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

QUARTERLY REPORT

This is a quarterly report on consolidated results for the year ended 31 December 2007
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	INDIVIDUAL QUARTER		CUMULATIVE	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	RM '000	RM '000	RM '000	RM '000
Revenue	190,911	107,989	608,142	441,600
Operating expenses	(78,458)	(36,501)	(228,681)	(172,409)
	112,453	71,488	379,461	269,191
Other operating income	60,105	50,084	236,623	84,259
Administrative expenses	(8,850)	(4,809)	(29,239)	(19,476)
Profit from operations	163,708	116,763	586,845	333,974
Finance cost	(7,293)	(24,920)	(21,812)	(36,071)
Share of results of associate	3,682	3,923	15,262	15,584
Profit before taxation	160,097	95,766	580,295	313,487
Income tax expense	(239)	(130)	(2,529)	(1,161)
Profit for the year	159,858	95,636	577,766	312,326
Attributable to:				
Equity holders of the parent	156,006	92,775	544,592	300,565
Minority interests	3,852	2,861	33,174	11,761
	159,858	95,636	577,766	312,326
Earnings per share attributable to equity holders of the parent (sen)				
- Basic	15.60	9.28	54.46	30.06

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 2007

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER 31-Dec-07 RM '000	AS AT PRECEDING FINANCIAL YEAR END 31-Dec-06 RM '000
ASSETS		
Non-current assets		
Fixed assets	655,175	1,001,072
Leasehold property	18,508	20,240
Associate	47,605	36,397
	721,288	1,057,709
Current Assets		
Consumable stores	6,517	6,216
Trade receivables	42,798	33,148
Other receivables and prepayments	53,444	84,363
Financial assets	208,716	178,103
Short term deposits	988,783	676,671
Cash and bank balances	38,163	16,123
	1,338,421	994,624
Non-current asset classified as held for sale	127,999	36,062
	1,466,420	1,030,686
TOTAL ASSETS	2,187,708	2,088,395
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	250,000	200,000
Reserves	1,445,048	1,354,117
	1,695,048	1,554,117
Minority interest	79,256	53,034
Total equity	1,774,304	1,607,151
Non-current liabilities		
Bank and other borrowings	342,810	336,014
Deferred taxation	1,338	-
	344,148	336,014
Current liabilities		
Bank and other borrowings	6,589	73,302
Other payables	60,845	71,451
Provision for Taxation	1,822	477
	69,256	145,230
Total liabilities	413,404	481,244
TOTAL EQUITY AND LIABILITIES	2,187,708	2,088,395

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	CUMULATIVE	
	CURRENT YEAR 31-Dec-07 RM '000	PRECEDING YEAR 31-Dec-06 RM '000
Cash Flow From Operating Activities		
Profit before taxation	580,295	313,487
Adjustments for:		
Depreciation and amortisation	39,540	40,170
Gain on disposal of quoted investments	(1,368)	(5,905)
Gain on disposal of vessels	(167,389)	-
Fixed assets written off	-	1
Write back of provision for doubtful debts	(435)	(62)
Unrealised exchange loss/(gain)	4,245	(5,008)
Share of results of associate	(15,262)	(15,584)
Unrealised gain on quoted investments	(21,406)	(32,606)
Dividend income	(1,487)	(1,304)
Interest income	(36,621)	(39,294)
Interest expense	21,812	36,071
Operating profit before working capital changes	401,924	289,966
Working capital changes:		
Consumable stores	(315)	1,666
Receivables	40,499	(43,140)
Payables	17,939	22,861
Cash generated from operating activities	460,047	271,353
Tax paid	(1,285)	(973)
Net cash generated from operating activities	458,762	270,380
Cash Flows From Investing Activities		
Construction / purchase cost incurred for fixed assets	(194,259)	(161,765)
Purchase of new equipment and capitalisation of dry docking cost	(4,015)	(2,979)
Purchase of fixed assets	(86)	(728)
Purchase of quoted investments	(481,180)	(42,131)
Dividend received	1,487	1,304
Interest received	36,621	39,294
Proceeds from disposal of quoted investments	465,695	43,108
Proceeds from sale of vessels	529,291	-
Loan repayment from associate company	3,352	3,754
Proceeds from disposal of fixed assets	-	57
Net cash generated from/(used in) investing activities	356,906	(120,086)
Cash Flows From Financing Activities		
Interest paid	(21,812)	(36,071)
Repayment of loans	(11,645)	(10,928)
Repayment of lease financing	(61,998)	(9,493)
Repayment of loan from minority shareholder	(25,972)	-
Dividend paid to shareholders	(320,000)	(136,000)
Dividend paid to minority shareholder of subsidiary	(2,594)	-
Loan from a minority shareholder of a subsidiary company	8,636	9,181
Net cash used in financing activities	(435,385)	(183,311)
Net Change in Cash & Cash Equivalents	380,283	(33,017)
Effects of Foreign Exchange Rate Changes	(46,131)	(49,282)
Cash & Cash Equivalents at the beginning of the year	692,794	775,093
Cash & Cash Equivalents at the end of the year	1,026,946	692,794
Cash & Cash equivalents comprise:		
Short term deposits	988,783	676,671
Cash and bank balances	38,163	16,123
	1,026,946	692,794

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Attributable to Equity Holders of the Parent							Minority Interest	Total Equity
		Non-distributable				Distributable			
	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 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
At 1 January 2007	200,000	98,791	34,159	40,000	(16,995)	1,198,162	1,554,117	53,034	1,607,151
Bonus issue	50,000	(50,000)	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	(83,661)	-	(83,661)	(4,358)	(88,019)
Profit for the year	-	-	-	-	-	544,592	544,592	33,174	577,766
Dividends	-	-	-	-	-	(320,000)	(320,000)	-	(320,000)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	(2,594)	(2,594)
At 31 December 2007	250,000	48,791	34,159	40,000	(100,656)	1,422,754	1,695,048	79,256	1,774,304

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.

This interim financial report should be read in conjuction with the audited financial statements of the Group for the year ended 31 December 2006.

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 2006 except for the adoption of the following revised Financial Reporting Standards ("FRS") and amendment to FRS effective for the financial ancial periods beginning on or after 1 October 2006:-

FRS 117 - Leases
FRS 124 - Related Party Disclosures
Amendment to FRS 119_{2004} - Employee Benefits - Actuarial
Gains and Losses, Group Plans and Disclosures

The adoption of revised FRS 124 and amendment to FRS 119 does not result in significant changes in accounting policies of the Group. The change in accounting policies and the effects resulting from the adoption of the revised FRS 117 are discussed below:

(a) FRS 117: Leases

Leasehold property held for own use

Prior to 1 January 2007, leasehold property was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

FRS 117 now requires that leasehold properties for own use be treated as operating leases and be amortised on a straight line basis over the lease term.

This change in accounting policy has no impact to the results of the Group.

A2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2006 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

In respect of financial year ended 31 December 2006, 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 was paid on 10 May 2007.

In respect of financial year ended 31 December 2007, an interim dividend of 8 sen per share, tax exempt, amounting to RM80 million was paid on 24 September 2007.

The Board recommends a final dividend of 30 sen per share, tax exempt, amounting to RM300 million for the financial year ended 31 December 2007.

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					
External sales	485,476	116,263	6,403	-	608,142
Inter-segment sales	(2,295)	-	3,577	(1,282)	-
Total revenue	483,181	116,263	9,980	(1,282)	608,142
Segment results	378,895	153,566	17,763	-	550,224
Interest income					36,621
Finance cost					(21,812)
Share of results of associate					15,262
Taxation					(2,529)
Profit for the year					577,766

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) A wholly owned subsidiary, Kenagamas Sdn Bhd, has on 11 January 2008 commenced members' voluntary winding up.

(b) In January/February 2008, two subsidiaries, Alam Selaras Sdn Bhd and Crestbright Holdings Ltd, had entered into separate Memorandum of Agreements to dispose of a vessel each to third parties for USD44.0 million and USD43.9 million respectively. Both disposals are expected to be completed in March 2008.

Other than disclosed above, there were no other material events subsequent to the current year ended 31 December 2007 up to the date of this report.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review.

A12. CONTINGENT LIABILITIES

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

B1. REVIEW OF PERFORMANCE

Group revenue of RM608.1m for the year ended 31 December 2007 is a 37.7% increase over the previous year's revenue of RM441.6m. This significant improvement in performance was supported by a very robust dry bulk market which saw the Baltic Dry Index ("BDI") reaching an all time high of 11,039 on 13 November 2007. Whilst the tanker segment was virtually unchanged in 2007, it did not impact Group's performance during the year.

MBC's average Time Charter Equivalent (TCE) for the dry bulk segment is 64.6% higher against last year, whereas the tanker segment is relatively flat at 2.4% lower than that of the previous year.

	Ave. TCE/Day		Hire Days	
	2007 (USD)	2006 (USD)	2007 (Day)	2006 (Day)
Dry Bulk	30,095	18,281	4,682	5,118
Product Tankers	20,141	20,638	1,698	1,260
Fleet Average	**27,446**	**18,746**	**6,380**	**6,378**

Vessel operating expenses comprising vessel operating expenses (RM131.2m) and charter-hire paid (RM88.2m) increased by 33%, year-on-year to RM219.4m. This is due to the increased charter-in activities which comparatively in FY2006 was only RM35.8m in total. Vessel operating expenses, year-on-year, increased marginally by 2.2% from RM128.3m in FY2006 to RM131.2m in FY2007. The marginal increase is due to high initial costs on new vessel deliveries and increases in crewing costs for tankers, and offset by lower expenditure on reduced fleet size as a result of the sale of 2 dry bulk and 3 tankers during the year.

B1. REVIEW OF PERFORMANCE (CONT'D.)

The operating profit for FY2007 of RM379.5m reflects a 41% increase against the previous year's RM269.2m, and is the highest recorded. This is further boosted by other operating income of RM236.6m, comprising mainly of gains from sale of vessels (RM167.4m), interest income (RM36.6m) and gains from quoted equities (RM24.3m). However, administrative overheads increase by 50% due to the increased cost of doing business.

Collectively, Group's profit before tax was RM580.3m for 2007 and is 85% higher than 2006's profit before tax of RM313.5m.

Compared to the start of the year, the US$ had declined by about 6% against the Ringgit by year's end. The application of the FRS121 Accounting Standard requires the translation of MBC Group's US$ assets (namely vessels and current assets which includes cash & investments) from its functional currency (US$) into Ringgit for reporting purposes. Due to the decline of the US$, these US$ assets will translate into lower Ringgit values. Consequently, shareholders equity is reduced by about RM83.7m due to the adverse exchange translation provision. However, by end of 2007, the overall shareholders equity in Ringgit had grown by 9.1%.

Profit attributable to shareholders for the year ended 31 December 2007 increased to RM544.6m against FY2006's RM300.6m. This reflects an exceptional return on shareholder's funds of 35%.

B2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Quarter on quarter, revenue for the last quarter of FY2007 increased by 16.6% from RM163.7m to RM190.9m. Revenue days in Q4 was marginally higher and notwithstanding the lower tanker TCE average (US$16,479/day for Q4 versus US$21,302/day for Q3), Q4's revenue was boosted by the buoyant dry bulk segment which saw average TCE strengthened from US$31,075/day in Q3 to US$39,661/day for Q4. Overall, operating income improved by RM15.8m to RM112.5m quarter-on-quarter.

Other operating income also improved from Q3's RM44.8m to RM60.1m in Q4. The Group's quoted investment are marked-to-market, adding RM21.4m to the bottom line. Administrative expenses are flat quarter-on-quarter.

Profit attributable to shareholders in Q4 was RM156.0m, a 35% increase from RM115.5m achieved in Q3.

B3. PROSPECTS

Since achieving a historical peak of 11,039 on 13 November 2007, the BDI has declined by more than 30%. Charterers' suspension of cargo shipments in an effort to reduce port congestion, bad weather closing ports and mines affected cargo availability. Furthermore the annual iron ore price negotiations between China and the major suppliers resulted in significant decline of iron ore shipments. These adversely affected the cape-size market and the resultant negative influence across the freight market. However, the declining BDI against the backdrop of a global weakening equity market, the subprime mortgage woes, a tightening credit market in reaction to the subprime crisis and heightened concerns over the state of the United States' economy is clearly exacerbating the negative market sentiment.

Due to concerns in the financial market and a slowdown of the U.S. economy, IMF's latest forecast is for a deceleration in world economic growth to 4.1% in 2008, down from 4.9% for 2007. This expected slowdown is reiterated by the Group of Seven (G7), in a joint statement following the G7 meeting in Tokyo.

Whilst the sentiments may be negative in the equity and credit market, the world economy is still growing, albeit at a lower rate and the East Asian economy, particularly China, remains robust. Fundamentals remain sound and last week the market saw the recovery of the Baltic indices. The Board maintains that the dry bulk market will remain firm for 2008 and the recent weakness in the market is the result of restrained cargo supply rather than a sudden over supply of vessels.

The MBC Group sold two of its handy-sized vessels from its dry bulk fleet and three product tankers in FY2007. The MBC Group has chartered-in a panamax (73,000 dwt) for 3 years and a handymax (56,000 dwt) for 15 years with a purchase option. Both of these vessels have been delivered and are deployed into the fleet.

In view of the high prices and long lead time for new buildings, the MBC Group is not inclined to contract newbuildings at this point in time. However the Group has committed to 4 long term charters at favourable discounts to spot rates for newbuilding deliveries in 2010 to 2013. Two are for handysizes (29,000 dwt) and two are for Supramaxes (61,000 dwt) for charter periods ranging between 8 years to 10 years with option to extend along with purchase options. In addition, the Group's joint venture (60% owned) has signed a Letter of Intent to build a 29,100 dwt bulkcarrier which will be delivered by October 2009. The Group will continue to seek out such vessels at attractive prices as and when available. All of these contracts add capacity to MBC's fleet.

FY2007 was an exceptional year and the Board is confident that FY2008 will continue to be another profitable year for its shareholders.

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 year	264	1,699
-prior year	(850)	(508)
Deferred tax	825	1,338
	239	2,529

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	254,587	481,180
Sale proceeds	201,562	465,695
Profit/(loss) on disposal of quoted securities	(4,741)	1,368

ii) Details of investments in quoted securities:

	As at 31-Dec-07 RM '000
Marketable securities	
At cost	146,695
At book value	208,544
At market value	208,544

B8. STATUS OF CORPORATE PROPOSALS

There were no outstanding corporate proposals submitted by the Group as at 31 December 2007.

B9. GROUP BORROWINGS

i) The Group borrowings as at 31 December 2007 are as follows:

	Currency	Current RM '000	Non-current RM '000
Secured loans	GBP	298	299,114
Unsecured loan	RM	-	544
Finance lease payables	USD	6,291	43,152
		6,589	342,810

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 final dividend of 30 sen per share, tax exempt, amounting to RM300 million for the financial year ended 31 December 2007.

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 weighted average number of ordinary shares in issue.

	CURRENT YEAR QUARTER 31-Dec-07	PRECEDING YEAR QUARTER 31-Dec-06	CURRENT YEAR TO DATE 31-Dec-07	PRECEDING YEAR TO DATE 31-Dec-06
Profit attributable to ordinary equity holders of the parent (RM'000)	156,006	92,775	544,592	300,565
Weighted average 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)	15.60	9.28	54.46	30.06

B14. COMMITMENTS

Commitments as at 31 December 2007 are as follows:

		RM'000
(i)	Approved and contracted for	
	Capital commitments (USD7.189 million)	23,809
(ii)	Non-cancellable charter commitments	
	Due within 1 year	73,448
	Due later than 1 year and not later than 5 years	226,392
	Due later than 5 years	609,415
		933,064