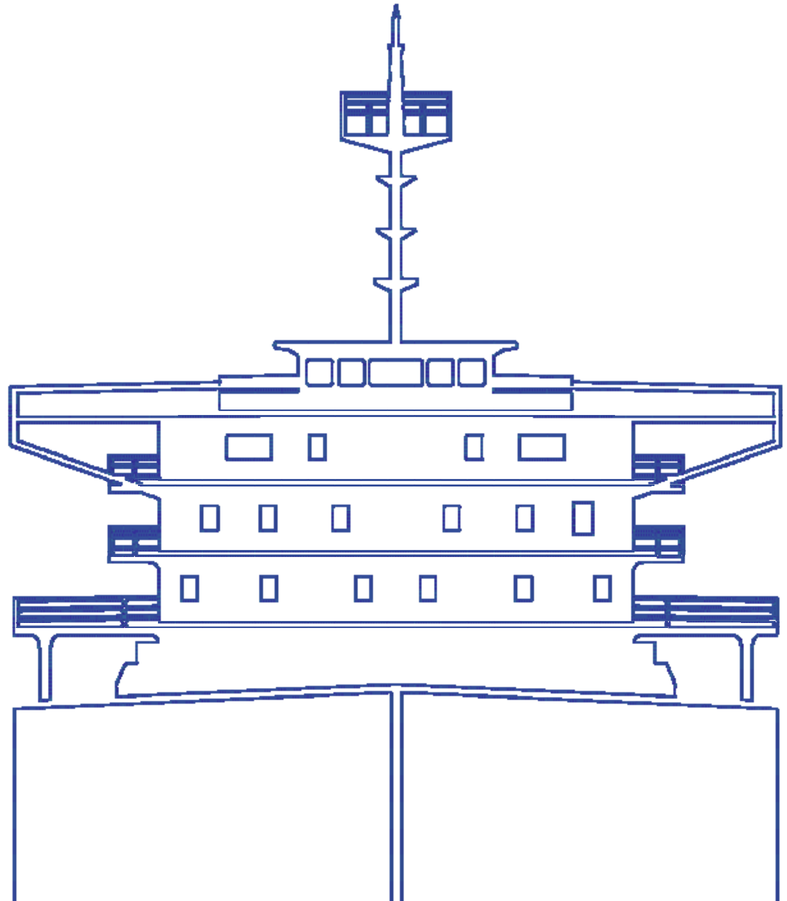
Pacific Basin

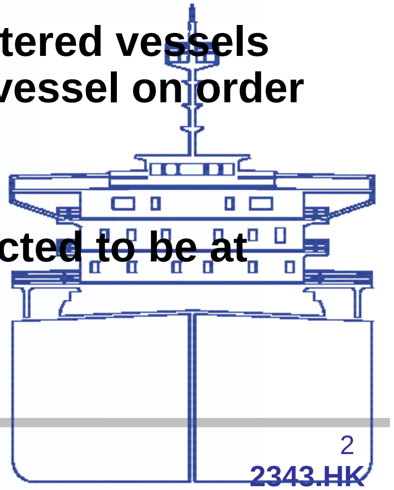


Interim Results

For the six months ended 30th June 2006

1st Half 2006 Results Highlights

- **Profits – US$36.4 million** (1H05: US$85.5million) **EPS HK cents 21.95** (1H05: HK cents 52.30)
- **Average handysize TCE rate achieved of US$14,400/day** (1H05: 18,600/day)
- **ROE 25% (1H05: 59%); Net Profit Margin 26% (1H05: 61%)**
- **Market now looks to be entering a cyclical upturn due very strong demand**
- **TCE earnings – US$140.4 million** (1H05: US$140.9 million) **reflecting cargo volume up 40% year on year**
- **10 vessels acquired, lifting fleet of core owned and long term chartered vessels to 71 including 59 in operation at 30 June** (31 Dec 05: 50) **plus 12 vessel on order** (31 Dec 05: 10)
- **2006 interim dividend of HK cents 20 per share; FY dividend expected to be at least HK cents 40 per share**



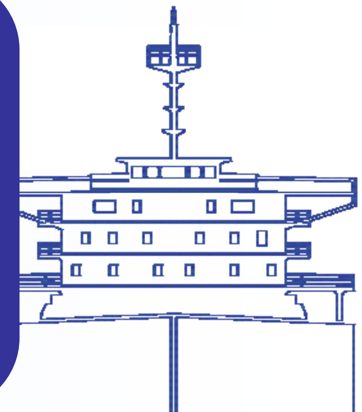
Outlook

❖ Handysize physical revenue days and contract cover now stand at:

	Days	Cover	$/day
1H06	7,570	100%	$14,400 A
2H06	8,620	77%	$14,500*E
2006	16,190	88%	$14,400*E
2007	18,550	23%	$14,000*E

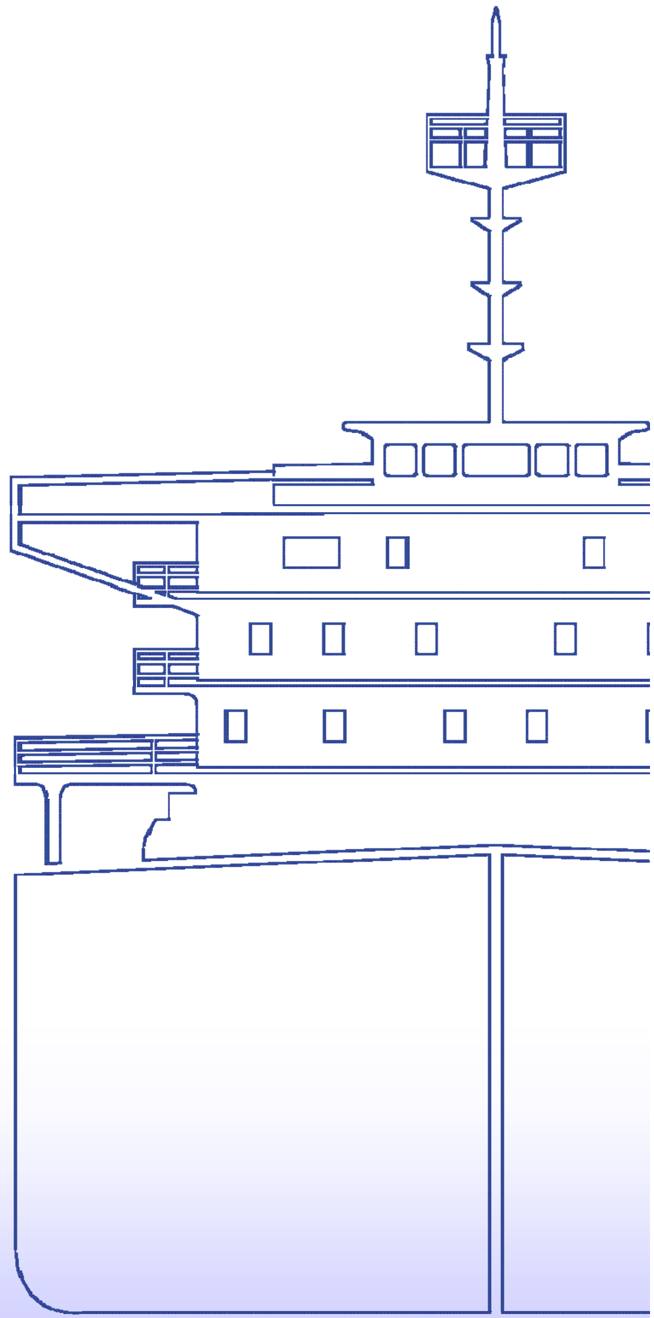
❖ Handymax physical revenue days and contract cover now stand at:

	Days	Cover	$/day
1H06	1,680	100%	$14,160 A
2H06	3,290	75%	$17,980 E
2006	4,970	83%	$16,430 E
2007	2,640	53%	$13,600 E

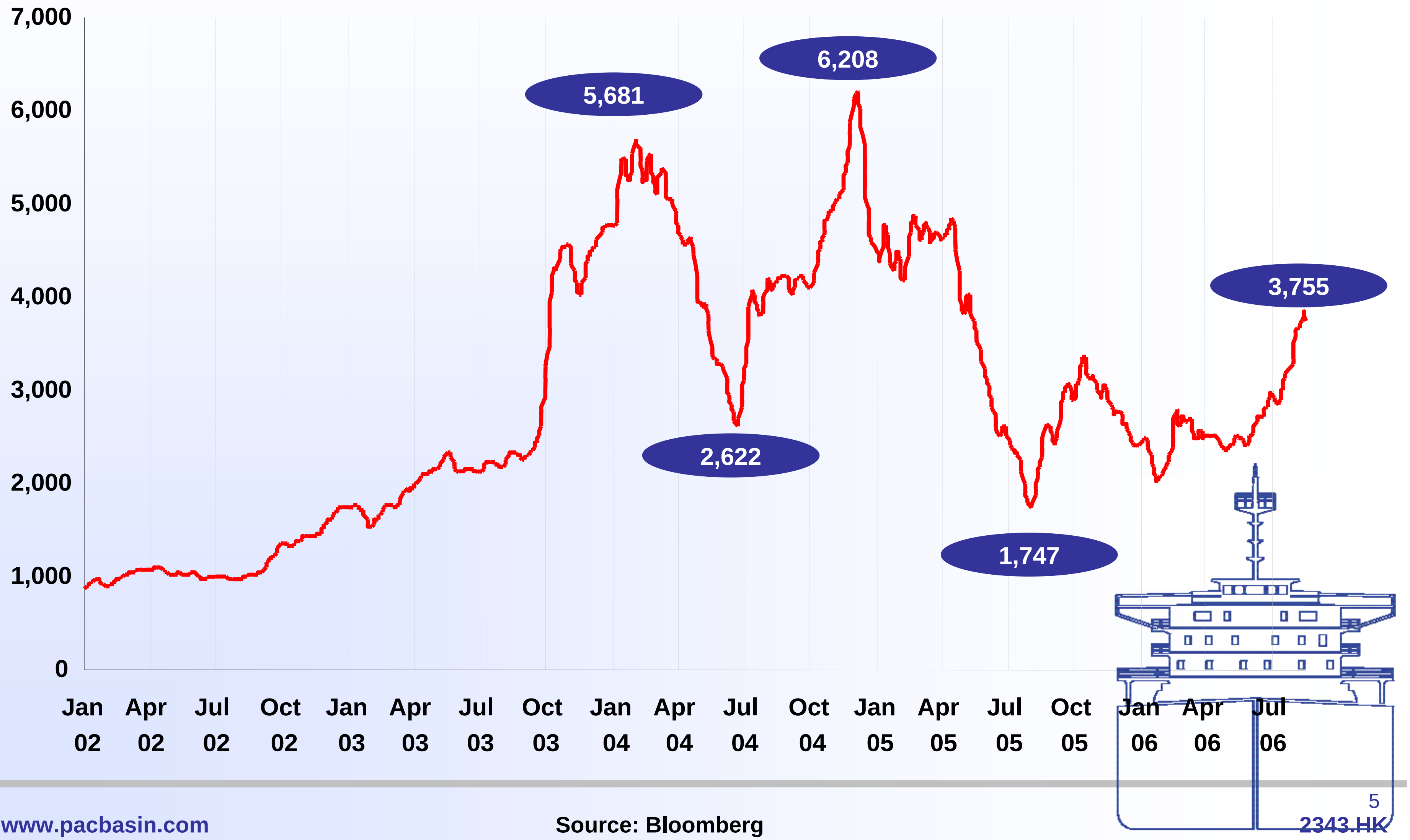


* Includes estimated execution premium

Market Review

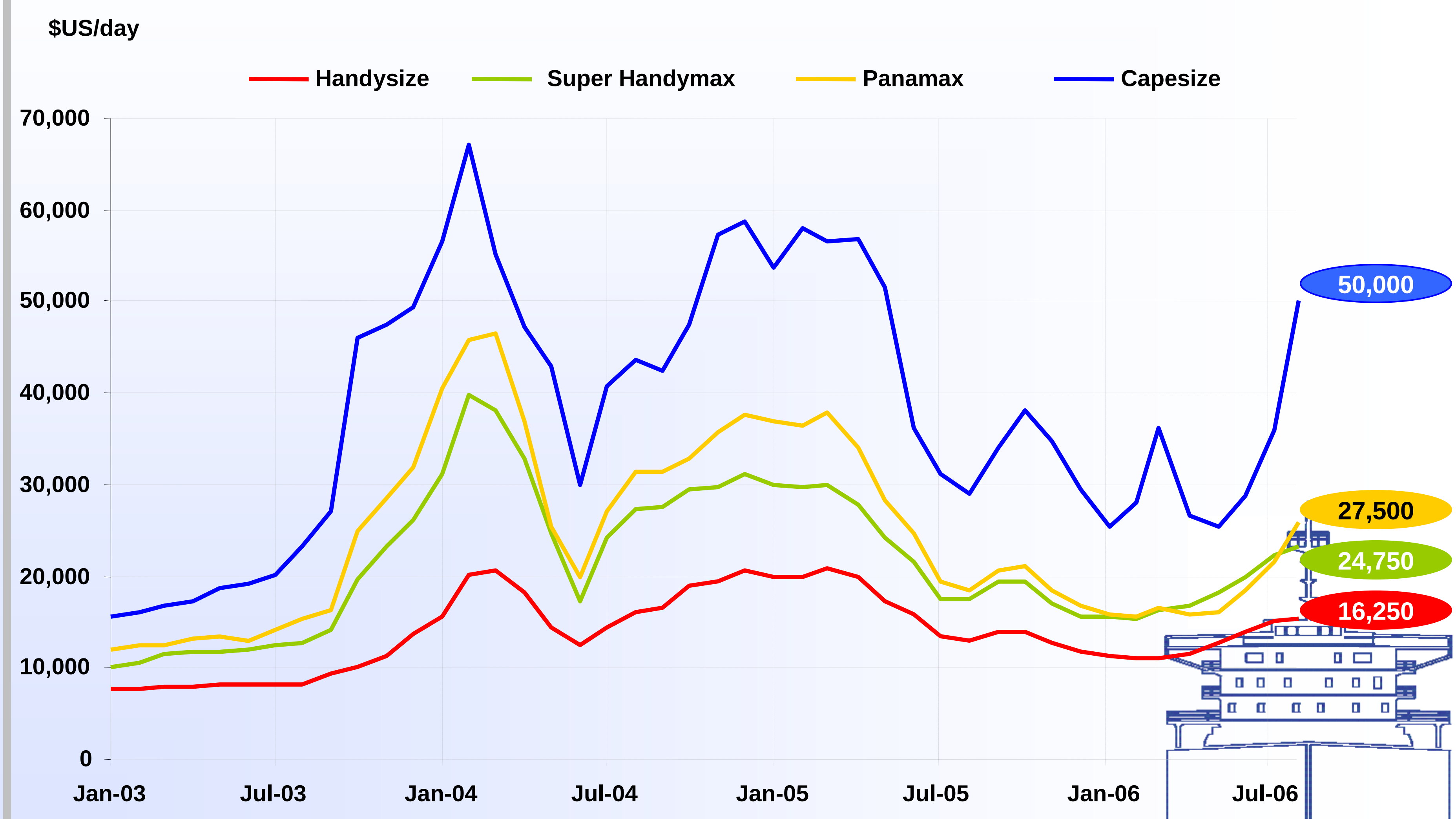


The Baltic Dry Index



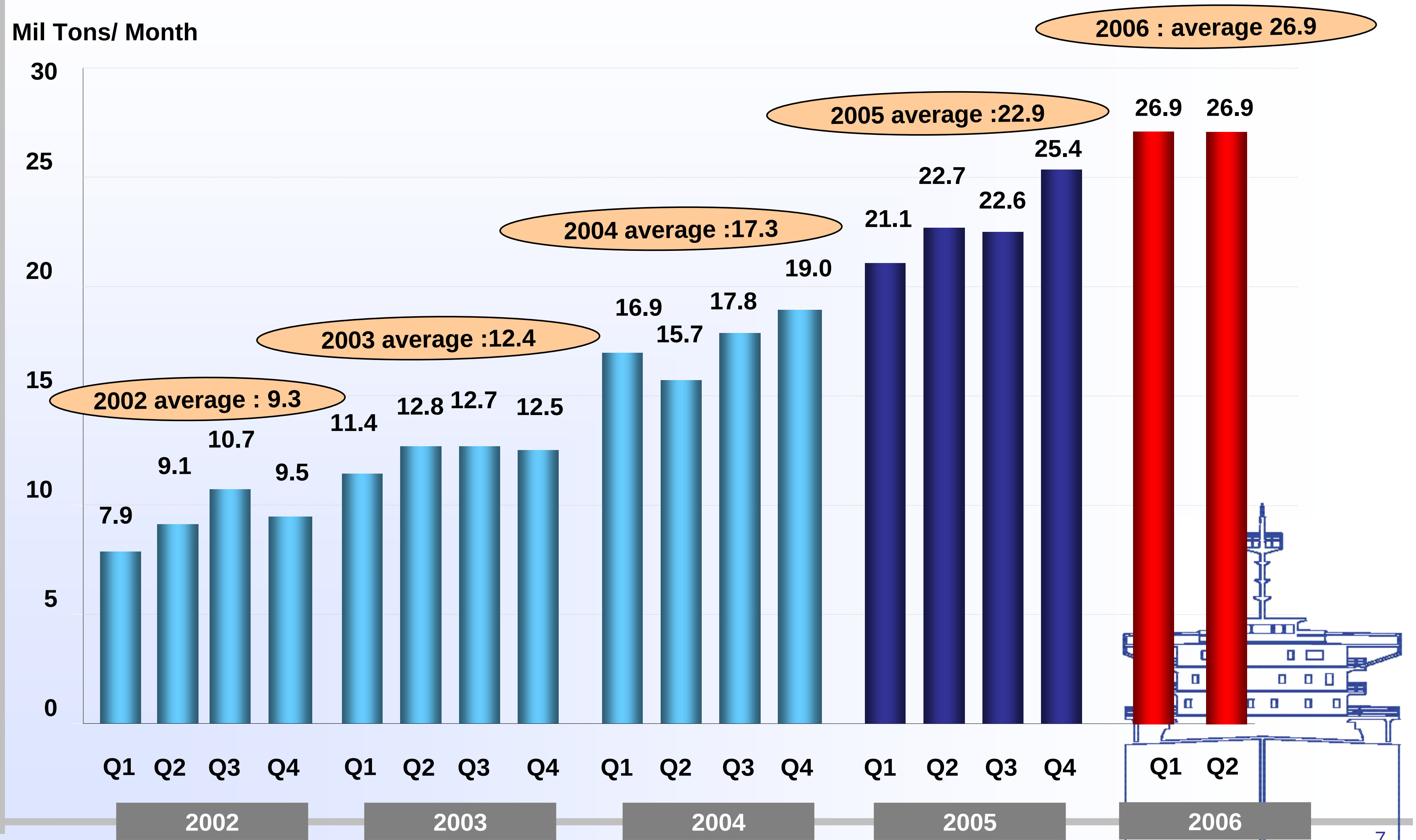
Source: Bloomberg

Dry Bulk – 1 year Time-Charter Rate



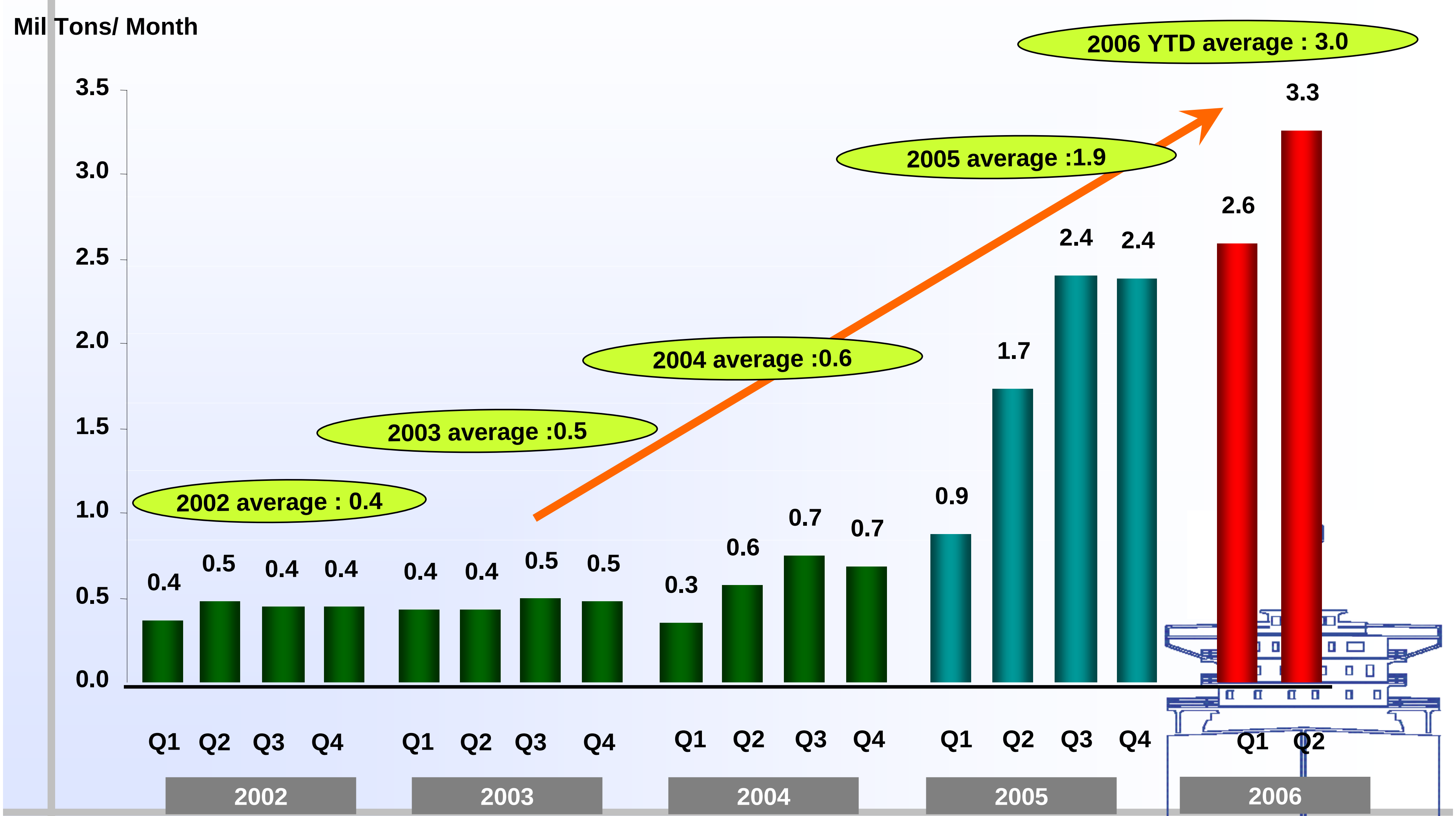
Source: Clarksons

Demand – China's Iron Ore Imports



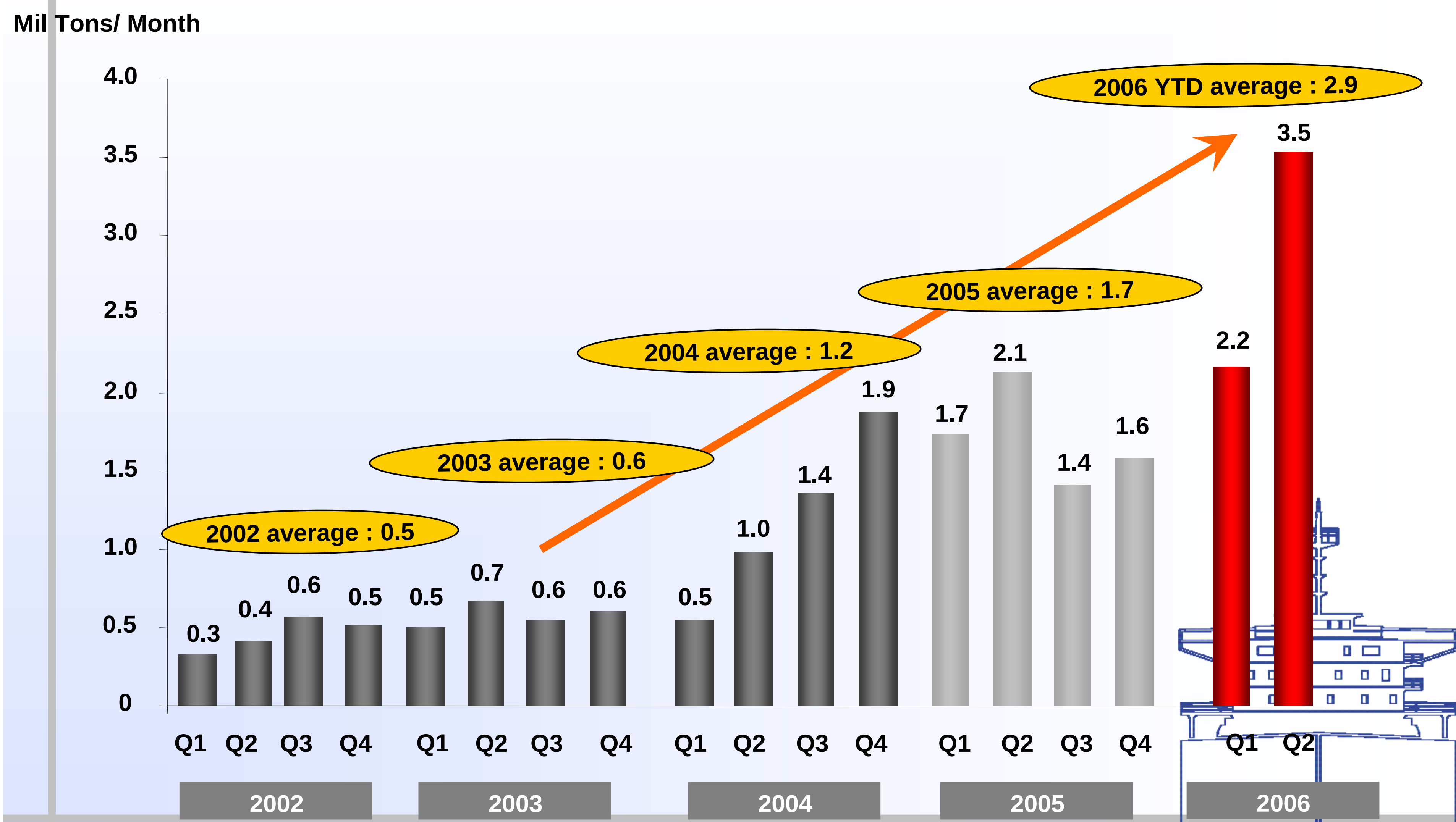
Source: Bloomberg

Demand – China's Cement Exports



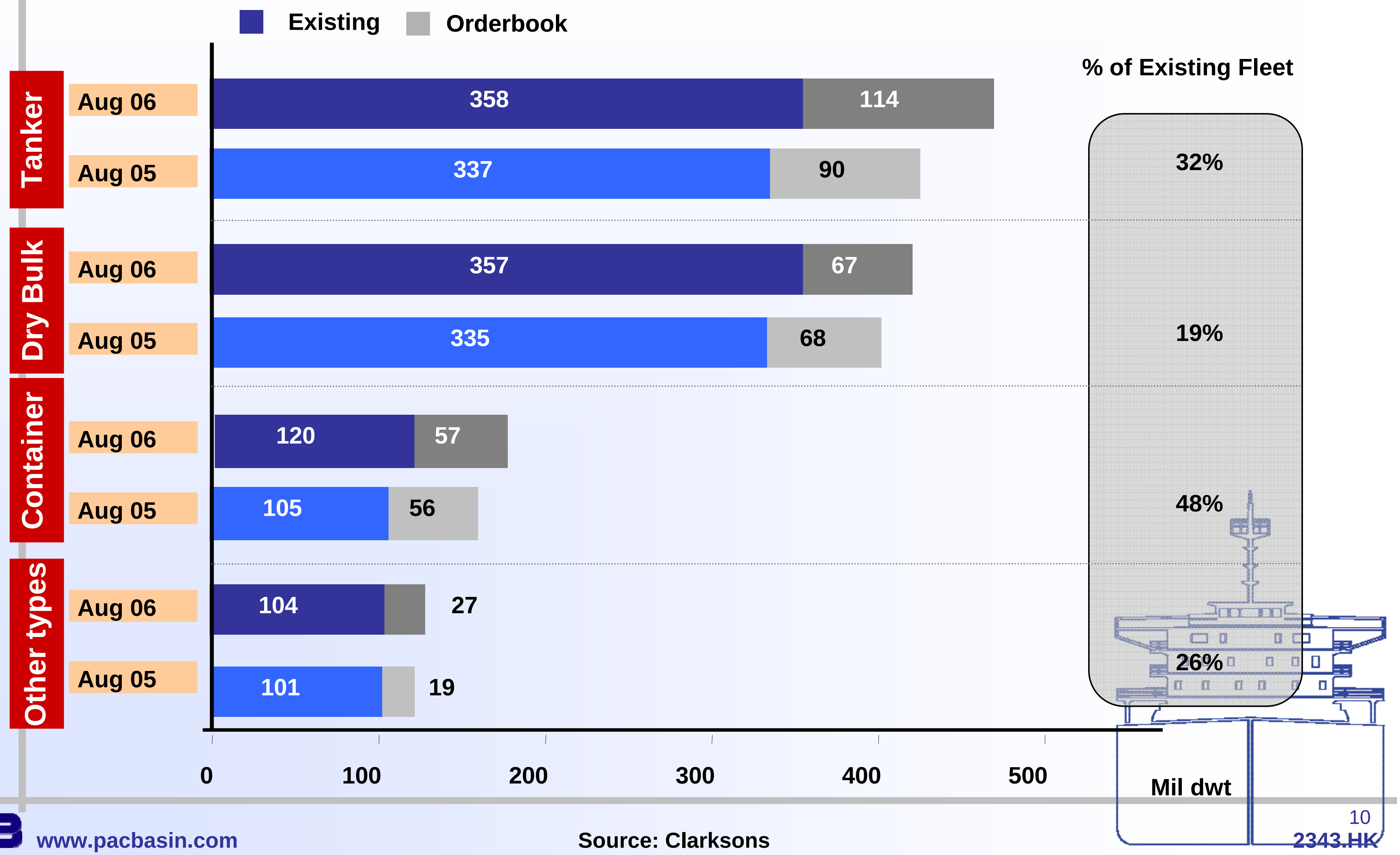
Source: Bloomberg

Demand – China's Steel Exports

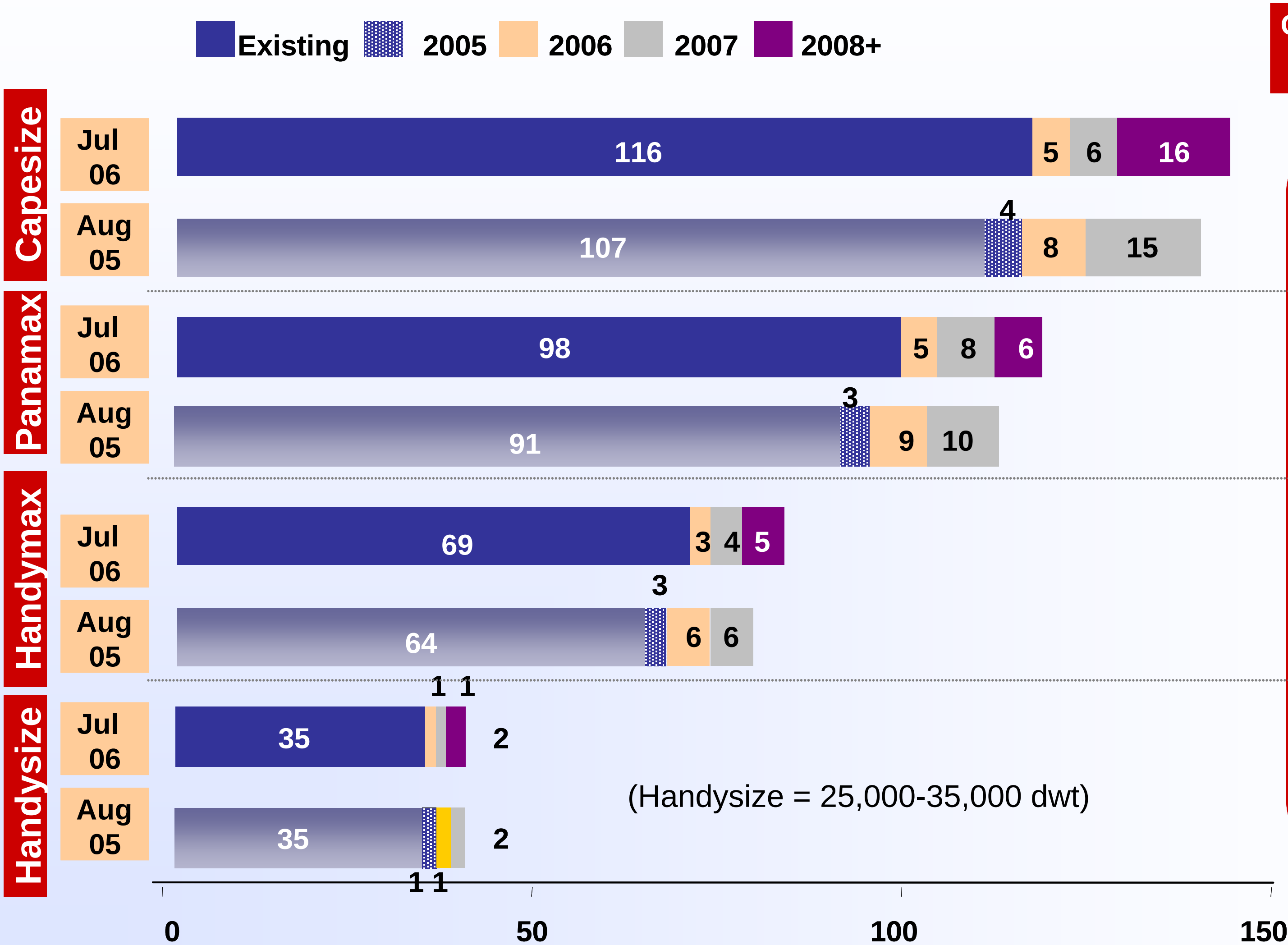


Source: Everbright Securities

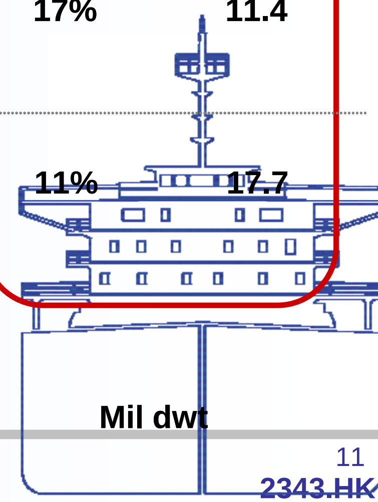
World Fleet & Orderbook



Drybulk Fleet & Orderbook



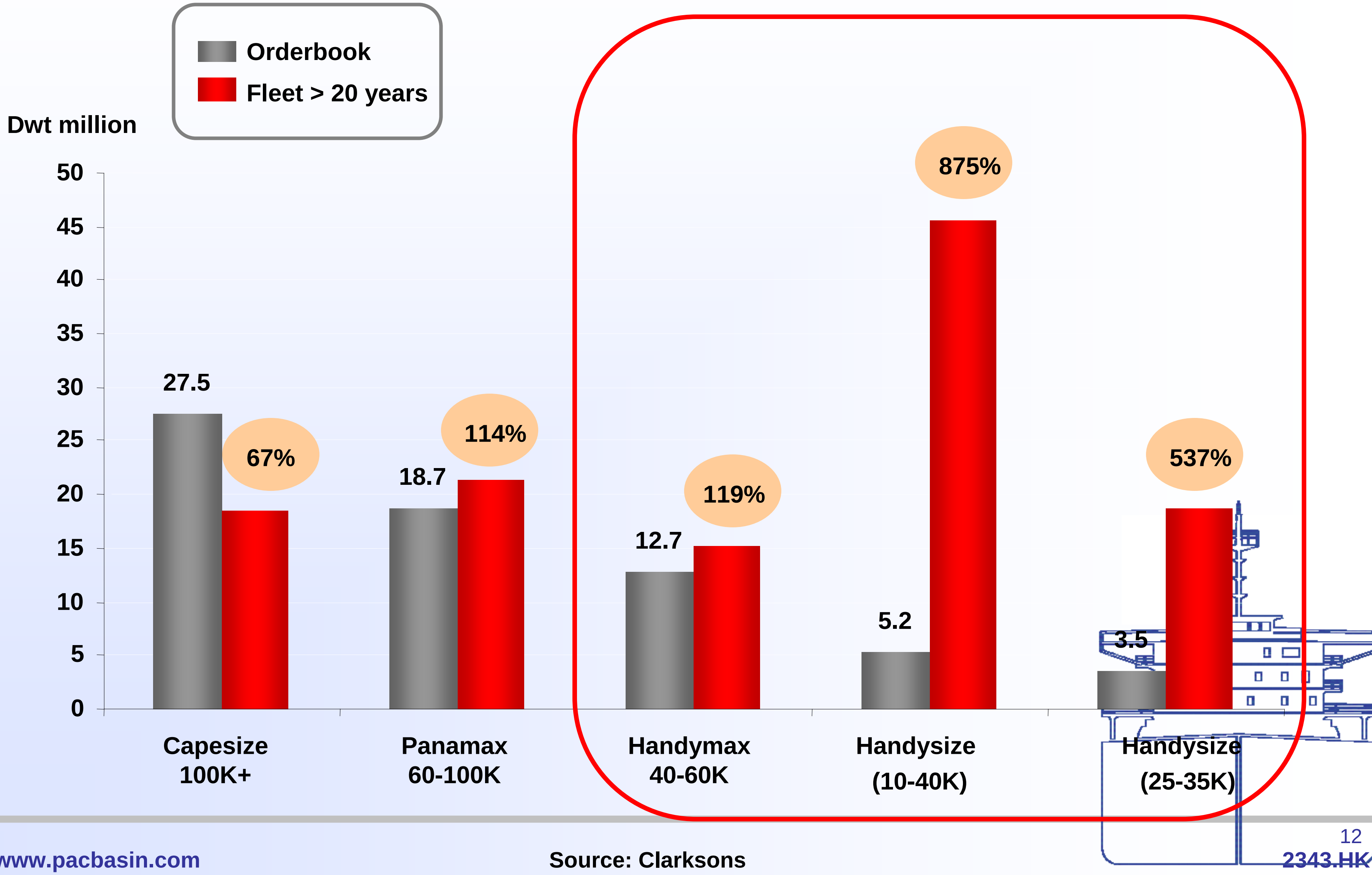
Orderbook Fleet (%)	Average Age
23%	11.0
19%	11.5
17%	11.4
11%	17.7



Mil dwt

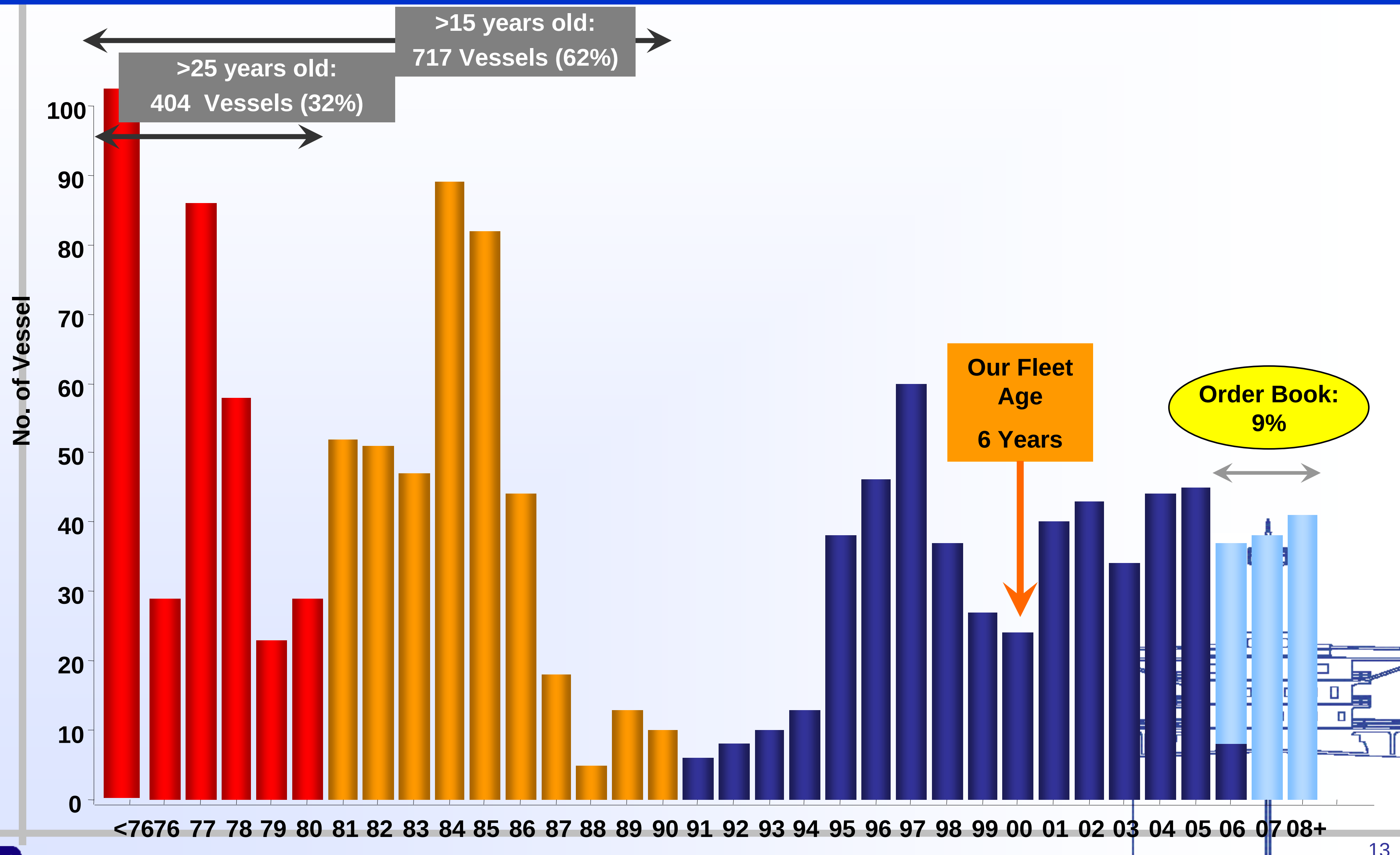
Source: Clarksons

Dry Bulk Scrapping



Source: Clarksons

Supply: Age Profile of Global Handysize Fleet (within 25-35K segment)



Source: Clarksons

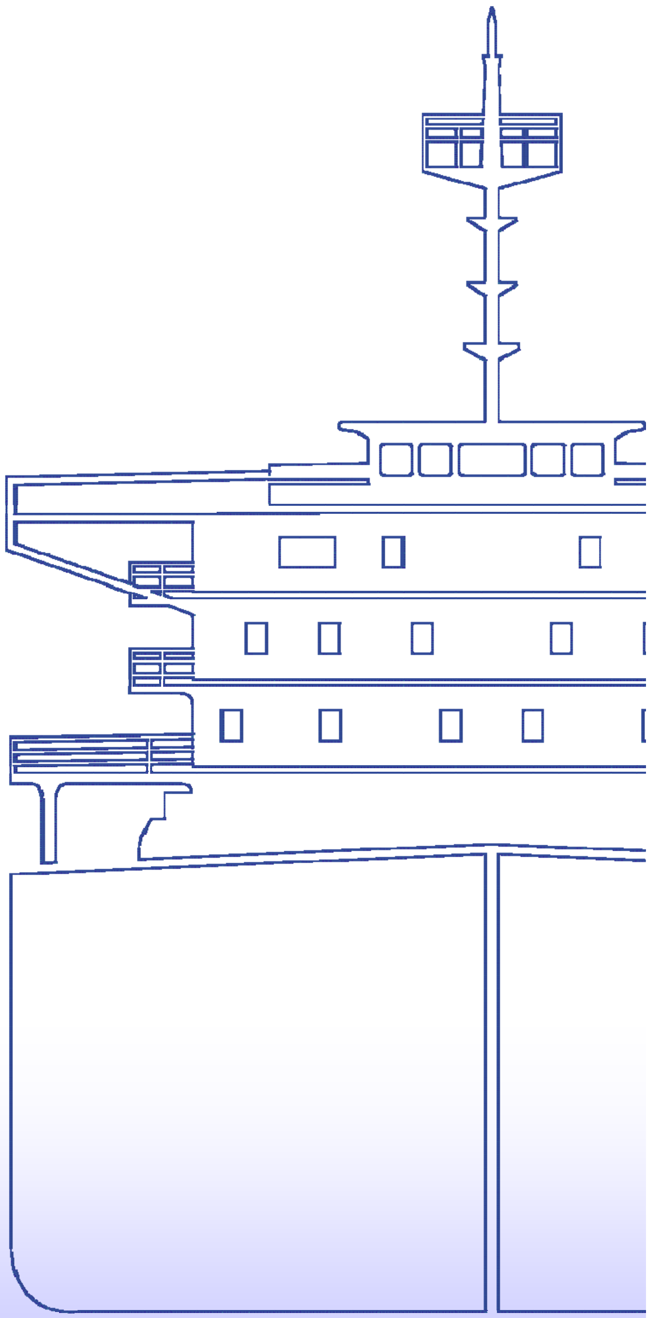
Dry Bulk Carrier Sale & Purchase Market

Source: Clarksons

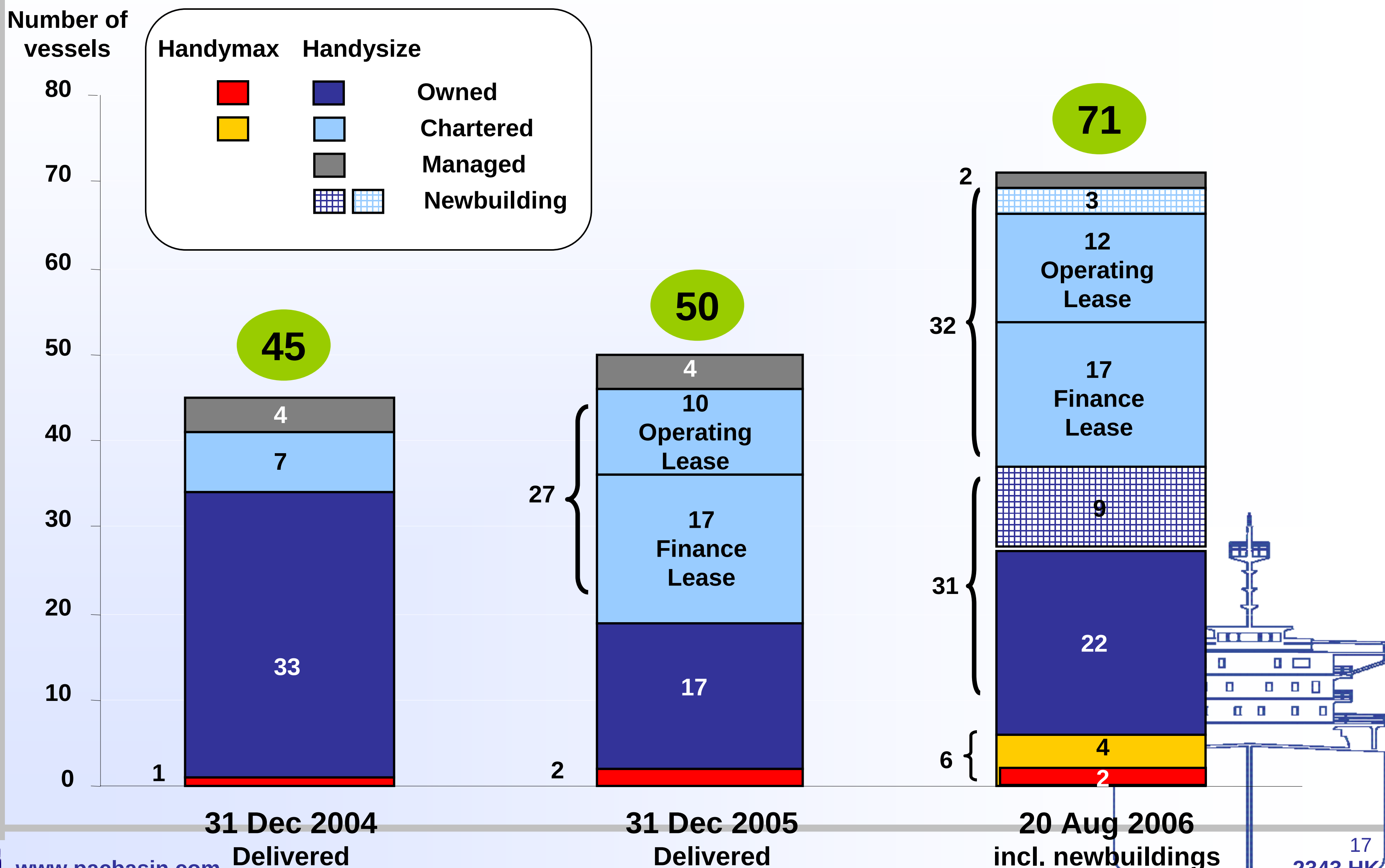
Summary

- Unseasonal summer upturn following weaker period from Feb to May
- Oversupply concerns for 1H have proved unfounded
- Expect rates for 2H06 and 2007 to improve
- Rapidly increased cargo demand has absorbed supply of new vessels, driven by Chinese iron ore imports and cement exports
- Commodity demand in 2H06 is set to keep growing
- Rise in scrapping levels and increasing fleet age is keeping future supply tight
- Handysize continues to enjoy best sector demographics
- Handymax rates premium narrowing the gap on panamax sector

Business Review

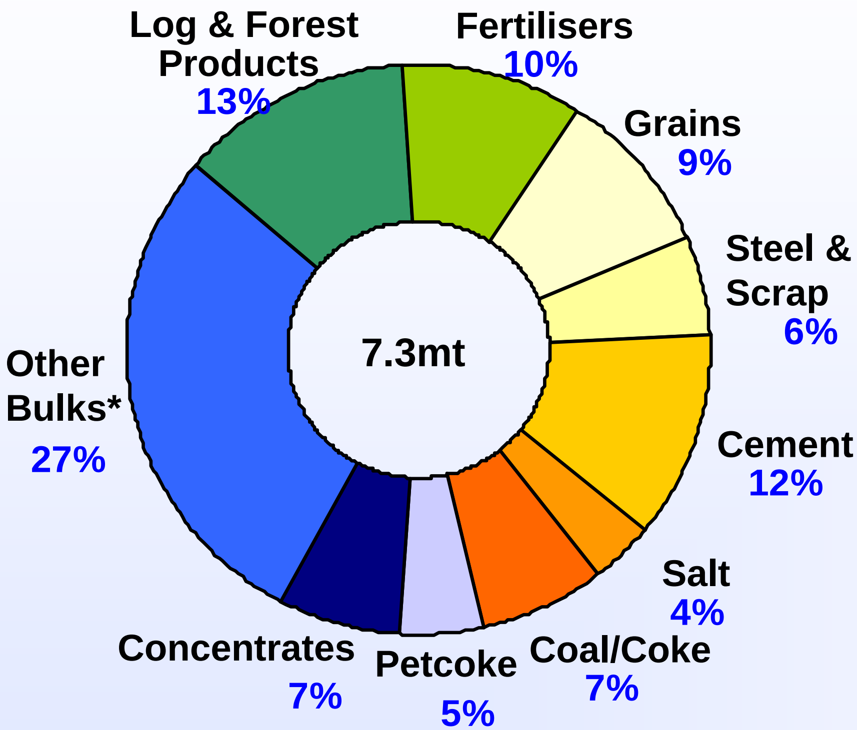


Fleet

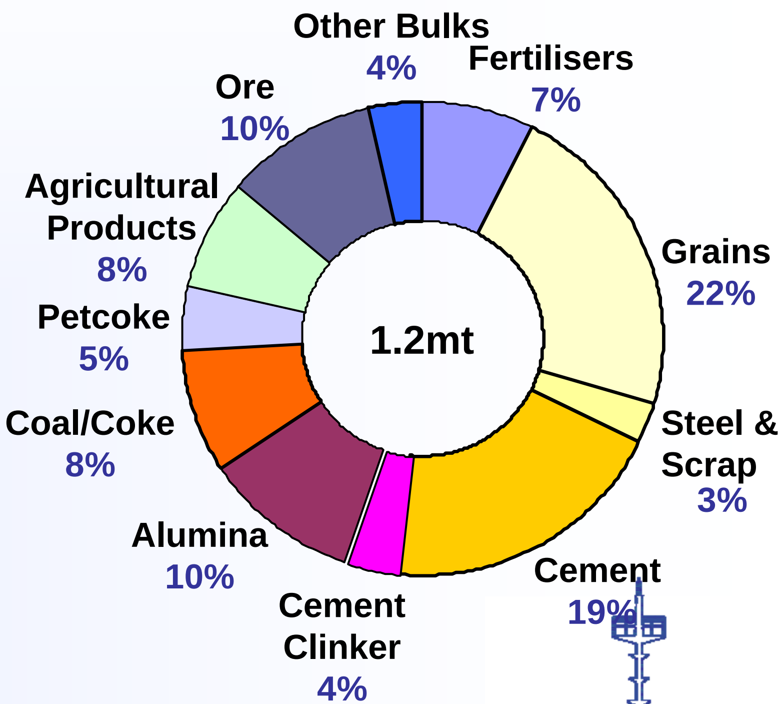


Number of vessels
80
70
60
50
40
30
20
10
0
Handymax
Handysize
Owned
Chartered
Managed
Newbuilding
45
4
7
33
1
50
4
10 Operating Lease
17 Finance Lease
27
17
2
71
2
3
12 Operating Lease
17 Finance Lease
32
9
22
31
4
2
6
31 Dec 2004 Delivered
31 Dec 2005 Delivered
20 Aug 2006 incl. newbuildings

Cargoes Carried



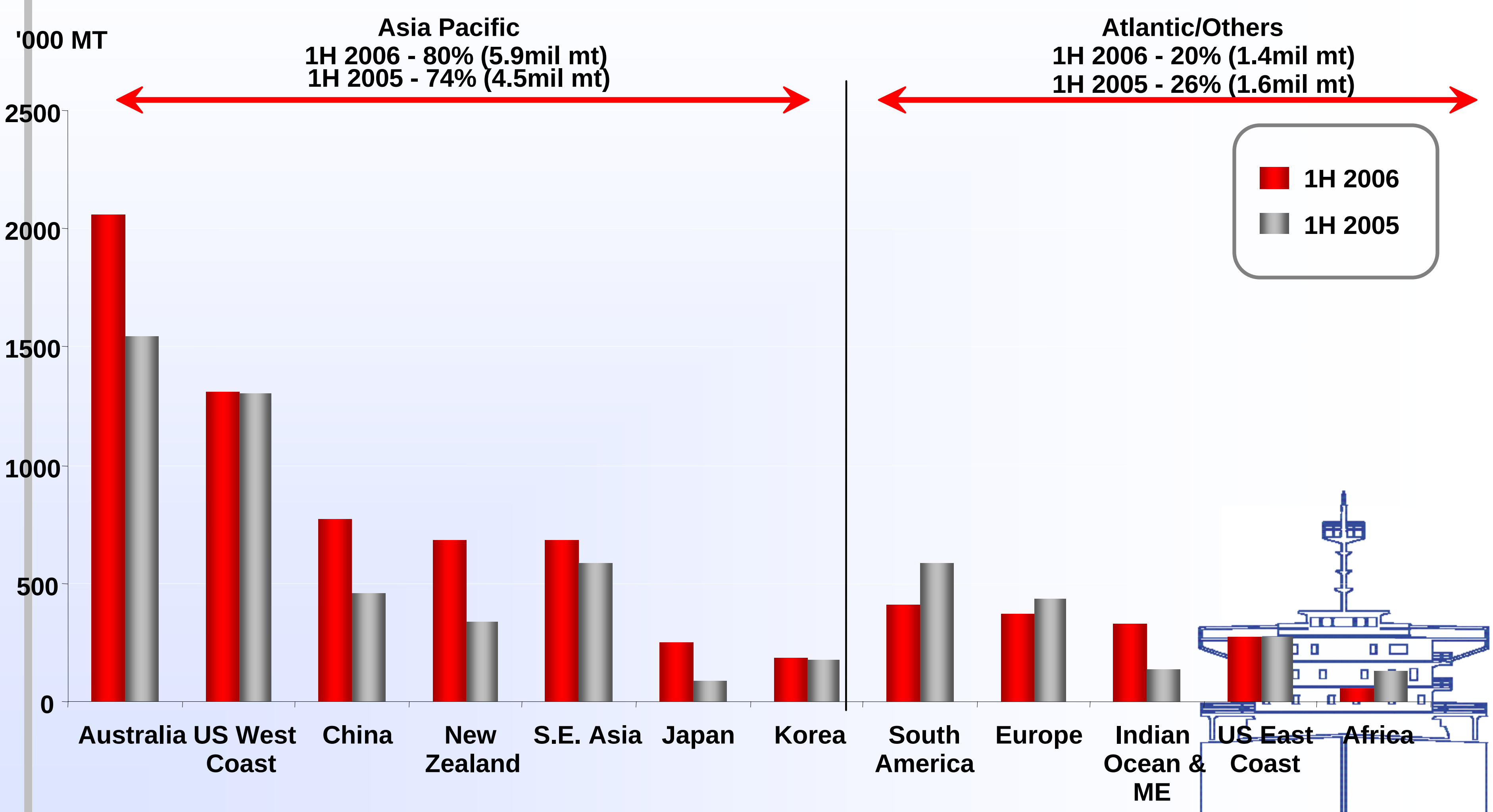
Handysize
1H06 Cargo Volume



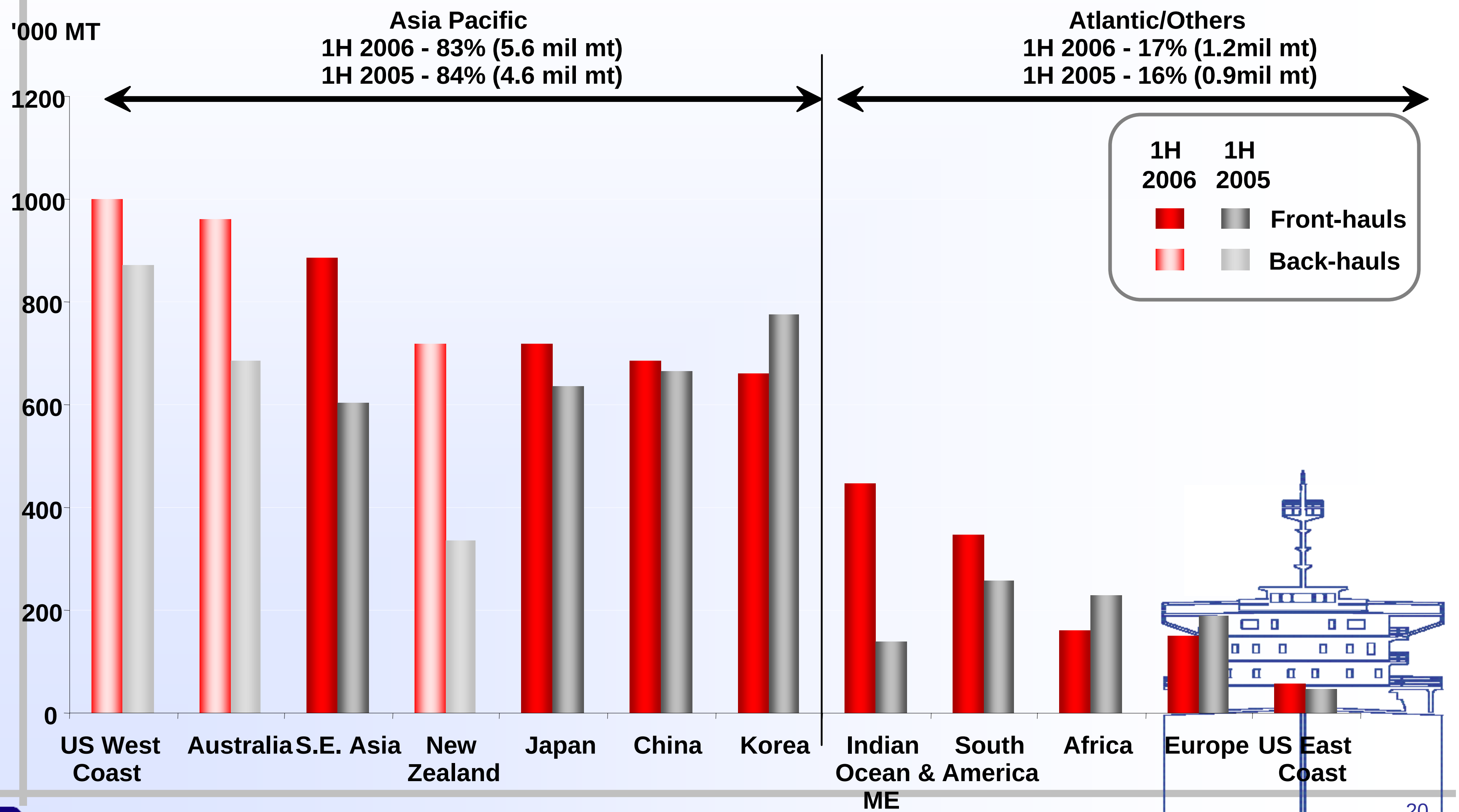
Handymax
1H06 Cargo Volume

•Includes Cement Clinker, Gypsum, Alumina, Sands, Soda Ash, Agriculture Products, Ore, Aggregates and other bulk products

Load Areas (IHC)



Discharge Areas (IHC)



Handymax

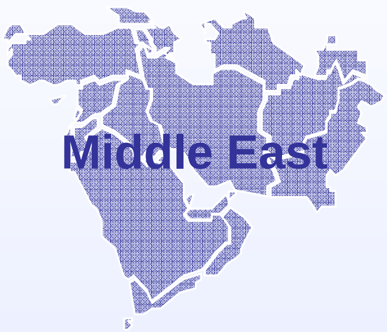
- Handymax operation began in earnest during 1H06
- Customer-driven response to demand for larger vessels to transport certain cargo consignments
- Leveraging off existing IHC customer base
- 1.2m tonnes of cargo carried during 1H06
- Total of 6 “core” vessels including 2 second hand purchases in 1H06 and 4 long term chartered-in vessels; plus 14 short term chartered-in vessels
- Contributed US$2.3m start-up loss to PB 1H06 results, but now profitable as owned and long term chartered fleet expands
- Limited use of forward freight agreements (FFAs) to manage market exposure…

Handymax & FFAs

- …FFAs are paper contracts used to hedge a future physical ship or cargo
- Value of paper contracts must be "marked to market" at each accounting period end without regard for the value of the corresponding physical ship or cargo
- "Cost" of US$3.5m in first half 2006 is hedge for physical positions to be executed in 2H06 and 2007
- FFAs are an important risk management tool, playing increasingly important part in maximising our returns

Other Business

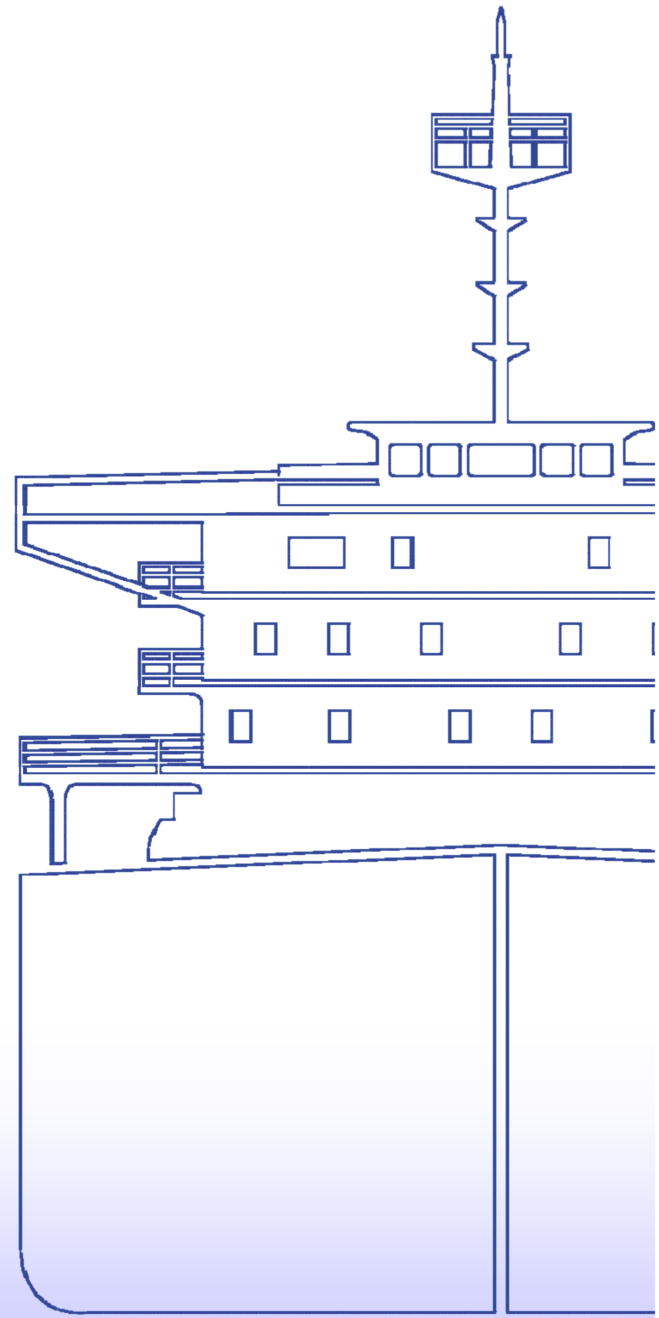
- Pacific Basin is actively developing its business model towards integrated supply chain management…



- Record high energy prices fuelling economic growth
- JV with Govt of Fujairah for aggregates trade within the region now employs 3 PB vessels (handymax and handysize)
- New office and marketing presence in Dubai

- Expanding relationship with largest domestic power producer
- Potential acquisition of up to 6 mini-bulkers would allow us to participate in Chinese short-sea trades
- Evaluating investments in cargo-handling facilities

Financial Review



Results - Highlights

	1H 2006	1H 2005
TCE Earnings (US$mil)	140.4	140.9
Reported net profit	**36.4**	**85.5**
Less: Vessel disposals net (gain)	-	(12.2)
Unrealised MTM net losses / (gains)	2.9	(5.8)
Profit before disposal gains and derivatives MTM	**39.3**	**67.5**
Basic earnings per share (US cents)	2.83	6.75
Dividends (HK cents per share)	**20.00**	**30.00**
Return on average shareholders equity	25%	59%
Payout ratio	**91%**	**57%**

Results – Freight & Charter-hire Analysis

Drivers of results

	1H06	1H05	% Change
Handysize			
Revenue days	7,570	6,750	+12%
TCE earnings (US$/day)	14,400	18,600	-22%
Owned + chartered cost (US$ / day)	8,540	7,680	+11%
Handymax			
Revenue days	1,680	350	+380%
TCE earnings (US$/day)	14,150	8,460	+67%
Charter-hire cost (US$ / day)	15,130	8,860	+71%

Results - Derivatives under HKAS39

Effect of HKAS39 :
Shifts financial performance of future contracts into current period

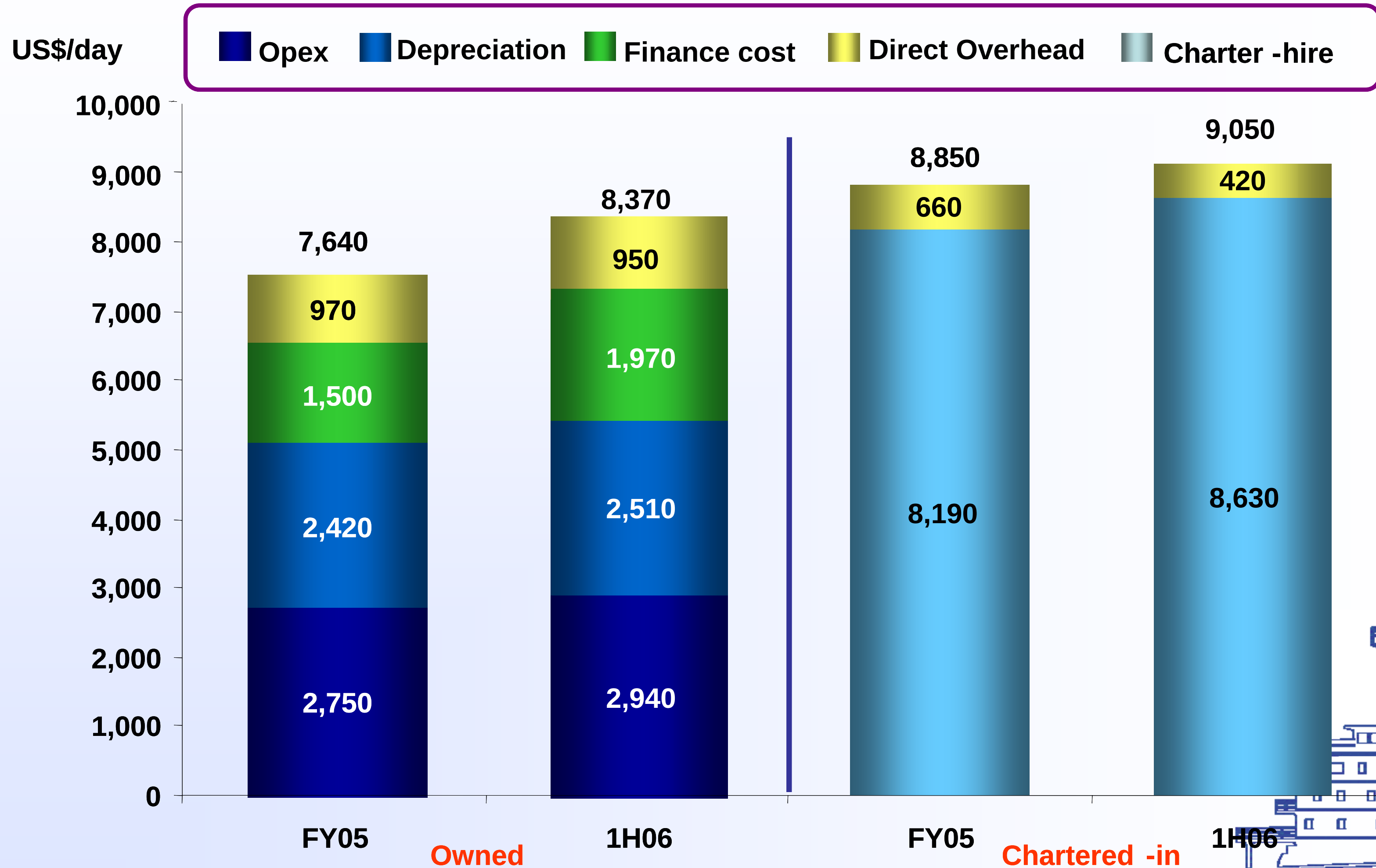
US$mil

	Realised (Cash) +	Unrealised (Non Cash) =	1H06	1H05
Net Gains / (Losses)				
- Interest rate swap contracts	0.1	(0.4)	(0.3)	(0.3)
- Bunker swap and forward contracts	2.5	1.0	3.5	6.5
- Forward freight agreements	(0.6)	(3.5)	(4.1)	-
Total	2.0	(2.9)	(0.9)	6.2

Completed in period & cash settled

i) Contracts to complete in future period
+
ii) Accounting reversal of values for contracts in earlier period now completed

Daily Vessel Costs - Handysize

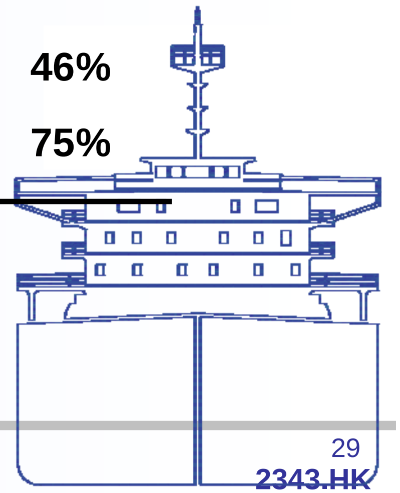


Vessel Days	11,720	5,710	2,760	1,930
	81%	75%	19%	25%

Balance Sheet - Highlights

(US$mil)	30 Jun 06	31 Dec 05
Net book value of fixed assets *	590.2	504.3
Gross borrowings	**380.3**	**316.9**
Cash	42.6	83.7
Net borrowings	**337.7**	**233.2**
Shareholder's equity	289.6	309.3
(%)		
Net borrowings / Fixed assets	57%	46%
Net borrowings / Shareholder's equity	117%	75%

•34 Delivered vessels:
NBV = US$541.9m
Insured value = US$908.5m (1 Aug 06)



Cashflow - Highlights

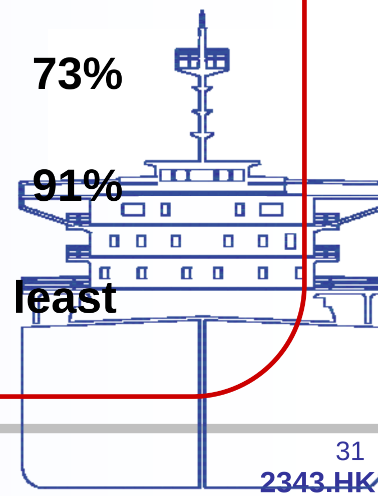
US$mil

	1H06	1H05
Operating cash inflows	57.3	90.4
Investing cash in/(out) flows	(91.4)	23.2
- Payments for vessels	(97.5)	(77.6)
- Sales of vessels	-	103.1
- Others	6.1	(2.3)
Financing cash (out)/inflows	(5.5)	(126.7)
- Net drawdown / (repayment) of bank loans	71.0	(76.2)
- Repayment of finance lease payables – capital element	(7.4)	-
- Payment of interest and other finance charges	(11.2)	(8.2)
- Dividend paid	(58.1)	(39.0)
- Others	0.2	(3.3)
Cash at 30 June	42.6	28.6

Dividends

- Payout policy of not less than 50% of attributable profits
- Actual payout ratio has consistently exceeded the minimum
- Maintain March 2006 statement of at least HK cents 40 per share in aggregate for FY2006

			(per share)	
Year	**Dividend**	**US$mil**	**HK Cents**	**Payout Ratio**
2005 (A)	Interim	49.5	30	
	Final	58.1	35	
	Total for year	107.6	65	73%
2006 (A)	Interim (proposed)	33.2	20	91%
2006 (E)	Reasonable expectation for final dividend to be at least HK cents 20 per share			



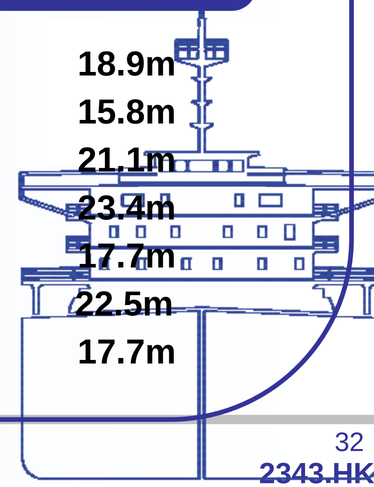
Capital Commitments & Purchase Options

At 30 June 2006

Capital Commitments	2006	2007-2010	> 2010	Total
				US$mil
12 Handysize *	62.0	167.7	-	229.7
2 Handymax	53.4	-	-	53.4
Total commitments	115.4	167.7	-	283.1

Purchase Options

Earliest year in which options may be exercised	Number of vessels		Avg age of vessels	Avg option exercise price
	Finance leases	Operating leases		
2006 HS	17	-	5	18.9m
2007 HS	-	2	3	15.8m
2008 HS	-	4	6	21.1m
2009 HS	-	3	3	23.4m
HM	-	1	5	17.7m
2010 HS	-	1	3	22.5m
HM	-	1	5	17.7m



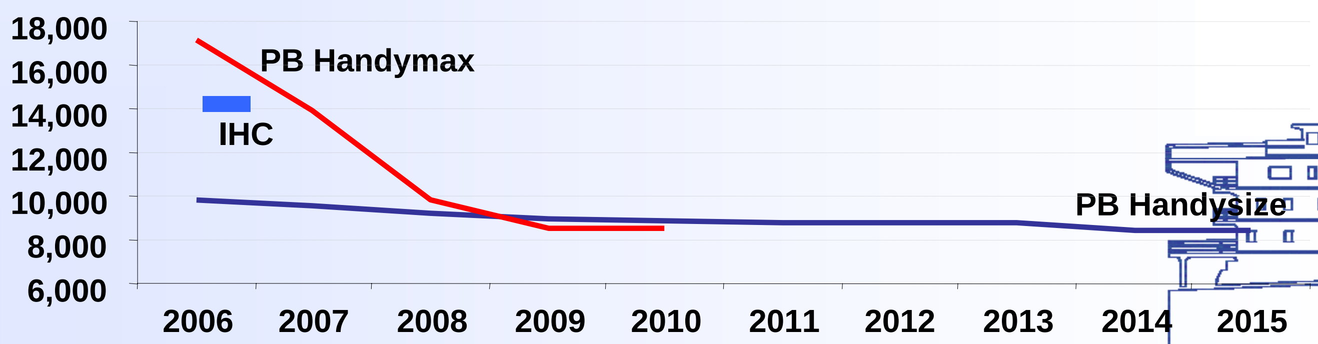
* Includes exercise of purchase option on one chartered in vessel

Lease Commitments

At 30 June 2006	2H06	2007-2010	> 2010	Total	
US$ mil					
PB Handysize	21.7	137.2	40.1	199.0	
PB Handymax	38.6	35.3	-	73.9	
IHC Pool	7.3	-	-	7.3	
Total	67.6	172.5	40.1	280.2	
Days					
PB Handysize	2,210	14,910	4,600	21,720	(79%)
PB Handymax	2,260	3,040	-	5,300	(19%)
IHC Pool	520	-	-	520	(2%)
Total	4,990	17,950	4,600	27,540	

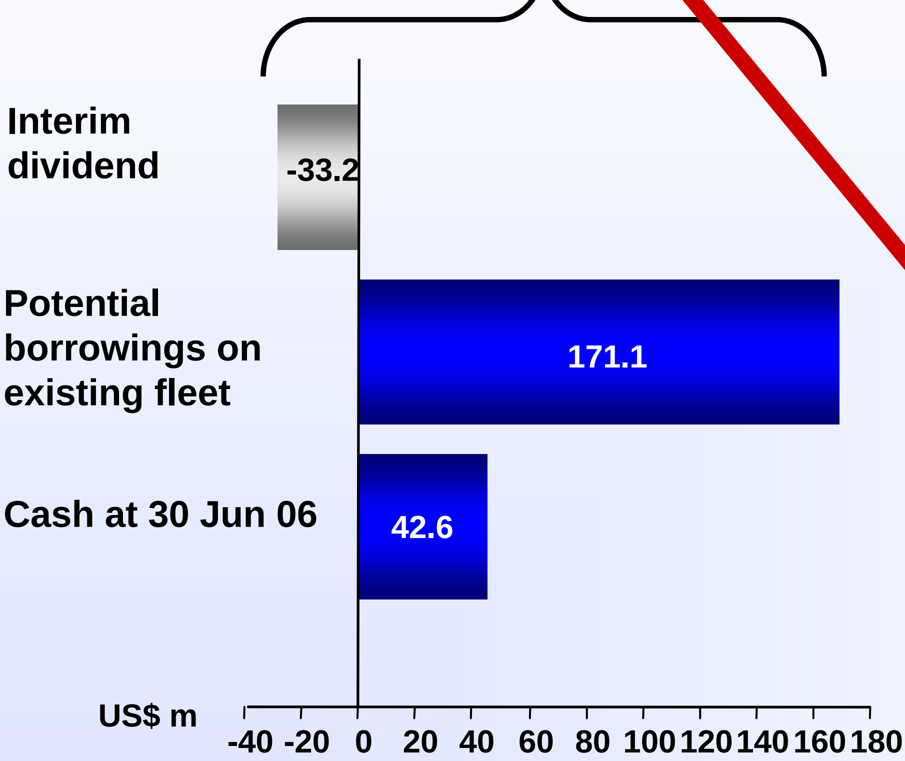
Daily Charter-hire cost

(US$)

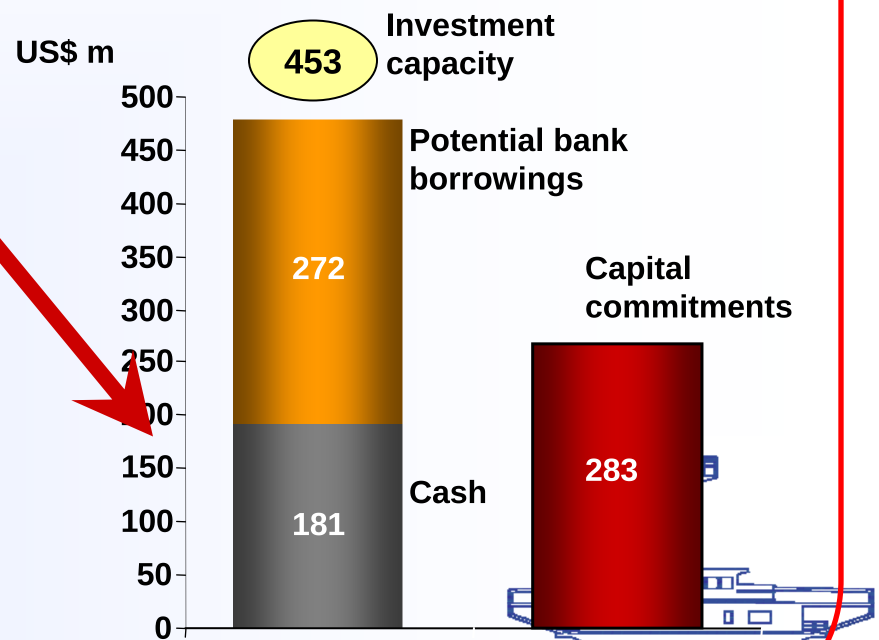


Investment Capacity

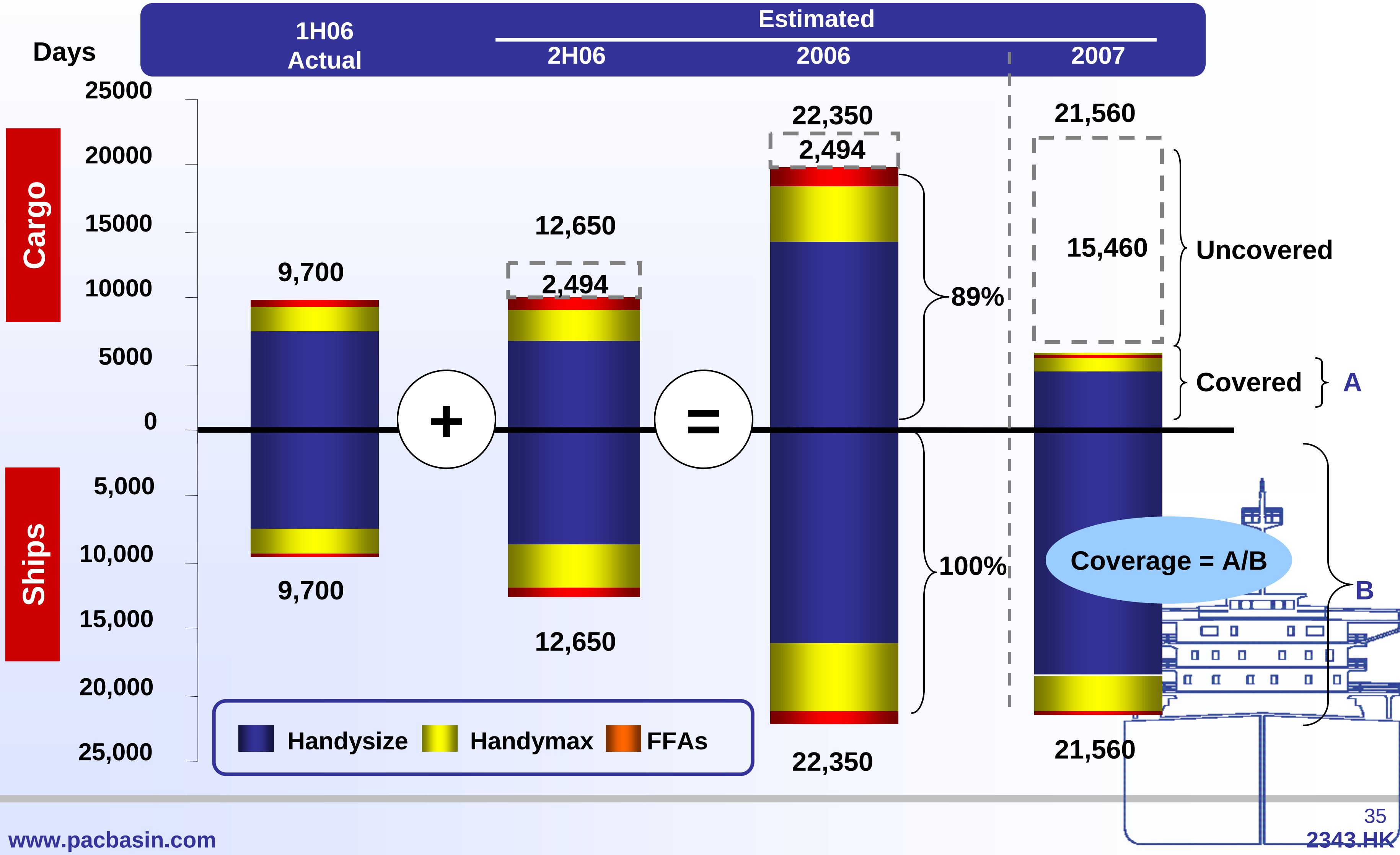
Net = US$180.5m



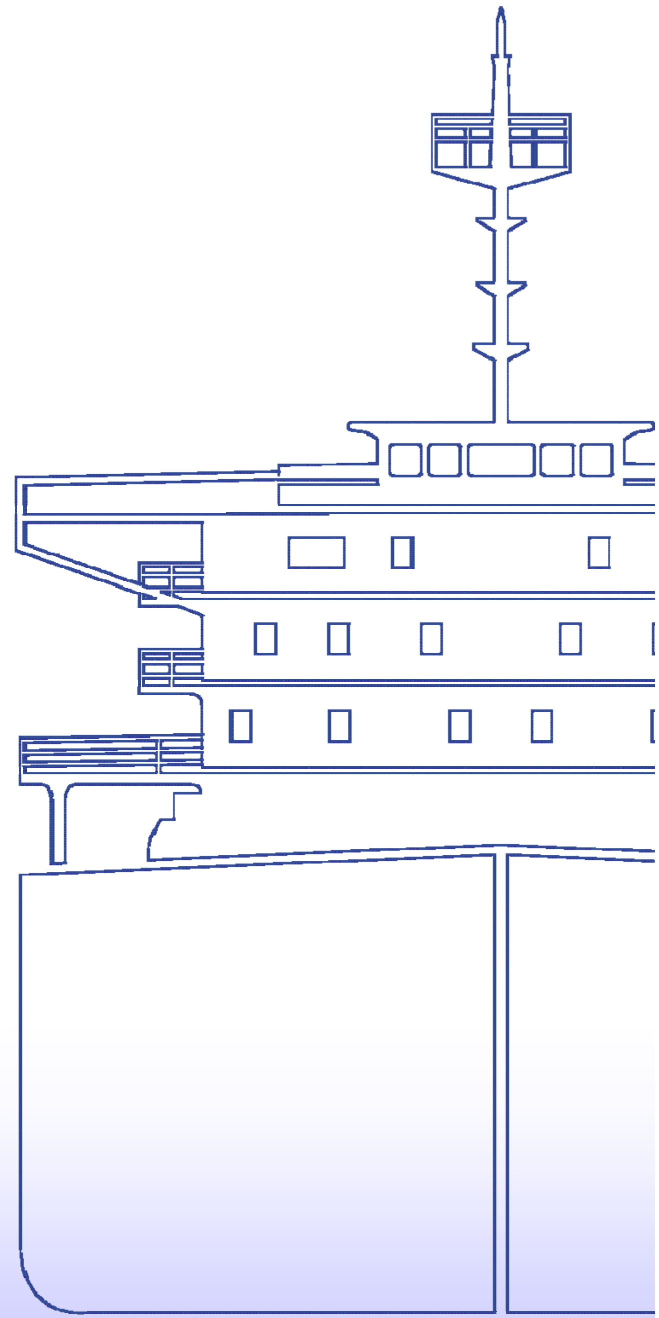
Potential vessel expenditures US$170 mil



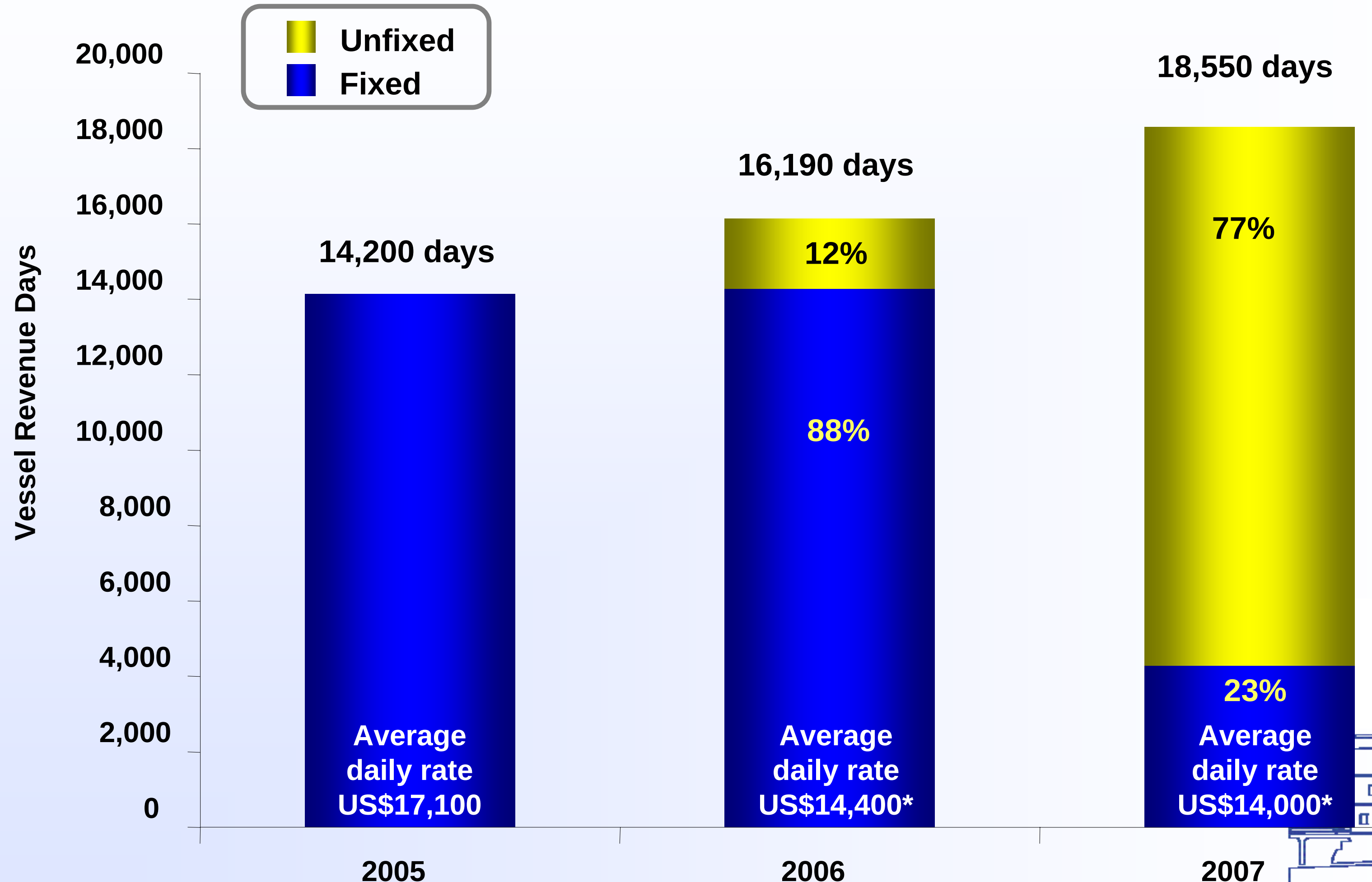
Vessel Activity Summary



Outlook & Prospects



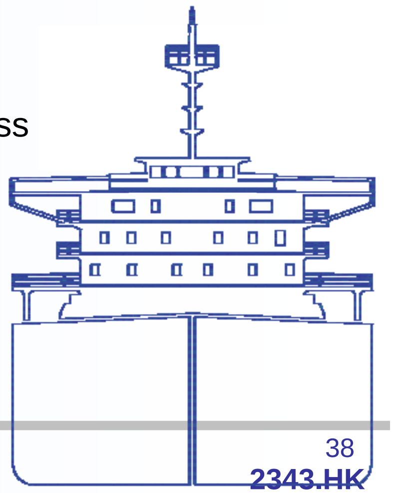
Earnings Coverage - Handysize



*Includes US$1,000/day as an estimate of the uplift to be achieved above the basic contract rates from efficient cargo execution

Summary

- **Group profits for the period were US$36.4 million**
  - Weakest first quarter in the dry bulk markets for three years
  - Absence of disposal gains
- **Strengthening dry bulk market signals solid cargo demand**
  - China, Japan, and Korea continue to drive up commodity import and export volumes
- **The Company continues to strengthen its fleet with 10 additional handy bulkers**
  - Total fleet increased to 71 vessels in August 2006 from 60 vessels at end of 2005
  - Committed to acquire five handysize and two handymax second hand vessels; three handysize newbuildings
- **Company profit increasing amid rising freight rates and increasing vessel days**
  - 16,190 handysize revenue days expected in FY 2006
  - Handymax operations, which began in January this year, now in profit
- **New business development leveraging on existing strengths**
  - Diversified projects in China and Middle East expand and add value to core business
- **Declared an interim dividend of 20 HK cents per share**
  - Full year dividend expected to be at least 40 HK cents per share
  - 91% payout ratio reflects balance sheet strength
  - Positive outlook on the dry bulk market



Disclaimer

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.