

NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

SELECTED EXPLANATORY NOTES ON QUARTERLY FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 2008 is as follows :-.

	3 months ended		9 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Port Operation	175,408	171,674	517,145	479,568
Haulage/Logistics Operation	75,337	62,782	204,594	185,813
Investment Holding	933	71,519	2,843	117,818
Total revenue including inter-segment sales	251,678	305,975	724,582	783,199
Elimination of inter-segment sales	(3,485)	(74,639)	(10,690)	(127,265)
Total revenue	248,193	231,336	713,892	655,934
Other Income:				
Port Operation	8,827	4,984	13,092	14,285
Haulage/Logistics Operation	974	1,960	2,149	7,056
Investment Holding	3,871	692	12,329	2,206
	13,672	7,636	27,570	23,547
Total Income				
Port Operation	184,235	176,658	530,237	493,853
Haulage/Logistics Operation	73,759	61,622	198,896	183,422
Investment Holding	3,871	692	12,329	2,206
	261,865	238,972	741,462	679,481

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	3 months ended		9 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Results from continuing operations:				
Port Operation	41,370	54,139	124,098	130,665
Haulage/Logistics Operation	1,850	(76)	2,426	2,766
Investment Holding	878	70,855	2,865	115,618
	<hr/>	<hr/>	<hr/>	<hr/>
	44,098	124,918	129,389	249,049
Elimination	(933)	(71,519)	(2,843)	(117,819)
	<hr/>	<hr/>	<hr/>	<hr/>
	43,165	53,399	126,546	131,230
Finance income:				
Port Operation	751	3,038	2,009	8,983
Haulage/Logistics Operation	238	802	661	2,508
Investment Holding	3,871	692	12,329	2,206
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	4,860	4,532	14,999	13,697
Interest expenses :				
Haulage/Logistics Operation	-	(10)	(2)	(11)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Results:				
Port Operation	42,121	56,784	126,107	138,183
Haulage/Logistics Operation	2,088	518	3,085	4,635
Investment Holding	3,816	619	12,351	2,098
	<hr/>	<hr/>	<hr/>	<hr/>
	48,025	57,921	141,543	144,916
Associates Results	122	86	325	352
	<hr/>	<hr/>	<hr/>	<hr/>
Profit Before Taxation	48,147	58,007	141,868	145,268

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

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

There were no dividend paid during the current quarter ended 30 September 2008 but the interim dividend declared of 7.0 sen per share less 26% income tax was paid on 14 October 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 September 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 30 September 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 RM7.1 million as at 30 September 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 RM248.1 million, which is 7.3% higher than the corresponding comparative quarter's figure of RM231.3 million. The port operating subsidiary contributed RM175.4 million while the haulage subsidiary contributed RM72.7 million. The year-to-date revenue of the Group amounted to RM713.8 million, an increase of 8.8% compared to the corresponding period of RM655.9 million. The increase in revenue for the current quarter was mainly due to increased throughput handled by the port operating subsidiary as well as higher contribution from the haulage/logistics subsidiary.

The port operating subsidiary, Northport achieved a throughput for the current quarter of 786,289 TEUs registering an increase of 8.3% as compared to the corresponding period last year of 725,837 TEUs. The year-to-date throughput achieved is 2,289,977 TEUs representing an increase of 13.0% compared against the corresponding period last year of 2,025,912 TEUs. As for the haulage/logistics subsidiary the throughput for the quarter is 90,829 TEUs which is a decrease of 5.9% as compared to the figure for the corresponding period last year of 96,578 TEUs. The year-to-date throughput achieved is 268,949 TEUs representing a decrease of 8.0% compared to the figure for the corresponding period last year of 292,500 TEUs.

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

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 RM48.1 million, which is higher than the immediate preceding quarter's figure of RM43.9 million, was mainly due to the higher revenue in the current period.

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

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B3. Commentary on Prospects

- a) The port operating subsidiary has sustained its throughput over the current quarter but the outlook for the remaining period to the end of the financial year will be affected by the global financial uncertainty.

The Group's haulage/logistics subsidiary is sustaining its level of performance at this moment and is making every effort to ensure maintaining its profitability for the remaining period of the financial year.

However, the Group is aware that the operating environment will be affected by the changes in the world economy following the global financial turmoil.

- 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 is of the opinion 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 barring unforeseen circumstances.

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.

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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 2008.

B8. Sale of Quoted Investments

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

B9. Corporate Proposals

There were no corporate proposals which were announced but not completed as at 17 October 2008.

B10. Borrowings

	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Short term borrowings		
Bank overdraft - unsecured	1,593	226
Unsecured and interest free	150	600
Long term borrowings		
Unsecured and interest free	200	200
	<u>1,943</u>	<u>1,026</u>

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B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 17 October 2008.

B12. Changes in Material Litigation

As at 17 October 2008, there were no significant 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) No interim dividend has been recommended or declared for the current quarter ended 30 September 2008;
 - 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 7.0 sen less 26% income tax paid on 14 October 2008.

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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	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	'000	'000	'000	'000
Profit after Tax (RM) Attributable to:				
Equity Holders of The Parent	<u>32,665</u>	<u>38,827</u>	<u>95,491</u>	<u>97,732</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>6.9</u>	<u>8.3</u>	<u>20.3</u>	<u>20.8</u>

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 24 October 2008.