Pacific Basin

Annual Results 2006
Results 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% *

130  Capital Gain
55  Dividends Paid in the Year

2006

* Capital gain was share price appreciation in 2006, Dividends = Final 05 of HK35¢ and Interim 06 of HK20¢
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 23% 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

Core fleet totals
77 vessels

Core & short-term vessels - totals 99

Investment programme totals
US$ 250 million
in 12 vessels

2007 Handysize
revenue days to grow
further by 23% over 2006

Handysize: 70

Managed
4
Chartered
34
Owned
32

Managed 4
Chartered 4
Owned 3

Newbuilding 1
Operating Lease 16
Finance Lease 17
Newbuilding 11
Owned 21

Handymax: 7

Chartered 4

Owned 2

Newbuilding 1
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%

21.1 million mt

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

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

Steel Consumption Per Capita

Tons per capita

Years from Start Date

Source: UBS
## 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><strong>Revenue days</strong> (days)</td>
<td>7,570</td>
<td>8,850</td>
<td>16,420</td>
<td>14,260</td>
<td>+15%</td>
</tr>
<tr>
<td><strong>TCE earnings</strong> (US$/day)</td>
<td>14,400</td>
<td>16,290</td>
<td>15,420</td>
<td>17,100</td>
<td>-10%</td>
</tr>
<tr>
<td><strong>Owned + chartered cost</strong> (US$/day)</td>
<td>8,540</td>
<td>9,160</td>
<td>8,880</td>
<td>7,870</td>
<td>+13%</td>
</tr>
<tr>
<td><strong>Contribution</strong> (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></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></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US$/day</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Owned</strong></td>
<td>7,640</td>
<td>8,480</td>
<td></td>
</tr>
<tr>
<td><strong>Chartered</strong></td>
<td>10,040</td>
<td>10,040</td>
<td></td>
</tr>
<tr>
<td><strong>Vessel Days</strong></td>
<td>11,720</td>
<td>12,390</td>
<td></td>
</tr>
<tr>
<td><strong>Charter-hire</strong></td>
<td>970</td>
<td>960</td>
<td></td>
</tr>
<tr>
<td><strong>Finance cost</strong></td>
<td>1,500</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>2,420</td>
<td>2,530</td>
<td></td>
</tr>
<tr>
<td><strong>Opex</strong></td>
<td>2,750</td>
<td>2,990</td>
<td></td>
</tr>
<tr>
<td><strong>Direct Overhead</strong></td>
<td>8,190</td>
<td>8,850</td>
<td></td>
</tr>
<tr>
<td><strong>Higher percentage of chartered days</strong></td>
<td>81%</td>
<td>75%</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2005</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2006</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Higher percentage of chartered days
# Balance Sheet

**US$m**

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 06</th>
<th>31 Dec 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net book value of fixed assets ¹</td>
<td>741.0</td>
<td>504.3</td>
</tr>
<tr>
<td>Gross borrowings</td>
<td>350.5</td>
<td>316.9</td>
</tr>
<tr>
<td>Cash</td>
<td>63.2</td>
<td>83.7</td>
</tr>
<tr>
<td>Net borrowings</td>
<td>287.3</td>
<td>233.2</td>
</tr>
<tr>
<td>Shareholder's equity</td>
<td>485.0</td>
<td>309.3</td>
</tr>
</tbody>
</table>

**Net borrowings / Fixed assets**

- 38.0% (31 Dec 06)
- 45.0% (31 Dec 05)

**Net borrowings / Shareholder's equity**

- 59.0% (31 Dec 06)
- 75.0% (31 Dec 05)

**Note 1**

- **39 Delivered vessels:**
  - NBV = US$683.5m, average US$17.5m
  - Insured value = US$1.17bn (31 Dec 06)

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

**Capital commitments**

- 31Dec06: 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>(286.2)</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>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>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>Total for year</td>
<td>78.5</td>
<td>42.5</td>
<td>71%</td>
</tr>
<tr>
<td>2005</td>
<td>Total for year</td>
<td>107.6</td>
<td>65.0</td>
<td>73%</td>
</tr>
</tbody>
</table>
The Baltic Exchange Indices

The Baltic Exchange Dry Index (BDI)

The Baltic Exchange Handysize Index (BHSI)

Sources: Bloomberg LP, The Baltic Exchange
Note: BHSI shown as Net Rate
Both BDI and BHSI are as at 28 Feb 2007, BHSI official start at 2 Jan 2007

US$20,447
Dry Bulk – 1 year Time-Charter Rate

Note: Net Rate, Handysize 1 Year TCE Rate based on PB Benchmark

Source: Clarkson
PB Against the Market

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

Sources: Company data, Clarkson
Note: Market defined as Clarkson 1-Yr TCE Net Rate
Strong Growth in Dry-bulk Trade

**World Seaborne Dry Bulk Trade**

2002-2006E CAGR 6.3%

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%

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

<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>37%</td>
</tr>
<tr>
<td>Others</td>
<td>21%</td>
</tr>
<tr>
<td>Dry Bulk</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Vessels</th>
<th>Ave. Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capesize 100K +</td>
<td>11.0</td>
</tr>
<tr>
<td>Panamax 60-100K</td>
<td>11.5</td>
</tr>
<tr>
<td>Handymax 40K-60K</td>
<td>11.5</td>
</tr>
<tr>
<td>Handysize 25-35K</td>
<td>17.9</td>
</tr>
</tbody>
</table>

All yards are almost full until 2010
Yards prefer to build large vessels with higher profitability
Limited supply in dry-bulk, particularly Handysize

Orderbook as at Jan 2007, Source: Clarkson
But Even Better - Ageing World Fleet Points to Scrapping

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

- Handysize ave. age is 17.9 years old, eldest among dry-bulk fleet
- More than 29% older than 25 years
- 55% ≥ 20 Years
- 58% > 15 Years
- Low net supply of Handysize despite demand

Orderbook: 15%
No. of Vessels: 1,217

Source: Clarkson
Dry Bulk Carrier Sale & Purchase Market

A 5-year second-hand Handysize vessel is now worth approx. US$31 million.

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

Source: Clarkson

US$28.5m

2nd-hand 5-year old, Handysize (25-35K) vessel value
Earnings Coverage

Handysize revenue days in 2008: 22,200 days, making satisfactory progress in securing cover.

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

- 2006 proposed final dividend: HK22.5¢, 2006 payout: 71%
- 2007 Handysize revenue days grow by further 23% over 2006
- 2007 Handysize coverage of 58% at about US$17,000
- Historically high vessel prices up around 24% from 2006 lows*
- Low orderbook of 15% of the ageing fleet, with 4% 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

* Source: Clarkson
Disclaimer

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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.