MALAYSIAN BULK CARRIERS BERHAD
(Company No.: 175953-W)

QUARTERLY REPORT

This is a quarterly report on consolidated results for the year ended 31 December 2006
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-06 RM '000	PRECEDING YEAR QUARTER 31-Dec-05 RM '000 (Restated)	CURRENT YEAR TO DATE 31-Dec-06 RM '000	PRECEDING YEAR TO DATE 31-Dec-05 RM '000 (Restated)
Revenue	107,989	101,140	441,600	395,783
Operating expenses	(36,501)	(46,587)	(172,409)	(144,375)
	71,488	54,553	269,191	251,408
Other operating income	50,084	19,810	84,259	435,504
Administrative expenses	(4,809)	(12,747)	(19,476)	(25,495)
Profit from operations	116,763	61,616	333,974	661,417
Finance cost	(24,920)	(8,342)	(36,071)	(16,946)
Share of results of associate	3,923	4,038	15,584	6,709
Profit before taxation	95,766	57,312	313,487	651,180
Income tax expense	(130)	60	(1,161)	(26)
Profit for the period	95,636	57,372	312,326	651,154
Attributable to:				
Equity holders of the parent	92,775	56,045	300,565	640,164
Minority interests	2,861	1,327	11,761	10,990
	95,636	57,372	312,326	651,154
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	11.60	7.01	37.57	80.02

Please refer to Note B13 for number of shares

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Dec-06 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-05 RM '000 (Restated)
ASSETS		
Non-current assets		
Fixed assets	1,021,312	1,007,942
Investments in associates	36,397	25,461
	1,057,709	1,033,403
Current Assets		
Consumable stores	6,216	7,882
Trade receivables	33,148	27,327
Other receivables and prepayments	84,363	23,892
Financial assets (including quoted investments)	178,103	150,338
Short term deposits	676,671	772,310
Cash and bank balances	16,123	2,783
	994,624	984,532
Non-current asset classified as held for sale	36,062	-
	1,030,686	984,532
TOTAL ASSETS	2,088,395	2,017,935
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	200,000	200,000
Reserves	1,354,117	1,299,698
	1,554,117	1,499,698
Minority interest	53,034	45,082
Total equity	1,607,151	1,544,780
Non-current liabilities		
Bank and other borrowings	336,014	389,540
Deferred taxation	-	74
	336,014	389,614
Current liabilities		
Bank and other borrowings	73,302	23,201
Other payables	71,451	60,238
Provision for Taxation	477	102
	145,230	83,541
Total liabilities	481,244	473,155
TOTAL EQUITY AND LIABILITIES	2,088,395	2,017,935

MALAYSIAN BULK CARRIERS BERHAD
(Company No.: 175953-W)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	CUMULATIVE CURRENT YEAR 31-Dec-06 RM '000	CUMULATIVE PRECEDING YEAR 31-Dec-05 RM '000 (Restated)
Cash Flow From Operating Activities		
Profit before taxation	313,487	651,180
Adjustments for:		
Depreciation	40,170	40,119
Fixed assets written off	1	20
(Gain) / loss on disposal of quoted investments	(5,905)	(291)
Gain on disposal of subsidiaries / vessels	-	(412,161)
Writeback of provision for doubtful debts	(62)	(476)
Provision for cost sharing of expenses	-	6,500
Unrealised exchange (gain)/loss	(5,008)	683
Share of results of associate	(15,584)	(6,709)
Unrealised loss / (gain) on quoted investments	(32,606)	(7,936)
Dividend income	(1,304)	(951)
Movement in foreign exchange translation	(19,676)	1,133
Interest income	(39,294)	(14,011)
Interest expense	36,071	16,946
Operating profit before working capital changes	270,290	274,046
Working capital changes:		
Consumable stores	1,666	(1,975)
Receivables	(61,098)	(25,413)
Payables	11,213	14,152
Cash generated from operating activities	222,071	260,810
Tax (paid)/recovered	(973)	(1,471)
Net cash generated from operating activities	221,098	259,339
Cash Flows From Investing Activities		
Construction / purchase cost incurred for fixed assets	(161,765)	(353,918)
Purchase of new equipment and capitalisation of dry docking cost	(2,979)	(8,372)
Purchase of other fixed assets	(728)	(1,340)
Purchase of quoted investments	(42,131)	(70,737)
Dividend received	1,304	951
Interest received	39,294	14,011
Proceeds from disposal of quoted investments	43,108	22,355
Proceeds from disposal of fixed assets	57	254,809
Proceeds from disposal of subsidiaries	-	572,020
Loan to associate company	-	(7,340)
Loan repayment from associate company	3,754	-
Net cash generated from/(used in) investing activities	(120,086)	422,439
Cash Flows From Financing Activities		
Interest paid	(36,071)	(13,667)
RPS dividend paid	-	(5,079)
Redemption of redeemable preference shares	-	(150,000)
Proceeds from issuance of ordinary shares to minority shareholder	-	1,520
Repayment of loans	(20,421)	(115,667)
Dividend paid to shareholders	(136,000)	(96,000)
Drawdown of loans & finance leases	-	414,448
Repayment of lease financing	-	(7,822)
Loan from a minority shareholder of a subsidiary company	9,181	9,491
Net cash generated from/(used in) financing activities	(183,311)	37,224
Net Change in Cash & Cash Equivalents	(82,299)	719,002
Cash & Cash Equivalents at the beginning of the year	775,093	56,091
Cash & Cash Equivalents at the end of the year	692,794	775,093
Cash & Cash equivalents comprise:		
Short term deposits	676,671	772,310
Cash and bank balances	16,123	2,783
	692,794	775,093

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Attributable to Equity Holders of the Parent								
		Non-distributable				Distributable		Minority Interest	Total Equity
	Share Capital	Share premium	Capital reserve	Capital redemption reserve	Exchange translation reserve	Retained profits	Total		
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At 1 January 2005									
As previously stated	200,000	98,791	34,159	25,000	2,172	555,953	916,075	32,553	948,628
Effects of adopting FRS 121	-	-	-	-	93,323	(51,520)	41,803	-	41,803
At 1 January 2005 (restated)	200,000	98,791	34,159	25,000	95,495	504,433	957,878	32,553	990,431
Subscription of shares issued by a subsidiary	-	-	-	-	-	-	-	1,539	1,539
Transfer to Capital Redemption Reserve upon redemption of RPS	-	-	-	15,000	-	(15,000)	-	-	-
Currency translation differences	-	-	-	-	(2,344)	-	(2,344)	-	(2,344)
Profit for the year	-	-	-	-	-	640,164	640,164	10,990	651,154
Dividends	-	-	-	-	-	(96,000)	(96,000)	-	(96,000)
At 31 December 2005 (restated)	200,000	98,791	34,159	40,000	93,151	1,033,597	1,499,698	45,082	1,544,780
At 1 January 2006									
As previously stated	200,000	98,791	34,159	40,000	1,473	1,089,657	1,464,080	45,082	1,509,162
Effects of adopting FRS 121	-	-	-	-	91,678	(56,060)	35,618	-	35,618
At 1 January 2006 (restated)	200,000	98,791	34,159	40,000	93,151	1,033,597	1,499,698	45,082	1,544,780
Currency translation differences	-	-	-	-	(110,146)	-	(110,146)	(3,809)	(113,955)
Profit for the year	-	-	-	-	-	300,565	300,565	11,761	312,326
Dividends	-	-	-	-	-	(136,000)	(136,000)	-	(136,000)
At 31 December 2006	200,000	98,791	34,159	40,000	(16,995)	1,198,162	1,554,117	53,034	1,607,151

NOTES TO THE FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention.

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 and should be read in conjuction with the audited financial statements for the year ended 31 December 2005.

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition, the Group has early adopted the deferred FRS 139 - Financial Instruments: Recognition and Measurement for the financial period beginning 1 January 2006.

The adoption of FRS 2, 3, 102, 108, 110, 116, 127, 128, 131, 132, 133, 136, 138 and 140 does not have significant financial impact to the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 5 - Non-current Assets Held for Sale and Discontinued Operations

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. On classification of non-current assets as held for sale, the non-current assets are recognised at the lower of carrying amount and fair value less costs to sell, and depreciation of such assets ceases.

(b) FRS 101 - Presentation of Financial Statements

The adoption of the revised FRS 101 has effected the presentation of minority interest, share of net after tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current year's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation.

A1. BASIS OF PREPARATION (Cont'd)

(c) FRS 121 - The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's presentation currency, as stipulated by FRS 121 for financial statements presented in Malaysia.

The Company and some of its subsidiaries have identified United States Dollar as their functional currency and have measured its results and financial position for the current year in United States Dollar. The results and the financial position of these companies were subsequently translated into Ringgit Malaysia in accordance with paragraphs 38-50 of FRS 121.

This change in accounting policy has been accounted for retrospectively and certain comparatives have been restated due to this change in accounting policy.

(d) Effects arising from adoption of new and revised FRSs

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

	Previously stated RM'000	Adjustment FRS 121 RM'000	Restated RM'000
At 31 December 2005			
Fixed assets	972,324	35,618	1,007,942
Exchange translation reserve	1,473	91,678	93,151
Retained profits	1,089,657	(56,060)	1,033,597
12 months ended 31 December 2005			
Operating expenses	139,835	4,540	144,375
Profit for the year	655,694	(4,540)	651,154
Earnings per share (basic) - sen	80.59	(0.57)	80.02

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2005 were not qualified.

A3. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter and financial year ended 31 December 2006.

A5. CHANGES IN ESTIMATES

There were no changes to the estimates of amounts reported in prior financial years that may have a material effect in the current quarter.

A6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation or shares held as treasury shares and resale of treasury shares for the current quarter.

A7. DIVIDENDS

There were no dividends paid or declared during the current quarter.

A8. SEGMENT REPORT

Segmental analysis for the current financial year to date is as follows:

	Shipping Bulkers RM '000	Shipping Tankers RM '000	Ship brokerage & management & others RM '000	Elimination RM '000	Group RM '000
REVENUE AND RESULT					
Revenue					
External sales	344,265	93,468	3,867	-	441,600
Inter-segment sales	(1,791)	-	3,302	(1,511)	-
Total revenue	342,474	93,468	7,169	(1,511)	441,600
Segment results	211,186	46,668	36,826	-	294,680
Interest income					39,294
Finance cost					(36,071)
Share of results of associate					15,584
Taxation					(1,161)
Profit for the year					312,326

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

The fixed assets are stated at cost less accumulated depreciation and impairment losses.

A10. SUBSEQUENT MATERIAL EVENTS

(a) During the quarter Everspeed Enterprises Ltd, a wholly-owned subsidiary of the Company, entered into a Memorandum of Agreement to sell the vessel Alam Sentosa, to a third party for a consideration of US$23.69 million.

(b) In November 2006, a wholly owned subsidiary of the Company, Red Sea Pacific Sdn Bhd, entered into an agreement to dispose of its vessel Alam Sejahtera to a third party for a consideration of USD10.6 million.

Both sales were completed in February 2007.

Other than disclosed above, there were no other material events subsequent to the current year ended 31 December 2006 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

Six wholly owned subsidiaries of the Company are undergoing the process of Members' Voluntary Winding-Up.

On 8 December 2006, two subsidiaries of the Group, Suji Shipping Pte Ltd and Serong Shipping Pte Ltd, have been struck off from the register of Accounting and Corporate Regulatory Authority, Singapore.

Saved as disclosed above, there have been no other changes in the composition of the Group during the current year under review.

A12. CONTINGENT LIABILITIES

There were no changes in contingent liabilities since the last annual balance sheet date to the date of this report.

B1. REVIEW OF PERFORMANCE

Group revenue of RM441.6million for the year ended 31 December 2006 is an increase of 11.6% over the previous year’s revenue of RM395.8million.

The Baltic Dry Index (BDI) closed at the end of 2005 at a low 2,407 points, dropping to a further low of 2,033 on 25th January 2006. From the slow start in the first quarter, the BDI strengthened relentlessly with the index climbing to 4,350 points by end 2006 and continues to remain firm into 2007. One of the factors, apart from increased port congestion, is China’s huge steel production and appetite for iron ore and coal imports.

The Baltic Clean Tanker Index (BCTI) started 2006 at 1,565 points, and remained soft throughout 2006 closing the year at the 1,261 points, shedding 19.4% from the start of 2006. This was due to high inventories, and a mild winter throughout the northern hemisphere.

B1. REVIEW OF PERFORMANCE (Cont'd)

MBC's average Time Charter Equivalent (TCE) for the dry bulk and tanker segment is a blend of the long term time charter and spot or short term charter rates. For the dry bulk segment, average TCE was about 1% higher against last year, whereas the tanker segment declined 17.9% in keeping with the weaker tanker market.

	Ave. TCE/Day		Hire Days	
	FY 06 (USD)	FY 05 (USD)	FY 06 (Day)	FY 05 (Day)
Dry Bulk	18,281	18,093	5,118	4,229
Product Tankers	20,638	25,128	1,260	1,128
Fleet Average	**18,746**	**19,574**	**6,378**	**5,357**

Total operating expenses comprising vessel operating expenses (RM136.6million) and charter-hire paid (RM35.8million) increased by 19%, year-on-year to RM172.4million. Charter hires paid for chartered-in tonnage increased by RM16.2million reflecting the increased activity by the Group in this segment.

Vessel operating expenses, year-on-year, increased by 9% from RM124.8million to RM136.6million. The increase is because of the addition of Alam Cantik which was delivered in May 2006 and also due to the four Post Panamaxes which were fully operational in FY2006, as opposed to their staggered deliveries over FY2005. Contributing also to increased vessel operating expenses are increases in lubricants and the higher cost of crewing and crew related expenses.

No vessel was sold in FY2006, in contrast to FY2005 when gains from the sale of the Group's vessels contributed a hefty RM412.2million to the Group's profit. This explains the reduction in other income from RM435.5million to RM84.3million. On a like comparison (i.e. excluding the gains from sale of vessels), other operating income for FY2006 recorded a 3.6 times increase over that of FY2005's, due to its investment portfolio.

Administrative expenses declined mainly due to lower human resource cost.

The strengthening Ringgit against the US$ had a small impact on the Group's results for FY2006. By the end of FY2006, the Ringgit had appreciated about 7% since the start of the year - whereas the adverse impact on the Group's results was only about 3%. However, the new accounting standard FRS121, requires Malaysian companies to maintain their books in their respective functional currency (in the case of MBC – US$) but with results still being reported in Ringgit. The implication of FRS121 on MBC's balance sheet is significant in that MBC's assets, which are predominantly US$, are required to be restated in its functional currency retrospectively to its historical US$ cost. Prior year's adjustment has the accounting impact requiring an adjustment from Revenue Reserves to Exchange Revaluation Reserves totalling RM51.3million and an increase in Ringgit book value of assets by RM35.6million.

For the current year, MBC's US$ assets at end of FY2006 has to be translated into Ringgit, thereby requiring an appropriation to reserves totaling RM110.1million reflecting a lower Ringgit book value of assets.

Profit for the year ended 31 December 2006 declined to RM312.3million against FY2005's RM651.2million. However, operating profits (excluding gains from sale of vessels) is an increase of 30.7% against the previous year.

The Board proposes a Bonus Issue of 1 Bonus Share for every 4 existing Ordinary Shares, subject to shareholders' approval at a general meeting to be convened.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The last quarter's revenue of FY2006 compared to the previous quarter declined by 9% from RM117.9million to RM107.9million. This is due to the dry-docking of one of the MR tankers and the comparatively lower chartered-in activities in the last quarter, as MBC was able to deploy its own vessels to perform its contracts of affreightment.

TCE achieved for the last quarter of FY2006 were higher for both the dry bulk and tanker segment when compared to the third quarter of FY2006.

Profit attributable to shareholders in the fourth quarter was RM95.8million, a 31% increase from RM72.9million achieved in the third quarter of FY2006.

B3. PROSPECTS

With second hand prices at record high, the Group sold two of its handy-sized vessels, (as mentioned in Note A10 above) which were delivered to buyers in February 2007. The sale will provide the MBC Group a profit of US$22.36million.

The outlook for the dry bulk segment is encouraging for 2007, as positive sentiments in 2006 continue into 2007. Global trade flows for the dry bulk sector remain strong and is expected to absorb new-buildings scheduled for delivery in 2007. However, the tanker segment remains soft exacerbated by higher order-book and new-building deliveries.

Whilst global economic growth will marginally ease to about 5% this year, the International Monetary Fund sees that the "world economy is moving into another year of strong growth". The strength of the Chinese economy, supported by strong growth in India, Russia and Brazil, should offset any downturn in the United States. In any case, the general consensus is that there is still strength in United States economy.

Meanwhile, three (3) medium range 35,000 dwt tankers will be delivered over 2007. Although the tanker segment's outlook may be soft, the tankers will nonetheless contribute towards MBC's profit. Financial year 2007 is expected to be another good year for the Group.

B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

There were no profit forecast or profit guarantee for the year under review.

B5. TAXATION

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge/(credit)		
-current year	204	1,616
-prior year	-	(381)
Deferred tax	(74)	(74)
	130	1,161

The income of the Group that is derived from the operations of sea-going Malaysian registered ships is tax exempt under Section 54A of the Income Tax Act, 1967. The taxation charge for the Group is attributable to tax in respect of non-tax exempt activities of the Group.

B6. PROFITS ON SALE OF INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and/or properties for the current financial quarter.

B7. QUOTED SECURITIES

i) Details of purchases and disposals of quoted securities are as follows:

	Current quarter RM'000	Current financial year-to-date RM'000
Purchase consideration	10,944	42,131
Sale proceeds	16,753	43,108
Profit/(loss) on disposal of quoted securities	3,662	5,905

ii) Details of investments in quoted securities:

	As at 31-Dec-06 RM '000
Marketable securities	
At cost	114,317
At book value	178,103
At market value	178,103

B8. STATUS OF CORPORATE PROPOSALS

There were no outstanding corporate proposals submitted by the Group as at 31 December 2006.

B9. GROUP BORROWINGS

i) The Group borrowings as at 31 December 2006 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	10,928	265,259
Unsecured loan	USD	-	17,574
Unsecured loan	RM	-	544
Finance lease payables	USD	62,374	52,637
		73,302	336,014

The secured loans are denominated in Sterling Pound and these have been swapped into US Dollars.

B10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group did not enter into any contracts involving off balance sheet financial instruments as at the date of this report.

B11. MATERIAL LITIGATION

There is no material litigation involving the Group since the last annual balance sheet date to the date of this report.

B12. DIVIDENDS

The Board recommends a first and final dividend of 12 sen per share, and a special dividend of 18 sen per share, tax exempt, amounting to RM240 million for the financial year ended 31 December 2006.

B13. EARNINGS PER SHARE

Earnings per share of the Group are calculated by dividing the profit attributable to ordinary equity holders of the parents by the weighted average number of ordinary shares in issue.

	CURRENT YEAR QUARTER 31-Dec-06	PRECEDING YEAR QUARTER 31-Dec-05	CURRENT YEAR TO DATE 31-Dec-06	PRECEDING YEAR TO DATE 31-Dec-05
Profit attributable to ordinary equity holders of the parent (RM'000)	92,775	56,045	300,565	640,164
Weighted average number of ordinary shares in issue('000)	800,000	800,000	800,000	800,000
Earnings per share attributable to equity holders of the parent (sen)	11.60	7.01	37.57	80.02

B14. COMMITMENTS

Commitments as at 31 December 2006, in foreign currency and its equivalent in RM are as follows:

Approved and contracted for	'000	RM'000
Capital commitments		
- new shipbuildings	USD 46,725	164,752
Bareboat charter commitments in Japanese Yen	JPY 4,657,150	138,271
		303,023