

NCB HOLDINGS BHD

(Company No. 475221-K)

Incorporated in Malaysia

SELECTED EXPLANATORY NOTES ON QUARTERLY FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009

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 2008. 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 2008.

A2. 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 June 2009 is as follows :-.

	3 months ended		6 months ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Port Operation	146,427	173,318	279,343	341,737
Haulage/Logistics Operation	56,174	57,925	113,127	129,257
Investment Holding	93,183	804	94,197	1,910
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue including inter-segment sales	295,784	232,047	486,667	472,904
Elimination of inter-segment sales	(95,032)	(2,875)	(98,151)	(7,205)
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Total revenue	200,752	229,172	388,516	465,699
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Other Income:				
Port Operation	1,914	2,448	18,957	4,265
Haulage/Logistics Operation	1,958	591	2,698	1,175
Investment Holding	2,598	4,138	6,141	8,458
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	6,470	7,177	27,796	13,898
	<hr/>	<hr/>	<hr/>	<hr/>
Total Income				
Port Operation	148,341	175,766	298,300	346,002
Haulage/Logistics Operation	56,283	56,445	111,871	125,137
Investment Holding	2,598	4,138	6,141	8,458
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	207,222	236,349	416,312	479,597
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	3 months ended		6 months ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Results from continuing operations:				
Port Operation	31,893	39,489	63,831	82,728
Haulage/Logistics Operation	2,312	(582)	1,243	576
Investment Holding	92,695	739	93,656	1,987
	<hr/>	<hr/>	<hr/>	<hr/>
	126,900	39,646	158,730	85,291
Elimination	(93,183)	(804)	(94,197)	(1,910)
	<hr/>	<hr/>	<hr/>	<hr/>
	33,717	38,842	64,533	83,381
	<hr/>	<hr/>	<hr/>	<hr/>
Finance income:				
Port Operation	791	685	1,865	1,258
Haulage/Logistics Operation	247	213	457	423
Investment Holding	2,598	4,138	6,141	8,458
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	3,636	5,036	8,463	10,139
	<hr/>	<hr/>	<hr/>	<hr/>
Interest expenses :				
Haulage/Logistics Operation	-	(2)	-	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Results:				
Port Operation	32,684	40,174	65,696	83,986
Haulage/Logistics Operation	2,558	(371)	1,700	997
Investment Holding	2,111	4,073	5,600	8,535
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	37,353	43,876	72,996	93,518
Associates Results	419	93	379	203
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Profit Before Taxation	37,772	43,969	73,375	93,721
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A3. 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 2009.

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A4. 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 2008. 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.

A5. Comments about Seasonal or Cyclical Factors

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

A6. Dividends Paid

Total dividends paid during the quarter ended 30 June 2009 amounted to RM63,484,116.39. This is in respect of a final dividend for financial year ended 31 December 2008 of 10.0 sen per ordinary share less 25% income tax, and a special dividend of 8.0 sen per ordinary share less 25% income tax. The dividends were paid on 8 May 2009.

A7. 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 2008.

A8. Debt and Equity Securities

There have been no issues and repayment of equity security, repurchases or new issuance for the current quarter ended 30 June 2009.

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A9. Changes in Composition of the Group

There were no changes in the composition of the Group during the interim financial period ended 30 June 2009.

A10. Subsequent Events

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

A11. Changes in Contingent Liabilities

Contingent liabilities by way of corporate guarantees to financial institutions for banking facilities granted to subsidiary have decreased from RM7.2 million as at 31 December 2008 to RM7.0 million as at 30 June 2009.

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 2008.

Contingent liabilities in respect of claims for payment of quit rent against subsidiaries remain unchanged at RM1.4 million since the last balance sheet date, 31 December 2008.

There were no other changes in the contingent liabilities and contingent assets since the last annual balance sheet dated 31 December 2008.

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(Company No. 475221-K)

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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 RM200.7 million, which is 12.4% lower than the corresponding comparative quarter's figure of RM229.1 million. The port operating subsidiary contributed RM146.4 million while the haulage/logistics subsidiary contributed RM54.3 million. The year-to-date revenue of the Group amounted to RM388.5 million, a decrease of 16.5% compared to the corresponding period of RM465.6 million. The decrease in revenue for the current quarter was mainly due to decreased business undertaken by the subsidiaries.

Northport achieved a throughput during the current quarter of 678,929 TEUs reflecting a decrease of 12.2% as compared to the corresponding period last year of 773,236 TEUs. The year-to-date throughput achieved is 1,299,562 TEUs representing a decrease of 13.6% compared against the corresponding period last year of 1,503,688 TEUs. As for the haulage division in the haulage/logistics subsidiary the total volume handled during the quarter is 67,328 TEUs which is a decrease of 26.2% as compared to the figure for the corresponding quarter in 2008 of 91,200 TEUs. The year-to-date volume achieved is 126,959 TEUs representing a decrease of 28.7% compared to the figure for the corresponding period last year of 178,120 TEUs. For the quarter under review, the decrease in the volume handled was recorded in all categories i.e. import, export and transshipment. The decline is the result of the effects of the economic downturn.

There have been no other 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 RM37.7 million, is higher than the immediate preceding quarter's profit before tax of RM35.6 million.

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

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(Company No. 475221-K)

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B3. Commentary on Prospects

- a) The economic downturn continues to affect the business of the Group. Northport has registered a year-on-year decline of 12.2% in its teu's handled. The haulage division of the haulage/logistics subsidiary has also registered a 28.7% decline in the number of boxes moved.

The prospects of the Group sustaining the business at the current level is dependent on the country's ability to recover from the economic downturn.

- b) The Company did not announce or disclose any internal management targets in a public document.

B4. Board of Directors Statement on Internal Targets

The Company did not announce or disclose any internal management targets in a public document.

B5. Profit Forecast or Profit Guarantee

The Company did not announce or disclose any profit forecast or profit guarantee in a public document.

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 less than the statutory tax rate mainly due to Investment Allowance relief received by the port operating subsidiary, Northport (Malaysia) Bhd.

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B7. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and/or properties for the current quarter ended 30 June 2009.

B8. Sale of Quoted Investments

There were no purchase or disposal of quoted securities during the quarter ended 30 June 2009.

B9. Corporate Proposals

There were no corporate proposals which were announced but not completed as at 17 August 2009.

B10. Borrowings

	As at 30.06.2009 RM'000	As at 31.12.2008 RM'000
Short term borrowings		
Bank overdraft - unsecured	-	554
Unsecured and interest free	-	200
	<u>-</u>	<u>754</u>

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 17 August 2009.

B12. Changes in Material Litigation

As at 17 August 2009, there were no changes in material litigation, including the status of pending material litigation, since the last annual balance sheet date of 31 December 2008.

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B13. Dividend Payable

Dividend:

- a)
- i) An interim dividend has been recommended;
 - ii) the amount per share is 7.0 sen less 25% income tax;
 - iii) the previous corresponding period was 7.0 sen less 26% income tax;
 - iv) the date payable is 9 October 2009; and
 - v) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 28 September 2009; and
- b) The total dividend for the current financial year being only the recommended interim dividend of 7.0 sen less 25% income tax.

B14. Earnings Per Share

In respect of earnings per share:-

- a) Basic/Diluted earnings per share

	3 months ended		6 months ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	'000	'000	'000	'000
Profit after Tax (RM)				
Attributable to:				
Equity Holders of The Parent	<u>28,862</u>	<u>29,334</u>	<u>58,730</u>	<u>62,826</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>6.1</u>	<u>6.2</u>	<u>12.5</u>	<u>13.4</u>

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B15. Audit Report

The audit report of the previous annual financial statements for the year ended 31 December 2008 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 August 2009.