

NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

SELECTED EXPLANATORY NOTES ON QUARTERLY FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 2007 is as follows :-.

	3 months ended		12 months ended	
	31.12.2007 RM'000	31.12.2006 RM'000	31.12.2007 RM'000	31.12.2006 RM'000
Segment Revenue				
Revenue from continuing operations:				
Port Operation	174,462	163,645	654,030	634,959
Haulage/Logistics Operation	59,192	52,088	245,005	209,590
Investment Holding	540,776	60,230	658,594	111,246
Total revenue including inter-segment sales	774,430	275,963	1,557,629	955,795
Elimination of inter-segment sales	(544,847)	(64,357)	(672,112)	(121,793)
Total revenue	229,583	211,606	885,517	834,002
Other Income:				
Port Operation	2,340	5,600	16,625	17,923
Haulage/Logistics Operation	10,274	1,005	17,330	11,267
Investment Holding	1,847	1,189	4,053	2,932
	14,461	7,794	38,008	32,122
Total Income				
Port Operation	176,097	168,422	669,950	652,059
Haulage/Logistics Operation	66,100	49,789	249,522	211,133
Investment Holding	1,847	1,189	4,053	2,932
	244,044	219,400	923,525	866,124

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	3 months ended		12 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Results from continuing operations:				
Port Operation	155,390	96,735	286,055	201,629
Haulage/Logistics Operation	10,134	3,738	12,900	3,523
Investment Holding	539,049	58,833	654,667	107,986
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	704,573	159,306	953,622	313,138
Elimination	(651,952)	(115,906)	(769,771)	(166,922)
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	52,621	43,400	183,851	146,216
	<hr/>	<hr/>	<hr/>	<hr/>
Finance income:				
Port Operation	3,311	3,228	12,294	11,384
Haulage/Logistics Operation	704	1,005	3,212	3,912
Investment Holding	1,847	1,190	4,053	2,933
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	5,862	5,423	19,559	18,229
	<hr/>	<hr/>	<hr/>	<hr/>
Net Results:				
Port Operation	50,141	46,431	188,335	158,313
Haulage/Logistics Operation	6,745	1,351	11,380	3,560
Investment Holding	1,597	1,041	3,695	2,572
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	58,483	48,823	203,410	164,445
Associates Results	361	426	713	875
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Profit Before Taxation	58,844	49,249	204,123	165,320
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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 31 December 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 equipment, plant and machinery were revised from 1 January 2007. The revisions were accounted prospectively as a change in accounting estimates and as a result, the depreciation charge of the Group for the current financial year have been reduced by RM6.2 million.

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

Total dividends paid during the quarter ended 31 December 2007 amounted to RM17,164,224. This is in respect of interim dividend for the financial year ended 31 December 2007 declared at 5.0 sen per ordinary share less 27% income tax. The dividend 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 31 December 2007.

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A10. Changes in Composition of the Group

There were no changes in the composition of the Group during the interim financial period ended 31 December 2007.

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 increased from RM4.23 million as at 31 December 2006 to RM5.84 million as at 31 December 2007.

Contingent liabilities in respect of claims for damages to goods and other claims remains 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 RM229.6 million, which is 8.5% higher than the corresponding comparative quarter's figure of RM211.6 million. The port operating subsidiary contributed RM173.7 million while the haulage subsidiary contributed RM55.9 million. The year-to-date revenue of the Group amounted to RM885.5 million, an increase of 6.2% compared to the corresponding period of RM834.0 million. The increase in revenue for the current quarter was due to increased revenue contributed by the port operating subsidiary and the haulage/logistics subsidiary.

Northport achieved a throughput for the current quarter of 780,085 TEUs registering an increase of 16.9% as compared to the corresponding period last year of 667,005 TEUs. The year-to-date throughput achieved is 2,805,997 TEUs representing an increase of 5.4% compared against the corresponding period last year of 2,661,094 TEUs. As for the haulage/logistics subsidiary the throughput for the quarter is 89,412 TEUs which is a decrease of 11.9% as compared to the figure for the corresponding period last year of 101,540 TEUs. The year-to-date throughput achieved is 381,912 TEUs representing a decrease of 12.0% compared to the figure for the corresponding period last year of 434,210 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 RM58.8 million, which is higher than the immediate preceding quarter's figure of RM58.0 million, a slight increase in the current period.

There were no unusual items affecting profits for the current quarter except for the gain on disposal of assets mentioned in note B7.

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B3. Commentary on Prospects

- a) The port operating subsidiary, Northport has managed to sustain and improve its revenue and profitability during the year under review, despite the stiff competition, mainly due to overall increase in its export/import, transshipment and conventional business.

Northport is expecting to sustain similar performance for the next financial year provided there is no significant slowdown in business due to any impact from external economies.

Kontena Nasional, the haulage/logistics company, was also able to sustain its performance in a very competitive market. It is anticipating further improvement in its warehousing/logistics and distribution business while focusing to achieve higher value in its haulage business.

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

- b) The Company has several internal management targets which were announced in the year 2007. All efforts had been directed towards achieving these targets as elaborated in para B4.

B4. Board of Directors Statement on Internal Targets

The Board confirms that the internal targets announced by the Company on its net profit after tax growth, return on shareholders equity and earnings per share were achieved for the year under review. However, the total revenue target was not attained.

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.

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B6. Income Tax Expense

	Current Quarter RM' 000	Year ended 31 December 2007 RM' 000
Current income tax:		
Current tax expense	17,422	64,963
Under provision of tax in prior years	-	2,222
	<u>17,422</u>	<u>67,185</u>
Deferred taxation:		
Relating to origination and reversal of temporary differences	-	(8,771)
Effect of changes in tax rates	-	(3,849)
Over provision in prior years	-	(1,749)
	<u>-</u>	<u>(14,369)</u>
	<u>17,422</u>	<u>52,816</u>

B7. Sale of Unquoted Investments and Properties

A subsidiary company disposed two investment properties during the quarter and a gain on disposal of RM5.8 million was recorded during the quarter.

B8. Sale of Quoted Investments

There were no purchase or disposal of quoted securities during the quarter ended 31 December 2007.

B9. Corporate Proposals

There were no corporate proposals which were announced but not completed as at 14 February 2008.

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B10. Borrowings

	As at 31.12.2007 RM'000	As at 31.12.2006 RM'000
Short term borrowings		
Bank overdraft - unsecured	226	-
Unsecured and interest free	600	600
Long term borrowings		
Unsecured and interest free	200	800
	<u>1,026</u>	<u>1,400</u>

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 14 February 2008.

B12. Changes in Material Litigation

As at 14 February 2008, there were no changes in material litigation since the last annual balance sheet date of 31 December 2006.

B13. Dividend Payable

Dividend:

- a)
- i) A final and a special dividend in respect of the financial year 31 December 2007 has been recommended;
 - ii) The amount of final dividend is 12.0 sen and the special dividend is 8.0 sen per ordinary share less 26% income tax;
 - iii) The previous corresponding period was a final dividend of 12.0 sen and a special dividend of 9.5 sen per ordinary share less 27% income tax;
 - iv) The date payable is on 8 May 2008; and
 - v) In respect of deposited securities, entitlement to dividend will be determined on the basis of the record of depositors as at 25 April 2008; and

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- b) The total dividend for the current financial year is an interim dividend of 5.0 sen less 27% income tax, a final dividend of 12.0 sen less 26% income tax and a special dividend of 8.0 sen less 26% income tax.

B14. Earnings Per Share

In respect of earnings per share:-

- a) Basic/Diluted earnings per share

	3 months ended		12 months ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	'000	'000	'000	'000
Profit after Tax (RM) Attributable to:				
Equity Holders of The Parent	<u>41,389</u>	<u>36,517</u>	<u>151,279</u>	<u>116,101</u>
Weighted average no. of ordinary shares in issue	<u>470,253</u>	<u>470,253</u>	<u>470,253</u>	<u>470,253</u>
Basic/Diluted earnings per share (Sen)	<u>8.8</u>	<u>7.8</u>	<u>32.2</u>	<u>24.7</u>

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 21 February 2008.