

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 (“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 interpretation 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.

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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 the 3 quarters ended 30 September 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	39,762	40,955	255,613	1,063	(1,198)	336,195
Result						
Profit/(Loss) from Operations	1,865	7,859	(20,032)	(2,010)		(12,318)
Finance costs						(5,225)
Investing results						-
Profit before taxation						(17,543)
Taxation						(2,262)
Net profit for the period						(19,805)
Other information						
Segment assets	66,821	82,245	166,831	62,336	-	378,233
Segment liabilities	(33,217)	(20,778)	(88,844)	(36,712)	-	(179,551)
Capital expenditure on property, plant and equipment	367	1,637	6,961	-	-	8,965
Depreciation	984	1,823	2,280	38	-	5,125

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

On 9 November 2010, OCB announced that Ibufood Corporation Sdn Bhd, a wholly-owned subsidiary, had entered into a Sale and Purchase Agreement for the disposal of its entire 75% equity interest in Meetco (Malaysia) Sdn Bhd (“Meetco”) comprising 1,500,000 ordinary shares of RM1.00 each in Meetco for a total sale consideration of RM4,500,000 Meetco (“Meetco Disposal”) to be satisfied wholly by cash.

A11 Changes in composition of the Group

There were no changes in the composition of the Group for the period 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 4% in revenue to RM128.2 million for the current quarter against RM133.7 million in the preceding year corresponding quarter.

The consumer foods division registered a decrease in revenue of 4% to RM102.0 million as compared to RM106.7 million in the preceding year corresponding quarter. The decrease was mainly due to lower sales from international trading business.

Similarly, the building materials division also witnessed a decrease in revenue of 7% to RM12.6 million as against RM13.6 million in the preceding year corresponding quarter due to lower completion of projects.

However, the bedding products division reported an increase in revenue of 2% to RM13.7 million as compared to RM13.4 million previously.

The Group registered a pretax loss of RM19.7 million compared to pretax loss of RM37,000 in the previous corresponding quarter attributable mainly to the consumer foods division which reported a pretax loss of RM20.7 million as against pretax profit of RM0.6 million the preceding year corresponding quarter.

Both the bedding products and building materials divisions reported a pretax profit of RM2.0 million and RM0.2 million respectively for the current quarter.

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In the opinion of the Board of Directors, the results of the current quarter ended 30 September 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 30/09/10 RM'000	Immediate preceding quarter 30/06/10 RM'000
Revenue	128,174	113,345
Consolidated (loss)/profit before taxation	<u>(19,695)</u>	<u>157</u>

The Company registered a loss before tax of RM19.7 million for the current quarter as compared to profit before tax of RM0.2 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 30/09/10 RM'000	Cumulative current year to date 30/09/10 RM'000
Current Taxation	680	2,258
(Over)/under Taxation	-	-
Deferred Taxation – Current	(44)	4
Deferred Taxation – Prior	-	-
	<u>636</u>	<u>2,262</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.

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B6 Sales of unquoted investments and properties

There was no sale of unquoted investments during the current quarter under review. The sale of properties during the said quarter is as follows:-

	Current quarter	Cumulative current
	30/09/10	year to date
	RM'000	30/09/10
		RM'000
Disposal of properties	5,600	5,600
Gain/(Loss) on disposal of properties	<u>(237)</u>	<u>(237)</u>

B7 Purchases and sales of quoted securities

Investments in quoted securities as at 30 September 2010 are as follows:

	RM'000
At cost	1,328
Less: Provision for diminution in value	-
At carrying value	<u>1,328</u>
At market value	<u><u>1,710</u></u>

B8 (a) Status of corporate proposal

As at 29 November 2010, the Meetco Disposal has been completed.

(b) Status of Utilisation of proceeds arising from corporate proposal

The status of utilisation of the total sales proceeds of RM4.5 million arising from the Meetco Disposal is as follows:-

	Proposed	Utilised as at	Balance
	Utilization	29.11.2010	unutilized
	RM'000	RM'000	RM'000
Repayment of bank Borrowing	4,470	-	4,470
Expenses	30	-	30
Total	<u><u>4,500</u></u>	<u><u>-</u></u>	<u><u>4,500</u></u>

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B9 Group borrowings and debts securities

Bank borrowings as at the end of the quarter:-

	Secured RM'000
Short Term Borrowings	
Hire purchase creditors	963
Bank overdrafts	13,349
Banker acceptances/trust receipts	53,275
Term loans	427
	<u>68,014</u>
Long Term Borrowings	
Hire purchase creditors	1,723
Term loans	48,875
	<u>50,598</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

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.

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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
	30/09/10 RM'000	30/09/09 RM'000	30/09/10 RM'000	30/09/09 RM'000
Net profit attributable to equity holders of the parent	(15,496)	(1,486)	(14,779)	(58)
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	(15.07)	(1.44)	(14.37)	(0.06)

(II) Diluted earnings per share

Not applicable.

Dated: 29 November 2010
 Petaling Jaya