

# **NCB HOLDINGS BHD**

(Company No. 475221-K)

Incorporated in Malaysia

## **SELECTED EXPLANATORY NOTES ON QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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.

# NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

The analysis of results by business activity for the period ended 30 June 2008 is as follows :-.

	3 months ended		6 months ended	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Revenue from continuing operations:				
Port Operation	173,318	158,581	341,737	307,894
Haulage/Logistics Operation	57,925	67,123	129,257	123,031
Investment Holding	804	11,910	1,910	46,299
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue including inter-segment sales	232,047	237,614	472,904	477,224
Elimination of inter-segment sales	(2,875)	(15,113)	(7,205)	(52,626)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	229,172	222,501	465,699	424,598
	<hr/>	<hr/>	<hr/>	<hr/>
Other Income:				
Port Operation	2,448	4,617	4,265	9,301
Haulage/Logistics Operation	591	1,102	1,175	5,096
Investment Holding	4,138	894	8,458	1,514
	<hr/>	<hr/>	<hr/>	<hr/>
	7,177	6,613	13,898	15,911
	<hr/>	<hr/>	<hr/>	<hr/>
Total Income				
Port Operation	175,766	163,198	346,002	317,195
Haulage/Logistics Operation	56,445	65,022	125,137	121,800
Investment Holding	4,138	894	8,458	1,514
	<hr/>	<hr/>	<hr/>	<hr/>
	236,349	229,114	479,597	440,509
	<hr/>	<hr/>	<hr/>	<hr/>

# NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

	3 months ended		6 months ended	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
<b>Segment Results</b>				
Results from continuing operations:				
Port Operation	39,489	43,076	82,728	76,527
Haulage/Logistics Operation	(582)	1,154	576	2,841
Investment Holding	739	11,151	1,987	44,763
	<hr/>	<hr/>	<hr/>	<hr/>
	39,646	55,381	85,291	124,131
Elimination	(804)	(11,911)	(1,910)	(46,300)
	<hr/>	<hr/>	<hr/>	<hr/>
	38,842	43,470	83,381	77,831
	<hr/>	<hr/>	<hr/>	<hr/>
Finance income:				
Port Operation	685	2,955	1,258	5,945
Haulage/Logistics Operation	213	822	423	1,706
Investment Holding	4,138	894	8,458	1,514
	<hr/>	<hr/>	<hr/>	<hr/>
	5,036	4,671	10,139	9,165
	<hr/>	<hr/>	<hr/>	<hr/>
Interest expenses :				
Haulage/Logistics Operation	(2)	(1)	(2)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Results:				
Port Operation	40,174	45,515	83,986	81,399
Haulage/Logistics Operation	(371)	1,749	997	4,117
Investment Holding	4,073	876	8,535	1,479
	<hr/>	<hr/>	<hr/>	<hr/>
	43,876	48,140	93,518	86,995
Associates Results	93	209	203	266
	<hr/>	<hr/>	<hr/>	<hr/>
Profit Before Taxation	43,969	48,349	93,721	87,261
	<hr/>	<hr/>	<hr/>	<hr/>

## 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 June 2008.

## **NCB HOLDINGS BHD**

(Company No. 475221-K)

Incorporated in Malaysia

### **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**

Total dividends paid during the quarter ended 30 June 2008 amounted to RM69,597,400.36. This is in respect of a final dividend for financial year ended 31 December 2007 of 12.0 sen per ordinary share less 26% income tax, and a special dividend of 8.0 sen per ordinary share less 26% income tax. The dividends were paid on 8 May 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 30 June 2008.

## **NCB HOLDINGS BHD**

(Company No. 475221-K)

Incorporated in Malaysia

### **A10. Changes in Composition of the Group**

There were no changes in the composition of the Group during the interim financial period ended 30 June 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 decreased from RM5.8 million as at 31 December 2007 to RM4.9 million as at 30 June 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.

## **NCB HOLDINGS BHD**

(Company No. 475221-K)

Incorporated in Malaysia

### **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 RM229.1 million, which is 2.9% higher than the corresponding comparative quarter's figure of RM222.5 million. The port operating subsidiary contributed RM173.3 million while the haulage subsidiary contributed RM55.8 million. The year-to-date revenue of the Group amounted to RM465.6 million, an increase of 9.7% compared to the corresponding period of RM424.5 million. The increase in revenue for the current quarter was mainly due to increased throughput handled by the port operating subsidiary.

The port operating subsidiary, Northport achieved a throughput for the current quarter of 773,236 TEUs registering an increase of 14.8% as compared to the corresponding period last year of 673,542 TEUs. The year-to-date throughput achieved is 1,503,688 TEUs representing an increase of 15.6% compared against the corresponding period last year of 1,300,075 TEUs. As for the haulage/logistics subsidiary the throughput for the quarter is 91,200 TEUs which is a decrease of 11.7% as compared to the figure for the corresponding period last year of 103,337 TEUs. The year-to-date throughput achieved is 178,120 TEUs representing a decrease of 9.0% compared to the figure for the corresponding period last year of 195,922 TEUs.

The increase in throughput registered for the port operating subsidiary was largely 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 RM43.9 million, which is lower than the immediate preceding quarter's figure of RM49.7 million, was mainly due to the increase in operating cost in the current period.

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

## **NCB HOLDINGS BHD**

(Company No. 475221-K)

Incorporated in Malaysia

### **B3. Commentary on Prospects**

- a) The port operating subsidiary is sustaining its performance and has registered an increase in its throughput of 14.8% compared to same period last year. The company is maintaining this positive outlook.

Kontena Nasional, the haulage/logistics subsidiary is making every effort to ensure profitability in its haulage and logistics business. Initiatives to derive more value from its business operations are being currently reviewed in stages.

However, the Group is aware that the operating environment will vary in tandem with the country' s economy and also the regional economies and trade. The high price of fuel is also increasing the cost of operations for both the subsidiaries.

Apart from the foregoing, the Group has not become aware of any discernable external circumstances that may significantly impact upon the business of the Group during the remaining period of the 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.

# NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

## 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 June 2008.

## B8. Sale of Quoted Investments

There were no purchase or disposal of quoted securities during the quarter ended 30 June 2008.

## B9. Corporate Proposals

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

## B10. Borrowings

	As at 30.06.2008 RM'000	As at 31.12.2007 RM'000
<b>Short term borrowings</b>		
Bank overdraft - unsecured	574	226
Unsecured and interest free	300	600
<b>Long term borrowings</b>		
Unsecured and interest free	200	200
	<u>1,074</u>	<u>1,026</u>



## **NCB HOLDINGS BHD**

(Company No. 475221-K)

Incorporated in Malaysia

### **B11. Off Balance Sheet Financial Instruments**

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

### **B12. Changes in Material Litigation**

As at 14 August 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:

- a)
  - i) An interim dividend has been recommended;
  - ii) the amount per share is 7.0 sen less 26% income tax;
  - iii) the previous corresponding period was 5.0 sen less 27% income tax;
  - iv) the date payable is 14<sup>th</sup> October 2008; and
  - v) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 29<sup>th</sup> September 2008; and
  
- b) The total dividend for the current financial year being only the recommended interim dividend of 7.0 sen less 26% income tax.

## NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

### B14. Earnings Per Share

In respect of earnings per share:-

a) Basic/Diluted earnings per share

	3 months ended		6 months ended	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	'000	'000	'000	'000
Profit after Tax (RM) Attributable to: Equity Holders of The Parent	29,334	32,599	62,826	58,905
Weighted average no. of ordinary shares in issue	470,253	470,253	470,253	470,253
Basic/Diluted earnings per share (Sen)	6.2	6.9	13.4	12.5

### 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 21 August 2008.