

NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

SELECTED EXPLANATORY NOTES ON QUARTERLY FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

PART A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The Interim Financial Statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. 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 year ended 31 December 2006.

A2. Auditors' Report on Preceding Annual Financial Statements

The audit report of the previous annual financial statement for the year ended 31 December 2006 was not subject to any qualification.

A3. Segmental Information

The Group's primary basis of segment reporting is on business segments. There are three segments namely the Port Operation, Haulage/Logistics Operation and Investment Holding.

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The analysis of results by business activity for the period ended 30 September 2007 is as follows :-.

	3 months ended		9 months ended	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Port Operation	171,674	159,238	479,568	466,658
Haulage/Logistics Operation	62,782	58,078	185,813	157,502
Investment Holding	71,519	49,881	117,818	51,016
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Total revenue including inter-segment sales	305,975	267,197	783,199	675,176
Elimination of inter-segment sales	(74,639)	(52,246)	(127,265)	(57,436)
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Total revenue	231,336	214,951	655,934	617,740
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Other Income:				
Port Operation	4,984	6,366	14,285	18,910
Haulage/Logistics Operation	1,960	3,899	7,056	8,331
Investment Holding	692	790	2,206	1,743
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	7,636	11,055	23,547	28,984
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Total Income				
Port Operation	176,658	165,604	493,853	485,568
Haulage/Logistics Operation	61,622	59,612	183,422	159,413
Investment Holding	692	790	2,206	1,743
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	238,972	226,006	679,481	646,724
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	3 months ended		9 months ended	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Results from continuing operations:				
Port Operation	54,139	36,494	130,665	104,894
Haulage/Logistics Operation	(76)	(3,355)	2,766	(215)
Investment Holding	70,855	49,323	115,618	49,153
	<hr/>	<hr/>	<hr/>	<hr/>
	124,918	82,462	249,049	153,832
Elimination	(71,519)	(49,881)	(117,819)	(51,016)
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	53,399	32,581	131,230	102,816
Finance income:				
Port Operation	3,038	3,004	8,983	8,156
Haulage/Logistics Operation	802	959	2,508	2,907
Investment Holding	692	790	2,206	1,743
	<hr/>	<hr/>	<hr/>	<hr/>
	4,532	4,753	13,697	12,806
Interest expenses :				
Haulage/Logistics Operation	(10)	-	(11)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Results:				
Port Operation	56,784	39,121	138,183	111,882
Haulage/Logistics Operation	518	(2,535)	4,635	2,209
Investment Holding	619	748	2,098	1,531
	<hr/>	<hr/>	<hr/>	<hr/>
	57,921	37,334	144,916	115,622
Associates Results	86	140	352	449
	<hr/>	<hr/>	<hr/>	<hr/>
Profit Before Taxation	58,007	37,474	145,268	116,071

A4. Unusual Items due to their Nature, Size or frequency

There were no material unusual items affecting assets, liabilities, equity, net income, or cashflow during the financial period ended 30 September 2007.

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A5. Changes in Estimates

The Group has adopted the FRS 116: Property, Plant and Equipment with effect from financial year 31 December 2006. The residual value of certain plant and machinery were revised in the year 2006. The revisions were accounted for as a change in accounting estimates.

There were no other changes in estimates that have had a material effect in the current quarter results.

A6. Comments about Seasonal or Cyclical Factors

The Group's business are generally affected by the various festive seasons.

A7. Dividends Paid

There were no dividend paid during the current quarter ended 30 September 2007 but the interim dividend declared of 5.0 sen per share less 27% income tax was paid on 5 October 2007.

A8. Carrying Amount of Revalued Assets

The valuation of property, plant and equipment have been brought forward without any amendments from the financial statements for the year ended 31 December 2006.

A9. Debt and Equity Securities

There have been no issues and repayment of equity security, repurchases, share cancellation or new issuance for the current quarter ended 30 September 2007.

A10. Changes in Composition of the Group

There were no changes in the composition of the Group during the interim financial period ended 30 September 2007.

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A11. Subsequent Events

There were no other material events subsequent to the end of the current quarter that have not been reflected in this Interim Financial Statement.

A12. Changes in Contingent Liabilities

Contingent liabilities by way of corporate guarantees to financial institutions for banking facilities granted to subsidiary have decreased marginally from RM4.23 million as at 31 December 2006 to RM4.19 million as at 30 September 2007.

Contingent liabilities in respect of claims for damages to goods and other claims remain unchanged at RM4.3 million since the last balance sheet date, 31 December 2006.

There were no other changes in the contingent liabilities and contingent assets since the last annual balance sheet dated 31 December 2006.

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PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance Review

The Group's revenue for the current quarter amounted to RM231.3 million, which is 7.6% higher than the corresponding comparative quarter's figure of RM214.9 million. The port operating subsidiary contributed RM171.7 million while the haulage subsidiary contributed RM59.6 million. The year-to-date revenue of the Group amounted to RM655.9 million, an increase of 6.2% compared to the corresponding period of RM617.7 million. The increase in revenue for the current quarter was mainly due to increased revenue contributed by higher throughput handled by the port operating subsidiary.

Northport achieved a throughput for the current quarter of 725,837 TEUs registering an increase of 6.5% as compared to the corresponding period last year of 681,660 TEUs. The year-to-date throughput achieved is 2,025,912 TEUs representing an increase of 1.6% compared against the corresponding period last year of 1,994,089 TEUs. As for the haulage/logistics subsidiary the throughput for the quarter is 96,578 TEUs which is a decrease of 18.9% as compared to the figure for the corresponding period last year of 119,062 TEUs. The year-to-date throughput achieved is 292,500 TEUs representing a decrease of 12.1% compared to the figure for the corresponding period last year of 332,670 TEUs.

There have been no material factors affecting the earnings and/or revenue of the Group for the current quarter.

B2. Comment on Material Change in Profit Before Taxation

The profit before tax for the current quarter amounted to RM58.0 million, which is higher than the immediate preceding quarter's figure of RM48.3 million, the increase being due mainly to the increase in teus handled by the port operations business.

There were no unusual items affecting profits for the current quarter.

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B3. Commentary on Prospects

- a) Northport, the port operating subsidiary has registered a steady growth in its throughput during the third quarter, however it is still operating in a very severe competitive market in Port Klang. The company is focusing its effort on sustaining the performance for the remaining period to the end of the financial year.

Kontena Nasional, the haulage/logistics company although has been registering a decline in its haulage throughput, is confident of sustaining its profitability with the strategic moves being made into warehousing/logistics and distribution.

The Group is not at this time aware of any unforeseen circumstance that may significantly impact the business of the Group for the remaining period of the financial year.

- b) The Company has several internal management targets which were announced in the year 2007. All efforts are currently being directed towards achieving these targets.

B4. Board of Directors Statement on Internal Targets

The Board is of the opinion that the internal targets announced by the Company on its net profit after tax growth, return on shareholders equity and earnings per share are likely to be achieved for the year.

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B5. Profit Forecast or Profit Guarantee

The disclosure requirements for the variance of actual profit after tax and minority interest, forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

B6. Income Tax Expense

The provision for income tax for the current quarter does not contain any deferred tax or adjustment for under or over provision in respect of prior years.

The taxation amount is more than the statutory tax rate mainly due to non deductible expenses such as depreciation, amortisation of intangible assets and non qualifying portion for land and building.

B7. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and/or properties for the current quarter ended 30 September 2007.

B8. Sale of Quoted Investments

There were no purchase or disposal of quoted securities during the quarter ended 30 September 2007.

B9. Corporate Proposals

There were no corporate proposals which were announced but not completed as at 25 October 2007.

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B10. Borrowings

	As at 30.09.2007 RM'000	As at 31.12.2006 RM'000
Short term borrowings		
Bank overdraft - unsecured	755	-
Unsecured and interest free	150	600
Long term borrowings		
Unsecured and interest free	800	800
	<u>1,705</u>	<u>1,400</u>

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 25 October 2007.

B12. Changes in Material Litigation

As at 25 October 2007, there were no changes in material litigation since the last annual balance sheet date of 31 December 2006.

B13. Dividend Payable

Dividend:

- a)
 - i) No interim dividend has been recommended or declared for the current quarter ended 30 September 2007;
 - ii) Not applicable;
 - iii) Not applicable;
 - iv) Not applicable; and
 - v) Not applicable; and

- b) The total dividend for the current financial year being only the declared interim dividend of 5.0 sen less 27% income tax paid on 5 October 2007.

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B14. Earnings Per Share

In respect of earnings per share:-

a) Basic/Diluted earnings per share

	3 months ended		9 months ended	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	'000	'000	'000	'000
Profit after Tax (RM) Attributable to: Equity Holders of The Parent	38,827	25,315	97,732	79,584
Weighted average no. of ordinary shares in issue	470,253	470,253	470,253	470,253
Basic/Diluted earnings per share (Sen)	8.3	5.4	20.8	16.9

B15. Audit Report

The audit report of the previous annual financial statements for the year ended 31 December 2006 was not subject to any qualification.

B16. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 1 November 2007.