

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 significant accounting policies and methods of computation adopted by OCB Berhad (“OCB” or “the Company”) in this Interim Financial Statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2006.

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

No dividend was paid during the quarter under review.

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A8 Segmental information

Business segments information for the year ended 31 December 2007:-

	Building Materials RM'000	Bedding Products RM'000	Consumer Foods RM'000	Investments RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	47,012	55,074	365,603	6,160	(5,562)	468,287
Result						
Profit/(Loss) from Operations	4,949	8,687	9,153	(3,646)	-	19,143
Finance costs						(9,745)
Investing results						-
Profit before taxation						9,398
Taxation						(6,330)
Net profit for the period						3,068
Other information						
Segment assets	65,943	97,806	202,528	79,845	-	446,122
Segment liabilities	(27,837)	(31,061)	(97,651)	(57,547)	-	(214,096)
Capital expenditure on property, plant and equipment	250	3,072	8,562	-	-	11,884
Depreciation	506	2,166	3,084	186	-	5,942

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 events subsequent to the end of the quarter reported as at the date of issuance of this report.

A11 Changes in composition of the Group

There were no changes in the composition of the Group for the quarter under review.

A12 Contingent liabilities or assets

There were no third party contingent liabilities entered into by the Company during the 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 RM13.04 million.

B1 Review of performance

The Group recorded an increase of 358% in revenue to RM193.5 million for the current quarter against RM42.2 million in the preceding year corresponding quarter. The increase was mainly due to inclusion of sales of RM121.1 million from subsidiary company, Meetco (Malaysia) Sdn Bhd ("Meetco"). Meetco is principally involved in trading of palm oil products, foodstuffs and provisions.

The consumer foods division registered an increase in revenue of 714% to RM166.0 million as compared to RM20.4 million the preceding year corresponding quarter due to inclusion of sales from Meetco.

The building materials division also witnessed an increase in revenue of 22% to RM12.0 million as against RM9.8 million in the preceding year corresponding quarter due to higher completion of projects.

The bedding products division also reported an increase in revenue of 50% to RM17.8 million as compared to RM11.9 million previously.

Profit before tax of the Group of RM2.1 million reported for the current quarter was comparable with that of the previous corresponding quarter.

Both the bedding products and building materials divisions reported higher profit before tax of 128% and 50% respectively in the current quarter as compared to the preceding year corresponding quarter, whereas the consumer foods division reported a decrease in profit of 50% to RM1.3 million.

In the opinion of the Board of Directors, the results of the current quarter ended 31 December 2007 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
	31/12/07	30/09/07
	RM'000	RM'000
Revenue	193,528	114,028
Consolidated profit before taxation	<u>2,064</u>	<u>1,733</u>

The Company registered a higher pre-tax profit of RM2.1 million for the current quarter as compared to RM1.7 million in the immediate preceding quarter mainly due to higher contribution from bedding products and building materials divisions.

B3 Current year prospects

The Group remains optimistic on the outlook for the next financial year ending 31 December 2008. 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

B5 Taxation

	Current quarter	Cumulative current year to date
	31/12/07	31/12/07
	RM'000	RM'000
Current Taxation	2,505	7,181
(Over)/under Taxation	-	-
Deferred Taxation – Current	(265)	(851)
Deferred Taxation – Prior	-	-
	<u>2,240</u>	<u>6,330</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 during the current quarter under review.

B7 Purchases and sales of quoted securities

Investments in quoted securities as at 31 December 2007 are as follows:

	RM'000
At cost	5,687
Less: Provision for diminution in value	(18)
At carrying value	<u>5,669</u>
At market value	<u><u>5,590</u></u>

During the financial year ended 31 December 2007, Enigma Sinar Sdn Bhd (“Enigma Sinar”) disposed off a total of 13,253,000 ordinary shares of RM1.00 each in QSR Brands Berhad (“QSR”) via open market and/or off-market transactions for an aggregate cash consideration of approximately RM42.14 million.

On 15 February 2008, Enigma Sinar also disposed off its whole entitlement of 216,166 renounceable rights in QSR for a total cash consideration of RM122,477.

B8 (a) Status of corporate proposal

There was no corporate proposal announced during the quarter under review.

(b) Status of the Utilisation of Proceeds

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 29.02.2008 RM'000	Balance unutilised RM'000
Repayment of bank borrowings	18,625	18,625	-
Working capital	16,775	16,775	-
Total	<u>37,400</u>	<u>37,400</u>	<u>-</u>

B9 Group borrowings and debts securities

Bank borrowings as at the end of this quarter:-

	Secured RM'000
Short Term Borrowings	
Hire purchase creditors	886
Bank overdrafts	17,519
Banker acceptances/trust receipts	64,460
Term loans	1,089
Fixed rate serial bonds	-
	<u>83,954</u>
	Secured RM'000
Long Term Borrowings	
Hire purchase creditors	1,498
Term loans	36,390
Fixed rate serial bonds	20,626
	<u><u>58,514</u></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

Save as disclosed below, as at 29 February 2008, OCB and/or its subsidiaries are not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group:-

(i) Kuala Lumpur High Court Originating Summons No. D2-24-315-2005 brought by QSR Brands Berhad (“QSR”) (“Plaintiff”) against Enigma Sinar and 5 Others (“Defendants”)

On 30 August 2005, Enigma Sinar received an Originating Summons (Suit No. D2-315-2005) filed by QSR seeking inter-alia declaratory orders that the Extraordinary General Meeting of QSR (“EGM”) called by Enigma Sinar and RHB Nominees (Tempatan) Sdn Bhd (as nominee for Eagle Option Sdn Bhd) on 15 September 2005 was invalid being in breach of the Articles of Association of QSR. The other defendants named in the Originating Summons are Kulim (Malaysia) Berhad (“Kulim”), Wisdom Innovative Technology Sdn Bhd, OSK Nominees (Tempatan) Sdn Bhd, AmSec Nominees (Tempatan) Sdn Bhd and RHB Nominees (Tempatan) Sdn Bhd (“RHB Nominees”).

QSR further filed an injunctive application on the same date seeking that Enigma Sinar and RHB Nominees, their directors, officers, servants, agents be restrained from holding or proceeding with the EGM called by Enigma Sinar and RHB Nominees or any adjournment thereof until Kulim sends an offer document in accordance with Section 13(7) of the Malaysian Code of Take-Overs and Mergers 1998 to the shareholders of QSR.

The High Court dismissed the injunctive application with costs on 15 September 2005.

QSR subsequently on 16 September 2005 lodged an appeal to the Court of Appeal against the High Court decision, which was registered as Civil Appeal No.W-02-1000-2005. The Court of Appeal has yet to fix a date of hearing for the appeal. No date has been fixed for hearing of the Originating Summons.

(ii) Kuala Lumpur High Court Originating Summons No. D2-24-321-2005 brought by Wisdom Innovative Technology Sdn Bhd and OSK Nominees (Tempatan) Sdn Bhd (“Plaintiffs”) against Enigma Sinar and 13 others (“Defendants”)

On 7 September 2005, Enigma Sinar received an Originating Summons (Suit No. D2-24-321-2005) filed by the Plaintiffs seeking in principal declaratory orders that the special notice issued by Enigma Sinar and the 2nd and 3rd Defendants on 18 August 2005 to convene an EGM on 15 September 2005 is invalid, consequentially, Enigma Sinar and all the other defendants, their servants, agents, nominees and/or shareholders acting in concert with them, be restrained from moving, or proposing the proposed resolutions contained in the special notice dated 18 August 2005 at the intended EGM scheduled to be held on 15 September 2005.

The High Court dismissed the Originating Summons with costs on 13 September 2005.

The Plaintiffs subsequently on 14 September 2005 lodged to the Court of Appeal against the High Court decision, which was registered as Civil Appeal No. W-02-983-2005. The Court of Appeal has yet to fix a date of hearing for the appeal.

**(iii) A) Suit No. MT3-22-1052-2006 brought by Bank Islam Malaysia Berhad against Rantai Pesona Sdn Bhd and OCB (“Suit 1052”)
B) Suit No. MT3-22-1053-2006 brought by Bank Islam Malaysia Berhad against Linear Profile Sdn Bhd and OCB (“Suit 1053”)**

On 22 September 2006, OCB was served with two (2) writs of Summons pertaining to the above-captioned suits filed by Bank Islam Malaysia Berhad (“BIMB” or “the Plaintiff”).

BIMB’s claim in both actions are against the borrowers of the respective facilities granted by BIMB in 2000, namely Rantai Pesona Sdn Bhd and Linear Profile Sdn Bhd, and against OCB as the Corporate Guarantor. The total claim by BIMB is in the region of RM13.04 million.

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On 16 November 2006, OCB filed a defence against the above-captioned suits and also submitted counter claims against various third parties including BIMB and Ample Term Sdn Bhd.

The Court has postponed the above matters to 19 March 2008 and fixed the Order 14 application on 9 April 2008 for mention.

B12 Dividends

The Directors proposed a first and final gross dividend of 2.5% per share less Malaysian Income Tax of 26% for the financial year ended 31 December 2007 (2006: 2.5%) subject to approval by shareholders of the Company.

B13 Earnings per share

(I) Basic earnings per share

The basic earnings per share are 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
	31/12/07	31/12/06	31/12/07	31/12/06
	RM'000	RM'000	RM'000	RM'000
Net profit attributable to equity holders of the parent	(306)	277	2,273	8,079
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	(0.30)	0.27	2.21	7.86

(II) Diluted earnings per share

Not applicable.

Dated: 29 February 2008
 Petaling Jaya