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

QUARTERLY REPORT

This is a quarterly report on consolidated results for the year ended 31 December 2009
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER 31-Dec-09 RM '000	PRECEDING YEAR QUARTER 31-Dec-08 RM '000	CURRENT YEAR TO DATE 31-Dec-09 RM '000	PRECEDING YEAR TO DATE 31-Dec-08 RM '000
Revenue	82,614	138,123	303,707	721,158
Operating expenses	(43,211)	(105,832)	(203,682)	(382,389)
	39,403	32,291	100,025	338,769
Other operating income/(loss), net	39,188	(26,883)	83,529	219,542
Administrative expenses	(5,739)	(5,732)	(18,298)	(26,553)
Profit/(loss) from operations	72,852	(324)	165,256	531,758
Finance cost	(1,853)	(7,989)	(13,937)	(27,182)
Share of results of associates	19,050	12,733	96,938	21,174
Profit before taxation	90,049	4,420	248,257	525,750
Income tax expense	(822)	542	(545)	(4,076)
Profit for the period	89,227	4,962	247,712	521,674
Attributable to:				
Equity holders of the parent	88,447	3,238	243,799	460,862
Minority interests	780	1,724	3,913	60,812
	89,227	4,962	247,712	521,674
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	8.84	0.32	24.38	46.09

Please refer to Note B13 for number of shares

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

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

	UNAUDITED AS AT END OF CURRENT QUARTER 31-Dec-09 RM '000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31-Dec-08 RM '000
ASSETS		
Non-current assets		
Fixed assets	627,554	581,858
Leasehold property	18,421	18,548
Associates	955,602	858,576
	1,601,577	1,458,982
Current Assets		
Consumable stores	6,797	6,924
Trade receivables	28,861	25,969
Other receivables and prepayments	48,025	49,263
Investments	150,497	131,401
Short term deposits	406,718	791,696
Cash and bank balances	53,711	13,875
	694,609	1,019,128
Non-current assets classified as held for sale	-	5,595
	694,609	1,024,723
TOTAL ASSETS	2,296,186	2,483,705
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	250,000
Reserves	1,537,074	1,633,938
	1,787,074	1,883,938
Minority interest	74,001	141,945
Total equity	1,861,075	2,025,883
Non-current liabilities		
Bank and other borrowings	344,968	356,635
	344,968	356,635
Current liabilities		
Bank and other borrowings	7,695	7,346
Other payables	81,546	90,205
Provision for Taxation	902	3,636
	90,143	101,187
Total liabilities	435,111	457,822
TOTAL EQUITY AND LIABILITIES	2,296,186	2,483,705

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	CUMULATIVE CURRENT YEAR 31-Dec-09 RM '000	PRECEDING YEAR 31-Dec-08 RM '000
Cash Flow From Operating Activities		
Profit before taxation	248,257	525,750
Adjustments for:		
Depreciation and amortisation	31,996	29,644
(Gain) / loss on disposal of quoted investments	(14,701)	13,040
Unrealised (gain) / loss on quoted investments	(38,226)	82,226
Gain on disposal of vessels	(7,966)	(327,305)
Gain on disposal of other fixed assets	(204)	(41)
Fixed assets written off	-	2,349
Provision for doubtful debts	404	42
Unrealised exchange (gain) / loss	4,868	(8,961)
Dividend income	(838)	(1,641)
Interest income	(6,713)	(36,407)
Interest expense	13,937	27,182
Surplus arising from liquidation of a subsidiary	(601)	-
Share of results of associates	(96,938)	(21,174)
Operating profit before working capital changes	133,275	284,704
Working capital changes:		
Consumable stores	221	(362)
Receivables	(7,608)	29,816
Payables	(8,504)	29,598
Cash generated from operating activities	117,384	343,756
Tax paid	(3,298)	(1,707)
Net cash (used in) / generated from operating activities	114,086	342,049
Cash Flows From Investing Activities		
Construction cost and purchase of vessels	(83,206)	(32,747)
Purchase of new equipment and capitalisation of dry docking cost	(1,975)	(7,036)
Purchase of other fixed assets	(1,043)	(145)
Purchase of quoted investments	(46,653)	(68,396)
Purchase of other investments	(167,882)	(48,919)
Dividend received	838	1,641
Dividend from an associate	11,604	-
Interest received	6,713	36,407
Proceeds from disposal of quoted investments	75,587	67,385
Proceeds from disposal of other investments	164,829	40,228
Proceeds from disposal of vessels	13,561	559,171
Proceeds from disposal of other fixed assets	204	41
Net cash outflow from deemed disposal of a subsidiary	(23,234)	-
Capital repayment from liquidation of a subsidiary	54	-
Loan to an associate	(42,377)	-
Loan repayment from associates	5,795	3,500
Subscription of shares in an associate	-	(792,167)
Net cash (used in) / generated from investing activities	(87,185)	(241,037)
Cash Flows From Financing Activities		
Interest paid	(12,801)	(23,702)
Repayment of lease financing	(7,131)	(6,287)
Advance to an associate	-	(704)
Dividend paid to shareholders	(300,000)	(380,500)
Dividend paid to minority shareholder of a subsidiary	(63,013)	(5,846)
Net cash used in financing activities	(382,945)	(417,039)
Net Change in Cash & Cash Equivalents	(356,044)	(316,027)
Effects of Foreign Exchange Rate Changes	10,902	94,652
Cash & Cash Equivalents at the beginning of the year	805,571	1,026,946
Cash & Cash Equivalents at the end of the year	460,429	805,571
Cash & Cash equivalents comprise:		
Short term deposits	406,718	791,696
Cash and bank balances	53,711	13,875
	460,429	805,571

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to Equity Holders of the Parent							Minority Interest	Total Equity
		Non-distributable				Distributable			
	Share Capital RM '000	Share premium RM '000	Capital reserve RM '000	Capital redemption reserve RM '000	Exchange translation reserve RM '000	Retained profits RM '000	Total RM '000	RM '000	RM '000
At 1 JANUARY 2008	250,000	48,791	34,159	40,000	(100,656)	1,422,754	1,695,048	79,256	1,774,304
Profit for the year	-	-	-	-	-	460,862	460,862	60,812	521,674
Dividends	-	-	-	-	-	(380,500)	(380,500)	-	(380,500)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(5,846)	(5,846)
Currency translation differences	-	-	-	-	108,528	-	108,528	7,723	116,251
At 31 DECEMBER 2008	250,000	48,791	34,159	40,000	7,872	1,503,116	1,883,938	141,945	2,025,883
At 1 JANUARY 2009	250,000	48,791	34,159	40,000	7,872	1,503,116	1,883,938	141,945	2,025,883
Profit for the year	-	-	-	-	-	243,799	243,799	3,913	247,712
Dividends	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(63,013)	(63,013)
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	(11,578)	(11,578)
Liquidation of a subsidiary	-	-	-	-	-	-	-	116	116
Currency translation differences	-	-	-	-	(40,663)	-	(40,663)	2,618	(38,045)
Transfer to Income Statement	-	-	(20,950)	-	(24,560)	45,510	-	-	-
At 31 DECEMBER 2009	250,000	48,791	13,209	40,000	(57,351)	1,492,425	1,787,074	74,001	1,861,075

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. The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the financial statements for the year ended 31 December 2008.

This interim financial report should be read in conjuction with the audited financial statements of the Group for the year ended 31 December 2008.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2008 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.

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 PAID

The final single tier dividend of 30 sen per ordinary share in respect of the financial year ended 31 December 2008, amounting to RM300 million was paid on 8 May 2009.

The Board recommends a final single tier dividend of 15 sen per share, amounting to RM150 million for the current financial year ended 31 December 2009.

A8. SEGMENT REPORT

Segmental analysis for the current financial period 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					
Group	241,378	54,406	9,406	(1,483)	303,707
Inter-segment	572	-	(2,055)	1,483	-
External revenue	241,950	54,406	7,351	-	303,707
Segment results	88,270	17,472	52,801 *	-	158,543
Interest income					6,713
Finance cost					(13,937)
Share of results of associates					96,938
Taxation					(545)
Profit for the year					247,712

*Included in "others" segment are attributable foreign exchange gain of RM11.9 million and gain on quoted investments of RM53.7 million.

A9. VALUATION OF SHIPS, PROPERTY AND EQUIPMENT

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

A10. SUBSEQUENT MATERIAL EVENTS

On 4 February 2010, a dormant wholly owned subsidiary, Red Sea Pacific Sdn Bhd, received Notice of Strike Off from the Companies Commission of Malaysia. Red Sea Pacific Sdn Bhd will cease to be a subsidiary of the Company with effect from 25 April 2010.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

i) A dormant wholly owned subsidiary, Alam Selaras Sdn Bhd, received Notice of Strike Off in December 2009 from the Companies Commission of Malaysia.

ii) Four dormant wholly owned subsidiaries, Alam Tabah Sdn Bhd, Alam Teladan Sdn Bhd, Aturanseni Sdn Bhd and Belia Shipping Sdn Bhd, held their final meeting on 28 September 2009 and dissolved on 29 December 2009.

A12. CONTINGENT LIABILITIES

In respect of the Company's tax case with the Inland Revenue Board on the tax assessment of RM58.4 million raised on deemed interest income, the Court of the Special Commissioners of Income Tax has fixed the dates for hearing on 1st to 3rd September 2010. No provision has been made in the accounts and the Company is contesting this assessment.

B1. REVIEW OF PERFORMANCE

Revenue for the MBC Group dropped 58% from RM721.2 million in 2008 to RM303.7 million for FY2009. As reported previously, the factors affecting group's earnings for the year were, the state of the charter market, the Group's reduced fleet size and her charter-in activities.

The Baltic Dry Index (BDI) was volatile throughout the year starting the year at 773 and then peaking twice on 3rd June at 4291 and then again on 19th November at 4661. At the close of the year, the BDI dropped to 3005. FY2009's BDI averaged 2616 represents a 59% decline from FY2008's average of 6390. All this translates into lower comparative average Time Charter Equivalent (TCE) for the drybulk fleet, of USD19,076/day versus 2008's time charter average of USD37,953/day.

Returns from the Group's tanker fleet was also lower than that of FY2008 with total revenue for this year of RM54.4 million being 26% lower than the previous year's amount of RM74.3 million. Average TCE for our tankers fleet of USD15,975/day for the full year 2009 is a 17% drop compared to the previous year's average of USD19,206/day.

Hire days were affected by the sale of Alam Sempurna, reduced charter-in of 3rd party ships and drydocking of 4 vessels this year. The drydocking days for 2 tankers totaled 63 days which significantly impacted the tanker fleet hire days.

The table below summarizes the fleet's average time charter equivalent (TCE) for bulkers and tankers.

	Ave TCE/Day		Hire Days	
	2009 (USD)	2008 (USD)	2009 (Day)	2008 (Day)
Dry bulk	19,076	37,953	3,691	5,120
Product Tankers	15,975	19,206	991	1,168
Fleet Average	**18,419**	**34,470**	**4,682**	**6,288**

Group operating expenses are lower compared to previous year by RM178.7 million mainly due to drop in charter-hire paid.

FY2008's results included the sale of 4 ships with gains from disposal of RM327.3 million. In FY2009, the Group sold its over-aged handysize bulkcarrier, Alam Sempurna (28,094 dwt) for a gain of RM8 million from the sale. On the other hand, other operating income for FY2009 of RM75.6 million is a substantial improvement over FY2008's loss of RM107.8 million as equity markets improved and mark to market losses were reversed and some gains were realized from disposal of the Group's quoted investments. Both administrative expenses and finance cost are lower than last year.

Despite market weakness, the Group's associates performed credibly contributing RM96.9 million as opposed to RM21.2 million for FY2008 largely due to contribution of RM63.9 million from investment in PACC Offshore Services Holdings Group (POSH) and RM33.0 million from Eminence Bulk Carriers Pte Ltd and Novel Bright Assets Ltd, owners of Alam Penting and Alam Murni (ex Ikan Salmon) respectively.

All in, the group closed the year with a net profit before taxation of RM248.3 million which is still a commendable profit in these challenging times.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The average TCE achieved for Q4/2009 in both the dry bulk and tanker segment were lower compared to Q3/2009. Consequently, the Group's revenue for the Q4/2009 declined from Q3/2009's RM98.0 million to RM82.6 million. However this is cushioned by reduced operating expenses of RM43.2 million against Q3/2009's RM59.1 million. Both the lower revenue and expenses are mainly due to the decreased charter-in activities in Q4/2009. Net operating profit for this 4th quarter of RM39.4 million is marginally higher than that of Q3/2009 of RM39.0 million.

Other operating income also returned positive contribution for this Q4/2009 of which RM32.2 million was from the year end mark to market gain on investments.

Administrative expenses remain stable compared to the previous quarter whilst finance cost is down due to lower interest rates on our loans.

Share of results from associates of RM19.1 million for the Q4/2009 is down from previous quarter's share of RM22.7 million. The POSH Group's Q4/2009 results were lower, impacted by lower rates and lower activities by the oil & gas companies. In November 2009, the POSH Group declared a maiden dividend of US$0.10 (10 cents) per share.

The Group's profit before tax for this final quarter of FY2009 amounts to RM90.0 million, an increase of RM19.5 million compared to Q3/2009 profit of RM70.5 million.

B3. PROSPECTS

IMF in its Jan 2010 bi-annual World Economic Outlook revised their global economic outlook for FY2010 to 3.9%, up from an earlier forecast of 3.1% and strengthening further into FY2011. Whilst advanced economies' growth continue to be weak, the pace will be driven by the developing and emerging economies, with China's and India's GDP forecasted to grow at 10% and 7.7% respectively. Generally the outlook is one of caution since there are still areas of weaknesses and problems, the latest being the economies of Portugal, Ireland, Greece and Spain.

The recovery in the drybulk market continued into Q4/2009. Strong iron ore imports into China, combined with acute port congestion issues, drove Capesize rates to 12-month highs, while strong seasonal coal and grain demand helped to support the Panamax and Handymax vessels.

Whilst Capes led the market rise fueled by Chinese import needs, likewise, recent market decline has been Capes led as well caused by China's decreased Capes activities arising from hesitation to nominate shipments which will only add to the congestion problem.

The concern is also that newbuilding deliveries will be heaviest in FY2010 and will severely test the market's ability to absorb such additional newbuilding tonnage. Although global economies appear to be on the mend and IMF is more upbeat about the economic outlook for FY2010, any slowdown in demand activities will immediately be felt and would lead to a market correction.

The Chinese government's attempt to curb excessive construction investment and overproduction in certain sectors (notably steel and cement industries) may undermine demand including a curtailment in speculative inventories. We can expect FY2010 to therefore remain very volatile and that China will continue to greatly influence shipping demand as has been the case in recent years.

The tanker market is also threatened by overcapacity caused by excessive newbuilding ordering in recent years coinciding with the recent downturn in demand and product trading activities. FY2009 was a difficult year with product tanker market easing to below operating cost for much of the year. Such low rates could prompt owners to phase out single hull tankers earlier thereby offsetting newbuild deliveries.

There have been indications of increased spending in exploration and production activities but this has yet to translate into higher rates due to current oversupply in the offshore segment. Current oil prices and announcements of higher budgets by oil majors and national oil companies portend a brighter future for offshore owners and service operators.

The coming years will be challenging. Notwithstanding the rather choppy waters ahead, your Board remains confident that FY2010 will be profitable. With the current down cycle in most shipping segments, in particular the large overhang in new deliveries in drybulk and tankers as well as slow down of exploration and production activities, there will be many opportunities to invest and build on the Group's future profitability.

B4. VARIANCE OF PROFIT FORECAST AND PROFIT GUARANTEE

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

B5. TAXATION

	Current quarter RM'000	Current financial year-to-date RM'000
Income tax charge		
-current period	747	2,224
-prior year	75	(1,679)
	822	545

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	11,620	46,653
Sale proceeds	18,903	75,587
Profit/(loss) on disposal of quoted securities	5,060	14,701

ii) Details of investments in quoted securities:

	As at 31-Dec-09 RM '000
Marketable securities	
At cost	64,963
At book value	115,008
At market value	115,008

B8. STATUS OF CORPORATE PROPOSALS

There were no other outstanding corporate proposals submitted by the Group as at 31 December 2009.

B9. GROUP BORROWINGS

i) The Group borrowings as at 31 December 2009 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	397	314,487
Finance lease payables	USD	7,298	30,481
		7,695	344,968

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

The Group is involved in the following legal proceedings both of which are still in the early stages :

i) In our second quarter announcement we reported an arbitration in process. This is in respect of Skaarup Fortune Shipping Ltd ("Skaarup") which had chartered a chartered-in vessel from Everspeed Enterprises Limited ("Everspeed") for a period of 2.5 years. Skaarup redelivered the said vessel claiming a breach under the terms of the Charterparty. Our legal advisors are of the view that we have a reasonably good case that under the Charterparty terms, Skaarup has terminated the Charterparty prematurely.

Everspeed has further initiated legal action against the Skaarup Group and its senior executives for fraud and misrepresentation relating to the guarantee provided for the charter.

ii) Everspeed received a Notice of Arbitration on 14 October 2009 from Raffles Shipping & Investment Pte Ltd ("Raffles"). This relates to a dispute in respect of the vessel which Everspeed had chartered from Raffles and in which Everspeed exercised its right to cancel the Charterparty in accordance with the terms of the Charterparty.

The claim from Raffles has not been quantified but total hire in dispute is approximately USD28.5 million less any sum that Raffles is able to recover in mitigation, e.g by re-chartering the Vessel to a third party for the remaining period of the charter.

B12. DIVIDENDS

The Board recommends a final single tier dividend of 15 sen per share, amounting to RM150 million for the current financial year ended 31 December 2009.

B13. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the parent by the number of ordinary shares in issue.

	CURRENT YEAR QUARTER 31-Dec-09	PRECEDING YEAR QUARTER 31-Dec-08	CURRENT YEAR TO DATE 31-Dec-09	PRECEDING YEAR TO DATE 31-Dec-08
Profit attributable to ordinary equity holders of the parent (RM'000)	88,447	3,238	243,799	460,862
Number of ordinary shares in issue('000)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share attributable to equity holders of the parent (sen)	8.84	0.32	24.38	46.09

B14. COMMITMENTS

Commitments as at 31 December 2009 are as follows:

	RM'000
(i) Approved and contracted for	
Capital commitments	20,815
(ii) Non-cancellable charter-in commitments	
Due within 1 year	16,921
Due later than 1 year and not later than 5 years	220,267
Due later than 5 years	510,515
	768,518