

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2009, except for the following new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations which are applicable to its financial statements:

- FRS 7, Financial Instruments: Disclosures
- FRS 8, Operating Segments
- FRS 101, Presentation of Financial Statements (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Impairment and Interim Financial Reporting
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 127, Consolidated and Separate Financial Statements
- Amendments to FRS 132, Financial Instruments: Presentation
- Amendments to FRS 139, Financial Instruments: recognition and Measurement

The adoption of the above revised FRSs does not have significant impact on the interim financial statements of the Group.

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.

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

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.

A8 Segmental information

Business segments information for six months ended 30 June 2010:-

	Building Materials RM'000	Bedding Products RM'000	Consumer Foods RM'000	Investments RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	27,206	27,254	153,639	721	(799)	208,021
Result						
Profit/(Loss) from Operations	1,233	5,699	287	(1,337)		5,882
Finance costs						(3,730)
Investing results						-
Profit before taxation						2,152
Taxation						(1,625)
Net profit for the period						527
Other information						
Segment assets	66,678	82,005	188,747	63,750	-	401,180
Segment liabilities	(33,557)	(23,951)	(95,055)	(29,417)	-	(181,980)
Capital expenditure on property, plant and equipment	105	-	6,961	-	-	7,066
Depreciation	650	1,201	1,509	25	-	3,385

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.

B1 Review of performance

The Group recorded a decrease of 10% in revenue to RM113.3 million for the current quarter against RM125.3 million in the preceding year corresponding quarter.

The consumer foods division registered a decrease in revenue of 14% to RM86.0 million as compared to RM99.6 million in the preceding year corresponding quarter. The decrease is mainly due to lower sales from international trading business.

However, the bedding products division reported an increase in revenue of 6% to RM13.4 million as compared to RM12.6 million previously.

Similarly, the building materials division witnessed an increase in revenue of 8% to RM14.0 million as against RM13.0 million in the preceding year corresponding quarter due to higher completion of projects.

The Group registered a profit before tax of RM0.2 million compared to profit before tax of RM1.5 million in the previous corresponding quarter.

The consumer foods division reported a loss before tax of RM1.4 million as compared to profit before tax of RM0.2 million in the preceding corresponding quarter.

The bedding products division reported a profit before tax of RM2.4 million followed by the building materials division which reported a profit before tax of RM0.4 million in the current quarter.

In the opinion of the Board of Directors, the results of the current quarter ended 30 June 2010 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 30/06/10 RM'000	Immediate preceding quarter 31/03/10 RM'000
Revenue	113,345	94,676
Consolidated profit before taxation	157	1,995

The Company registered a profit before tax of RM0.2 million for the current quarter as compared to profit before tax of RM2.0 million in the immediate preceding quarter.

B3 Current year prospects

The Board expects the performance of the Group for the financial year ending 31 December 2010 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 30/06/10 RM'000	Cumulative current year to date 30/06/10 RM'000
Current Taxation	754	1,577
(Over)/under Taxation	-	-
Deferred Taxation – Current	62	48
Deferred Taxation – Prior	-	-
	816	1,625

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 30 June 2010 are as follows:

	RM'000
At cost	1,403
Less: Provision for diminution in value	(96)
At carrying value	<u>1,307</u>
At market value	<u><u>1,442</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 the quarter:-

	Secured RM'000
Short Term Borrowings	
Hire purchase creditors	888
Bank overdrafts	20,381
Banker acceptances/trust receipts	59,261
Term loans	538
	<u>81,068</u>
Long Term Borrowings	
Hire purchase creditors	1,884
Term loans	46,551
	<u><u>48,435</u></u>

B10 Derivative financial instruments

With the adoption of FRS 139, the Group does not have any off balance sheet financial instruments. Outstanding derivatives as at 30 June 2010 are as follows:

Type of derivatives and maturity profile	Contracted Value RM'000	Fair Value RM'000
Forward foreign currency exchange Contract to sell US Dollars - Less than 1 year	47,476	47,662

B10 Derivative financial instruments (cont'd)

Gain/(Loss) arising from fair value changes for the current and cumulative quarter is as follows:

Type of derivatives and maturity profile	Gain/(Loss) RM'000
Forward foreign currency exchange contracts - to sell US Dollar	186

B11 Material litigation

There was no material litigation against the Group as at the date of this report.

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 30/06/10 RM'000	Preceding year corresponding quarter 30/06/09 RM'000	Current year to date 30/06/10 RM'000	Preceding year corresponding period 30/06/09 RM'000
Net profit attributable to equity holders of the parent	(555)	956	763	1,428
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	(0.54)	0.93	0.74	1.39

(II) Diluted earnings per share

Not applicable.

Dated: 25 August 2010
 Petaling Jaya