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING JUNE 30,
2007**

We have reviewed the consolidated profit forecast of Ogawa World Berhad ("OWB") and its subsidiary companies ("OWB Group") for the financial year ending June 30, 2007, for which the Directors are solely responsible, as set out in the accompanying statement (stamped by us for the purpose of identification only), prepared for inclusion in the Prospectus of OWB to be dated March 28, 2007 in conjunction with the listing of and quotation for the entire issued and paid-up share capital of OWB, comprising 120,000,000 ordinary shares of RM0.50 each ("OWB Shares") on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), which include the public issue of 17,200,800 new OWB Shares and the offer for sale of 36,000,000 OWB Shares to Bumiputera investors approved by the Ministry of International Trade and Industry at an issue/offer price of RM1.00 per OWB Share payable in full upon application.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by OWB Group. The Directors of OWB Group are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

11. FINANCIAL INFORMATION *(Cont'd)*

Deloitte KassimChan

March 1, 2007
Ogawa World Berhad
Page No. 2

Subject to the matters stated in the preceding paragraphs:

- (i) Nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) In our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted by OWB Group.

This report has been prepared solely for inclusion in the Prospectus of OWB in connection with the abovementioned corporate exercise. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly,



Enclosure

11. FINANCIAL INFORMATION (Cont'd)

OGAWA WORLD BERHAD

(712499-V)

No. 22, Jalan Anggerik Mokara 31/47, Kota Kemuning, 40460 Shah Alam,
Selangor Darul Ehsan, Malaysia.

Tel : 603-51214286 Fax : 603-51214386

**OGAWA WORLD BERHAD ('OWB')
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING JUNE 30,
2007**

The Directors of OWB forecast that, on the bases and assumptions set out below, the consolidated profit of OWB and its subsidiary companies ("OWB Group") for the financial year ending June 30, 2007 will be as follows:

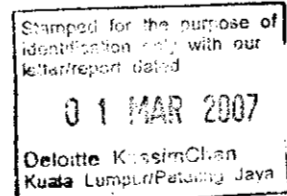
	RM'000
Revenue	162,400
Consolidated profit before tax	24,312
Income tax expense	(7,266)
Consolidated net profit for the year	17,046
Attributable to:	
Equity holders of the parent	16,010
Minority interest	1,036
	17,046
Proposed dividend – 10%, net of 27% tax	4,380
Weighted average number of shares in issue ('000) ¹	48,973
Basic earnings per share ("EPS") (sen) ²	32.69
Price earnings ("PE") multiple (times) ³	3.06

Notes:

¹ The weighted average number of shares in issue is computed on the basis that the public issue will be completed by end April 2007.

² Basic EPS is computed by dividing the consolidated net profit attributable to equity holders of the parent by the weighted average number of shares in issue.

³ PE multiple is computed by dividing the public issue price of RM1.00 per share by the basic EPS based on the weighted average number of shares in issue.



11. FINANCIAL INFORMATION (Cont'd)

Principle Bases and Assumptions

The principal bases and assumptions upon which the above consolidated profit forecast has been prepared, are set out below. Nevertheless, in the light of the current Malaysian and regional economic environment, certain assumptions, including interest and exchange rates, may differ significantly should the economic situation differs significantly from the date of this letter:

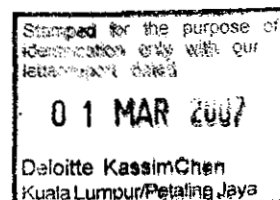
Specific Assumptions:

1. There will be no significant changes in customer demand, selling process, product sales mix, new product launches, opening of new retail outlets and market growth other than those forecasted by OWB Group.
2. There will be no significant changes involving key distributing agents and suppliers which will adversely affect the activities of OWB Group or the markets in which it operates.
3. There will be no significant changes in the prices of trading merchandise used in operations and overheads.
4. The demand and the selling prices for the products sold by OWB Group will be in line with the forecasted level and OWB Group will be able to maintain the average forecasted gross profit margin of approximately 59% on its products.

Forecasted revenue by major product categories is as follows:

	RM'000
Massage chairs	113,040
Foot massagers	27,470
Portable massagers	8,600
Others	13,290
	<hr/>
Total	162,400

5. Staff costs and other operating expenses will increase proportionately with the increase in revenue and their ratios to revenue are forecasted to be approximately 16% and 27% respectively.
6. OWB Group will have adequate manpower resources to keep abreast with rapid changes in technology standards and requirements and changes in customer demands to support its forecasted growth in business.
7. Existing and future financial facilities will remain available and that the level of interest rates will not change materially from those presently prevailing.
8. There will be no material acquisitions or disposals of property, plant and equipment or investments other than those forecasted.
9. There will be no major delays or cost overruns in the capital expenditure program of OWB Group, which will adversely affect the activities of OWB Group or the markets in which it operates.



11. FINANCIAL INFORMATION (Cont'd)

10. Licenses and trade marks issued by the authorities shall remain effective and renewable under the same present conditions for the continual operations of OWB Group.
11. The effective tax rate of OWB Group is estimated to be 30% and the tax liabilities incurred will be fully paid in the respective financial years.
12. OWB will propose a dividend of 10% (net of 27% tax) for the financial year ending June 30, 2007, payable in the following financial year.
13. Listing expenses are estimated to be approximately RM1.6 million.

General Assumptions:

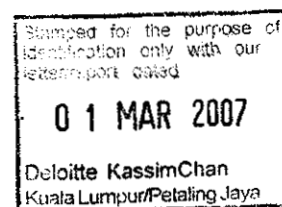
1. There will be no material changes to the prevailing economic and political environment in Malaysia and overseas that will have direct or indirect effects on the activities and performance of OWB Group and the business of OWB Group's major suppliers.
2. There will be no significant changes to the present legislation or government regulations, rates, and bases of duties, levies and taxes, which will adversely affect the activities of OWB Group or the countries in which it operates.
3. There will be no material fluctuation in foreign currency exchange and inflation rates from their present levels, which would adversely affect the activities and operations of OWB Group.
4. There will be no major industrial disputes, labour shortages or any abnormal factors or changes both domestic and overseas, which will adversely affect OWB Group's operations or sales at their forecasted levels or disrupt their planned operations.
5. There will be no significant changes in the present management structure, key personnel, ownership and, operating and accounting policies adopted by the OWB Group.
6. There will be no material changes in the principal activities and structure of OWB Group.
7. OWB Group will not be engaged in any material litigation and there will be no legal proceedings, which will adversely affect its activities or performance or give rise to any additional contingent liabilities, which will materially affect the operations or business.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



Lim Poh Khian

Date: March 1, 2007



11. FINANCIAL INFORMATION (Cont'd)

11.13 Directors' Analysis and Comments on the Consolidated Profit Forecast

Our Board has reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast of our Group for the financial year ending 30 June 2007 and is of the opinion that the consolidated profit forecast is fair and reasonable in light of the prospects of the health and wellness equipment market in which we operate and the future plans, strategies and prospects of our Group as set out in Section 5.5 of this Prospectus and after taking into consideration the forecasted gearing level, liquidity and working capital requirements of our Group.

Nevertheless, the profit forecast is based on subjective judgments and there can be no assurance that the profit forecast will be realised. Accordingly, our Group's actual results for the financial year ending 30 June 2007 may differ from the forecast figure shown herein.

Our Directors do not foresee any likely change in business and operating conditions that will materially impact our forecast. In addition, our forecast revenue is also not based on any secured contract or order as our sales are mainly derived from walk-in customers who purchase our products directly from our retail outlets, permanent counters and roadshows, and indirectly from our sole distributors.

For the financial year ending 30 June 2007, we forecasted a total revenue of RM162.4 million which represents an increase of approximately RM26.3 million or 19.4% over our proforma consolidated revenue in the previous year of approximately RM136.1 million. Our Directors anticipate that the introduction of our new range of massage chairs and foot massagers, which includes new models and upgraded versions of our existing models, will contribute positively to our Group's revenue for the financial year ending 30 June 2007. In addition, the higher revenue is also attributable to the expansion of our distribution network in Malaysia, Singapore, China and Hong Kong which is expected to increase our market penetration both locally and overseas. Our Group will also continue to undertake aggressive advertisement campaigns, promotional activities, and road-shows to enhance our OGAWA and DEKI brands among the general public as well as to increase our market reach.

As a result of the expected improvement in our Group's revenue, our Group's PBT is forecasted to be approximately RM24.3 million representing an improvement of RM5.3 million as compared to the previous financial year. Our Group is forecasted to achieve a PAT and after MI of approximately RM16.0 million for the financial year ending 30 June 2007.

11.14 Dividend Forecast

It will be the policy of our Directors to recommend dividends to allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for future growth of our Group.

For the financial year ending 30 June 2007, our Group is forecasting to achieve a PAT and after MI of approximately RM16.0 million. In view of this, our Directors anticipate that they will be in a position to propose, based on the enlarged issued share issued and paid-up share capital of 120,000,000 Shares, a gross dividend of RM6 million or 5 sen per Share for the financial year ending 30 June 2007.

11. FINANCIAL INFORMATION (Cont'd)

The intended appropriation of our forecasted consolidated PAT and after MI for the financial year ending 30 June 2007 would be as follows:

Financial Year Ending 30 June 2007		RM'000
Consolidated PBT		24,312
Less: Taxation		<u>(7,266)</u>
Consolidated PAT		17,046
Less: MI		<u>(1,036)</u>
Consolidated PAT and after MI		<u>16,010</u>
Gross dividend per Share ⁽¹⁾ (sen)		5.00
Net dividend per Share ⁽¹⁾ (sen)		3.65
Gross dividend yield ⁽²⁾ (%)		5.00
Net dividend yield ⁽²⁾ (%)		3.65
Net dividend cover (times)		3.66

Notes:

- 1 *Based on our enlarged issued and paid-up share capital upon Listing.*
 2 *Based on the IPO Price.*

Investors should note that future dividends might be waived if:

- a) our Group records losses as opposed to profits; or
- b) the payment of dividend would adversely affect our Group's cashflow and business operations.

Notwithstanding the above, our Directors have full discretion not to propose any future dividends.

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11. FINANCIAL INFORMATION (Cont'd)

11.15 Sensitivity Analysis

The following sensitivity analysis is prepared based on the forecast assumptions as set out in the Reporting Accountants' Letter on the Consolidated Profit Forecast in Section 11.12 of this Prospectus and attempts to show the impact on our consolidated profit forecast assuming all other things remain unchanged except for 5% and 10% upward and downward variation in the revenue, cost of sales and operating cost. Notwithstanding the impact of the variations in revenue, cost of sales and operating cost, there may exist other factors which have not been taken into account, variations of which may have a significant impact, either positively or negatively, on our financials. The sensitivity analysis is as follows:

(a) Variation in Revenue

Financial year ending 30 June 2007					
		Revenue	Change	PBT	Change
		RM'000	%	RM'000	%
Forecast		162,400		24,312	
Increase by	5.0%	170,520	+5.00	31,395	+29.13
	10.0%	178,640	+10.00	38,477	+58.26
Decrease by	5.0%	154,280	-5.00	17,230	-29.13
	10.0%	146,160	-10.00	10,148	-58.26

(b) Variation in Cost of Sales

Financial year ending 30 June 2007					
		Cost of Sales	Change	PBT	Change
		RM	%	RM	%
Forecast		66,674		24,312	
Increase by	5.0%	70,008	+5.00	20,979	-13.71
	10.0%	73,342	+10.00	17,645	-27.42
Decrease by	5.0%	63,341	-5.00	27,646	+13.71
	10.0%	60,007	-10.00	30,980	+27.42

(c) Variation in Operating Cost

Financial year ending 30 June 2007					
		Operating Cost	Change	PBT	Change
		RM	%	RM	%
Forecast		72,156		24,312	
Increase by	5.0%	75,764	+5.00	20,705	-14.84
	10.0%	79,372	+10.00	17,097	-29.68
Decrease by	5.0%	68,548	-5.00	27,920	+14.84
	10.0%	64,941	-10.00	31,528	+29.68

11. FINANCIAL INFORMATION (Cont'd)

11.16 Reporting Accountants' Letter on the Proforma Consolidated Financial Information

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
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1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Malaysia

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50704 Kuala Lumpur
Malaysia

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Fax : +603 77263986, 77268986
myaaa@deloitte.com
www.deloitte.com.my

(Prepared for inclusion in this Prospectus)

March 1, 2007

The Board of Directors
Ogawa World Berhad
Lot 4.81, 4th Floor
Wisma Central, Jalan Ampang
50450 Kuala Lumpur

Dear Sirs:

**OGAWA WORLD BERHAD
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the presentation of the proforma consolidated financial information of Ogawa World Berhad ("OWB") and its subsidiary companies ("OWB Group"), which consists of proforma consolidated income statements for the three financial years ended June 30, 2004 to 2006 and financial period July 1, 2006 to September 30, 2006; proforma consolidated balance sheet as of September 30, 2006; proforma consolidated cash flow statement for the financial period July 1, 2006 to September 30, 2006; and proforma consolidated statement of assets and liabilities as of September 30, 2006, together with the notes and assumptions thereto prepared for illustrative purposes only, for which the Directors of OWB are solely responsible, as set out in the Prospectus to be dated March 28, 2007 in conjunction with the listing of and quotation for the entire issued and paid-up share capital of OWB, comprising 120,000,000 ordinary shares of RM0.50 each ("OWB Shares") on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), which include the public issue of 17,200,800 new OWB Shares and the offer for sale of 36,000,000 OWB Shares to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI") at an issue/offer price of RM1.00 per OWB Share payable in full upon application.

OWB was incorporated on October 12, 2005 and it completed the following acquisitions and corporate reorganisation as integral part of its listing exercise.

- (a) Acquisition of the entire equity interest of Healthy World Lifestyle Sdn Bhd ("Healthy World") comprising 1,200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM28,403,000 satisfied by the issuance of 56,806,000 new OWB Shares at par, completed on January 3, 2007;

11. FINANCIAL INFORMATION (Cont'd)

Deloitte KassimChan

March 1, 2007
Ogawa World Berhad
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- (b) Acquisitions of certain equity interest in the following subsidiary companies of Healthy World for a total purchase consideration of RM1,398,000 satisfied by the issuance of 2,796,000 new OWB Shares at par, completed on January 3, 2007:

Company	Total equity interest acquired %	No. of new OWB Shares issued
Ogawa Health-Care Sdn Bhd	6.85	446,000
Ogawa Health-Care Pte Ltd	12.00	278,000
Ogawa Health-Care (KL) Sdn Bhd	11.68	684,000
Fujiiryoki (Malaysia) Sdn Bhd	15.00	200,000
Ogawa Care Services Sdn Bhd	10.00	204,000
Ogawa Health-Care (East Malaysia) Sdn Bhd	10.70	448,000
Ogawa Health-Care (Selangor) Sdn Bhd	11.35	536,000
TOTAL		2,796,000

- (c) Acquisition of the entire equity interest of Morwell Sdn Bhd ("Morwell") comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM6,912,000 satisfied by the issuance of 13,824,000 new OWB Shares at par, completed on January 3, 2007; and
- (d) Corporate reorganisation with the acquisitions of the following subsidiary companies of Healthy World for a total cash consideration of RM3,579,190, arrived at based on the net carrying value of Healthy World's cost of investment, completed on January 5, 2007:

Company	Total equity interest acquired %	Cash Consideration
Ogawa Health-Care Sdn Bhd	86.30	863,000
Ogawa Health-Care Pte Ltd	76.00	177,612
Buzzard Event Sdn Bhd	100.00	18,058
Ogawa Health-Care (KL) Sdn Bhd	76.65	766,500
Fujiiryoki (Malaysia) Sdn Bhd	70.00	105,000
Ogawa Care Services Sdn Bhd	80.00	88,020
Ogawa Health-Care (East Malaysia) Sdn Bhd	78.68	786,800
Ogawa Health-Care (Selangor) Sdn Bhd	77.42	774,200
TOTAL		3,579,190

11. FINANCIAL INFORMATION (Cont'd)

Deloitte KassimChan

March 1, 2007
Ogawa World Berhad
Page No. 3

The abovementioned proforma consolidated financial information has been presented for illustrative purposes only to reflect the effects on the financial position, the financial results and cash flows of the OWB Group based on the assumption that the abovementioned acquisitions and corporate reorganisation had been effected throughout the financial years/periods under consideration and have been prepared by the summation of the audited results of the companies in the OWB Group adjusted for inter-company balances and transactions, if any.

Responsibilities

It is the sole responsibility of the Directors of OWB to prepare the proforma consolidated financial information in accordance with the requirements of the Securities Commission's Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

Our responsibility is to form an opinion on the proforma consolidated financial information, as required by the Guidelines, and to report our opinion to you.

Basis of Opinion

Our work consisted primarily of comparing the unadjusted financial information with documentation furnished to us, considering the supporting adjustments and discussing the proforma consolidated financial information with the Directors of OWB. Our work did not involve any independent examination of the proforma consolidated financial information.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual financial position and results of the OWB Group. Further, such information does not purport to predict the future financial position and results of the OWB Group.

Opinion

With the foregoing explanations, in our opinion:

- (a) The proforma consolidated financial information has been properly prepared:
 - (i) on the basis and assumptions of preparation as stated hereunder and that such basis is consistent with the accounting policies adopted by OWB and its subsidiary companies; and
 - (ii) based on the audited financial statements of OWB and its subsidiary companies for the financial years/periods under consideration and such financial statements have been prepared in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- (b) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purpose of preparing the proforma consolidated financial information.

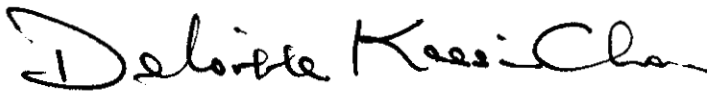
11. FINANCIAL INFORMATION *(Cont'd)*

Deloitte KassimChan

March 1, 2007
Ogawa World Berhad
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We understand that this report will be used solely for inclusion in the Prospectus of OWB in connection with the abovementioned corporate exercise. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly,

A handwritten signature in black ink that reads "Deloitte KassimChan". The signature is written in a cursive, flowing style.

Enclosure

11. FINANCIAL INFORMATION (Cont'd)

OGAWA WORLD BERHAD

(712499-V)

No. 22, Jalan Anggerik Mokara 31/47, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia.

Tel : 603-51214286 Fax : 603-51214386

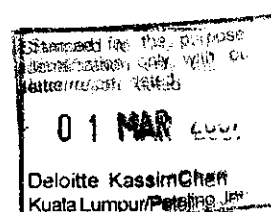
PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF OWB GROUP, TOGETHER WITH THE NOTES AND ASSUMPTIONS THERETO, ARE AS FOLLOWS:

(A) PROFORMA CONSOLIDATED INCOME STATEMENTS**OWB****PROFORMA CONSOLIDATED INCOME STATEMENTS ***

FOR THE FINANCIAL YEARS ENDED JUNE 30, 2004 TO 2006 AND FINANCIAL PERIOD JULY 1, 2006 TO SEPTEMBER 30, 2006

	Financial year ended			Financial
	June 30, 2004 RM'000	June 30, 2005 RM'000 (12 months)	June 30, 2006 RM'000	Period July 1, 2006 to September 30, 2006 RM'000 (3 months)
Revenue	52,006	100,469	136,057	30,308
Interest income	31	69	114	49
Other operating income	150	500	315	50
Change in inventories of trading merchandise	1,102	2,946	2,012	711
Purchase of trading merchandise	(22,689)	(46,571)	(58,117)	(11,556)
Directors' remuneration	(7,015)	(12,203)	(18,928)	(4,487)
Staff costs	(1,752)	(2,695)	(3,249)	(780)
Depreciation of property, plant and equipment	(972)	(1,430)	(1,800)	(636)
Finance costs	(96)	(99)	(90)	(24)
Other operating expenses	(14,557)	(27,741)	(37,274)	(9,502)
Profit before tax	6,208	13,245	19,040	4,133
Income tax expense	(1,840)	(3,807)	(6,034)	(1,361)
Profit for the year/period	4,368	9,438	13,006	2,772
Attributable to:				
Equity holders of the parent	4,322	9,295	11,694	2,591
Minority interests	46	143	1,312	181
	4,368	9,438	13,006	2,772

* The accompanying assumptions under Section D are an integral part of these proforma consolidated income statements.



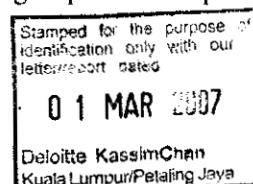
11. FINANCIAL INFORMATION (Cont'd)

(B) PROFORMA CONSOLIDATED BALANCE SHEET

OWB
PROFORMA CONSOLIDATED BALANCE SHEET *
AS OF SEPTEMBER 30, 2006

	September 30, 2006 RM'000
ASSETS	
Non-Current Assets	
Property, plant and equipment	13,101
Investment	25
Goodwill	232
Deferred tax asset	12
	<u>13,370</u>
Current Assets	
Inventories	14,608
Trade receivables	15,622
Other receivables and prepaid expenses	8,505
Amount owing by Directors	5
Short-term deposits with licensed banks	5,935
Cash and bank balances	4,655
	<u>49,330</u>
TOTAL ASSETS	<u><u>62,700</u></u>
EQUITY AND LIABILITIES	
Capital and Reserves	
Issued capital	9,510
Reserves	30,099
	<u>39,609</u>
Equity attributable to equity holders of parent	39,609
Minority interests	1,465
	<u>41,074</u>
Non-Current Liabilities	
Hire-purchase payables – non-current portion	1,036
Deferred tax liabilities	359
	<u>1,395</u>
Current Liabilities	
Trade payables	9,158
Other payables and accrued expenses	8,307
Amount owing to Directors	153
Hire-purchase payables- current portion	850
Tax liabilities	1,763
	<u>20,231</u>
Total Liabilities	21,626
TOTAL EQUITY AND LIABILITIES	<u><u>62,700</u></u>

* The accompanying assumptions under Section D are an integral part of this proforma consolidated balance sheet.



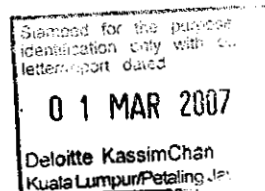
11. FINANCIAL INFORMATION (Cont'd)

(C) PROFORMA CONSOLIDATED CASH FLOW STATEMENT

OWB
PROFORMA CONSOLIDATED CASH FLOW STATEMENT *
FOR THE FINANCIAL PERIOD ENDED JULY 1, 2006 TO SEPTEMBER 30, 2006

	Financial Period July 1, 2006 to September 30, 2006 (3 months) RM'000
Cash Flows From Operating Activities	
Profit before tax	4,133
Adjustments for:	
Depreciation of property, plant and equipment	636
Property, plant and equipment written off	51
Finance costs	24
Interest income	(49)
Operating Profit Before Working Capital Changes	4,795
(Increase)/Decrease in:	
Inventories	(4,793)
Trade receivables	(373)
Other receivables and prepaid expenses	(1,651)
Amount owing by Directors	604
Increase/(Decrease) in:	
Trade payables	4,979
Other payables and accrued expenses	(1,054)
Amount owing to Directors	(145)
Cash From Operations	2,362
Income tax paid	(1,242)
Net Cash From Operating Activities	1,120
Cash Flows From Investing Activities	
Purchase of property, plant and equipment	(1,582)
Interest received	49
Net Cash Used In Investing Activities	(1,533)
Cash Flows Used In Financing Activities	
Repayment of hire-purchase payables	(232)
Finance costs paid	(24)
Net Cash Used In Financing Activities	(256)
Net Decrease In Cash And Cash Equivalents	(669)
Cash And Cash Equivalents At Beginning Of Period	11,262
Effect of exchange rate changes on cash and cash equivalents	(3)
Cash And Cash Equivalents At End Of Period	10,590

* The accompanying assumptions under Section D are an integral part of this proforma consolidated cash flow statement.



11. FINANCIAL INFORMATION (Cont'd)

(D) NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF OWB

The proforma consolidated financial information is prepared for illustrative purposes only to reflect the effects of the Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and the Corporate Reorganisation by OWB as mentioned in Section 2 below, had it been effected throughout the period under review ("Proforma Group" or "OWB Group").

The proforma consolidated financial information has been presented on the following bases and assumptions:

1. Basis of Preparation

The proforma consolidated financial information of the OWB, which consists of the following:

- Proforma consolidated income statements for the three (3) financial years ended June 30, 2004 to 2006 and financial period July 1, 2006 to September 30, 2006;
- Proforma consolidated balance sheet as of September 30, 2006;
- Proforma consolidated cash flow statement for the financial period July 1, 2006 to September 30, 2006; and
- Proforma consolidated statement of assets and liabilities as of September 30, 2006,

has been prepared based on the accounting policies consistent with those adopted in the preparation of the statutory financial statements of OWB and the subsidiary companies.

2. Bases and Assumptions

OWB was incorporated on October 12, 2005 and it completed the following exercises as an integral part of its listing exercise:

- (a) Acquisition of the entire equity interest of Healthy World comprising 1,200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM28,403,000 satisfied by the issuance of 56,806,000 new OWB Shares at par, completed on January 3, 2007 ("Acquisition of Healthy World");
- (b) Acquisitions of certain equity interest in the following subsidiary companies of Healthy World for a total purchase consideration of RM1,398,000 satisfied by the issuance of 2,796,000 new OWB Shares at par, completed on January 3, 2007 ("Acquisition of MI"):

Company	Total equity interest acquired %	No. of new OWB Shares issued
Ogawa Health-Care Sdn Bhd	6.85	446,000
Ogawa Health-Care Pte Ltd	12.00	278,000
Ogawa Health-Care (KL) Sdn Bhd	11.68	684,000
Fujiiryoki (Malaysia) Sdn Bhd	15.00	200,000
Ogawa Care Services Sdn Bhd	10.00	204,000
Ogawa Health-Care (East Malaysia) Sdn Bhd	10.70	448,000
Ogawa Health-Care (Selangor) Sdn Bhd	11.35	536,000
TOTAL		2,796,000

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11. FINANCIAL INFORMATION (Cont'd)

- (c) Acquisition of the entire equity interest of Morwell comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM6,912,000 satisfied by the issuance of 13,824,000 new OWB Shares at par, completed on January 3, 2007 ("Acquisition of Morwell");
- (d) Corporate reorganisation with the acquisitions of the following subsidiary companies of Healthy World for a total cash consideration of RM3,579,190, arrived at based on the net carrying value of Healthy World's cost of investment, completed on January 5, 2007 ("Corporate Reorganisation"):

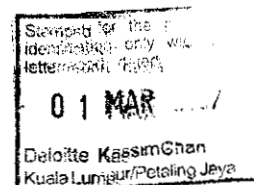
Company	Total equity interest acquired %	Cash Consideration
Ogawa Health-Care Sdn Bhd	86.30	863,000
Ogawa Health-Care Pte Ltd	76.00	177,612
Buzzard Event Sdn Bhd	100.00	18,058
Ogawa Health-Care (KL) Sdn Bhd	76.65	766,500
Fujiiryoki (Malaysia) Sdn Bhd	70.00	105,000
Ogawa Care Services Sdn Bhd	80.00	88,020
Ogawa Health-Care (East Malaysia) Sdn Bhd	78.68	786,800
Ogawa Health-Care (Selangor) Sdn Bhd	77.42	774,200
TOTAL		3,579,190

The proforma consolidated financial information has been prepared based on the following:

- Audited consolidated financial statements of Healthy World for the financial years ended June 30, 2004 to 2006 and financial period July 1, 2006 to September 30, 2006;
- Audited financial statements of Fujiiryoki (Malaysia) Sdn Bhd for the financial year ended June 30, 2004 (*Note*);
- Audited financial statements of Ogawa Health-Care (KL) Sdn Bhd for the financial period March 26, 2003 (date of incorporation) to December 31, 2003 and financial year ended December 31, 2004, time-apportioned to derive annual financial results ended June 30 (*Note*); and
- Audited financial statements of Morwell for the financial years ended December 31, 2003 to 2004, financial period January 1, 2005 to June 30, 2005, financial year ended June 30, 2006 and financial period July 1, 2006 to September 30, 2006. The audited financial statements for the period/years ended December 31, 2003 to 2004 were time-apportioned to derive annual financial results ended June 30.

Note: These represent the financial statements of Healthy World's subsidiary companies prior to the acquisitions by Healthy World.

The abovementioned audited financial statements have been prepared in accordance with the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.



11. FINANCIAL INFORMATION (Cont'd)

(E) PROFORMA CONSOLIDATED ADJUSTMENTS**(i) Proforma Consolidated Income Statements**

The following adjustments have been made in arriving at the proforma consolidated income statements:

Year Ended June 30, 2004

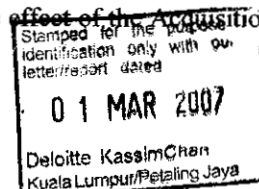
	OWB *	Adjustments – Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Reorganisation **	Proforma RM'000
	RM'000	RM'000	
Revenue	-	52,006	52,006
Interest income	-	31	31
Other operating income	-	150	150
Change in inventories of trading merchandise	-	1,102	1,102
Purchase of trading merchandise	-	(22,689)	(22,689)
Directors' remuneration	-	(7,015)	(7,015)
Staff costs	-	(1,752)	(1,752)
Depreciation of property, plant and equipment	-	(972)	(972)
Finance costs	-	(96)	(96)
Other operating expenses	-	(14,557)	(14,557)
Profit before tax	-		6,208
Income tax expense	-	(1,840)	(1,840)
Profit for the year	-		4,368
Attributable to:			
Equity holders of the parent	-		4,322
Minority interests	-	46	46
	-		4,368

* OWB was incorporated on October 12, 2005 and accordingly, no financial statements have been drawn up for the year ended June 30, 2004.

** The adjustments made were based on the:

- Audited consolidated income statement of Healthy World for the financial year ended June 30, 2004;
- Audited income statement of Fujiiryoki (Malaysia) Sdn Bhd for the financial year ended June 30, 2004;
- Audited income statements of Ogawa Health-Care (KL) Sdn Bhd for the financial period March 26, 2003 (date of incorporation) to December 31, 2003 and financial year ended December 31, 2004, which have been time-apportioned to derive the annual financial results ended June 30, 2004; and
- Audited income statement of Morwell for the financial years ended December 31, 2003 and 2004, which have been time-apportioned to derive the annual financial results ended June 30, 2004.

Significant inter-company transactions are eliminated and the effect of the Acquisition of MI was accounted for.



11. FINANCIAL INFORMATION (Cont'd)

The presentation of income statement has been changed to conform with the presentation of income statement for the financial period July 1, 2006 to September 30, 2006.

Year Ended June 30, 2005

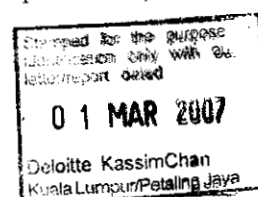
	OWB *	Adjustments – Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Reorganisation **	Proforma
	RM'000	RM'000	RM'000
Revenue	-	100,469	100,469
Interest income	-	69	69
Other operating income	-	500	500
Change in inventories of trading merchandise	-	2,946	2,946
Purchase of trading merchandise	-	(46,571)	(46,571)
Directors' remuneration	-	(12,203)	(12,203)
Staff costs	-	(2,695)	(2,695)
Depreciation of property, plant and equipment	-	(1,430)	(1,430)
Finance costs	-	(99)	(99)
Other operating expenses	-	(27,741)	(27,741)
Profit before tax	-		13,245
Income tax expense	-	(3,807)	(3,807)
Profit for the year	-		9,438
Attributable to:			
Equity holders of the parent	-	9,295	9,295
Minority interests	-	143	143
	-		9,438

* OWB was incorporated on October 12, 2005 and accordingly, no financial statements have been drawn up for the year ended June 30, 2005.

** The adjustments made were based on the audited consolidated income statement of Healthy World for the year ended June 30, 2005 and the audited income statements of Morwell for the financial year ended December 31, 2004 (which have been time-apportioned to derive the 6 months financial results ended December 31, 2004) and financial period January 1, 2005 to June 30, 2005.

Significant inter-company transactions were eliminated and the effect of the Acquisition of MI was accounted for.

The presentation of income statement has been changed to conform with the presentation of income statement for the financial period July 1, 2006 to September 30, 2006.



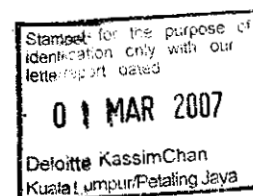
11. FINANCIAL INFORMATION (Cont'd)

Year Ended June 30, 2006

	OWB Audited RM'000	Adjustments – Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Reorganisation * RM'000	Proforma RM'000
Revenue	-	136,057	136,057
Interest income	-	114	114
Other operating income	-	315	315
Change in inventories of trading merchandise	-	2,012	2,012
Purchase of trading merchandise	-	(58,117)	(58,117)
Directors' remuneration	-	(18,928)	(18,928)
Staff costs	-	(3,249)	(3,249)
Depreciation of property, plant and equipment	-	(1,800)	(1,800)
Finance costs	-	(90)	(90)
Other operating expenses	(8)	(37,266)	(37,274)
(Loss)/Profit before tax	(8)		19,040
Income tax expense	-	(6,034)	(6,034)
(Loss)/Profit for the year	(8)		13,006
Attributable to:			
Equity holders of the parent	(8)	11,694	11,694
Minority interests	-	1,312	1,312
	(8)		13,006

* The adjustments made were based on the audited consolidated income statements of Healthy World and the audited income statement of Morwell for the financial year ended June 30, 2006. Significant inter-company transactions are eliminated and the effect of Acquisition of MI was accounted for.

The presentation of income statement has been changed to conform with the presentation of income statement for the financial period July 1, 2006 to September 30, 2006.

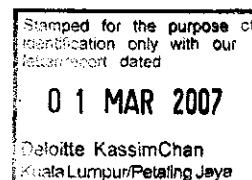


11. FINANCIAL INFORMATION (Cont'd)

Financial Period July 1, 2006 to September 30, 2006

	OWB Audited RM'000	Adjustments – Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Reorganisation * RM'000	Proforma RM'000
Revenue	-	30,308	30,308
Interest income	-	49	49
Other operating income	-	50	50
Change in inventories of trading merchandise	-	711	711
Purchase of trading merchandise	-	(11,556)	(11,556)
Directors' remuneration	-	(4,487)	(4,487)
Staff costs	-	(780)	(780)
Depreciation of property, plant and equipment	-	(636)	(636)
Finance costs	-	(24)	(24)
Other operating expenses	(105)	(9,397)	(9,502)
(Loss)/Profit before tax	(105)		4,133
Income tax expense	-	(1,361)	(1,361)
(Loss)/Profit for the period	(105)		2,772
Attributable to:			
Equity holders of the parent	(105)	2,591	2,591
Minority interests	-	181	181
	(105)		2,772

* The adjustments made were based on the audited consolidated income statement of Healthy World and the audited income statement of Morwell for the financial period July 1, 2006 to September 30, 2006. Significant inter-company transactions are eliminated and the effect of Acquisition of MI was accounted for.



11. FINANCIAL INFORMATION (Cont'd)

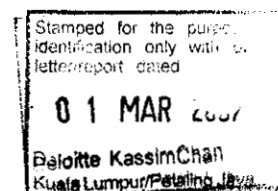
(ii) Proforma Consolidated Balance Sheets

The following adjustments have been made in arriving at the proforma consolidated balance sheets:

As of September 30, 2006

	OWB Audited RM'000	Adjustments – Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Re- organisation * RM'000	Proforma RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	-	13,101	13,101
Investment	-	25	25
Goodwill	-	232	232
Deferred tax asset	-	12	12
	-		13,370
Current Assets			
Inventories	-	14,608	14,608
Trade receivables	-	15,622	15,622
Other receivables and prepaid expenses	-	8,505	8,505
Amount owing by Directors	-	5	5
Short-term deposits with licensed banks	-	5,935	5,935
Cash and bank balances	20	4,635	4,655
	20		49,330
TOTAL ASSETS	20		62,700
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital	1	9,509	9,510
Reserves	(113)	30,212	30,099
(Capital Deficiency)/ Equity Attributable to Equity Holders of Parent	(112)		39,609
Minority interests	-	1,465	1,465
Total Equity	(112)		41,074
Non-Current Liabilities			
Hire-purchase payables- non-current portion	-	1,036	1,036
Deferred tax liabilities	-	359	359
	-		1,395

(Forward)



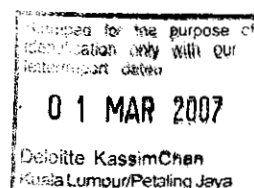
11. FINANCIAL INFORMATION (Cont'd)

	OWB Audited RM'000	Adjustments – Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Re- organisation * RM'000	Proforma RM'000
Current Liabilities			
Trade payables	-	9,158	9,158
Other payables and accrued expenses	128	8,179	8,307
Amount owing to Directors	4	149	153
Hire-purchase payables- current portion	-	850	850
Tax liabilities	-	1,763	1,763
	132		20,231
Total Liabilities	132		21,626
TOTAL EQUITY AND LIABILITIES	20		62,700

Note: The proforma consolidated balance sheet is prepared for illustrative purposes only to reflect the effects of the Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Reorganisation by OWB, had it been completed on September 30, 2006. Goodwill represents the excess of the cost of combination over the net fair values of Healthy World's and Morwell's identifiable assets and liabilities as of September 30, 2006.

The proforma consolidated balance sheet incorporates the adjustments for the acquisition of Healthy World which is accounted for using reverse acquisition accounting in accordance with *Malaysia Financial Reporting Standards No. 3 - Business Combinations* ("FRS 3"). After the completion of the acquisition of Healthy World, OWB becomes the legal parent company of OWB Group. Due to the relative values of the companies, the former shareholders of Healthy World became the majority shareholders of OWB. Accordingly, the substance of the business combination is that Healthy World acquires OWB in a reverse acquisition scenario. Under FRS 3, as a result of the reverse acquisition, the proforma consolidated balance sheet has been prepared in the name of the legal parent, OWB, but it represents a continuation of the consolidated balance sheet of the legal subsidiary, Healthy World, which is deemed as the acquirer.

* The adjustments made were based on the audited consolidated balance sheet of Healthy World and audited balance sheet of Morwell as of September 30, 2006. Significant inter-company balances are eliminated and the effect of the Acquisition of MI was accounted for.



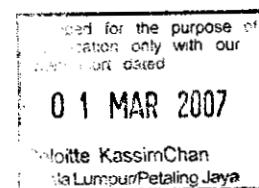
11. FINANCIAL INFORMATION (Cont'd)

(iii) Proforma Consolidated Cash Flow Statement

For Financial Period July 1, 2006 to September 30, 2006

	OWB Audited RM'000	Adjustments – Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Reorganisation * RM'000	Proforma RM'000
Cash Flows From Operating Activities			
Profit before tax	(105)	4,238	4,133
Adjustments for:			
Depreciation of property, plant and equipment	-	636	636
Property, plant and equipment written off	-	51	51
Finance costs	-	24	24
Interest income	-	(49)	(49)
Operating (Loss)/Profit Before Working Capital Changes	(105)		4,795
(Increase)/Decrease in:			
Inventories	-	(4,793)	(4,793)
Trade receivables	-	(373)	(373)
Other receivables and prepaid expenses	-	(1,651)	(1,651)
Amount owing by Directors	-	604	604
Increase/(Decrease) in:			
Trade payables	-	4,979	4,979
Other payables and accrued expenses	104	(1,158)	(1,054)
Amount owing to Directors	-	(145)	(145)
Cash (Used In)/From Operations	(1)		2,362
Income tax paid	-	(1,242)	(1,242)
Net Cash (Used In)/From Operating Activities	(1)		1,120
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	-	(1,582)	(1,582)
Interest received	-	49	49
Net Cash Used In Investing Activities	-		(1,533)

(Forward)

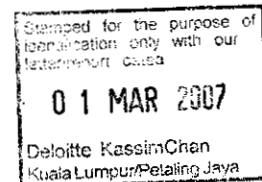


11. FINANCIAL INFORMATION (Cont'd)

(iii) Proforma Consolidated Cash Flow Statement (Continued)

	OWB Audited RM'000	Adjustments – Acquisition of Healthy World, Acquisition of MI and Acquisition of Morwell and, Corporate Reorganisation * RM'000	Proforma RM'000
Cash Flows Used In Financing Activities			
Repayment of hire-purchase payables	-	(223)	(232)
Finance costs paid	-	(24)	(24)
Net Cash Used In Financing Activities	-		(256)
Net Decrease In Cash And Cash Equivalents	(1)		(669)
Cash And Cash Equivalents At Beginning Of Period	21	11,241	11,262
Effect of exchange rate changes on cash and cash equivalents	-	(3)	(3)
Cash And Cash Equivalents At End Of Period	20		10,590

* The adjustments made were based on the audited consolidated cash flow statement of Healthy World and the audited cash flow statement of Morwell for financial period July 1, 2006 to September 30, 2006. Significant inter-company transactions and balances were eliminated.



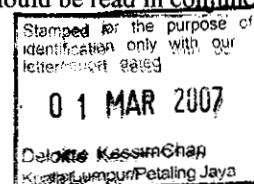
11. FINANCIAL INFORMATION (Cont'd)

(F) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS OF SEPTEMBER 30, 2006

The proforma consolidated statement of assets and liabilities of OWB has been prepared for illustrative purposes only based on the same bases and assumptions used in the preparation of proforma consolidated balance sheet as set out in Section E (ii):

	Note	September 30, 2006 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	3	13,101
Investment		25
Goodwill	4	232
Deferred tax asset	5	12
		<u>13,370</u>
Current Assets		
Inventories - at cost		14,608
Trade receivables	6	15,622
Other receivables and prepaid expenses	6	8,505
Amount owing by Directors	7	5
Short-term deposits with licensed banks		5,935
Cash and bank balances		4,655
		<u>49,330</u>
TOTAL ASSETS		<u>62,700</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Issued capital	8	9,510
Reserves	9	30,099
Equity attributable to equity holders of parent		39,609
Minority interests		1,465
Total Equity		<u>41,074</u>
Non-Current Liabilities		
Hire-purchase payables – non-current portion	10	1,036
Deferred tax liabilities	5	359
		<u>1,395</u>
Current Liabilities		
Trade payables	11	9,158
Other payables and accrued expenses	11	8,307
Amount owing to Directors	7	153
Hire-purchase payables- current portion	10	850
Tax liabilities		1,763
		<u>20,231</u>
Total Liabilities		<u>21,626</u>
TOTAL EQUITY AND LIABILITIES		<u>62,700</u>

The above proforma consolidated statement of assets and liabilities should be read in conjunction with the accompanying notes.



11. FINANCIAL INFORMATION (Cont'd)

OWB**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES****AS OF SEPTEMBER 30, 2006****1. BASIS OF PREPARATION**

The proforma consolidated statement of assets and liabilities of OWB Group, prepared for illustrative purposes only, have been presented in accordance with the applicable MASB approved accounting standards and is prepared based on the audited financial statements of OWB, Healthy World, and Morwell for the financial years/period under consideration. The audited financial statements have been prepared under the historical cost convention.

2. SIGNIFICANT ACCOUNTING POLICIES**Basis of Consolidation**

The proforma consolidated statement of assets and liabilities includes the assets and liabilities of OWB and its subsidiary companies made up to the end of the financial period. Significant inter-company balances and transactions are eliminated on consolidation. The results of subsidiary companies acquired during the year are included from the effective date of acquisition.

Business Combination

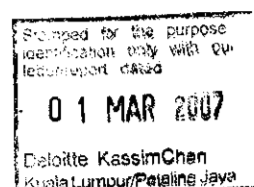
Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Proforma Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 – *Business Combinations* are recognised at their fair values at the acquisition date.

Goodwill arising from acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Proforma Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the Proforma Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising from the acquisition of a subsidiary represents the excess of the cost of combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.



11. FINANCIAL INFORMATION (Cont'd)

For the purpose of impairment testing, goodwill is allocated to each of the Proforma Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a prorata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent period.

Goodwill arising on the acquisition of subsidiaries is presented separately in the consolidated balance sheet.

Income Tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using the tax rates that are enacted or substantively enacted as of the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of an asset or liability in a transaction which affects neither the tax profit nor the accounting profit.

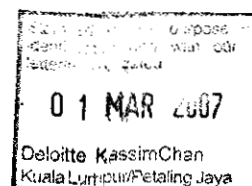
At each balance sheet date, the Proforma Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Proforma Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates, or where settlement has not yet been made at the end of the financial period, at the approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiary companies have been translated into Ringgit Malaysia as follows:

Assets and liabilities	-	at closing rate
Share capital and reserve	-	at historical rate
Revenue and expenses	-	at average rate



11. FINANCIAL INFORMATION (Cont'd)

The closing rates used in converting foreign currency amounts and the translation of foreign incorporated subsidiary companies' financial statements are as follows:

<u>Foreign currency</u>	RM
1 Singapore Dollar	2.3221
1 Hong Kong Dollar	0.4729
1 China Renminbi	<u>0.4660</u>

Property, Plant and Equipment and Depreciation

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

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement.

Other than freehold land which is not depreciated, depreciation of property, plant and equipment is computed on the straight line method to write-off the cost of the various assets after netting off the residual value over their estimated useful lives at the following annual rates:

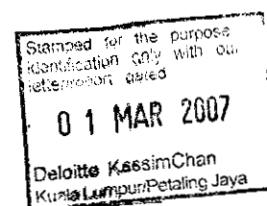
Freehold building	2%
Office equipment and furniture and fittings	10%
Computer and telecommunication equipment	33 1/3%
Renovation	25%
Electrical installation and signboards	25%
Motor vehicles	20%

Property, Plant and Equipment Acquired Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations are treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Investment in Subsidiary Companies

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost in the OWB's financial statements. Where there is an indication of impairment in the value of the assets, the carrying amount of the assets is assessed and written down immediately to its recoverable amount.



11. FINANCIAL INFORMATION (Cont'd)

Inventories

Inventories consist of trading merchandise which are valued at lower of cost (determined on the "first-in, first-out" basis) and net realisable value. The cost consists of the original cost of purchase plus the cost of bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs.

In arriving at net realisable value, due allowance is made for obsolete and slow moving inventories.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimate of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are made when Proforma Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

3. PROPERTY, PLANT AND EQUIPMENT

30.9.2006	Cost RM'000	Accumulated Depreciation RM'000	Net book value RM'000
Freehold land	1,953	-	1,953
Freehold building	3,041	151	2,890
Office equipment, furniture and fittings	2,960	701	2,259
Computer and telecommunication equipment	856	561	295
Renovation	2,505	867	1,638
Electrical installation and signboards	1,304	581	723
Motor vehicles	5,613	2,270	3,343
Total	18,232	5,131	13,101

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letter/report dated
01 MAR 2007
Deloitte Kassim Chan
Kuala Lumpur/Petaling Jaya

11. FINANCIAL INFORMATION (Cont'd)

As of September 30, 2006, included in property, plant and equipment of the Proforma Group are:

- (a) Fully depreciated assets which are still in use:

	30.9.2006
	RM'000
Office equipment, furniture and fittings	33
Computer and telecommunication equipment	217
Renovation	9
Electrical installation and signboard	18
Motor vehicles	508
	<u>785</u>

- (b) Net book value of assets under hire-purchase arrangements:

	30.9.2006
	RM'000
Motor vehicles	<u>2,913</u>

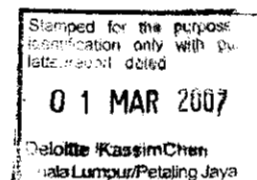
4. GOODWILL

	30.9.2006
	RM'000
At cost:	
Arising from acquisition of subsidiary companies by Healthy World in prior years	115
Arising from reverse acquisition of OWB by Healthy World	112
Arising from acquisition of Morwell	5
	<u>232</u>

5. DEFERRED TAX ASSET/(LIABILITIES)

The deferred tax asset/(liabilities) are in respect of tax effects of temporary differences arising from property, plant and equipment.

As mentioned in Note 2, the tax effects of temporary difference which would give rise to net deferred tax asset are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of September 30, 2006, the estimated amount of net deferred tax asset of the Proforma Group arising from unused tax losses, calculated at current tax rate which has not been recognised in the financial statements, amounted to RM547,000.



11. FINANCIAL INFORMATION (Cont'd)

6. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables comprise amounts receivable from the sales of goods. The credit period granted by the Proforma Group to its trade customers on sales of goods and services rendered is 30 days.

Other receivables and prepaid expenses comprise:

	30.9.2006
	RM'000
Refundable deposits	3,867
Prepaid expenses	2,129
Advances to foreign distributors	1,227
Tax recoverable	833
Other receivables	449
	<u>8,505</u>

7. AMOUNT OWING BY/(TO) DIRECTORS

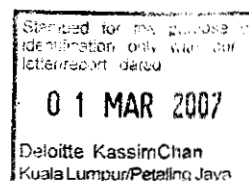
Amount owing by Directors, which arose mainly from expenses paid on behalf and sale proceeds collected on behalf of the Proforma Group, is unsecured, interest-free and has not fixed terms of repayment. As of February 9, 2007, amount owing by a Director as of September 30, 2006 of approximately RM5,000 had been settled in full.

Amount owing to Directors, which arose mainly from Directors' remuneration payable and expenses paid on behalf, is unsecured, interest free and has no fixed terms of repayment.

8. SHARE CAPITAL

The proforma issued and paid-up share capital of the legal parent, OWB, is as follows:

	30.9.2006
	RM'000
Beginning balance of 2,000 ordinary shares of RM0.50 each	1
Deemed issuance of ordinary shares pursuant to the reverse acquisition of OWB by Healthy World	1,200
Elimination of OWB's issued and fully paid-up share capital	<u>(1)</u>
	1,200
Issuance and allotment of 2,796,000 ordinary shares of RM0.50 each pursuant to the Acquisition of MI	1,398
Issuance and allotment of 13,824,000 ordinary shares of RM0.50 each pursuant to the Acquisition of Morwell	<u>6,912</u>
	<u>9,510</u>



11. FINANCIAL INFORMATION (Cont'd)

9. RESERVES

	30.9.2006 RM'000
Unappropriated profit	30,045
Translation reserve	54
	<u>30,099</u>

10. HIRE-PURCHASE PAYABLES

	30.9.2006 RM'000
Total outstanding	2,107
Less: Interest-in-suspense	<u>(221)</u>
	1,886
Less: Amount due within 12 months (shown under current liabilities)	<u>(850)</u>
Non-current portion	<u>1,036</u>

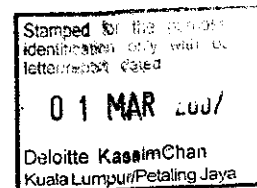
The non-current portion is payable as follows:

	30.9.2006 RM'000
Financial year ending June 30:	
2008	563
2009	271
2010	153
2011	<u>49</u>
	<u>1,036</u>

It is the Proforma Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements and the average term is about 2 to 5 years. The interest rates implicit in the hire-purchase obligations range from 4.73% to 12.8% per annum. The hire-purchase payables are secured by a charge over the assets under hire-purchase as disclosed in Note 3.

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding from trade purchases and ongoing costs.



11. FINANCIAL INFORMATION (Cont'd)

Other payables and accrued expenses consist of the following:

	30.9.2006
	RM'000
Accrued expenses	2,538
Other payables	1,646
Deposits received	4,123
	<u>8,307</u>

12. CONTINGENT LIABILITY

On September 15, 2005, a subsidiary company, Healthy World, received a letter from the solicitors acting for a foreign manufacturer, alleging infringement of a product design allegedly owned by the said foreign manufacturer which is similar in design to one of HEALTHY WORLD's foot massagers. The solicitors of the Proforma Group are of the opinion that the case has no merit.

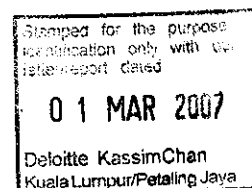
13. SUBSIDIARY COMPANIES OF OWB

Details of subsidiary companies of OWB are as follows:

Name of Subsidiary Companies	Country of Incorporation	Effective Equity Interest %	Principal Activities
Direct subsidiary companies:			
Healthy World Lifestyle Sdn Bhd *	Malaysia	100.00)
)
Fujiiryoki (Malaysia) Sdn Bhd *	Malaysia	85.00)
)
Ogawa Health-Care Sdn Bhd *	Malaysia	93.15)
)
Ogawa Health-Care (KL) Sdn Bhd *	Malaysia	88.33)
)
Ogawa Health-Care (East Malaysia) Sdn Bhd *	Malaysia	89.38)
)
Ogawa Health-Care (Selangor) Sdn Bhd *	Malaysia	88.77)
)
Ogawa Health-Care Pte Ltd ^	Singapore	88.00)
)

Marketing and
retailing of
health care
equipment
and supplementary
appliances.

(Forward)



11. FINANCIAL INFORMATION (Cont'd)

Name of Subsidiary Companies	Country of Incorporation	Effective Equity Interest %	Principal Activities
Direct subsidiary companies:			
Ogawa Care Services Sdn Bhd *	Malaysia	90.00	Marketing, sales and servicing of health care equipment and supplementary appliances.
Morwell Sdn Bhd *	Malaysia	100.00	Import and marketing of health-care equipment and supplementary appliances
Buzzard Event Sdn Bhd *	Malaysia	100.00	Ceased operations and dormant.
Indirect subsidiary companies (held indirectly through Healthy World):			
Ogawa Health-Care International (HK) Ltd ^	Hong Kong	98.18	Marketing, retailing distributing and servicing of health care equipment and supplementary appliances
Ogawa (Shanghai) Health-Care Equipment Co Ltd ^	People's Republic of China	100.00	

* The financial statements of these subsidiary companies are audited by Deloitte KassimChan.

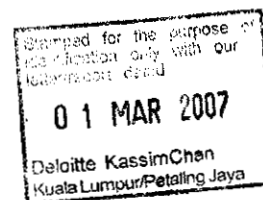
^ The financial statements of these subsidiary companies are audited by another firm of auditors.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



Lim Poh Khian

Date: March 1, 2007



11. FINANCIAL INFORMATION (Cont'd)

11.17 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Malaysia

(Prepared for inclusion in this Prospectus)

March 1, 2007

The Board of Directors
Ogawa World Berhad
Lot 4.81, 4th Floor
Wisma Central, Jalan Ampang
50450 Kuala Lumpur

P. O. Box 10093
50704 Kuala Lumpur
Malaysia

Tel : +603 77236500, 77261833
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myaaa@deloitte.com
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Dear Sirs,

**OGAWA WORLD BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2006**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Ogawa World Berhad ("OWB") and its subsidiary companies ("OWB Group") as of September 30, 2006, together with the notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (stamped by us for the purpose of identification only), prepared for inclusion in OWB's Prospectus to be dated March 28, 2007 in conjunction with the listing of and quotation for the entire issued and paid-up share capital of OWB, comprising 120,000,000 ordinary shares of RM0.50 each ("OWB Shares") on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), which include the public issue of 17,200,800 new OWB Shares and the offer for sale of 36,000,000 OWB Shares to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI") at an issue/offer price of RM1.00 per OWB Share payable in full upon application. The listing exercise, which was approved by the Securities Commission (and approval under the Foreign Investment Committee's Guideline on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests), vide its letter dated December 6, 2006, comprises:

- (a) Acquisition by OWB of the entire equity interest of Healthy World Lifestyle Sdn Bhd ("Healthy World") comprising 1,200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM28,403,000 satisfied by the issuance of 56,806,000 new OWB Shares at par, completed on January 3, 2007;
- (b) Acquisitions by OWB of certain equity interest in the following subsidiary companies of Healthy World for a total purchase consideration of RM1,398,000 satisfied by the issuance of 2,796,000 new OWB Shares at par, completed on January 3, 2007:

Company	Total equity interest acquired %	No. of new OWB Shares issued
Ogawa Health-Care Sdn Bhd	6.85	446,000
Ogawa Health-Care Pte Ltd	12.00	278,000
Ogawa Health-Care (KL) Sdn Bhd	11.68	684,000
Fujiitryoki (Malaysia) Sdn Bhd	15.00	200,000
Ogawa Care Services Sdn Bhd	10.00	204,000
Ogawa Health-Care (East Malaysia) Sdn Bhd	10.70	448,000
Ogawa Health-Care (Selangor) Sdn Bhd	11.35	536,000
TOTAL		2,796,000

11. FINANCIAL INFORMATION (Cont'd)

Deloitte KassimChan

March 1, 2007
Ogawa World Berhad
Page No. 2

- (c) Acquisition by OWB of the entire equity interest of Morwell comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM6,912,000 satisfied by the issuance of 13,824,000 new OWB Shares at par, completed on January 3, 2007;
- (d) Corporate reorganisation by OWB with the acquisitions of the following subsidiary companies of Healthy World for a total cash consideration of RM3,579,190, arrived at based on the net carrying value of Healthy World's cost of investment, completed on January 5, 2007:

Company	Total equity interest acquired %	Cash Consideration
Ogawa Health-Care Sdn Bhd	86.30	863.000
Ogawa Health-Care Pte Ltd	76.00	177.612
Buzzard Event Sdn Bhd	100.00	18.058
Ogawa Health-Care (KL) Sdn Bhd	76.65	766.500
Fujiiryoki (Malaysia) Sdn Bhd	70.00	105.000
Ogawa Care Services Sdn Bhd	80.00	88.020
Ogawa Health-Care (East Malaysia) Sdn Bhd	78.68	786.800
Ogawa Health-Care (Selangor) Sdn Bhd	77.42	774.200
TOTAL		3,579,190

- (e) Rights issue of 29,371,200 new OWB Shares at an issue price of RM0.50 on a renounceable basis of 2 new OWB Shares for every 5 existing OWB Shares held after the abovementioned acquisitions and corporate reorganisation, completed on February 28, 2007;
- (f) Proposed transfer of 61,200,000 OWB Shares from the Promoters of OWB to Great Genesis Sdn Bhd ("Great Genesis") in consideration for 61,200 ordinary shares of RM1.00 each in Great Genesis to be issued at par and the balance will remain as amount owing from Great Genesis to the Promoters;
- (g) Proposed public issue by OWB of 17,200,800 OWB Shares to be issued at an issue price of RM1.00 per OWB Share payable in full upon application and the proposed offer for sale of 36,000,000 OWB Shares at an offer price of RM1.00 per OWB Share payable in full upon application, to Bumiputera investors approved by the MITI; and
- (h) The admission into the Official List of Bursa Malaysia, listing of and quotation for the entire issued and paid-up share capital of OWB, comprising 120,000,000 OWB Shares, on the Main Board of Bursa Malaysia.

It is the sole responsibility of the Directors of OWB to prepare the Proforma Consolidated Balance Sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines"). Our responsibility is to form an opinion on the Proforma Consolidated Balance Sheets, as required by the Guidelines, and to report our opinion to you.

Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the adjustments and discussing the Proforma Consolidated Balance Sheets with the Directors of OWB. Our work involved no independent examination of the Proforma Consolidated Balance Sheets.

11. FINANCIAL INFORMATION (Cont'd)

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March 1, 2007
Ogawa World Berhad
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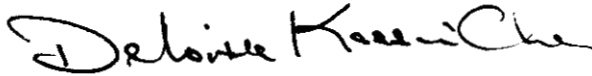
As the Proforma Consolidated Balance Sheets have been prepared for illustrative purposes only, such information may not, because of its nature, reflect a true picture of the actual financial position of the OWB Group. Further, such information does not purport to predict the future financial position of the OWB Group.

In our opinion:

- (a) the Proforma Consolidated Balance Sheets have been properly compiled on the bases and assumptions stated;
- (b) such bases are consistent with the accounting policies adopted by the OWB Group; and
- (c) the material adjustments made to the information used in the preparation of the Proforma Consolidated Balance Sheets are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

This report has been prepared solely for inclusion in OWB's Prospectus in connection with the abovementioned listing exercise and should not be used or referred to, in whole or in part, for any other purpose without our prior written consent.

Yours very truly,

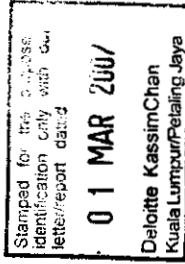


Enclosure

11. FINANCIAL INFORMATION (Cont'd)

OGAWA WORLD BERHAD

(712499-V)

No. 22, Jalan Anggerik Mokara 31/47, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan, Malaysia.
Tel : 603-51214286 Fax : 603-51214386**OGAWA WORLD BERHAD ("OWB")
PROFORMA CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2006**

	As of 30.9.2006 RM'000	Adjust- ments RM'000	Proforma I RM'000	Adjust- ments RM'000	Proforma II RM'000	Adjust- ments RM'000	Proforma III RM'000	Adjust- ments RM'000	Proforma IV RM'000	Adjust- ments RM'000	Proforma V RM'000	Adjust- ments RM'000	Proforma VI RM'000
ASSETS													
Non-Current Assets													
Property, plant and equipment	-	12,949	12,949	-	12,949	152	13,101	-	13,101	-	13,101	-	13,101
Investment	-	-	-	-	-	25	25	-	25	-	25	-	25
Goodwill on consolidation	-	227	227	-	227	5	232	-	232	-	232	-	232
Deferred tax asset	-	12	12	-	12	-	12	-	12	-	12	-	12
	-		<u>13,188</u>		<u>13,188</u>		<u>13,370</u>		<u>13,370</u>		<u>13,370</u>		<u>13,370</u>
Current Assets													
Inventories	-	14,608	14,608	-	14,608	-	14,608	-	14,608	-	14,608	-	14,608
Trade receivables	-	15,622	15,622	-	15,622	-	15,622	-	15,622	-	15,622	-	15,622
Other receivables and prepaid expenses	-	7,857	7,857	-	7,857	648	8,505	-	8,505	-	8,505	-	8,505
Amount owing by Directors	-	5	5	-	5	-	5	-	5	-	5	-	5
Short-term deposits with licensed banks	-	3,270	3,270	-	3,270	2,665	5,935	-	5,935	-	5,935	-	5,935
Cash and bank balances	20	4,632	4,652	-	4,652	3	4,655	-	4,655	14,686	19,341	15,601	34,942
	20		<u>46,014</u>		<u>46,014</u>		<u>49,330</u>		<u>49,330</u>		<u>64,016</u>		<u>79,617</u>
TOTAL ASSETS	20		<u>59,202</u>		<u>59,202</u>		<u>62,700</u>		<u>62,700</u>		<u>77,386</u>		<u>92,987</u>
EQUITY AND LIABILITIES													
Capital And Reserves													
Issued equity	1	1,199	1,200	1,398	2,598	6,912	9,510	-	9,510	14,686	24,196	8,601	32,797
Reserves	(113)	30,146	30,033	66	30,099	-	30,099	-	30,099	-	30,099	7,000	37,099
(Capital deficiency)/ Equity attributable to equity holders of parent	(112)	2,929	31,233	(1,464)	32,697	-	39,609	-	39,609	-	54,295	-	69,896
Minority interests	(112)	-	2,929	-	1,465	-	1,465	-	1,465	-	1,465	-	1,465
	(112)		<u>34,162</u>		<u>34,162</u>		<u>41,074</u>		<u>41,074</u>		<u>55,760</u>		<u>71,361</u>

11. FINANCIAL INFORMATION (Cont'd)

	As of 30.9.2006 RM'000	Adjust- ments RM'000	Proforma I RM'000	Adjust- ments RM'000	Proforma II RM'000	Adjust- ments RM'000	Proforma III RM'000	Adjust- ments RM'000	Proforma IV RM'000	Adjust- ments RM'000	Proforma V RM'000	Adjust- ments RM'000	Proforma VI RM'000
Non-Current Liabilities													
Hire-purchase payables	-	1,036	1,036	-	1,036	-	1,036	-	1,036	-	1,036	-	1,036
Deferred taxation	-	349	349	10	349	-	359	-	359	-	359	-	359
	-		<u>1,385</u>		<u>1,385</u>		<u>1,395</u>		<u>1,395</u>		<u>1,395</u>		<u>1,395</u>
Current Liabilities													
Trade payables	-	11,864	11,864	-	11,864	(2,706)	9,158	-	9,158	-	9,158	-	9,158
Other payables and accruals	128	8,912	9,040	-	9,040	(733)	8,307	-	8,307	-	8,307	-	8,307
Amount owing to Directors	4	149	153	-	153	-	153	-	153	-	153	-	153
Hire-purchase payables	-	835	835	-	835	-	850	-	850	-	850	-	850
Tax liabilities	-	1,763	1,763	-	1,763	-	1,763	-	1,763	-	1,763	-	1,763
	132		<u>23,655</u>		<u>23,655</u>		<u>20,231</u>		<u>20,231</u>		<u>20,231</u>		<u>20,231</u>
TOTAL LIABILITIES	132		<u>25,040</u>		<u>25,040</u>		<u>21,626</u>		<u>21,626</u>		<u>21,626</u>		<u>21,626</u>
TOTAL EQUITY AND LIABILITIES	20		<u>59,202</u>		<u>59,202</u>		<u>62,700</u>		<u>62,700</u>		<u>77,386</u>		<u>92,987</u>
Number of shares ('000)	2	56,806	<u>56,808</u>	2,796	<u>59,604</u>	13,824	<u>73,428</u>	-	<u>73,428</u>	29,371	<u>102,799</u>	17,201	<u>120,000</u>
Net tangible (liabilities)/ assets per share (RM)	(56.00)		<u>0.55</u>		<u>0.54</u>		<u>0.54</u>		<u>0.54</u>		<u>0.53</u>		<u>0.58</u>

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identification only with our
letter report dated

01 MAR 2007

Deloitte KassimChan
Kuala Lumpur/Petaling Jaya

11. FINANCIAL INFORMATION (Cont'd)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**1. BASIS OF PREPARATION**

The proforma consolidated balance sheets have been prepared based on accounting policies consistent with those normally adopted by OWB Group in the preparation of the statutory financial statements of its subsidiary companies acquired.

2. BASIS OF CONSOLIDATION

The financial statements of the subsidiary companies have been consolidated using the acquisition method of accounting. All significant inter-company balances and transactions are eliminated on consolidation.

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiary companies have been translated into Ringgit Malaysia as follows:

Assets and liabilities	- at closing rate
Issued share capital and reserves	- at historical rate

Difference in exchange arising from the translation of the results of those companies at the average exchange rate, are recorded in the translation reserve account.

3. PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets incorporated the following transactions as though they were effected as at September 30, 2006:

Proforma I

Proforma I incorporates the acquisition by OWB of the entire equity interest of Healthy World Lifestyle Sdn Bhd ("Healthy World") comprising 1,200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM28,403,000 satisfied by the issuance of 56,806,000 new OWB Shares at par, which was completed on January 3, 2007 ("Acquisition of Healthy World").

The adjustments for the acquisition of Healthy World is accounted for using reverse acquisition accounting in accordance with Malaysia Financial Reporting Standards No. 3, Business Combinations ("FRS 3"). Upon completion of the acquisition of Healthy World, OWB becomes the legal parent company of OWB Group. Due to the relative values of the companies, the former shareholders of Healthy World became the majority shareholders of OWB. Accordingly, the substance of the business combination is that Healthy World acquires OWB in a reverse acquisition. Under FRS 3, as a result of the reverse acquisition which was assumed to have taken place on September 30, 2006, the proforma consolidated balance sheets have been prepared in the name of the legal parent, OWB, but it represents a continuation of the balance sheet of the legal subsidiary, Healthy World, which is deemed as the acquirer.

Stamped for the purpose of identification only with our letter/report dated 01 MAR 2007 Deloitte KassimChan Kuala Lumpur/Petaling Jaya
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11. FINANCIAL INFORMATION (Cont'd)

Proforma II

Proforma II incorporates Proforma I and the acquisitions by OWB of certain equity interest in the following subsidiary companies of Healthy World for a total purchase consideration of RM1,398,000 satisfied by the issuance of 2,796,000 new OWB Shares at par, which was completed on January 3, 2007 ("Acquisition of MI"):

Company	Total equity interest acquired %	No. of new OWB Shares of RM0.50 each issued
Ogawa Health-Care Sdn Bhd	6.85	446,000
Ogawa Health-Care Pte Ltd	12.00	278,000
Ogawa Health-Care (KL) Sdn Bhd	11.68	684,000
Fujiiryoki (Malaysia) Sdn Bhd	15.00	200,000
Ogawa Care Services Sdn Bhd	10.00	204,000
Ogawa Health-Care (East Malaysia) Sdn Bhd	10.70	448,000
Ogawa Health-Care (Selangor) Sdn Bhd	11.35	536,000
TOTAL		2,796,000

Proforma III

Proforma III incorporates Proforma II and the acquisition by OWB of the entire equity interest of Morwell Sdn Bhd comprising 200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM6,912,000 satisfied by the issuance of 13,824,000 new OWB Shares at par, which was completed on January 3, 2007 ("Acquisition of Morwell").

Proforma IV

Proforma IV incorporates Proforma III and the corporate reorganisation by OWB with the acquisitions of the following subsidiary companies of Healthy World for a total cash consideration of RM3,579,190, arrived at based on the net carrying value of Healthy World's cost of investment, which was completed on January 5, 2007 ("Corporate Reorganisation"):

Company	Total equity interest acquired %	Cash Consideration
Ogawa Health-Care Sdn Bhd	86.30	863,000
Ogawa Health-Care Pte Ltd	76.00	177,612
Buzzard Events Sdn Bhd	100.00	18,058
Ogawa Health-Care (KL) Sdn Bhd	76.65	766,500
Fujiiryoki (Malaysia) Sdn Bhd	70.00	105,000
Ogawa Care Services Sdn Bhd	80.00	88,020
Ogawa Health-Care (East Malaysia) Sdn Bhd	78.68	786,800
Ogawa Health-Care (Selangor) Sdn Bhd	77.42	774,200
TOTAL		3,579,190

Proforma V

Proforma V incorporates Proforma IV and the rights issue of 29,371,200 new OWB Shares at an issue price of RM0.50 on a renounceable basis of 2 new OWB Shares for every 5 existing OWB Shares held after the abovementioned acquisitions and corporate reorganisation, which was completed on February 28, 2007 ("Rights Issue").

Prepared for the purpose of identification only with our letter/report dated

01 MAR 2007

Deloitte KassimChan
Kuala Lumpur/Petaling Jaya

11. FINANCIAL INFORMATION (Cont'd)

Proforma VI

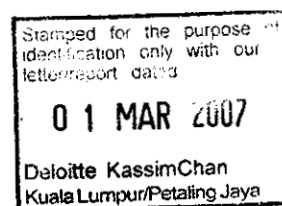
Proforma VI incorporates Proforma V and the proposed public issue by OWB of 17,200,800 OWB Shares to be issued at an issue price of RM1.00 per OWB Share payable in full upon application and the proposed offer for sale of 36,000,000 OWB Shares at an offer price of RM1.00 per OWB Share payable in full upon application, to Bumiputera investors approved by the Ministry of International Trade and Industry ("Proposed IPO").

4. Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of the business combination over the fair value of the identifiable net assets of the acquiree companies, which management has assumed that the net assets represent all identifiable assets, liabilities and equity instruments that would be identified under FRS 3 and that the fair values approximate the recorded amounts at acquisition date. Goodwill on consolidation is calculated as follows:

	RM'000	RM'000
Per Healthy World's audited financial statements as of September 30, 2006		115
<u>Reverse acquisition of OWB:</u>		
Cost of business combination *	-	
Ordinary share capital	1	
Accumulated losses	(113)	
Net liabilities of OWB at acquisition date	<u>(112)</u>	
Goodwill arising from reverse acquisition of OWB		112
<u>Acquisition of Morwell:</u>		
Purchase consideration	6,912	
Ordinary share capital	200	
Unappropriated profit	6,707	
Net assets of Morwell at acquisition date	<u>6,907</u>	
Goodwill arising from acquisition of Morwell		<u>5</u>
Goodwill after acquisitions of Healthy World and Morwell		<u>232</u>

* The cost of business combination is RM48.



11. FINANCIAL INFORMATION (Cont'd)

5. Ordinary Share Capital and Reserves

	Issued Equity RM'000	(Accumulated Loss)/ Unappropri- ated Profit RM'000	Share Premium RM'000	Translation Reserve RM'000	Total RM'000
As of September 30, 2006	1	(113)	-	-	(112)
Acquisition of Healthy World *	1,199	30,092	-	54	31,345
Proforma I – after acquisition of Healthy World	1,200	29,979	-	54	31,233
Acquisition of MI	1,398	66	-	-	1,464
Proforma II – after I and Acquisition of MI	2,598	30,045	-	54	32,697
Acquisition of Morwell	6,912	-	-	-	6,912
Proforma III – after II acquisition of Morwell	9,510	30,045	-	54	39,609
Corporate reorganisation	-	-	-	-	-
Proforma IV – after III and corporate re- organisation	9,510	30,045	-	54	39,609
Rights issue	14,686	-	-	-	14,686
Proforma V – after IV and rights issue	24,196	30,045	-	54	54,295
Proposed IPO	8,601	-	8,600	-	17,201
Listing expenses	-	-	(1,600)	-	(1,600)
Proforma VI – after V and Proposed IPO	32,797	30,045	7,000	54	69,896

* In accordance with FRS 3, the amount recognised as issued equity instruments in the proforma consolidated balance sheets is determined by adding the issued equity of the legal subsidiary, Healthy World, immediately before the business combination and the cost of the business combination. The cost of the business combination is deemed to have been incurred by Healthy World in the form of equity instruments (ordinary shares) deemed to have been issued to OWB and is measured using the fair value of Healthy World shares and the number of equity instruments that Healthy World would have had to issue to provide the same percentage ownership interest of the combined Healthy World and OWB entity as they have in the combined entity as a result of the reverse acquisition. In estimating the fair value of Healthy World shares, management has assumed that the fair value of identifiable assets, liabilities and equity instruments approximate the net tangible assets of Healthy World at acquisition date. We wish to emphasise that a share valuation exercise has not been carried out to determine the fair value of Healthy World shares. We further emphasise that the assumption is based on current information and the value is likely to be different in the future when events and circumstances change and the variation could be material.

Stamped for the purpose of
identification only with our
letter/report date!

01 MAR 2007

Deloitte Kassim Chan
Kuala Lumpur/Petaling Jaya

11. FINANCIAL INFORMATION (Cont'd)

6. PROCEEDS FROM RIGHTS ISSUE AND PROPOSED IPO

Proceeds of the rights issue and proposed IPO will be utilised as follows:

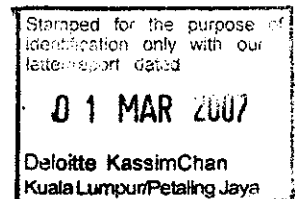
	RM'000
Acquisition of land and building	15,000
Local and overseas business expansion	5,550
Upgrade of products design and development department	3,800
Expansion of fleet of delivery trucks	1,200
Upgrade of information technology facilities	1,500
Working capital	3,236
Defray estimated listing expenses	1,600
	<hr/>
Total	31,886
	<hr/>

Signed on behalf of the Board
in accordance with a resolution of the Directors,



Lim Poh Khian

Date: March 1, 2007



11. FINANCIAL INFORMATION (Cont'd)

11.18 Trade Receivables Ageing Analysis as at 30 September 2006

Our trade receivables mainly comprise of financial institutions and sole distributors as our Group's revenue is primarily derived from walk-in customers who purchase our products directly from our retail outlets, permanent counters and roadshows, and indirectly from our sole distributors. Our Group's normal credit period granted to our customers is 30 days. However, we may at our discretion extend it on a case to case basis. The following is the ageing analysis of our Group's trade receivables as of 30 September 2006 which amounted to RM15.622 million and subsequent collection up to 22 February 2007, being the latest practicable date prior to the printing of this Prospectus:

Ageing	Within Credit Period	Exceeding credit period				Total
	Current within 30 days	31 – 60 days	61 -90 days	91 – 180 days	>180 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 September 2006	7,129	2,782	2,020	2,893	798	15,622
Less: Settlement subsequent to 30 September 2006 and up to 22 February 2007	4,296	898	217	2,893	798	9,102
Balance	2,833	1,884	1,803	-	-	6,520

As at as at 30 September 2006, the trade receivables which has exceeded the credit period amounted to RM8.493 million (representing approximately 54.37% of the total trade receivables). Of this amount, RM4.806 million (representing 56.59% of the total trade receivables which have exceeded the credit period) have been collected up to 22 February 2007. The remaining balance represent amounts owing by two (2) of our appointed sole distributors in Indonesia and Australia wherein our Directors have approved the extension of credit period granted to these sole distributors to 180 days in order to support their business expansion plans for the sale of our OGAWA products in Indonesia and Australia. Hence, the Directors are confident that the balance trade receivables exceeding the normal credit period which is outstanding as at 22 February 2007 amounting to RM3.687 million are recoverable based on the past payment history of these sole distributors and their progress settlement made to-date.

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