

OCB BERHAD

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

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 year ended 31 December 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	52,058	57,470	585,850	592	(124)	695,846
Result						
Profit/(Loss) from Operations	2,784	4,468	(2,746)	(4,471)	-	35
Finance costs						(8,767)
Investing results						-
Profit before taxation						(8,732)
Taxation						(158)
Net profit for the period						(8,890)
Other information						
Segment assets	63,046	85,940	193,640	65,912	-	408,538
Segment liabilities	(27,550)	(21,114)	(95,763)	(43,047)	-	(187,474)
Capital expenditure on property, plant and equipment	800	-	-	-	-	800
Depreciation	439	2,215	2,523	238	-	5,415

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.

OCB BERHAD

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

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 a decrease of 12% in revenue to RM169.7 million for the current quarter against RM193.5 million in the preceding year corresponding quarter.

The consumer foods division registered a decrease in revenue of 12% to RM145.4 million as compared to RM166.0 million in the preceding year corresponding quarter. The decrease is mainly due to lower sales from international trading business.

The bedding products division also reported a decrease in revenue of 28% to RM12.9 million as compared to RM17.8 million previously.

Similarly, the building materials division witnessed a decrease in revenue of 4% to RM11.4 million as against RM11.9 million in the preceding year corresponding quarter due to lower completion of projects.

The Group registered a loss before tax of RM6.5 million compared to profit before tax of RM2.1 million in the previous corresponding quarter.

The consumer foods division reported a profit before tax of RM0.3 million compared to RM1.3 million in the preceding corresponding quarter.

However, both the building materials and bedding products divisions reported a loss of RM1.4 million and RM1.5 million in the current quarter respectively.

In the opinion of the Board of Directors, the results of the year ended 31 December 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 31/12/08 RM'000	Immediate preceding quarter 30/09/08 RM'000
Revenue	169,677	185,663
Consolidated (loss)/profit before taxation	<u>(6,468)</u>	<u>(3,120)</u>

The Company registered a loss before tax of RM6.5 million for the current quarter as compared to loss before tax of RM3.1 million in the immediate preceding quarter mainly due to write-downs and provisions.

OCB BERHAD

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

B3 Current year prospects

The Board expects the performance of the Group for the next financial year ending 31 December 2009 to be very challenging in view of the current global economic conditions. The Group will continue to improve its performance through better operating efficiencies 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	Cumulative current
	31/12/08	year to date
	RM'000	31/12/08
		RM'000
Current Taxation	197	2,337
(Over)/under Taxation	-	-
Deferred Taxation – Current	(2,179)	(2,179)
Deferred Taxation – Prior	-	-
	<u>(1,982)</u>	<u>158</u>

There was no provision made for taxation during the quarter under review.

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 2008 are as follows:

	RM'000
At cost	1,523
Less: Provision for diminution in value	(96)
At carrying value	<u>1,427</u>
At market value	<u>1,218</u>

B8 Status of corporate proposal

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

OCB BERHAD

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

B9 Group borrowings and debts securities

Bank borrowings as at the end of this quarter:-

	Secured RM'000
Short Term Borrowings	
Hire purchase creditors	952
Bank overdrafts	19,063
Banker acceptances/trust receipts	69,062
Term loans	311
	<u>89,388</u>
 Long Term Borrowings	
Hire purchase creditors	1,381
Term loans	36,055
	<u>37,436</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 25 February 2009, 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:-

- 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 had directed OCB to file its written submission in respect of Suit 1052 on or before 23 March 2009. It had fixed the said matter for decision on 6 April 2009.

OCB BERHAD

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

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
	31/12/08 RM'000	31/12/07 RM'000	31/12/08 RM'000	31/12/07 RM'000
Net profit attributable to equity holders of the parent	(4,819)	(306)	(8,465)	2,273
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	(4.68)	(0.30)	(8.23)	2.21

(II) Diluted earnings per share

Not applicable.

Dated: 25 February 2009
Petaling Jaya