

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Basis of preparation**

The interim financial report has been prepared in accordance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting (formerly known as MASB 26) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 December 2004.

**A2 Audit report**

The audit report of the Company's preceding annual financial statements was not qualified.

**A3 Seasonal or cyclical factors**

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

**A4 Unusual items**

There were no unusual items during this quarter affecting assets, liabilities, equity, net income or cash flow.

**A5 Changes in estimates of amount reported previously with a material effect in current interim period**

There were no estimations of amount used in our previous reporting which have a material impact in the current reporting period.

**A6 Debt and equity securities**

There were no issuance and repayment of debts and equity securities during the current quarter under review.

**A7 Dividends**

A first and final gross dividend of 4.272% per share tax exempt for the year ended 31 December 2004 was paid on 29 July 2005.

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**A8 Segmental information**

Business segments information for the nine-month period ended 30 September 2005:-

	<b>Building materials RM'000</b>	<b>Bedding products RM'000</b>	<b>Consumer Foods RM'000</b>	<b>Investments RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External revenue	23,482	36,600	64,541	1,953	(257)	126,319
<b>Result</b>						
Profit/(Loss) from Operation	3,062	4,771	8,491	(180)	-	16,144
Finance costs						(8,485)
Investing results						-
Profit before taxation						7,659
Taxation						(3,777)
Profit after taxation						3,882
Minority interest						(226)
Net profit for the period						<b>3,656</b>
<b>Other information</b>						
Segment assets	56,414	92,136	124,889	131,947	-	<b>405,386</b>
Segment liabilities	(23,433)	(23,524)	(34,034)	(96,617)	-	(177,608)
Tax payable	(420)	172	(1,747)	26	-	(1,969)
Deferred taxation	(170)	(4,196)	(2,432)	-	-	(6,798)
Total consolidated liabilities						<b>(186,375)</b>
Capital expenditure on property, plant and equipment	-	330	906	-	-	1,236
Depreciation	292	1,709	2,082	185	-	4,268
Property, plant and equipment written off	-	-	-	-	-	-

**A9 Revaluations**

There were no amendments in the valuation amount of revalued assets brought forward to the current quarter.

**A10 Material events subsequent to the end of the reporting period**

There was no material events subsequent to the end of the quarter reported at the date of issuance of this report.

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**A11 Changes in composition of the Group**

There were no changes in the composition of the Group for the current financial quarter under review. (Please refer to Note **B8** (a) for the proposed acquisition of a subsidiary company, no consolidation of accounts is being prepared as the proposed acquisition is subject to the approval of the Foreign Investment Committee).

**A12 Contingent liabilities or assets**

There were no third party contingent liabilities entered into by the Company during the current quarter under review.

Under the terms of the Sale and Purchase Agreements with Ample Term Sdn Bhd ("ATSB") for the disposals of Rantai Pesona Sdn Bhd ("RPSB") and Linear Profile Sdn Bhd ("LPSB"), ATSB shall within twelve (12) months from the completion of the said Agreements cause the Company to be released and/or discharged as a guarantor for any debts of RPSB and LPSB owing to Bank Islam Malaysia Berhad under cash note facilities amounting to RM13,287,016.

**B1 Review of performance**

The Group recorded a decrease of 48% in revenue to RM41.1 million for the current quarter against RM78.4 million in the preceding corresponding quarter. This was primarily due to the disposal of Kumpulan O'Connor's (Malaysia) Sdn Bhd (KOM) which was completed at the end of November 2004. Sale contribution from KOM for the preceding corresponding quarter was RM33.6 million.

The consumer foods division reported a decrease of 9% in revenue to RM20.2 million against RM22.2 million in the preceding year corresponding quarter.

The bedding products division reported an increase of 6% in revenue to RM12.1 million against RM11.4 million in the preceding year corresponding quarter due to aggressive promotional activities.

The building materials division also witnessed a decline of 20% in revenue to RM8.6 million against RM10.7 million in the preceding year corresponding quarter due to fewer completions of projects.

Group profit before tax registered a decline of 69% to RM1.8 million. The building materials division reported a decline of 12.5% in profitability in the current quarter against the preceding year corresponding quarter due to writing off of bad stocks during the current quarter.

Consumer foods division reported a decline of 11.6% in profitability in the current quarter against the preceding year corresponding quarter due to higher sale and promotional expenses.

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Bedding products divisions showed marginal lower profits during the quarter against the preceding year corresponding quarter.

In the opinion of the Board of Directors, the results of the current quarter ended 30 September 2005 have not been affected by any transaction or event of a material or unusual nature other than that mentioned above.

**B2 Comparison of profit before tax for the current quarter with immediate preceding quarter**

	<b>Current quarter</b>	<b>Immediate preceding Quarter</b>
	<b>30/09/05</b>	<b>30/06/05</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	41,127	43,791
Consolidated profit before taxation	<u>1,797</u>	<u>2,895</u>

The Company registered a lower pre-tax profit of RM1.80 million for the current quarter compared to RM2.89 million in the immediate preceding quarter.

**B3 Current year prospects**

The Group remains optimistic on the outlook for the financial year ending 31 December 2005. The Group is expected to perform satisfactorily in the current financial year.

**B4 Explanation on variances of actual results compared with forecasted and shortfall in profit guarantee.**

Not applicable

**B5 Taxation**

	<b>Current quarter</b>	<b>Cumulative current year to date</b>
	<b>30/09/05</b>	<b>30/09/05</b>
	<b>RM'000</b>	<b>RM'000</b>
Current Taxation	1,255	3,772
(Over)/under Taxation	-	-
Deferred Taxation – Current	5	5
Deferred Taxation – Prior	-	-
	<u>1,260</u>	<u>3,777</u>

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The effective tax rate on the Group's profit is higher than the statutory rate due to certain expenses disallowed by Inland Revenue Board and there is no Group relief on losses incurred within the group of companies.

**B6 Sales of unquoted investments and properties**

There were no sales of unquoted investments or properties transacted for the current quarter under review.

**B7 Purchases and sales of quoted securities**

Investments in quoted securities as at 30 September 2005 are as follows:

	<b>RM</b>
At cost	137,314
Less: Provision for diminution in value	<u>(17,978)</u>
At carrying value	<u><b>119,336</b></u>
At market value	<u><u>15,700</u></u>

There was no sale of quoted securities for the current quarter under review.

**B8 (a) Status of corporate proposal**

On 22 March 2005, the Company entered into a conditional sales and purchase agreement with Chan Wai Tatt to acquire 51% of the issued and paid-up capital of Enigma Sinar Sdn Bhd. ("ESSB") through a purchase consideration of RM51 by way of cash and the assumption of unaudited net current liabilities of ESSB as at 15 March 2005 which amounts to RM19.7 million;

On 31 March 2005, the Company entered into a conditional sales and purchase agreement with Chan Wai Tatt to acquire 29% of the issued and paid-up share capital of ESSB through a purchase consideration of RM29 by way of cash and the assumption of unaudited current liabilities of ESSB as at 23 March 2005 which amounts to RM12.2 million.

Both the above proposed acquisitions of ESSB are subject to the approval of the Foreign Investment Committee.

**(b) Status of the Utilisation of Proceeds**

- (i) The total gross proceeds of RM37.4 million arising from the Rights Issue have been utilized in the following manner:-

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	<b>Proposed Utilisation RM'000</b>	<b>Utilised as at 28.11.2005 RM'000</b>	<b>Balance Unutilised RM'000</b>
Defrayment of expenses incidental to the Corporate Exercise	2,000	2,000	-
Repayment of bank borrowings	18,625	11,095	7,530
Working capital	16,775	16,775	-
<b>Total</b>	<b>37,400</b>	<b>29,870</b>	<b>7,530</b>

(ii) RM50.0 million out of the total proceeds of RM80.0 million arising from the disposal of the Company's 51% equity interest in KOM to O'Connor's Pte Ltd was utilized to redeem in July 2005 the RM105.0 million nominal amount of Fixed Rate Serial Bonds ("Bonds") as follows :-

1. RM25.0 million for full redemption of the Series I Bonds at nominal value; and
2. RM25.0 million for partial redemption of Series II, III and IV Bonds on a proportionate basis amongst the said Series and rateably and pari passu amongst the Bondholders of the said Series.

**B9 Group borrowings and debts securities**

Bank borrowings as at the end of this quarter:-

	<b>Secured RM'000</b>
<b>Short Term Borrowings</b>	
Hire Purchase Creditors	992
Bank Overdrafts	14,436
Banker Acceptances/Trust Receipts	23,869
Term Loans	1,386
	<b>40,683</b>
<b>Long Term Borrowings</b>	
Hire Purchase Creditors	1,219
Term Loans	46,057
Fixed Rate Serial Bond	55,000
	<b>102,276</b>

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**B10 Off balance sheet financial instruments**

There were no financial instruments negotiated with off balance sheet risk at the date of issuance of this report.

**B11 Material litigation**

There was no material litigation for the current quarter under review.

**B12 Dividends**

No interim dividend has been declared for the current quarter ended 30 September 2005.

**B13 Earnings per share**

(I) Basic earnings per share

The basic earnings per share is calculated by dividing the Group's net profit for the current quarter by the weighted number of ordinary shares in issue during the said quarter.

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current year Quarter 30/09/05 RM'000</b>	<b>Preceding year Corresponding Quarter 30/09/04 RM'000</b>	<b>Current year to date 30/09/05 RM'000</b>	<b>Preceding year Corresponding period 30/09/04 RM'000</b>
Net profit for the quarter	498	2,141	3,656	5,417
Number of shares in issue	102,850	74,800	102,850	74,800
Basic earnings per share (sen)	0.48	2.86	3.55	7.24

(II) Diluted earnings per share

Not applicable.

Dated: 28 November 2005  
 Petaling Jaya