Pacific Basin

Presentation to
LSE Asia Pacific Ship Finance Conference
2006

“Future prospects for owners in the Asia-Pacific region”

Richard Hext, CEO

19 October 2006
World Seaborne Dry Bulk Trade

World Seaborne Dry Bulk Trade (million tons)

Source: Clarkson

*Includes Sugar, Agribulks, Fertiliser, Scrap, Cement, Coke, Pig Iron, Forest Products, Steel Products, Others
Asia’s Increasing Dominance

Regional share of seaborne trade in major bulks* (million tonnes)

- Other
- Asia
- Europe

<table>
<thead>
<tr>
<th>Year</th>
<th>Other</th>
<th>Asia</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>29%</td>
<td>20%</td>
<td>51%</td>
<td>20%</td>
</tr>
<tr>
<td>1999</td>
<td>27%</td>
<td>20%</td>
<td>53%</td>
<td>20%</td>
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<tr>
<td>2000</td>
<td>27%</td>
<td>20%</td>
<td>54%</td>
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</tr>
<tr>
<td>2001</td>
<td>26%</td>
<td>19%</td>
<td>55%</td>
<td>20%</td>
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<tr>
<td>2002</td>
<td>25%</td>
<td>18%</td>
<td>56%</td>
<td>20%</td>
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<tr>
<td>2003</td>
<td>26%</td>
<td>17%</td>
<td>57%</td>
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<tr>
<td>2004</td>
<td>24%</td>
<td>17%</td>
<td>59%</td>
<td>20%</td>
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<tr>
<td>2005</td>
<td>22%</td>
<td>17%</td>
<td>61%</td>
<td>20%</td>
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<tr>
<td>2006</td>
<td>22%</td>
<td>16%</td>
<td>62%</td>
<td>20%</td>
</tr>
</tbody>
</table>

*Includes all imports of iron ore, petcoke, thermal coal, grains.

Source: Clarkson, Sept 2006
China’s Steel Production

Source: IISI

China Steel Production

Metric Tonnes (millions)

% y-o-y growth

Source: IISI
Demand - China’s Iron Ore Imports

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<td>10.7</td>
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<td>2003</td>
<td>11.4</td>
<td>12.8</td>
<td>12.7</td>
<td>12.5</td>
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<tr>
<td>2004</td>
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<td>15.7</td>
<td>17.8</td>
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<tr>
<td>2005</td>
<td>21.1</td>
<td>22.7</td>
<td>22.6</td>
<td>25.4</td>
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<tr>
<td>2006</td>
<td>26.9</td>
<td>26.9</td>
<td>28.6</td>
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</tbody>
</table>

Source: Bloomberg

2002 average: 9.3
2003 average: 12.4
2004 average: 17.3
2005 average: 22.9
2006 average: 27.5
Demand – China’s Steel Exports

Source: Everbright Securities

2002 average: 0.5
2003 average: 0.6
2004 average: 1.2
2005 average: 1.7
2006 YTD average: 3.3

Mil Tons/ Month

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

2002
0.3

2003
0.4

2004
0.5

2005
0.7

2006
0.6


0.5

1.0

1.4

1.9

2.1

1.7

1.4

2.1

1.6

2.2

3.5

4.1
Demand – China’s Cement Exports

Mil Tons/ Month

2002 average: 0.4
2003 average: 0.5
2004 average: 0.6
2005 average: 1.9
2006 YTD average: 3.0

Source: Bloomberg
China’s Growth Pattern – Steel Consumption

Steel consumption per capita (tons)

- **China (from 1990)**
- **Japan (from 1950)**
- **Korea (from 1970)**

Year

Source: UBS
China’s Growth Pattern – Electricity Consumption

Electricity consumption per capita (MWh)

China (from 1990)
Japan (from 1950)
Korea (from 1970)

Source: UBS
China’s Growth Pattern – Cement Consumption

Cement consumption per capita (MWh)

- China (from 1990)
- Japan (from 1950)
- Korea (from 1970)

Source: UBS
China’s Growth Pattern – Motor Vehicles per capita

Motor vehicles per capita

- China (from 1990)
- Japan (from 1950)
- Korea (from 1970)

Year

Source: UBS
World Fleet & Orderbook

October 06

- Tanker:
  - Existing: 359
  - Orderbook: 123
  - % of Existing Fleet: 34%

- Dry Bulk:
  - Existing: 360
  - Orderbook: 75
  - % of Existing Fleet: 21%

- Container:
  - Existing: 123
  - Orderbook: 59
  - % of Existing Fleet: 48%

- Other types:
  - Existing: 105
  - Orderbook: 27
  - % of Existing Fleet: 26%

Source: Clarksons

Mil dwt

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Drybulk Fleet & Orderbook

- **Capesize**
  - Existing: 117
  - 2006: 5
  - 2007: 9
  - 2008+: 22
  - Orderbook: 30%
  - Average Age: 11.2 years

- **Panamax**
  - Existing: 99
  - 2006: 3
  - 2007: 8
  - 2008+: 8
  - Orderbook: 19%
  - Average Age: 11.5 years

- **Handymax**
  - Existing: 70
  - 2006: 2
  - 2007: 5
  - 2008+: 7
  - Orderbook: 20%
  - Average Age: 11.4 years

- **Handysize**
  - Existing: 35
  - 2006: 11
  - 2007: 2
  - 2008+: 2
  - Orderbook: 11%
  - Average Age: 19.7 years

PB average vessel age = 6 years
32% of world handysize fleet > 25 years old

Source: Clarksons
Dry Bulk Scrapping

DWT million

- Capesize 100K+: 34.1, Orderbook 56%, Fleet > 20 years 115%
- Panamax 60-100K: 18.7, 115%
- Handymax 40-60K: 13.7, 112%
- Handysize (10-40K): 6.2, 740%
- Handysize (25-35K): 4.2, 452%

Source: Clarksons
The Baltic Dry Index
1-Year Time Charter Rates

Source: Clarkson's
Clarkson’s 5 year-old Secondhand Dry Bulk Vessel Price Index
Pacific Basin Group Overview

- World’s largest modern handysize vessel owner/operator
- Established in 1987 as specialist in Asia Pacific region
- Listed twice (NASDAQ 1994, HKEX 2004), privatized 1996
- Experienced management and personnel with proven track record in shipping (Swire, Jardines, Maersk, Torm)
- Headquartered at the heart of the world’s fastest growing economies
Cargoes Carried

Handysize
1H06 Cargo Volume

*Includes Cement Clinker, Gypsum, Alumina, Sands, Soda Ash, Agriculture Products, Ore, Aggregates and other bulk products
What the brokers are saying...

<table>
<thead>
<tr>
<th>Broker</th>
<th>Analysts</th>
<th>12mth Target</th>
<th>Recommendation</th>
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</thead>
<tbody>
<tr>
<td>1 Lehman</td>
<td>Thomas Kim</td>
<td>HK$ 7.50</td>
<td>Overweight</td>
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<td>2 Merrill Lynch</td>
<td>Teddy Tsai</td>
<td>HK$ 5.10</td>
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<td>3 UBS</td>
<td>Damien Horth</td>
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<td>4 Fearnley Fonds</td>
<td>Rikard Vabo</td>
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<td>Neil Juggins</td>
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<td>Jane Guo</td>
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<td>6 Goldman Sachs</td>
<td>Jean-Louis Morisot</td>
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<td>Julie Lim</td>
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<td>13 CLSA</td>
<td>Debra Lui</td>
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<td>Sell</td>
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Ship brokers covering the handysize sector: JE Hyde, Fearnleys, HSBC
Thank You

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This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Pacific Basin and certain plans and objectives of the management of Pacific Basin.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of Pacific Basin to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Pacific Basin's present and future business strategies and the political and economic environment in which Pacific Basin will operate in the future.