

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 the Company in this Interim Financial Statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2007.

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. A first and final gross dividend of 2.5% per share less Malaysian Income Tax at 26% for the financial year ended 31 December 2007 was paid on 31 July 2008.

A8 Segmental information

Business segments information for the quarter ended 30 June 2008:-

	Building Materials RM'000	Bedding Products RM'000	Consumer Foods RM'000	Investments RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	32,096	29,261	279,103	110	(64)	340,506
Result						
Profit/(Loss) from Operations	2,904	4,126	(444)	(907)	-	5,679
Finance costs						(4,823)
Investing results						-
Profit before taxation						856
Taxation						(1,567)
Net profit for the period						(711)
Other information						
Segment assets	68,793	95,755	200,008	89,144	-	453,700
Segment liabilities	(31,000)	(34,953)	(99,714)	(56,887)	-	(222,554)
Capital expenditure on property, plant and equipment	-	-	-	-	-	-
Depreciation	205	1,165	1,314	120	-	2,804

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 in revenue of 94% to RM175.8 million for the current quarter as against RM90.4 million in the preceding year corresponding quarter mainly due to increase in sales of subsidiary company, Meetco (Malaysia) Sdn Bhd ("Meetco"). Meetco registered sales of RM106.5 million for the current quarter as compared to RM43.9 million in the preceding year corresponding quarter. Meetco is principally involved in trading of palm oil products, foodstuffs and provisions.

The consumer foods division registered an increase in revenue of 117% to RM142.2 million as compared to RM65.4 million in the preceding year corresponding quarter mainly due to inclusion of sales from Meetco.

The building materials division also witnessed an increase in revenue of 52% to RM18.2 million as against RM12.0 million in the preceding year corresponding quarter due to higher completion of projects.

The bedding products division also reported an increase in revenue of 40% to RM15.4 million as compared to RM11.0 million previously.

Profit before tax of the Group is lower at RM0.3 million as compared to RM2.5 million in the preceding year corresponding quarter.

Bedding products division reported higher profit before tax of 7% in the current quarter as compared to the preceding year corresponding quarter, while the building materials division reported lower profit before tax of 38%. However, the consumer foods division reported a loss before tax of RM0.8 million as compared to profit before tax of RM2.6 million recorded previously due to higher raw material prices incurred during the quarter under review.

In the opinion of the Board of Directors, the results of the current quarter ended 30 June 2008 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 30/06/08 RM'000	Immediate preceding quarter 31/03/08 RM'000
Revenue	175,761	164,745
Consolidated profit before taxation	<u>262</u>	<u>594</u>

The Company registered a lower pre-tax profit of RM0.3 million for the current quarter under review as compared to a pre-tax profit of RM0.6 million recorded in the immediate preceding quarter mainly due to loss incurred by the consumer foods division.

B3 Current year prospects

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

	Current quarter 30/06/08 RM'000	Cumulative current year to date 30/06/08 RM'000
Current Taxation	808	1,567
(Over)/under Taxation	-	-
Deferred Taxation – Current	-	-
Deferred Taxation – Prior	-	-
	<u>808</u>	<u>1,567</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.

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 (Incorporated in Malaysia)

B7 Purchases and sales of quoted securities

Investments in quoted securities as at 30 June 2008 are as follows:

	RM'000
At cost	1,523
Less: Provision for diminution in value	<u>(18)</u>
At carrying value	1,505
At market value	<u><u>1,155</u></u>

Enigma Sinar Sdn Bhd (“Enigma Sinar”), the 80%-owned subsidiary company, had between May 2008 to June 2008 disposed off its remaining holding of 1,297,000 ordinary shares of RM1.00 each in QSR Brands Berhad via open market and off-market transactions for an aggregate cash consideration of approximately RM3.2 million.

B8 (a) Status of corporate proposal

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

B9 Group borrowings and debts securities

Bank borrowings as at the end of this quarter:-

	Secured RM'000
Short Term Borrowings	
Hire purchase creditors	759
Bank overdrafts	19,257
Banker acceptances/trust receipts	65,847
Term loans	368
Fixed rate serial bonds	<u>20,625</u>
	<u>106,856</u>
Long Term Borrowings	
Hire purchase creditors	1,425
Term loans	36,913
Fixed rate serial bonds	<u>-</u>
	<u>38,338</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 26 August 2008, OCB Berhad (“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. D2-24-315-2005) 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 is 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.

Notice of Discontinuance dated 16 April 2008 has been signed and filed by the Plaintiff’s solicitors.

(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 Extraordinary General Meeting (“EGM”) on 15 September 2005 is invalid, consequentially, Enigma Sinar and all the other

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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 is registered as Civil Appeal No. W-02-983-2005. No date of hearing of the appeal has been fixed by the Court of Appeal yet

Notice of Discontinuance dated 16 April 2008 has been signed and filed by the Plaintiff's solicitors.

- (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 Berhad ("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.

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 on 23 July 2008 allowed the Plaintiff's application to consolidate both the abovestated actions.

The above matter came up for mention of the Plaintiff's application for summary judgment on 6 August 2008. The Court is fixing a new hearing date.

B12 Dividends

No interim dividend has been declared for the current quarter.

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
	30/06/08 RM'000	30/06/07 RM'000	30/06/08 RM'000	30/06/07 RM'000
Net profit attributable to equity holders of the parent	(384)	693	(236)	2,326
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	(0.37)	0.67	(0.23)	2.26

(II) Diluted earnings per share

Not applicable.

Dated: 25 August 2008
 Petaling Jaya