

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.

OCB BERHAD
(Company No: 3465-H)
(Incorporated in Malaysia)

A8 Segmental information

Business segments information for the quarter ended 30 September 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	40,662	44,590	440,479	534	(96)	526,169
Result						
Profit/(Loss) from Operations	3,695	5,650	(4,171)	(1,140)	-	4,034
Finance costs						(6,298)
Investing results						-
Profit before taxation						(2,264)
Taxation						(2,141)
Net profit for the period						(4,405)
Other information						
Segment assets	67,891	96,807	212,376	69,529	-	446,603
Segment liabilities	(31,976)	(34,477)	(118,809)	(35,792)	-	(221,054)
Capital expenditure on property, plant and equipment	-	-	-	-	-	-
Depreciation	314	1,762	1,964	178	-	4,218

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 63% in revenue to RM185.7 million for the current quarter against RM114.0 million in the preceding year corresponding quarter. The increase was mainly due to increase in the sales of subsidiary company, Meetco (Malaysia) Sdn Bhd ("Meetco") which is principally involved in the trading of palm oil products, foodstuffs and provisions. Meetco registered sales of RM146.6 million for the current quarter as compared to RM61.0 million in the preceding year corresponding quarter.

The consumer foods division registered an increase in revenue of 87% to RM161.4 million as compared to RM86.4 million in the preceding year corresponding quarter mainly due to inclusion of sales from Meetco.

The bedding products division also reported an increase in revenue of 9% to RM15.3 million as compared to RM14.0 million previously.

On the contrary, the building materials division witnessed a decrease in revenue of 32% to RM8.6 million as against RM12.7 million in the preceding year corresponding quarter due to lower completion of projects.

The Group registered a loss before tax of RM3.1 million compared to profit before tax of RM1.7 million in the previous corresponding quarter.

Both the bedding products and building materials divisions reported lower profit before tax of 14% and 41% respectively in the current quarter as compared to the preceding year corresponding quarter. However, the consumer foods division reported a loss before tax of RM4.4 million as compared to profit before tax of RM1.7 million in the preceding corresponding quarter due to higher raw material prices incurred during the quarter under review.

In the opinion of the Board of Directors ("the Board"), the results of the current quarter ended 30 September 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 30/09/08 RM'000	Immediate preceding quarter 30/06/08 RM'000
Revenue	185,663	175,761
Consolidated (loss)/profit before taxation	<u>(3,120)</u>	<u>262</u>

The Company registered a loss before tax of RM3.1 million for the current quarter as compared to profit before tax of RM0.3 million in the immediate preceding quarter mainly due to loss incurred from consumer foods division.

B3 Current year prospects

The Board expects the current year performance of the Group to be very challenging under the current global economic climate. The Group will continue to improve its performance through better operating efficiency and cost control measures for its various divisions.

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

Not applicable

B5 Taxation

	Current quarter 30/09/08 RM'000	Cumulative current year to date 30/09/08 RM'000
Current Taxation	574	2,141
(Over)/under Taxation	-	-
Deferred Taxation – Current	-	-
Deferred Taxation – Prior	-	-
	<u>574</u>	<u>2,141</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.

OCB BERHAD
(Company No: 3465-H)
(Incorporated in Malaysia)

B7 Purchases and sales of quoted securities

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

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

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	1,066
Bank overdrafts	21,076
Banker acceptances/trust receipts	90,557
Term loans	311
	<u>113,010</u>
 Long Term Borrowings	
Hire purchase creditors	1,356
Term loans	36,122
	<u><u>37,478</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 26 November 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) **A) Suit No. MT3-22-1052-2006 brought by Bank Islam Malaysia Berhad against Rantai Pesona Sdn Bhd and OCB Berhad (“Suit 1052”)**
B) Suit No. MT3-22-1053-2006 brought by Bank Islam Malaysia Berhad against Linear Profile Sdn Bhd and OCB Berhad (“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
	30/09/08 RM'000	30/09/07 RM'000	30/09/08 RM'000	30/09/07 RM'000
Net profit attributable to equity holders of the parent	(3,410)	253	(3,646)	2,579
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	(3.32)	0.24	(3.54)	2.51

(II) Diluted earnings per share

Not applicable.

Dated: 26 November 2008
 Petaling Jaya