

OCB BERHAD

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

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011. The 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 2011.

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 2011, as well as the new/revised standards mandatory for annual periods beginning on or after 1 January 2012.

The Group has adopted the MFRS framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption the MFRS on the interim financial statements of the Group.

The Group has also adopted all the new and revised MFRS and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these standards, amendments and interpretations has not resulted in any material impact to these interim financial statements.

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.

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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 quarter ended 31 March 2012:-

	Building Materials RM'000	Bedding Products RM'000	Consumer Foods RM'000	Investments RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External revenue	14,258	14,292	28,316	338	(353)	56,851
Result						
Profit/(Loss) from Operations	535	2,222	(320)	(85)		2,352
Finance costs						(975)
Investing results						-
Profit before taxation						1,377
Taxation						(571)
Net profit for the period						806
Other information						
Segment assets	63,525	87,834	115,747	61,343	-	328,449
Segment liabilities	(29,678)	(48,371)	(36,255)	(735)	-	(115,039)
Capital expenditure on property, plant and equipment	-	1,500	-	-	-	1,500
Depreciation	393	615	1,069	9	-	2,086

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.

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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

For the current first quarter

The Group recorded revenue of RM56.8 million and pre-tax profit of RM1.4 million in the current quarter ended 31 March 2012 as compared to revenue of RM57.0 million and a pre-tax profit of RM2.2 million reported in the preceding year corresponding quarter. The lower revenue recorded was mainly due to lower revenue of 9% from the bedding products division. However, both consumer foods and building materials division reported higher revenue of 2% and 5% respectively.

The drop in pre-tax profit was mainly due to higher operating and administration expenses incurred by the consumer foods division and lower profit margin recorded from the bedding products division. The building materials division has posted a marginally higher pre-tax profit.

In the opinion of the Board of Directors, the results of the year ended 31 March 2012 have not been affected by any transaction or event of a material or unusual nature other than that mentioned above.

B2 Material changes in the quarterly results compared to the results of the preceding quarter

The Group recorded revenue of RM56.8 million and pre-tax profit of RM1.4 million in the current quarter ended 31 March 2012 as compared to revenue of RM70.3 million and a pre-tax profit of RM1.2 million reported in the immediate preceding quarter.

The lower revenue recorded was mainly lower sales from all the three divisions. The higher pre-tax profit was mainly due to lower losses incurred from the consumer foods division.

B3 Future prospects

The Board expects the performance of the Group for the next financial year ending 31 December 2012 to be challenging in view of the current global economic conditions. The performance of the Group will depend substantially on the market demand, fluctuation of raw materials prices, operating efficiencies and cost controls measures for its various divisions.

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

Not applicable

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B5 Taxation

	Current quarter	Cumulative current
	31/03/12	year to date
	RM'000	31/03/12
		RM'000
Current Taxation	571	571
(Over)/under Taxation	-	-
Deferred Taxation – Current	-	-
Deferred Taxation – Prior	-	-
	<u>571</u>	<u>571</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 Status of corporate proposal

There was no corporate proposal announced which has not been completed as at 30 May 2012.

B7 Group borrowings and debts securities

Bank borrowings as at the end of the quarter:-

	Secured
	RM'000
Short Term Borrowings	
Hire purchase creditors	1,191
Bank overdrafts	12,512
Banker acceptances/trust receipts	28,551
Term loans	4,136
	<u>46,390</u>
Long Term Borrowings	
Hire purchase creditors	426
Term loans	31,272
	<u>31,698</u>

B8 Material litigation

There was no material litigation against or taken by the Group (including pending material litigation) as at the date of this report.

B9 Dividends

No interim dividend has been declared for the current quarter.

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B10 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
	31/03/12 RM'000	31/03/11 RM'000	31/03/12 RM'000	31/03/11 RM'000
Net profit attributable to equity holders of the parent	806	1,670	806	1,670
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings per share (Sen)	0.78	1.62	0.78	1.62

(II) Diluted earnings per share

Not applicable.

B 11 Notes to the statement of comprehensive income

Profit/(Loss) of the period/year is arrived at after charging/(crediting):-

	Current year quarter 31/03/2012 RM'000	Current year To date 31/03/2012 RM'000
Interest income	18	18
Depreciation and amortization	2,086	2,086
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted investment or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-
Exceptional items	-	-

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B12 Retained earnings

With the purpose of improving transparency, Bursa Malaysia Securities Berhad had on 25 March 2010 and 20 December 2010 issued directives requiring all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realized and unrealized on group and company basis, as the case may be, in quarterly reports and annual audited financial statements.

The retained earnings as at reporting date may be analysed as follows:-

	Group 31/03/2012 RM'000	Group 31/03/2011 RM'000
Realised	113,143	109,134
Unrealised	(2,960)	(2,960)
Total	110,183	106,174

Dated: 30 May 2012
Petaling Jaya