

NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

SELECTED EXPLANATORY NOTES ON QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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 2007. 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 2007.

A2. Auditors' Report on Preceding Annual Financial Statements

The audit report of the previous annual financial statement for the year ended 31 December 2007 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 March 2008 is as follows :-.

	3 months ended	
	31.03.2008	31.03.2007
	RM'000	RM'000
Segment Revenue		
Revenue from continuing operations:		
Port Operation	168,419	149,313
Haulage/Logistics Operation	71,332	55,908
Investment Holding	1,106	34,389
	<hr/>	<hr/>
Total revenue including inter-segment sales	240,857	239,610
Elimination of inter-segment sales	(4,330)	(37,513)
	<hr/>	<hr/>
Total revenue	236,527	202,097
	<hr/>	<hr/>
Other Income:		
Port Operation	1,817	4,683
Haulage/Logistics Operation	584	3,995
Investment Holding	4,320	620
	<hr/>	<hr/>
	6,721	9,298
	<hr/>	<hr/>
Total Income		
Port Operation	170,236	153,996
Haulage/Logistics Operation	68,692	56,779
Investment Holding	4,320	620
	<hr/>	<hr/>
	243,248	211,395
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	3 months ended	
	31.03.2008	31.03.2007
	RM'000	RM'000
Segment Results		
Results from continuing operations:		
Port Operation	43,239	32,894
Haulage/Logistics Operation	1,158	1,485
Investment Holding	1,248	34,371
	<hr/>	<hr/>
	45,645	68,750
Elimination	(1,106)	(34,389)
	<hr/>	<hr/>
	44,539	34,361
Finance income:		
Port Operation	573	2,990
Haulage/Logistics Operation	210	884
Investment Holding	4,320	620
	<hr/>	<hr/>
	5,103	4,494
Net Results:		
Port Operation	43,812	35,884
Haulage/Logistics Operation	1,368	2,368
Investment Holding	4,462	603
	<hr/>	<hr/>
	49,642	38,855
Associates Results	110	57
	<hr/>	<hr/>
Profit Before Taxation	49,752	38,912
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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 March 2008.

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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 equipment were revised in the year 2007. The revisions were accounted for as a change in accounting estimates.

There were no other changes in estimates that 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

No dividend was paid during the current quarter ended 31 March 2008.

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 2007.

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 March 2008.

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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 March 2008.

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 RM5.8 million as at 31 December 2007 to RM6.1 million as at 31 March 2008.

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 2007.

There were no other changes in the contingent liabilities and contingent assets since the last annual balance sheet dated 31 December 2007.

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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 RM236.5 million, which is 17.0% higher than the corresponding comparative quarter's figure of RM202.0 million. The port operating subsidiary contributed RM168.4 million while the haulage subsidiary contributed RM68.1 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 730,452 TEUs registering an increase of 16.6% as compared to the corresponding period last year of 626,533 TEUs. As for the haulage/logistics subsidiary the throughput for the quarter is 86,920 TEUs which is a decrease of 6.1% as compared to the figure for the corresponding period last year of 92,585 TEUs.

The increase in throughput registered for the port operating subsidiary was mainly due to the increase in transshipment volume. As for the haulage/logistics subsidiary, the lower throughput registered was due to the strong competition being faced by the haulage business.

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 RM49.7 million, which is lower than the immediate preceding quarter's figure of RM58.8 million, was mainly due to increase in its operating cost in the current period.

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 sustained its performance by registering an increase in the throughput handled for the current quarter. Although it is still operating in a competitive market environment, the company is confident in sustaining its performance for the remaining period to the end of the financial year.

Kontena Nasional, the haulage/logistics subsidiary is sustaining its profitability even as it competes in a highly competitive industry. The company is confident in sustaining its performance for the remaining period of the year.

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

- b) The Company has several internal management targets which were announced on 1 April 2008. All efforts are being 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 revenue growth, net profit after tax growth, throughput growth, return on shareholders equity and earnings per share is likely to be achieved for the year.

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

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 31 March 2008.

B8. Sale of Quoted Investments

There were no purchase or disposal of quoted securities during the quarter ended 31 March 2008.

B9. Corporate Proposals

There were no corporate proposals which were announced but not completed as at 23 April 2008.

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B10. Borrowings

	As at 31.03.2008 RM'000	As at 31.12.2007 RM'000
Short term borrowings		
Bank overdraft - unsecured	1,213	226
Unsecured and interest free	450	600
Long term borrowings		
Unsecured and interest free	200	200
	<u>1,863</u>	<u>1,026</u>

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 23 April 2008.

B12. Changes in Material Litigation

As at 23 April 2008, there were no changes in material litigation, including the status of pending material litigation, since the last annual balance sheet date of 31 December 2007.

B13. Dividend Payable

Dividend:

No dividend has been declared for the current quarter ended 31 March 2008 (31 March 2007: Nil).

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B14. Earnings Per Share

In respect of earnings per share:-

a) Basic/Diluted earnings per share

	3 months ended	
	31.03.2008	31.03.2007
	'000	'000
Profit after Tax (RM) Attributable to Equity Holders of The Company	33,492	26,306
Weighted average no. of ordinary shares in issue	470,253	470,253
Basic/Diluted earnings per share (Sen)	7.1	5.6

B15. Audit Report

The audit report of the previous annual financial statements for the year ended 31 December 2007 was not subject to any qualification.

B16. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 30 April 2008.