Q1 2007 Earnings Coverage

Handysize

- 2006: 16,420 days, 100% covered, US$15,420
- 2007: 20,001 days, 32% covered, US$18,000*

Handymax

- 2006: 5,050 days, 100% covered, US$16,330
- 2007: 4,886 days, 2% covered, US$21,360

* Includes an approx. $1,000/day anticipated uplift from efficient voyage execution
Outlook

- 2007 Handysize coverage of 68% at about US$18,000*
- 2007 Handysize revenue days grow by further 22% over 2006
- Historically high vessel prices up around 48% from 2006 lows
- Low orderbook of 17% of the ageing fleet, with 5% delivery in 2007

- Strong outlook of freight market and commodities demand to fuel China and Asia’s growth
- Continued cyclical upswing in the dry-bulk market
What is Pacific Basin?

- World’s largest modern handysize vessel owner/ operator
- Handysize revenue days grew by 66% from 2004 to 2006
- 16 offices worldwide, 260 shore-based staff, 1000 sea-farers
- Highly profitable industry

- 2007 Handysize revenue days to grow by further 22% over 2006
- TCE earnings grew by 83% from 2004 to 2006
- Track record for providing shareholder return including high dividend payout

- Carry dry bulk commodities needed for China’s and Asia’s future growth
- Ideally positioned to benefit from future growth in China and Asia
- Continued cyclical upswing in the dry-bulk market
Fleet Profile

Handysize: 73

- Managed: 4
  - Newbuilding: 2
  - Operating Lease: 16
  - Finance Lease: 17
- Chartered: 35
- Owned: 34
  - Newbuilding: 12
  - Owned: 22

Handymax: 8

- Newbuilding: 1
- Chartered: 4
- Owned: 2

Core fleet totals
81 vessels

Core & short-term vessels - totals 109

Investment programme totals
US$250 million in 12 vessels

2007 Handysize revenue days to grow further by 22% over 2006

Core fleet profile as at 11 April 2007

Note: Number of short-term vessels as at 28 Feb 2007
Diversified Cargo

Total Handysize and Handymax Cargo Volume in 2006

- Log & Forest Products: 9%
- Fertilisers: 9%
- Grains: 12%
- Steel & Scrap: 6%
- Log & Forest Products: 9%
- Cement: 11%
- Coal/Coke: 8%
- Petcoke: 5%
- Concentrates: 7%
- Agriculture Products: 6%
- Ore: 5%
- Other Bulks*: 22%

2006 cargo volume grew by 59% over 2005

Diversity of cargo produces stable earnings versus major bulks

Ballast time: 14%

* Includes Cement Clinker, Gypsum, Alumina, Sands, Soda Ash, Agriculture Products, Ore, Aggregates and other bulk products
China at Early Industrialization Stage

Steel Consumption Per Capita

- Same growth as historical trend in Japan and Korea
- Indicating long term dry bulk strong growth
- Same trend for other commodities – electricity & cement

Source: UBS
The Baltic Exchange Indices

The Baltic Exchange Dry Index (BDI)

The Baltic Exchange Handysize Index (BHSI)

Note: BHSI is shown as Net rate
Both BDI and BHSI ended at 24 April 2007, with BHSI officially started on 2 Jan 07
Sources: The Baltic Exchange, Bloomberg LP
Dry Bulk – 1 year Time-Charter Rate

Note: All data are in Net rate
Handysize 1 Year TCE Rate based on 25K-35K vessel
Source: Clarkson

As at 20 Apr 2007
$68,400
$36,813
$32,300
$20,568
PB Against the Market

We outperformed by **US$1,800/day** or 14% in 2006


- **IHC Pool Earnings**
- **Market**

Note: Market defined as Clarkson 1-Year TCE Net Rate

Sources: Company data, Clarkson
Strong Growth in Dry-bulk Trade

Historical growth of approx. 2%

Dry-bulk trade estimated to increase over 5% 07/06

Significant growth in recent 5 years

Source: Clarkson
Tonne-miles: Distance Carried is a Crucial Factor

Distances carried are growing – and continue to do so

8.7% real growth driver for dry-bulk ship demand

Estimated 5% growth in 2007

Global trade in major bulks – tonne-miles

2002-2006E CAGR 8.7%

Note: Major bulks include iron ore, coal, grain
Source: Fearnleys
### Low Orderbook in Handysize

#### Type of Vessels

<table>
<thead>
<tr>
<th>Type of Vessels</th>
<th>Orderbook as % of Existing Fleet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Container</td>
<td>44%</td>
</tr>
<tr>
<td>Tanker</td>
<td>40%</td>
</tr>
<tr>
<td>Others</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Dry Bulk</strong></td>
<td><strong>30%</strong></td>
</tr>
</tbody>
</table>

**Capesize 100K +**

- 43%
- Average Age: 11.2

**Panamax 60K-100K**

- 24%
- Average Age: 11.6

**Handymax 40K-60K**

- 32%
- Average Age: 11.6

**Handysize 25K-35K**

- 17%
- Average Age: 17.8

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**Note:** Orderbook as at April 2007

**Source:** Clarkson

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- All yards are almost full until 2010
- Yards prefer to build large vessels with higher profitability
- Limited supply in dry-bulk, particularly Handysize
But Even Better- Ageing World Fleet Points to Scrapping

Age Profile of Global Handysize (25K-35K) – March 2007

- More than 29% older than 25 years
- Handysize ave. age is 17.8 years old, eldest among dry-bulk fleet
- Low net supply of Handysize despite demand

Source: Clarkson
A 5-year second-hand Handysize vessel is now worth approx. US$34 million.

Our asset value moves in line with rising market values:
- Owned
- Chartered with purchase options
- Newbuildings

Second hand 5-year old, Handysize (25-35K) vessel value

April 2007: US$34 million

Source: Clarkson
Annual Results 2006 Highlights

- Profits: US$110.3m (2005: 147.1m) • Basic EPS: HK65¢ (90¢)
- A year of two halves with 2H profit double 1H - 1H06:US$36.4m, 2H06:US$73.9m
- Handysize average daily charter rate: US$15,420/day ($17,100/day)
- Net cash from operations : US$148.2m (173.3m)
- ROE: 36% (54%) • Net Profit Margin: 32% (56%)
- Proposed final dividend 2006: HK22.5¢ (Interim dividend 2006 paid: HK20¢)
- Payout: 71% (73%)
- Total shareholders’ return: 51% (21%)

Total Shareholders’ Return: 51% *

* Capital gain was share price appreciation in 2006, Dividends = Final 05 of HK35¢ and Interim 06 of HK20¢
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TCE Earnings (US$m)</strong></td>
<td>344.8</td>
<td>264.7</td>
</tr>
<tr>
<td><strong>Vessel disposals net gain</strong></td>
<td>23.7</td>
<td>23.5</td>
</tr>
<tr>
<td><strong>Reported net profit</strong></td>
<td>110.3</td>
<td>147.1</td>
</tr>
<tr>
<td><strong>Return on average shareholders equity</strong></td>
<td>36%</td>
<td>54%</td>
</tr>
<tr>
<td><strong>Basic EPS (HK¢)</strong></td>
<td>65</td>
<td>90</td>
</tr>
<tr>
<td><strong>Dividends (HK¢ per share)</strong></td>
<td>42.5</td>
<td>65.0</td>
</tr>
<tr>
<td><strong>Payout ratio</strong></td>
<td>71%</td>
<td>73%</td>
</tr>
</tbody>
</table>
# Results – Handysize Freight & Charter-hire

## Drivers of the results

<table>
<thead>
<tr>
<th></th>
<th>1H06</th>
<th>2H06</th>
<th>2006</th>
<th>2005</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue days (days)</td>
<td>7,570</td>
<td>8,850</td>
<td>16,420</td>
<td>14,260</td>
<td>+15%</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>14,400</td>
<td>16,290</td>
<td>15,420</td>
<td>17,100</td>
<td>-10%</td>
</tr>
<tr>
<td>Owned + chartered cost (US$/day)</td>
<td>8,540</td>
<td>9,160</td>
<td>8,880</td>
<td>7,870</td>
<td>+13%</td>
</tr>
<tr>
<td>Contribution (US$m)</td>
<td>44.4</td>
<td>63.0</td>
<td>107.4</td>
<td>131.6</td>
<td>-18%</td>
</tr>
</tbody>
</table>

- **2H06 deliveries increase revenue days**
- **1H06 TCE rates soft**
- **Blended cost reflects more chartered in vessels**
### Results – Handymax Freight & Charter-hire

#### Drivers of the results

<table>
<thead>
<tr>
<th>Category</th>
<th>1H06</th>
<th>2H06</th>
<th>2006</th>
<th>2005</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue days (days)</td>
<td>1,680</td>
<td>3,370</td>
<td>5,050</td>
<td>720</td>
<td>+602%</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>14,150</td>
<td>17,420</td>
<td>16,330</td>
<td>8,460</td>
<td>+93%</td>
</tr>
<tr>
<td>Owned + chartered cost (US$/day)</td>
<td>15,920</td>
<td>17,760</td>
<td>17,150</td>
<td>8,400</td>
<td>+104%</td>
</tr>
<tr>
<td>Contribution (US$m)</td>
<td>(3.0)</td>
<td>(1.1)</td>
<td>(4.1)</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

- 2H06 revenue days twice 1H
- 2006 loss related to 1H FFA positions locked in
Daily Vessel Costs - Handysize

<table>
<thead>
<tr>
<th>Year</th>
<th>Vessel Days</th>
<th>Owned</th>
<th>Chartered</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>11,720</td>
<td>8,480</td>
<td>8,850</td>
</tr>
<tr>
<td>2006</td>
<td>12,390</td>
<td>7,640</td>
<td>10,040</td>
</tr>
</tbody>
</table>

Blended: $8,880 (2005: $7,870)

- **Opex**: $7,640, $8,480
- **Depreciation**: $1,500, $960
- **Finance cost**: $2,420, $2,530
- **Direct Overhead**: $2,750, $2,990
- **Charter-hire**: $970, $960

Higher percentage of chartered days
## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 06</th>
<th>31 Dec 05</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net book value of fixed assets(^1)</strong></td>
<td>741.0</td>
<td>504.3</td>
</tr>
<tr>
<td><strong>Gross borrowings</strong></td>
<td>350.5</td>
<td>316.9</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td>63.2</td>
<td>83.7</td>
</tr>
<tr>
<td><strong>Net borrowings</strong></td>
<td>287.3</td>
<td>233.2</td>
</tr>
<tr>
<td><strong>Shareholder's equity</strong></td>
<td>485.0</td>
<td>309.3</td>
</tr>
<tr>
<td><strong>Net borrowings / Fixed assets</strong></td>
<td>38.0%</td>
<td>45.0%</td>
</tr>
<tr>
<td><strong>Net borrowings / Shareholder's equity</strong></td>
<td>59.0%</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

**Note 1**

39 Delivered vessels:
\[\text{NBV} = \text{US$683.5m, average US$17.5m}\]
\[\text{Insured value} = \text{US$1.17bn (31 Dec 06)}\]

**Insured values of all vessels with ownership interest US$1.9bn**

**Capital commitments**

31 Dec 06: US$251.7m
# Cashflow

<table>
<thead>
<tr>
<th>US$m</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating cash inflows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investing cash (out)/inflows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Payments for property, plant and equipment</td>
<td>(268.2)</td>
<td>(121.2)</td>
</tr>
<tr>
<td>- Sales of vessels</td>
<td>39.9</td>
<td>139.5</td>
</tr>
<tr>
<td>- Others</td>
<td>5.2</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total Investing</strong></td>
<td>(241.1)</td>
<td>24.7</td>
</tr>
<tr>
<td><strong>Financing cash in/(out) flows</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Net proceeds from share placement (Nov ’06)</td>
<td>154.3</td>
<td>-</td>
</tr>
<tr>
<td>- Net drawdown / (repayment) of borrowings</td>
<td>33.6</td>
<td>(372.9)</td>
</tr>
<tr>
<td>- Sale proceeds under finance leases</td>
<td>-</td>
<td>318.0</td>
</tr>
<tr>
<td>- Payment of interest and other finance charges</td>
<td>(25.4)</td>
<td>(17.0)</td>
</tr>
<tr>
<td>- Dividend paid</td>
<td>(91.6)</td>
<td>(88.5)</td>
</tr>
<tr>
<td>- Others</td>
<td>3.2</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Total Financing</strong></td>
<td>74.1</td>
<td>(157.5)</td>
</tr>
<tr>
<td><strong>Cash at 31 December</strong></td>
<td>63.2</td>
<td>82.1</td>
</tr>
</tbody>
</table>
## Dividends

- **High payout** – continue to payout at least 50% of annual attributable profits in 2007
- **Actual payout ratio** has consistently exceeded the stated policy

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>US$m</th>
<th>HK¢ per share</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Interim (paid 7Sep06)</td>
<td>33.4</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proposed final (ex-div 29Mar07)</td>
<td>45.1</td>
<td>22.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total for year</strong></td>
<td><strong>78.5</strong></td>
<td><strong>42.5</strong></td>
<td><strong>71%</strong></td>
</tr>
<tr>
<td>2005</td>
<td><strong>Total for year</strong></td>
<td><strong>107.6</strong></td>
<td><strong>65.0</strong></td>
<td><strong>73%</strong></td>
</tr>
</tbody>
</table>
Disclaimer

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