

OCB BERHAD (Company No. 3465-H)

QUARTERLY REPORT

NOTES

1. Accounting Policies

There was no change in accounting policy in this quarter from those adopted in the most recent annual audited accounts.

2. Exceptional Items

There was no exceptional item for the Second Financial Quarter ended 30 June 2002.

3. Extraordinary Items

There was no extraordinary item for the Second Financial Quarter ended 30 June 2002.

4. Taxation

	Current Year Qtr 30/06/2002 RM'000	Cum. Current Year To Date 30/06/2002 RM'000
Current Taxation	1,485	2,654
(Over)/Under Taxation	-	-
Deferred Tax- Current Quarter	-	-
Prior Year	-	-
Share of Taxation in Associated Companies	-	-
TOTAL	1,485	2,654

5. Profit/(Loss) on Disposal of Unquoted Investments and/or Properties

There were no profits on sale of investments and/or properties for the Second Financial Quarter ended 30 June 2002.

6. Purchase or Disposal of Quoted Securities

a. There was no purchase or disposal of quoted securities of a material nature for the Second Financial Quarter ended 30 June 2002.

b. A summary details of all investments in quoted securities at the end of the Second Financial Quarter ended 30 June 2002 are as follows: -

	<u>RM</u>
Total Investment at cost	144,232
Provision for diminution in value	(22,135)
Total Investment at carrying /book value	<u>122,097</u>
Total Investment at market value at end of reporting quarter	<u>96,520</u>

QUARTERLY REPORT

NOTES

7. Changes in the Composition of the Group

During the quarter, the Group acquired a 51% stake in CT Cauldron Sdn Bhd (“CCSB”). CCSB specializes in computer telephony integration, acting as system developer, integrator and consultant. CCSB is a MSC status company.

The following acquisitions were fully completed on 15 July 2002:-

- a. 9,000,000 ordinary shares of RM1.00 each representing the entire equity interest in Ibufood Corporation Sdn Bhd from Chin Chor Hiang and Joseph Tan Seang Kuan for a cash consideration of RM54,433,091;
- b. 3,500,000 ordinary shares of RM1.00 each representing approximately 77.78% equity interest in Biz-Allianz International (M) Sdn Bhd from Yeoh Jin Hoe, Yeoh Jin Beng and Yeoh Jin Aik for a cash consideration of RM5,695,000; and
- c. 1,000,001 ordinary shares of RM1.00 each representing 50% equity interest in Selera Citarasa Sdn Bhd from Tan Hoon Cheng @ Dahlan Bin Abdullah and Sahbanar Bin Asha’ari for a cash consideration of RM1,187,000

On 10 August 2002, the Group acquired a shelf company, Biz-Markas Sdn Bhd.

8. Status of Corporate Proposals Announced

On 28 August 2002, the Company announced a proposed issue of 4,250,000 new ordinary shares of RM1.00 each in the Company (“Placement Shares”), being approximately 10% of its present total issued and paid-up share capital by way of a private placement exercise. The Placement Shares upon allotment and issue will rank pari passu in all respects with the existing shares of the Company.

9. Corporate Developments

The Company had on 22 February 2002 announced the proposed issuance of Fixed Rate Serial Bonds with aggregate nominal value of RM105,000,000 (“Bonds”). The Bonds of various tenors were issued to part finance the acquisition of the Ibufood Group of Companies, provide long term funds for capital expenditure and to lock-in interest rates in the current interest rate environment. The Securities Commission had on 26 March 2002 approved the proposed Bonds issue. The Bonds were issued on 12 July 2002 and fully placed out to investors.

The Company is presently evaluating all options to increase its total issued and paid-up capital of RM42,500,000 comprising 42,500,000 shares of RM1.00 each to a minimum issued and paid-up capital of RM60,000,000 to comply with the Listing Requirements of the Kuala Lumpur Stock Exchange by 31 December 2002.

OCB BERHAD (Company No. 3465-H)

QUARTERLY REPORT

NOTES

10. Group Borrowings and Debt Securities

		As at 30/06/2002
		RM'000
Short Term Borrowings -	Unsecured	136
	Secured	49,009
Total Short Term Borrowings		49,145
Long Term Borrowings -	Unsecured	-
	Secured	10,934
Total Long Term Borrowings		10,934

There were no borrowings or debt securities denominated in foreign currencies.

11. Contingent Liabilities

There were no third party contingent liabilities entered into by the Company during the Second Financial Quarter ended 30 June 2002.

Under the terms of the Sale and Purchase Agreements with Ample Term Sdn Bhd (“ATSB”) for the proposed disposals of Rantai Pesona Sdn Bhd (“RPSB”) and Linear Profile Sdn Bhd (“LPSB”), ATSB shall within a period of 12 months from the completion of the said Agreements cause the Company to be released and/or discharged as guarantor for any debts of RPSB and LPSB owing to Bank Islam Malaysia Berhad under cash note facilities granted to RPSB and LPSB.

12. Off Balance Sheet Financial Instruments

There were no material financial instruments with off balance sheet risk as at the date of this announcement.

13. Material Litigation

On 20 March 2002, O’Connor’s Holdings Pte. Ltd. (“OHP”) sought an injunction to restrain OCB Berhad (“OCB”) from convening a meeting of OCB’s shareholders until final determination of OHP’s action. OHP’s action was set out in a Writ of Summons and OHP is seeking a declaration that the Conditional Shareholders’ Agreement (“SA”) dated 10 April 1997 entered into between OCB and OHP in respect of Kumpulan O’Connor’s (Malaysia) Sdn Bhd (“KOM”) is valid and binding and that OCB do comply, observe, and perform all obligations of the SA without having to convene an Extraordinary General Meeting. At a hearing on 6 August 2002, the Court further adjourned the matter to 10 October 2002.

On 18 July 2002, OCB received an Originating Petition filed by OHP seeking from the Court :-

- (i) An order pursuant to the SA to independently determine the net tangible asset value of KOM;
- (ii) An order to direct OCB to sell its shares in KOM to OHP; and
- (iii) Further or other order, remedy or relief, which the Court deems necessary.

QUARTERLY REPORT

NOTES

The Court has set 17 September 2002 as the date of hearing the Originating Petition.

14. Segmental Reporting

Segmental Reporting for the cumulative period ended 30 June 2002 is as follows:-

	Revenue RM'000	Profit Before Taxation RM'000	Total Assets Employed RM'000
Electronic Trading Division	77,680	(394)	19,553
Engineering Services Division	35,405	4,701	34,817
Building Materials Trading Division	15,448	1,109	48,787
Bedding Products Division	28,381	3,187	72,930
Consumer Food Division	11,052	1,647	61,372
Others	959	(685)	144,117
Total	168,925	9,565	381,576

15. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter.

All divisions with the exception of Engineering Services Division (“ESD”) reported revenue growth as compared to the previous quarter. ESD due to its accounting policy on income recognition whereby income is recognized only upon completion, witnessed a decline in revenue and profits as compared to the previous quarter. Nevertheless, gross margins improved to 43.3% as compared to 31.6% in the preceding quarter. The results for the current quarter include the first time contribution from Consumer Food Division which acquisition was approved by shareholders of the Company on 3 May 2002.

16. Review of the Performance of the Company and its Principal Subsidiaries

Revenue in the Second Financial Quarter improved to RM92.2 million from RM76.7 million as compared to the previous quarter. Net profit after tax rose by 96% brought about by improvements in overall margins and a lower tax charge. The Electronic Trading Division (“ETD”) continued to experience low margins and volatile prices. Recently, ETD signed a distributorship agreement with Alcatel and launched a new model “Alcatel 512”. The improvement in gross margins was due to cost cutting measures. Bedding Products and Building Materials Trading Divisions reported revenue growth and improvement in margins. Revenue also included two months contribution of RM11.1 million from the newly acquired Consumer Food Division, which witnessed strong growth in both the revenue and profit margins.

In the opinion of the Board of Directors, the results of the Second Financial Quarter ended 30 June 2002 have not been affected by any transaction or event of a material or unusual nature.

17. Material Subsequent Events

There were no material events subsequent to the Second Financial Quarter ended as at the date of this announcement.

OCB BERHAD (Company No. 3465-H)

QUARTERLY REPORT

NOTES

18. Seasonal or Cyclical Factors

The Group's operations were not significantly affected by any seasonal or cyclical factors during the quarter under review.

19. Prospects for the Next Financial Quarter

Barring any unforeseen circumstances, the Group is expected to perform satisfactorily in the next financial quarter.

20. (a) Variance of Actual Profit from Forecast profit

Not applicable.

(b) Shortfall in the Profit Guarantee

Not applicable.

21. Dividend

No interim dividend is recommended for the Second Financial Quarter under review.

By Order of the Board

Tan Bee Keng
Company Secretary

Petaling Jaya
Date: 30 August 2002