

OCB BERHAD

[Registration No: 195901000114 (3465-H)]

(Incorporated in Malaysia)

(“OCB” or “the Company”)

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 of companies (“the Group”) for the financial year ended 31 December 2022. 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 2022.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements for the financial year ended 31 December 2022, as well as the new/revised standards mandatory for annual periods beginning on or after 1 January 2023.

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 2023. The adoption of these standards, amendments and interpretations has not resulted in any material impact to this interim financial statements.

A2 Audit report

The audit report of the Company’s audited Financial Statements for the financial year ended 31 December 2022 was not qualified.

A3 Seasonal or cyclical factors

The Group’s operations were not significantly affected by any seasonal or cyclical factors during the current quarter and financial year under review.

A4 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year under review.

A5 Changes in estimates

There were no changes in estimates of amounts used in our previous reporting which have a material effect in the current quarter and financial year under review.

A6 Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter and financial year under review.

OCB BERHAD

[Registration No: 195901000114 (3465-H)]

(Incorporated in Malaysia)

("OCB" or "the Company")

A7 Dividend Paid

No dividend was paid during the current quarter under review.

A8 Segmental information

Business segments information for the financial year ended 31 December 2023 are as follows:

	Building Materials RM'000	Bedding Products RM'000	Consumer Foods RM'000	Investments RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External Revenue/(Loss)	30,273	68,847	199,575	6,458	(6,501)	298,652
Results						
Profit/(Loss) from Operations	(4,343)	7,191	12,950	(1,108)	-	14,690
Finance costs	(478)	(309)	(955)	-	-	(1,742)
Investing results	-	-	-	-	-	-
Profit/(Loss) before taxation	(4,821)	6,882	11,995	(1,108)	-	12,948
Taxation	1	(1,388)	(2,906)	(24)	-	(4,317)
Net Profit/(Loss)	(4,820)	5,494	9,089	(1,132)	-	8,631
Assets and Liabilities						
Segment assets	36,306	91,355	106,181	78,183	-	312,025
Segment liabilities	(18,540)	(22,894)	(50,105)	(42,461)	-	(134,000)
Other Information						
Capital expenditure on property, plant and equipment	559	1,636	1,630	-	-	3,825
Depreciation	773	2,174	4,113	27	-	7,087

OCB BERHAD

[Registration No: 195901000114 (3465-H)]

(Incorporated in Malaysia)

("OCB" or "the Company")

Business segments information for the financial year ended 31 December 2022 are as follows:

	Building Materials RM'000	Bedding Products RM'000	Consumer Foods RM'000	Investments RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External Revenue/(Loss)	30,683	67,062	157,249	4,156	(4,246)	254,904
Results						
Profit/(Loss) from Operations	(4,120)	5,829	(1,459)	(97)	-	153
Finance costs	(390)	(341)	(735)	(689)		(2,155)
Investing results	-	-	-	-		-
Profit/(Loss) before taxation	(4,510)	5,488	(2,194)	(786)		(2,002)
Taxation	118	(2,193)	357	(48)		(1,766)
Net Profit/(Loss)	(4,392)	3,295	(1,837)	(834)		(3,768)
Assets and Liabilities						
Segment assets	37,032	87,305	98,890	78,114	-	301,341
Segment liabilities	(13,963)	(22,961)	(50,220)	(44,849)	-	(131,993)
Other Information						
Capital expenditure on property, plant and equipment	258	636	2,065	7	-	2,966
Depreciation	813	2,555	4,356	47	-	7,771

A9 Revaluations

There were no amendments in the valuation amount of revalued assets brought forward to the current quarter and financial year under review.

A10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the financial year under review up to the date of issuance of this report, that have not been reflected in this quarterly financial statements.

A11 Changes in composition of the Group

There were no changes in the composition of the Group during the financial year under review.

OCB BERHAD

[Registration No: 195901000114 (3465-H)]

(Incorporated in Malaysia)

("OCB" or "the Company")

A12 Contingent liabilities or contingent asset

There were no third party contingent liabilities or assets undertaken/acquired by the Company during the current quarter and financial year under review.

B1 Review of Group performance

Fourth quarter ended 31 December 2023 ("Q4, 2023") versus fourth quarter ended 31 December 2022 ("Q4, 2022")

The Group recorded a revenue of RM83.0 million and a profit before taxation of RM4.2 million in Q4, 2023 as compared to a revenue of RM73.8 million and a loss before taxation of RM0.1 million in Q4, 2022. The stronger revenue in Q4, 2023 was mainly attributable to the increase of sales reported by all divisions. Building materials, consumer foods and bedding products divisions reported higher sales of 62%, 9% and 4% respectively.

Building materials division reported higher project sales of RM4.6 million to RM10.3 million but its retail sales dropped RM0.4 million to RM0.6 million in Q4, 2023.

Consumer foods division registered high demand for its mayonnaise, noodles and creamers businesses. Sales of its mayonnaise, noodles and creamers in Q4, 2023 increased by RM2.0 million, RM1.8 million and RM0.6 million respectively.

Similarly, bedding products division witnessed a higher revenue in Q4, 2023 due to higher project sales by RM1.0 million to RM4.7 million.

The Group posted a higher profit before taxation of RM4.2 million in Q4, 2023 as against a loss before taxation of RM0.1 million in Q4, 2022 mainly attributable to a profit before taxation of amounting to RM3.9 million posted by consumer foods division in Q4, 2023 compared to a profit before taxation of RM1.0 million in Q4, 2022. Consumer foods division profitability has benefited from higher sales and improved products margin.

Bedding products division also reported a higher profit before taxation of RM2.2 million in Q4, 2023 as compared to a profit before taxation of RM1.1 million in Q4, 2022 due to higher product margin.

Building materials division, on the other hand, reported a lower loss before taxation of RM1.2 million in Q4, 2023 as compared to a loss before taxation of RM2.5 million in Q4, 2022 due to lower operating expenses ratio.

In the opinion of the Board of Directors of the Company ("Board"), the results of the Company for Q4, 2023 have not been affected by any transaction or event of a material or unusual nature other than that mentioned above.

Current financial year ended 31 December 2023 ("FY 2023") versus preceding financial year ended 31 December 2022 ("FY 2022")

The Group recorded a revenue of RM298.6 million and a profit before taxation of RM12.9 million for FY 2023 as compared to a revenue of RM254.9 million and a loss before taxation of RM2.0 million for FY 2022.

When compared to FY 2022, consumer foods and bedding products divisions registered an increase in revenue of 27% and 3% respectively to RM199.6 million and RM68.8 million respectively in FY 2023, whereas, building materials division recorded a decrease in revenue of 1% to RM30.3 million.

OCB BERHAD

[Registration No: 195901000114 (3465-H)]

(Incorporated in Malaysia)

(“OCB” or “the Company”)

Consumer foods division registered a profit before taxation of RM12.0 million for FY 2023 as against a loss before taxation of RM2.2 million for FY 2022 in tandem with higher sales and products margin as well as lower operating expenses ratio.

Similarly, profit before taxation of bedding products division increased to RM6.9 million for FY 2023 from RM5.5 million in FY 2022 on the back of higher products margin.

Building materials division, however, reported a slightly higher loss before taxation of RM4.8 million in FY 2023 as opposed to a loss before taxation of RM4.5 million in FY 2022 attributable to lower products margin.

B2 Financial review of Q4, 2023 versus third quarter ended 30 September 2023 (“Q3, 2023”)

The Group reported a higher revenue of RM82.9 million for Q4, 2023 compared to RM70.8 million in Q3, 2023 mainly contributed by increase in sales by all divisions.

Revenue of building materials, bedding products and consumer foods divisions increased by 40%, 19% and 12% respectively when compared to Q3, 2023.

The Group recorded a higher profit before taxation of RM4.2 million in Q4, 2023 as compared to a profit before taxation of RM2.8 million in Q3, 2023 due to higher profit from bedding products division. Bedding products division posted a higher profit before taxation of RM2.2 million from RM1.4 million reported in Q3, 2023 due to higher products margin.

Similarly, consumer foods division reported a higher profit before taxation of RM3.9 million in Q4, 2023 as compared to a profit before taxation of RM2.7 million in Q3, 2023 due to higher products margin.

However, building materials division’s loss before taxation widened to RM1.2 million from RM0.9 million in Q3, 2023 due to higher operating expenses ratio.

B3 Future prospects

The Board anticipates the performance of the Group for the next financial year ending 31 December 2024 to be challenging in view of the uncertain domestic outlook and foreign exchange rate fluctuations. The performance of the Group will depend substantially on the market demands, fluctuation of raw materials prices, operating efficiencies and cost control measures of the three (3) divisions.

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

No profit forecast or profit guarantee was issued by the Company.

OCB BERHAD

[Registration No: 195901000114 (3465-H)]

(Incorporated in Malaysia)

("OCB" or "the Company")

B5 Taxation

	Current quarter ended 31 December 2023 RM'000	Current year ended 31 December 2023 RM'000
Current Taxation	1,648	3,573
(Over)/Under Taxation	-	-
Deferred Taxation - Current	741	744
Deferred Taxation - Prior	-	-
	2,389	4,317

The effective taxation rate on the Group's profit was higher than the statutory rate due to certain expenses disallowed by the Inland Revenue Board and there was no group relief on losses incurred within the Group.

B6 Status of corporate proposals

There was no corporate proposal announced which has not been completed as at the date of this report.

B7 Group borrowings and debts securities

Total Group borrowings are as follows:

	As at 31 December 2023		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
Banker acceptances/trust receipts	28,671	-	28,671
Bank Overdraft	3,396	-	3,396
Term loans	4,084	42,904	46,988
Total	36,151	42,904	79,055
Secured			
Lease liabilities	619	1,329	1,948
Grand Total	36,770	44,233	81,003

	As at 31 December 2022		
	Short term RM'000	Long term RM'000	Total borrowings RM'000
Secured			
Banker acceptances/trust receipts	30,623	-	30,623
Bank Overdraft	2,261	-	2,261
Term loans	4,232	46,829	51,061
Total	37,116	46,829	83,945
Secured			
Lease liabilities	269	732	1,001
Grand Total	37,385	47,561	84,946

B8 Derivative financial instruments

There were no outstanding derivatives as at 31 December 2023.

B9 Material litigation

There was no material litigation nor pending material litigation against the Group since the end of the previous financial year up to the date of this report.

OCB BERHAD

[Registration No: 195901000114 (3465-H)]

(Incorporated in Malaysia)

("OCB" or "the Company")

B10 Dividend

The Board is recommending a first and final single-tier dividend of 1.5 sen per share amounting to RM1,542,750 in respect of the financial year ended 31 December 2023 (2022 : Nil) for approval by shareholders at the forthcoming Annual General Meeting of the Company.

B11 Earnings/(Loss) per share**(I) Basic earnings/(loss) per share**

The basic earnings/(loss) per share was calculated by dividing the Group's net earnings/(loss) for the current quarter and financial year under review by the weighted number of ordinary shares in issue during the said quarter and financial year:

	Current year quarter ended 31 December 2023 RM'000	Preceding year quarter ended 31 December 2022 RM'000	Current year ended 31 December 2023 RM'000	Preceding year ended 31 December 2022 RM'000
Net profit/(loss) attributable to equity holders of the parent	1,763	(763)	8,626	(3,609)
Number of shares in issue	102,850	102,850	102,850	102,850
Basic earnings/(loss) per share (Sen)	1.71	(0.74)	8.39	(3.51)

(II) Diluted earnings/(loss) per share

Not applicable.

B12 Notes to the Statement of Comprehensive Income

Profit/(loss) of the current quarter and financial year under review were arrived at after charging/(crediting):

	Current quarter ended 31 December 2023 RM'000	Current year ended 31 December 2023 RM'000
Interest income	(233)	(753)
Interest expense	359	1,742
Depreciation and amortisation	1,799	7,087
Reversal of impairment loss on receivables	(1,287)	(1,600)
Provision for and write-off of inventories	(20)	19
Provision for and write-off of inventories no longer required	(162)	(736)
Impairment loss on receivables	619	619
Property, plant and equipment written off	377	377

Date: 26 February 2024
Petaling Jaya
Selangor Darul Ehsan