

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 year ended 31 December 2005:-

	Building materials RM'000	Bedding products RM'000	Consumer Foods RM'000	Investments RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	32,435	49,802	86,109	2,610	(257)	170,699
Result						
Profit/(Loss) from Operation	3,757	6,494	10,798	85	-	21,134
Finance costs						(10,722)
Investing results						-
Profit before taxation						10,412
Taxation						(5,052)
Profit after taxation						5,360
Minority interest						(246)
Net profit for the period						5,114
Other information						
Segment assets	57,212	95,849	121,756	131,884	-	406,701
Segment liabilities	(22,774)	(26,609)	(30,067)	(97,510)	-	(176,960)
Tax payable	(1,095)	(220)	(953)	-	-	(2,268)
Deferred taxation	(151)	(4,228)	(2,606)	-	-	(6,985)
Total consolidated liabilities						(186,213)
Capital expenditure on property, plant and equipment	-	330	1,295	-	-	1,625
Depreciation	392	2,273	2,755	246	-	5,666
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 were no materials event 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 marginal decrease of 1% in revenue to RM44.4 million for the current quarter against RM44.8 million in the preceding year corresponding quarter. For the full year, the Group reported total revenue of RM170.7 million, a decline of 36% as compared to RM267.6 million in the preceding corresponding year. 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. Sales contribution from KOM for the preceding corresponding year was RM94.7 million.

The consumer foods division reported an increase of 8% in revenue to RM21.6 million against RM20.0 million in the preceding year corresponding quarter.

The bedding products division reported an increase of 16% in revenue to RM13.2 million against RM11.4 million in the preceding year corresponding quarter due to aggressive promotional activities.

The building materials division also witnessed an increase of 25% in revenue to RM8.9 million against RM7.1 million in the preceding year corresponding quarter due to higher completions of projects.

Group profit before tax registered a decline of 89% to RM2.8 million. This was also primarily due to the inclusion of gain on the disposal of the Company's 51% equity interest in KOM that was completed in preceding year corresponding quarter.

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The bedding products division showed an increase of 12% in profitability during the fourth quarter against the preceding year corresponding quarter.

Both the consumer foods and building materials divisions reported a decline of 12% each in profitability in the current quarter against the preceding year corresponding quarter due to higher sale and promotional expenses.

In the opinion of the Board of Directors, the results of the current quarter ended 31 December 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

	Current quarter	Immediate preceding quarter
	31/12/05	30/09/05
	RM'000	RM'000
Revenue	44,380	41,127
Consolidated profit before taxation	<u>2,753</u>	<u>1,797</u>

The Company registered a higher pre-tax profit of RM2.75 million for the current quarter compared to RM1.80 million in the immediate preceding quarter due to lower finance and operating costs at holding company level.

B3 Current year prospects

The Group remains optimistic on the outlook for the next financial year ending 31 December 2006. The Group is expected to perform satisfactorily in the next financial year.

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

Not applicable

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B5 Taxation

	Current quarter	Cumulative current year to date
	31/12/05	31/12/05
	RM'000	RM'000
Current Taxation	1,094	4,866
(Over)/under Taxation	-	-
Deferred Taxation – Current	181	186
Deferred Taxation – Prior	-	-
	<u>1,275</u>	<u>5,052</u>

The effective tax rate on the Group's profit is higher than the statutory rate due to certain expenses disallowed by the 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 31 December 2005 are as follows:

	RM
At cost	137,314
Less: Provision for diminution in value	<u>(17,978)</u>
At carrying value	119,336
At market value	<u><u>14,500</u></u>

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

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B8 (a) Status of corporate proposal

On 22 March 2005, the Company entered into a conditional sale and purchase agreement with Chan Wai Tatt to acquire 51% of the issued and paid-up share 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 supplemental agreement (“SA”) with Chan Wai Tatt to acquire an additional 29% of the issued and paid-up share capital of ESSB.

The aggregate consideration for the aforementioned 80% of the issued and paid-up share capital of ESSB shall be a cash sum of RM80 and the assumption of 80% of the unaudited net current liabilities of ESSB as at 23 March 2005 which amounts to RM33.7 million in accordance with the terms of the SA.

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:-

	Proposed Utilisation RM'000	Utilised as at 27.02.2006 RM'000	Balance Unutilised RM'000
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	-
Total	37,400	29,870	7,530

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- (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:-

	Secured RM'000
Short Term Borrowings	
Hire Purchase Creditors	1,105
Bank Overdrafts	15,450
Banker Acceptances/Trust Receipts	30,514
Term Loans	1,345
	<u>48,414</u>
Long Term Borrowings	
Hire Purchase Creditors	1,067
Term Loans	45,593
Fixed Rate Serial Bonds	55,000
	<u>101,660</u>

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

On 27 February 2006, the Directors proposed a first and final gross dividend of 2.5% per share less Malaysian Income Tax @ 28% for the financial year ended 31 December 2005 subject to approval by shareholders of the Company (2004 : 4.272% tax exempt).

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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.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year Quarter	Preceding Year Corresponding Quarter	Current year to date	Preceding year Corresponding period
	31/12/05 RM'000	31/12/04 RM'000	31/12/05 RM'000	31/12/04 RM'000
Net profit for the quarter	1,458	24,316	5,114	29,733
Number of shares in issue	102,850	74,800	102,850	74,800
Basic earnings per share (sen)	1.42	32.51	4.97	39.75

(II) Diluted earnings per share

Not applicable.

Dated: 27 February 2006
 Petaling Jaya