
APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

I. LETTER FROM THE REPORTING ACCOUNTANTS ON THE PRO FORMA COMBINED FINANCIAL INFORMATION



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong

30 June 2004

The Directors
Pacific Basin Shipping Limited

Dear Sirs,

We report on the pro forma combined financial information (“pro forma combined financial information”) set out in Section II of Appendix IIA of the prospectus of Pacific Basin Shipping Limited dated 30 June 2004 (the “Prospectus”), which has been prepared to provide information about how the group reorganisation described in the section headed “Statutory and General Information — Reorganisation” of such Prospectus (the “Reorganisation”) might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the directors of Pacific Basin Shipping Limited to prepare the pro forma combined financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the basis of preparation described in the introduction and notes to the pro forma combined financial information set out in section II of Appendix IIA of the Prospectus.

It is our responsibility to form an opinion, as required by paragraph 29 of Chapter 4 of the Listing Rules, on the pro forma combined financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma combined financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma combined financial information with the directors of Pacific Basin Shipping Limited.

APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

I. LETTER FROM THE REPORTING ACCOUNTANTS ON THE PRO FORMA COMBINED FINANCIAL INFORMATION (Continued)

Because the above work does not constitute an audit or review performed in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants, we do not express any such assurance on the pro forma combined financial information.

The pro forma combined financial information has been prepared based on the Accountants' Reports of the following companies dated 30 June 2004 as set out in the appendices to the Prospectus.

<u>Company</u>	<u>Reference</u>
Pacific Basin Shipping Limited	Appendix IA
PB Management Holding Limited	Appendix IB
Beckley Enterprises Limited	Appendix IC-(1)
Eastern Venture Corporation	Appendix IC-(2)
Foreview Holdings Limited	Appendix IC-(3)
Investors Choice Limited	Appendix IC-(4)
Keswick Holdings Limited	Appendix IC-(5)
New Majestic International Limited	Appendix IC-(6)
Riley Shipping (BVI) Limited	Appendix IC-(7)

The pro forma combined financial information is prepared for illustrative purposes only and, because of its nature, it may not give an indicative result of:

- (a) Pacific Basin Shipping Limited and its subsidiaries had the Restructuring actually occurred at the start of the year ended 31 December 2003; or
- (b) Pacific Basin Shipping Limited and its subsidiaries for any future period.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

- (a) the pro forma combined financial information has been properly compiled on the basis stated in the introduction and notes to the pro forma combined financial information set out in section II of Appendix IIA to the Prospectus;
- (b) such basis is consistent with the accounting policies of Pacific Basin Shipping Limited; and
- (c) the adjustments are appropriate for the purposes of the pro forma combined financial information as disclosed pursuant to paragraph 29 of Chapter 4 of the Listing Rules.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

II. UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Introduction

The unaudited pro forma combined financial information for the year ended 31 December 2003 and as at 31 December 2003 gives effect to the Reorganisation, as if it had occurred at the start of the year ended 31 December 2003, for the purposes of the pro forma combined profit and loss data, and on 31 December 2003, for the purposes of the pro forma combined balance sheet data.

The unaudited pro forma combined financial information is provided for illustrative purposes only and does not necessarily represent what the actual combined financial results or state of affairs would have been if the transactions had in fact occurred on those dates and is not necessarily representative of the financial results or position for any future periods or at any future date. The unaudited pro forma combined financial information should be read in conjunction with the Accountants' Reports prepared in respect of the companies involved, as set out in Appendix I.

Details in connection with the Reorganisation are set out in the section headed "Statutory and General Information — Corporate Reorganisation", Appendix VI to the Prospectus. The key stages involved in the Reorganisation are summarised as follows:

IDB Carriers (BVI) Limited, Dry Bulk Shipping (BVI) Limited and Plymouth Shipping Investments Limited exchanged their shares in Bernard (BVI) Limited, Caterina (BVI) Limited, Delphic Shipping (BVI) Limited, Everclear Shipping (BVI) Limited, Francesca Shipping (BVI) Limited, Gwenyth Shipping (BVI) Limited, Judith Shipping (BVI) Limited, Kia Shipping (BVI) Limited, Labrador Shipping (BVI) Limited, Mirs Shipping (BVI) Limited, Newman Shipping (BVI) Limited, Othello Shipping (BVI) Limited, Quincy Shipping (BVI) Limited, Spencer Shipping (BVI) Limited, Thompson Shipping (BVI) Limited, Wharton Shipping Limited, Helen Shipping (BVI) Limited, Uhland Shipping (BVI) Limited, Verner Shipping (BVI) Limited, Alderran Shipping (BVI) Limited and Iliad Shipping (BVI) Limited (the "Initial Companies"), for the issue of approximately 795,017,000 Shares of the Company and payables of US\$24,231,000. Pursuant to this transaction, shareholders' loans totalling US\$31,259,000 due by the Initial Companies to their existing shareholders are capitalised.

The shareholders of Beckley Enterprises Limited, Foreview Holdings Limited, Investors Choice Limited, Keswick Holdings Limited, New Majestic International Limited, Eastern Venture Corporation and Riley Shipping (BVI) Limited (the "Vessel Companies") agreed to transfer their shares in the Vessel Companies to the Company. The aggregate consideration for the acquisition included approximately 140,703,000 Shares and cash of approximately US\$11,116,000.

Pembroke Shipping Limited ("Pembroke") transferred its shares in various wholly owned commercial management companies, 66.67% interests in IndoChina Ship Management Holdings Limited, and various wholly owned technical management companies, to PB Management Holding Limited in exchange for the issue of 12,312 shares by PB Management Holding Limited to Pembroke.

IndoChina Ship Management Holdings Limited disposed of its entire interests in IndoChina Ship Management (UK) Limited and IndoChina Enterprise (UK) Limited to Pembroke at book value.

APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

II. UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION (Continued)

Pembroke irrevocably agreed to sell and the Company agreed to purchase, Pembroke's shares in PB Management Holding Limited at a consideration of approximately 73,791,000 Shares. Jardine Shipping Limited ("Jardine Shipping") irrevocably agreed to sell and the Company agreed to purchase Jardine Shipping's 33.33% interest in IndoChina Ship Management Holdings Limited in consideration for approximately 7,500,000 Shares. Pursuant to this transaction, loans to Pembroke totalling US\$1,700,000 due by Pembroke to IndoChina Ship Management Holdings Limited are waived.

Initial Companies and the Vessel Companies, and the subsidiaries of PB Management Holding Limited all declared cash dividends to distribute their entire retained earnings as at 31 March 2004 to their shareholders of record at the date prior to the completion of the above transactions.

APPENDIX IIA

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Unaudited Pro Forma Combined Profit and Loss Accounts Data

	Pacific Basin Shipping Limited	PB Management Holding Limited	Beckley Enterprises Limited	Eastern Venture Corporation	Foreview Holdings Limited	Investors Choice Limited	Keswick Holdings Limited	New Majestic International Limited	Riley Shipping (BV) Limited	Aggregate 2003	Pro Forma Adjustments	Pro Forma 2003
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Turnover												
— management fee and other income	—	23,278	—	—	—	—	—	—	—	23,278	(9,052)	14,226
— charter-hire and related income	54,188	7,705	207	—	2,805	—	1,381	—	—	66,286	156	66,442
	54,188	30,983	207	—	2,805	—	1,381	—	—	89,564	(8,896)	80,668
Other revenues	2	426	2	635	—	—	1	—	—	1,066	(635)	431
Direct costs												
— charter-hire expenses on vessels	(5,235)	(6,340)	—	—	—	—	—	—	—	(11,575)	—	(11,575)
— depreciation and amortisation	(7,890)	—	(27)	—	(450)	—	(202)	—	—	(8,569)	(2,081)	(10,650)
— vessel operating expenses	(13,089)	—	(40)	—	(1,116)	—	(618)	—	—	(14,863)	1,642	(13,221)
— cost of inventories sold and distribution costs	—	(2,032)	—	—	—	—	—	—	—	(2,032)	—	(2,032)
	(26,214)	(8,372)	(67)	—	(1,566)	—	(820)	—	—	(37,039)	(439)	(37,478)
General and administrative expenses	(469)	(17,612)	(12)	(10)	(112)	—	(66)	—	—	(18,281)	3,073	(15,208)
Other operating income	—	1,028	—	—	—	—	—	—	—	1,028	—	1,028
Operating profit	27,507	6,453	130	625	1,127	—	496	—	—	36,338	(6,897)	29,441
Finance costs	(4,821)	—	(13)	—	(192)	—	(92)	—	—	(5,118)	—	(5,118)
Share of profits less losses of interests in jointly controlled entities	—	(306)	—	—	—	—	—	—	—	(306)	1,177	871
Profit before taxation	22,686	6,147	117	625	935	—	404	—	—	30,914	(5,720)	25,194
Taxation	—	(918)	—	—	—	—	—	—	—	(918)	260	(658)
Profit after taxation	22,686	5,229	117	625	935	—	404	—	—	29,996	(5,460)	24,536
Minority interests	—	(847)	—	—	—	—	—	—	—	(847)	847	—
Profit attributable to shareholders	22,686	4,382	117	625	935	—	404	—	—	29,149	(4,613)	24,536

Note (a): Please refer to II-9 for detailed breakdown of pro forma adjustments on combined profit and loss accounts.

APPENDIX IIA

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Unaudited Pro Forma Combined Balance Sheet Data

	Pacific Basin Shipping Limited US\$'000	PB Management Holding Limited US\$'000	Beckley Enterprises Limited US\$'000	Eastern Venture Corporation US\$'000	Foreview Holdings Limited US\$'000	Investors Choice Limited US\$'000	Keswick Holdings Limited US\$'000	New Majestic International Limited US\$'000	Riley Shipping (BVI) Limited US\$'000	Aggregate 2003 US\$'000	Pro Forma Adjustments US\$'000	Pro Forma 2003 US\$'000
Non-current assets												
Fixed assets	200,777	656	10,737	—	9,664	7,467	7,866	772	3,728	241,667	34,775	276,442
Goodwill	—	—	—	—	—	—	—	—	—	—	25,794	25,794
Interests in jointly controlled entities	—	594	—	2,900	—	—	—	—	—	3,494	3,617	7,111
Interest in an associated company	—	58	—	—	—	—	—	—	—	58	—	58
Investment securities	—	200	—	—	—	—	—	—	—	200	—	200
Deferred loan arrangement fees	633	—	39	—	49	—	58	—	—	779	—	779
Pension assets	—	116	—	—	—	—	—	—	—	116	—	116
Loan to Pembroke	—	1,700	—	—	—	—	—	—	—	1,700	(1,700)	—
Restricted bank deposits	2,400	—	100	—	150	—	150	—	—	2,800	—	2,800
	<u>203,810</u>	<u>3,324</u>	<u>10,876</u>	<u>2,900</u>	<u>9,863</u>	<u>7,467</u>	<u>8,074</u>	<u>772</u>	<u>3,728</u>	<u>250,814</u>	<u>62,486</u>	<u>313,300</u>
Current assets												
Inventories	528	3,471	46	—	38	—	50	—	—	4,133	—	4,133
Amounts due from related companies/shareholders	2,252	6,865	112	—	112	351	2	2,128	570	12,392	(5,230)	7,162
Trade, other receivables and prepayments	368	10,248	6	41	3	—	22	—	285	10,973	(76)	10,897
Bank balances and cash	—	3,404	—	—	—	—	—	—	—	3,404	—	3,404
Pledged	5,744	8,111	232	—	1,027	11	782	—	5	15,912	1	15,913
Unpledged	8,892	32,099	396	41	1,180	362	856	2,128	860	46,814	(5,305)	41,509

Note (b): Please refer to II-10 for detailed breakdown of pro forma adjustments on combined balance sheet.

APPENDIX IIA

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Unaudited Pro Forma Combined Balance Sheet Data (Continued)

	Pacific Basin Shipping Limited US\$'000	PB Management Holding Limited US\$'000	Beckley Enterprises Limited US\$'000	Eastern Venture Corporation US\$'000	Foreview Holdings Limited US\$'000	Investors Choice Limited US\$'000	Keswick Holdings Limited US\$'000	New Majestic International Limited US\$'000	Riley Shipping (BVI) Limited US\$'000	Aggregate 2003 US\$'000	Pro Forma Adjustments US\$'000	Pro Forma 2003 US\$'000
Current liabilities												
Trade, other payables and accruals	3,656	21,686	150	—	202	—	326	—	—	26,020	(9)	26,011
Amount due to original shareholders	—	—	—	—	—	—	—	—	—	—	39,420	39,420
Amounts due to related companies/shareholders	69	4,604	5	41	56	129	75	—	188	5,167	(5,167)	—
Current portion of long-term bank loans	10,869	—	800	—	825	—	1,000	—	—	13,494	—	13,494
Taxation payables	—	1,611	—	—	—	—	—	—	—	1,611	(14)	1,597
	14,594	27,901	955	41	1,083	129	1,401	—	188	46,292	34,230	80,522
	(5,702)	4,198	(559)	—	97	233	(545)	2,128	672	522	(39,535)	(39,013)
Net current assets/(liabilities)	198,108	7,522	10,317	2,900	9,960	7,700	7,529	2,900	4,400	251,336	22,951	274,287
Total assets less current liabilities	—	12	3,000	—	2,500	5,300	2,000	43	44	12,899	88,802	101,701
Financed by:	15,867	2,136	—	2,900	—	—	—	2,857	4,356	28,116	28,826	56,942
Share capital	—	—	—	—	—	—	—	—	—	—	(56,607)	(56,607)
Share premium	—	(36)	—	—	—	—	—	—	—	(36)	36	—
Merger reserve	—	3,657	117	—	935	—	404	—	—	21,101	(5,113)	15,988
Exchange reserves	15,988	—	—	—	—	—	—	—	—	—	—	—
Retained profits	31,855	5,769	3,117	2,900	3,435	5,300	2,404	2,900	4,400	62,080	55,944	118,024
Shareholders' funds	—	1,734	—	—	—	—	—	—	—	1,734	(1,734)	—
Minority interests	—	—	—	—	—	—	—	—	—	—	—	—
Non-current liabilities	134,994	—	7,200	—	6,525	2,400	5,125	—	—	156,244	—	156,244
Long-term bank loans	31,259	—	—	—	—	—	—	—	—	31,259	(31,259)	—
Loans from shareholders	—	19	—	—	—	—	—	—	—	19	—	19
Deferred tax liabilities	166,253	19	7,200	—	6,525	2,400	5,125	—	—	187,522	(31,259)	156,263
	198,108	7,522	10,317	2,900	9,960	7,700	7,529	2,900	4,400	251,336	22,951	274,287

Note (b): Please refer to II-10 for detailed breakdown of pro forma adjustments on combined balance sheet.

APPENDIX IIA

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Unaudited Pro Forma Combined Cash Flow Statement Data

	Pacific Basin Shipping Limited	PB Management Holding Limited	Beckley Enterprises Limited	Eastern Venture Corporation	Foreview Holdings Limited	Investors Choice Limited	Keswick Holdings Limited	New Majestic International Limited	Riley Shipping (BVI) Limited	Aggregate 2003	Pro Forma Adjustments (Adj #9)	Pro Forma 2003
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Net cash generated from/(used in) operating activities	35,777	5,681	146	—	1,682	(222)	1,024	—	823	44,911	(3,657)	41,254
Cash flows from investing activities												
Purchase of fixed assets ..	(27,138)	(397)	(10,764)	—	(10,114)	(7,467)	(8,068)	—	(3,018)	(66,966)	—	(66,966)
Sale of fixed assets	—	12	—	—	—	—	—	—	—	12	—	12
Interest received	2	139	2	—	—	—	1	—	—	144	—	144
Increase in interests in jointly controlled entities	—	(900)	—	—	—	—	—	—	—	(900)	—	(900)
Increase in interests in an associated company	—	(58)	—	—	—	—	—	—	—	(58)	—	(58)
Increase in restricted bank deposits	(200)	—	(100)	—	(150)	—	(150)	—	—	(600)	—	(600)
Net cash used in investing activities	(27,336)	(1,204)	(10,862)	—	(10,264)	(7,467)	(8,217)	—	(3,018)	(68,368)	—	(68,368)
Cash flows from financing activities												
Repayment of bank loans	(10,769)	—	—	—	(450)	—	(250)	—	—	(11,469)	—	(11,469)
Drawdown of bank loans ..	19,900	—	8,000	—	7,800	2,400	6,375	—	—	44,475	—	44,475
Additional loans from shareholders	911	—	—	—	—	—	—	—	—	911	—	911
Issue of shares	1	—	3,000	—	2,500	5,300	2,000	—	2,200	15,001	—	15,001
Interest paid	(4,824)	—	(12)	—	(186)	—	(87)	—	—	(5,109)	—	(5,109)
Dividends paid	(13,900)	(2,015)	—	—	—	—	—	—	—	(15,915)	—	(15,915)
Payment of loan arrangement fees	(148)	—	(40)	—	(55)	—	(63)	—	—	(306)	—	(306)
Net cash (used in)/generated from financing activities	(8,829)	(2,015)	10,948	—	9,609	7,700	7,975	—	2,200	27,588	—	27,588
Net increase/(decrease) in cash and cash equivalents	(388)	2,462	232	—	1,027	11	782	—	5	4,131	(3,657)	474
Cash and cash equivalents at 1 January	6,132	5,649	—	—	—	—	—	—	—	11,781	—	11,781
Cash and cash equivalents at 31 December	5,744	8,111	232	—	1,027	11	782	—	5	15,912	(3,657)	12,255

APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Unaudited Pro Forma Adjustments

	<u>Adj #1</u>	<u>Adj #2</u>	<u>Adj #3</u>	<u>Adj #4a</u>	<u>Adj #4b</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Turnover						
— management fee and other income	—	—	(4,118)	(3,169)	(1,765)	(9,052)
— charter-hire and related income	—	—	1,039	(883)	—	156
Other Revenues	—	(635)	—	—	—	(635)
Direct costs						
— depreciation and amortisation	(1,720)	(361)	—	—	—	(2,081)
— vessel operating expenses	—	—	1,409	233	—	1,642
General and administrative expenses	—	—	1,406	299	1,368	3,073
Other operating expenses ...	—	—	—	—	—	—
Operating profit	(1,720)	(996)	(264)	(3,520)	(397)	(6,897)
Share of profits less losses of jointly controlled entities	—	871	—	—	306	1,177
Profit before taxation	(1,720)	(125)	(264)	(3,520)	(91)	(5,720)
Taxation	—	—	—	133	127	260
Profit after taxation	(1,720)	(125)	(264)	(3,387)	36	(5,460)
Minority interests	847	—	—	—	—	847
Profit attributable to shareholders	<u>(873)</u>	<u>(125)</u>	<u>(264)</u>	<u>(3,387)</u>	<u>36</u>	<u>(4,613)</u>

APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Unaudited Pro Forma Adjustments (Continued)

	<u>Adj #5</u>	<u>Adj #6</u>	<u>Adj #7</u>	<u>Adj #8</u>	<u>Total</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Non-current assets					
Fixed assets	—	34,775	—	—	34,775
Goodwill	—	—	25,794	—	25,794
Investment in jointly controlled entities	—	3,502	(194)	309	3,617
Loan to Pembroke	—	—	(1,700)	—	(1,700)
	<u>—</u>	<u>38,277</u>	<u>23,900</u>	<u>309</u>	<u>62,486</u>
Current assets					
Amounts due from related companies/shareholders	—	—	246	(5,476)	(5,230)
Trade, other receivables and prepayment	—	—	(76)	—	(76)
Bank and cash balances	—	—	1	—	1
	<u>—</u>	<u>(—)</u>	<u>171</u>	<u>(5,476)</u>	<u>(5,305)</u>
Current liabilities					
Trade and other payables	—	—	(9)	—	(9)
Amounts due to related companies/shareholders	—	—	—	(5,167)	(5,167)
Amounts due to original shareholders	24,231	12,572	2,617	—	39,420
Taxation payables	—	—	(14)	—	(14)
	<u>24,231</u>	<u>12,572</u>	<u>2,594</u>	<u>(5,167)</u>	<u>34,230</u>
Net current assets	<u>(24,231)</u>	<u>(12,572)</u>	<u>(2,423)</u>	<u>(309)</u>	<u>(39,535)</u>
Total assets less current liabilities	<u>(24,231)</u>	<u>25,705</u>	<u>21,477</u>	<u>—</u>	<u>22,951</u>
Share capital	79,502	1,183	8,117	—	88,802
Share premium	(15,867)	25,978	18,715	—	28,826
Merger reserve	(56,607)	—	—	—	(56,607)
Exchange reserve	—	—	36	—	36
Retained profits	—	(1,456)	(3,657)	—	(5,113)
Minority interests	—	—	(1,734)	—	(1,734)
Non-current liabilities					
Loan from shareholders	(31,259)	—	—	—	(31,259)
	<u>(24,231)</u>	<u>25,705</u>	<u>21,477</u>	<u>—</u>	<u>22,951</u>

APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Notes to unaudited Pro Forma Combined Profit and Loss Accounts Data

Adjustment #1

Reflects the effect of the acquisition of PB Management Holding Limited, including:

- (a) the elimination of minority interest, being Jardine Shipping's 33.33% interest in IndoChina Ship Management Holdings Limited.
- (b) adjustment for the amortisation of goodwill arising from the acquisition over an estimated useful life of 15 years.

Adjustment #2

Reflects additional depreciation arising from the fair value adjustments upon the acquisition of the Vessel Companies and the effect of equity accounting for Pacific Basin Bulker (No. 103) Corporation held by Eastern Venture Corporation.

Adjustment #3

Reflects elimination for intra-group transactions.

Adjustment #4a

Reflects the exclusion of income and expenses attributable to agency and management agreements between the Management Companies and Pembroke which have been terminated pursuant to the Reorganisation.

Adjustment #4b

Reflects the exclusion of income and expenses attributable to IndoChina Ship Management (UK) Limited, IndoChina Enterprise (UK) Limited and certain Excluded Activities previously undertaken by PBMH Group which are disposed as part of the Reorganisation.

Notes to unaudited Pro Forma Combined Balance Sheet Data

Adjustment #5

Reflects the effect of the transactions between the Company and the Initial Investors, including:

- (a) the issuance of 795,017,000 Shares at par value of US10 cents each.
- (b) capitalisation of shareholders' loans totalling US\$31,259,000 as shareholders' equity.
- (c) the accrual for the cash portion of the consideration, and a corresponding reduction of shareholders' equity amounting to US\$24,231,000.

In March 2004, the Initial Companies declared a dividend of the entire retained profits up to 31 March 2004, payable to the Initial Investors. This has not been reflected in the unaudited pro forma balance sheet.

APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Adjustment #6

Reflects the effect of the acquisitions of the Vessel Companies on the assumption that the acquisitions would have taken place at 31 December 2003, including:

- (a) the issuance of 140,703,000 Shares at par value of US10 cents each, and the payment of the cash consideration of approximately US\$11,116,000.
- (b) adjustment to the cost of the vessels amounting to US\$38,277,000 to reflect the carrying value of the vessels in the pro forma combined balance sheet.
- (c) the distribution of the entire retained profits by the Vessel Companies, totalling US\$1,456,000.

The adjustment to the cost of the vessels held by the Vessel Companies is calculated based on the valuation of these vessels as at 1 February 2004 on an open market basis performed by independent valuers, less the aggregate net book value of these vessels as at 31 December 2003. In the Group's accounts, the vessels are carried at values which are determined based on the valuation at date of acquisition.

The shares issued by the Company in connection with the acquisition have a deemed value of US\$50,161,000 (i.e. US35.65 cents per share), being the excess of the aggregate net asset value of the Vessel Companies of US\$61,277,000, after taking into account the fair value adjustment on the vessels and the dividends declared, over the cash consideration of US\$11,116,000.

Adjustment #7

Reflects the effect of the acquisition of PB Management Holding Limited (including Jardine Shipping's 33% interest in IndoChina Ship Management Holdings Limited), including

- (a) the issuance of 81,291,000 shares of the Company at par value of US10 cents each (see below).
- (b) the exclusion of IndoChina Ship Management (UK) Limited and IndoChina Enterprise (UK) Limited.
- (c) the elimination of minority interest, being Jardine Shipping's interest in IndoChina Ship Management Holdings Limited.
- (d) the waiver of a loan to Pembroke totalling US\$1,700,000 due from Pembroke to IndoChina Ship Management Holdings Limited.
- (e) the distribution of the entire retained profits by PB Management Holding Limited and its subsidiaries, totalling US\$2,617,000.
- (f) the creation of goodwill of US\$25,794,000 (see below).

The shares issued in connection with this acquisition are deemed to carry the same value as the shares issued in connection with the acquisition of the Vessels Companies. Based on the deemed value per share of US35.65 cents and a total of 81,291,000 shares being issued, the value of consideration in respect of this acquisition amounts to US\$28,980,000, which forms the basis of the goodwill calculation.

APPENDIX IIA UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Adjustment #8

Reflects elimination for intra group balances among Initial Companies, PB Management Holding Group and the Vessel Companies.

Note to unaudited Pro Forma Combined Cash Flow Statement Data

Adjustment #9

Reflects cash effect of pro forma adjustments #4a and #4b above.