Pacific Basin

Barclays Capital Asia Investment Symposium 2011
Singapore · Nov 2011

27 Oct 2011

Pacific Basin Overview

- A world leading dry bulk owner/operator of handysize & handymax vessels
- Highly flexible Pacific Basin Dry Bulk business model
  - Large fleet of uniform, interchangeable, modern vessels
  - Mix of owned, long-term and short-term chartered ships
  - Diversified customer base of mainly industrial end users
  - Global trading pattern supported by extensive network of regional officers
- Also owning/operating of off-shore and harbour tugs and RoRo freight ferries
- >220 vessels serving major industrial customers around the world
- Hong Kong headquarters, 22 offices worldwide, 380 Group staff, 2,000 seafarers*
- Our vision: we aspire to be a shipping industry leader and the partner of choice for customers, staff, shareholders, and other stakeholders


* As at July 2011

2011 Third Quarter Highlights

PB Dry Bulk

- Handysize and Handymax freight rates have increased 12% and 22% respectively since 30 June marking an earlier, stronger than anticipated improvement
- BDI increased 52% since mid-year driven by a 147% increase in Capesize rates mainly attributable to:
  - A return to activity following the traditionally quieter summer
  - Healthy commodity demand in Asia – Chinese demand for minor bulks in particular
- We anticipate sustained dry bulk , high scrapping levels and reduced newbuilding deliveries will support a continued relatively healthy supply/demand balance for minor bulk segments in 2012 overall, though this balance could weaken if global economic growth slows further
- We have secured forward cargo cover as follows:

	Year 2011	Year 2012
Handysize	91% (US$13,450)	32%(US$13,540)
Handymax	102%(US$15,320)	70%(US$14,110)

PB Energy & Infrastructure Services

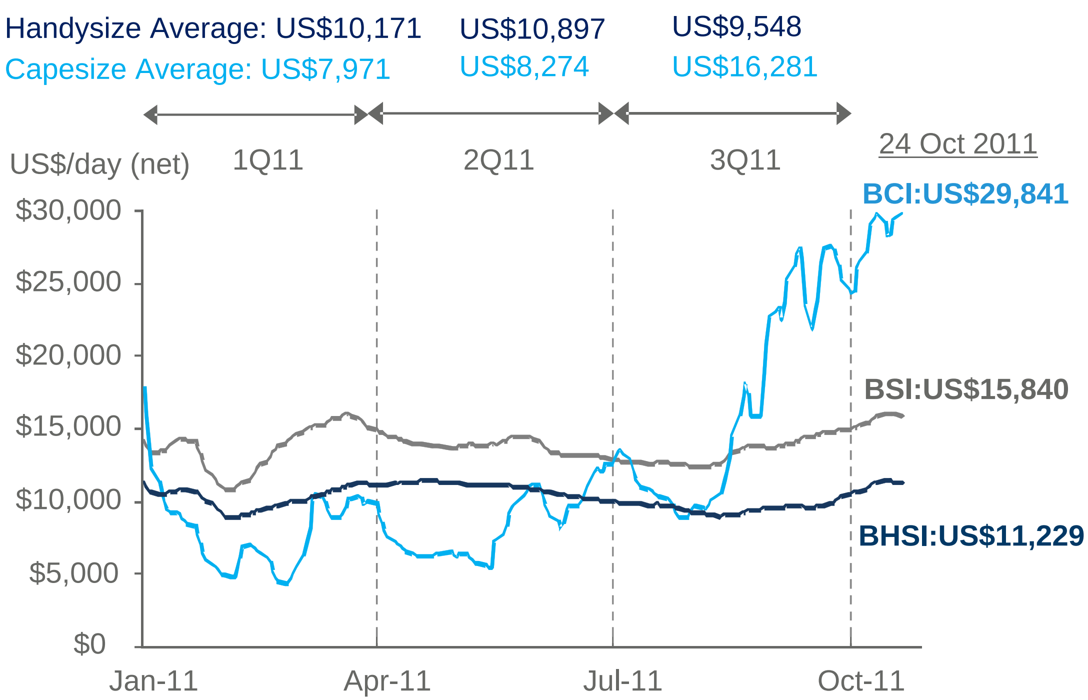
- Significant improvement is expected to continue with growth in new Australian offshore oil and gas projects

PB RoRo

- Nafta Gulf Bridge service has been suspended due to unsatisfactory demand, but our 2 ships previously employed in that trade have been redeployed
- Expect the charter market for RoRo vessels to remain depressed into 2012

Dry Bulk Market Information

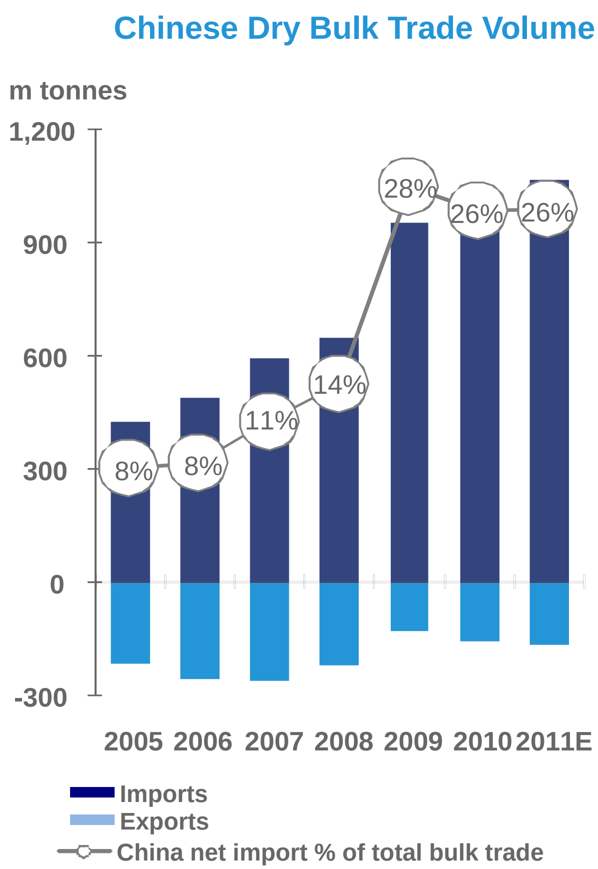
Handysize (BHSI) and Handymax (BSI) versus Capesize (BCI) Spot Rates

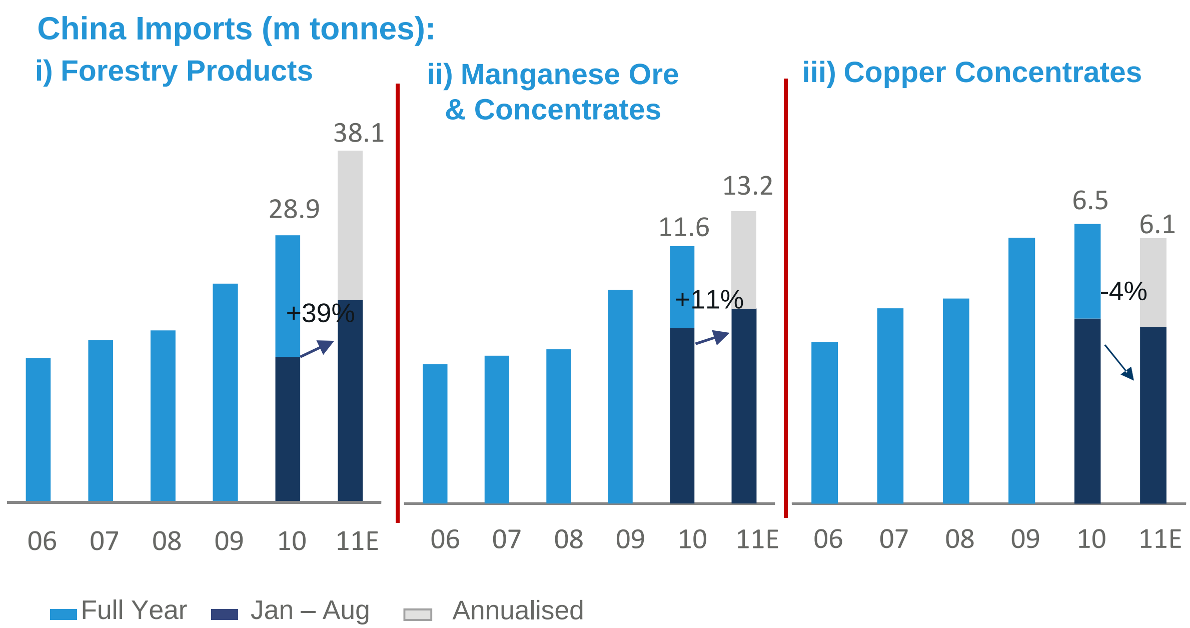


Secondhand Handysize Vessel Values (5 year Old 28,000 Dwt)

- We believe banking industry pressures may significantly dampen many ship owners' ability to fund second hand ship acquisitions

Chinese Dry Bulk Trade - Minor Bulk

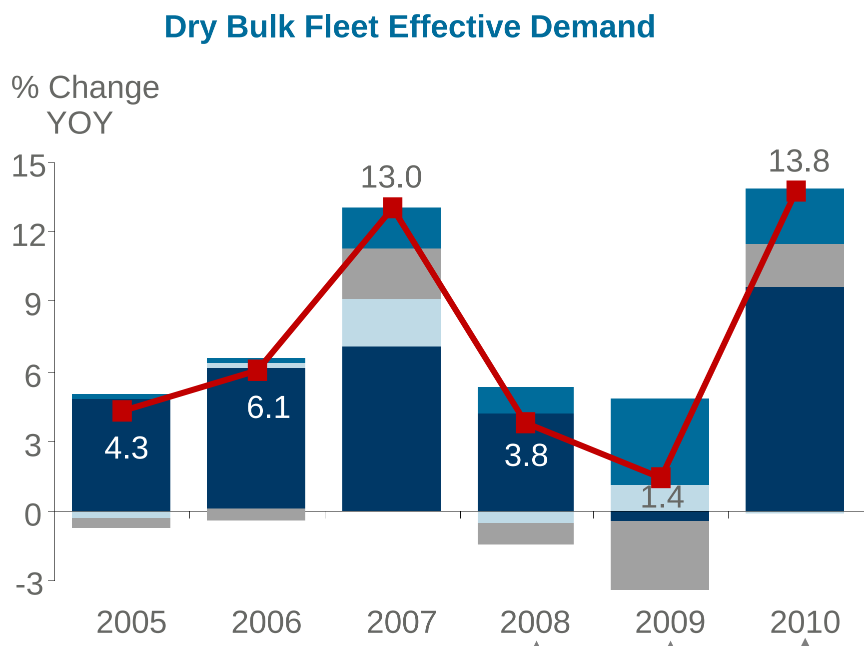


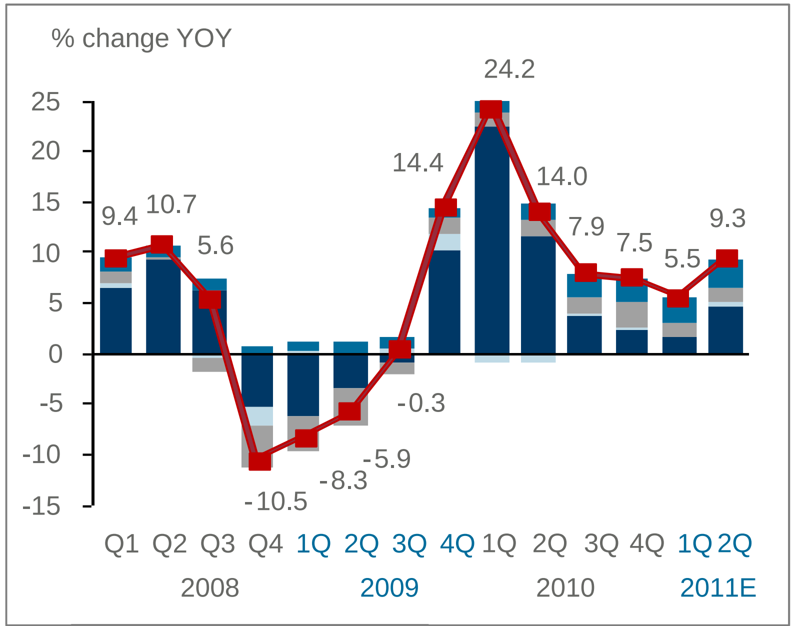


- Minor bulk and other key commodities increased in first 8 months lending some buoyancy to Handysize / Handymax rates
  - Expanded Import of some metal ores such as manganese and nickel ore as much as 60% YOY
  - Seaborne log imports continuing to underpin demand for Handysize log carriers in the Pacific

Source: Bloomberg, Clarksons
Note: Clarksons estimates China will import 38.1m tonnes in 2011
2011 full year annualised figure is based on actual Jan to Aug figures

Dry Bulk Demand





- China coastal cargo, offhire & ballast effect
- Congestion effect
- Tonne-mile effect
- International cargo volumes
- Net demand growth

- Growth in Chinese import of raw materials, including coal and minor bulks such as logs & grains
- Increased Chinese domestic coastal transportation in bulk carriers, especially coal
- Widening East-West imbalance attracting more ballast vessels from Asia to distant load ports for return cargoes

Source: RS Platou

Pacific Basin

Source: R.S. Platou

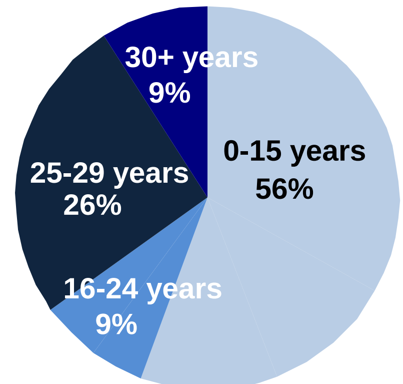
Dry Bulk Fleet Changes

- Dry bulk capacity expanded 14% YOY net
- Handysize expanded only 1% net in the third quarter
- 35% of handysize fleet is over 25 years old
- High scrap price supports healthy scrapping

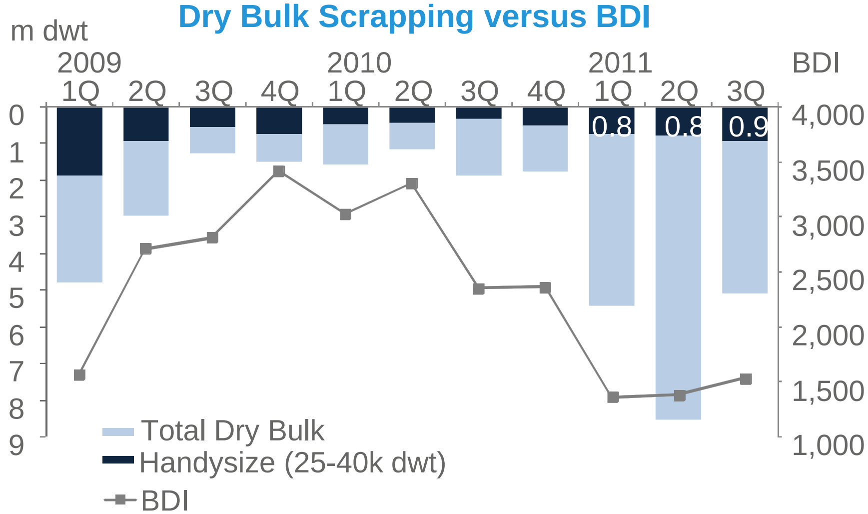
m dwt	Dry Bulk	Handysize
2009	10.5	4.1
2010	6.4	1.8
2011YTD	19.0	2.5

Handysize Age Profile (25,000-39,999 dwt)

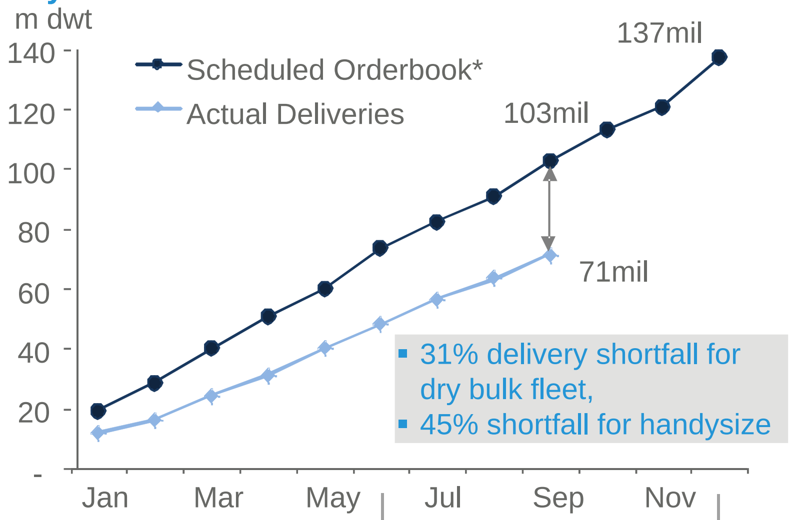
2,035 vessels (64.8m dwt)



Dry Bulk Scrapping versus BDI



Dry Bulk Fleet Deliveries 2011

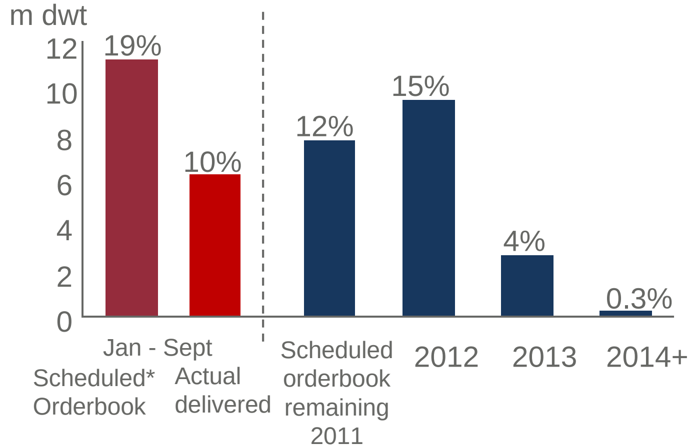


Source: Clarksons, as at 1 Oct 2011, Morgan Stanley, Bloomberg
*Scheduled orderbook as at 1 Jan 2011

Dry Bulk Orderbook

Handysize Scheduled Orderbook

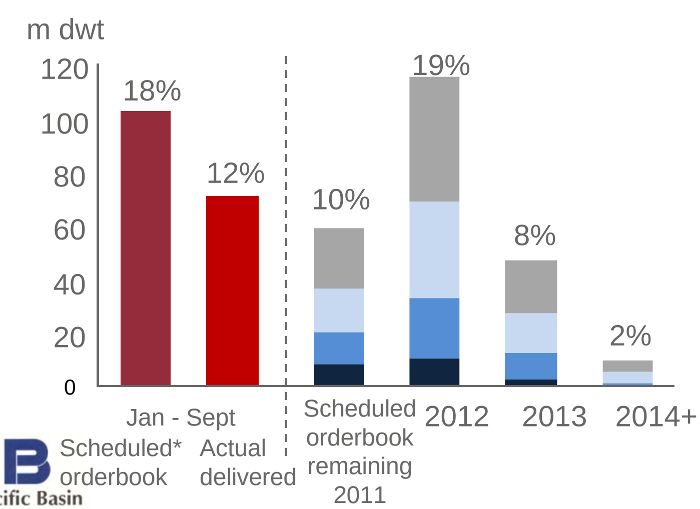
583vessels (20m dwt)



- 137m dwt* new dry bulk capacity scheduled to deliver in FY 2011
- Ship owners ordered 66% less newbuilding capacity YOY due to weak market conditions
- We expect approx. 30% slippage in FY 2011
- Less onerous handysize orderbook

Total Dry Bulk Orderbook

2,772vessels (232m dwt)



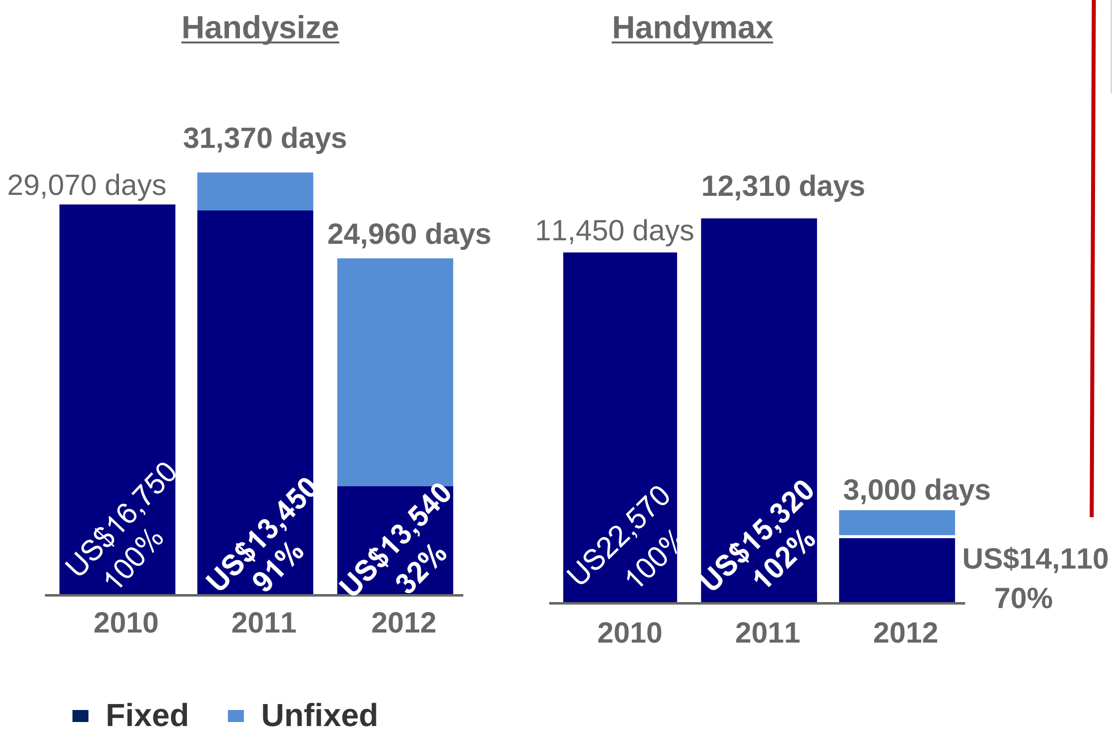
		Orderbook as % of Existing Fleet	Average Age	Over 25 Years
Total Dry Bulk >10,000 dwt		**39%**		
Handysize (25,000-39,999 dwt)		**31%**	**15**	**36%**
Handymax (40,000-64,999 dwt)		**34%**	**11**	**15%**
Panamax (65,000-119,999 dwt)		**50%**	**10**	**6%**
Capesize (120,000+ dwt)		**41%**	**9**	**4%**

Source: Clarksons, as at 1 Oct 2011
*Scheduled orderbook as at 1 Jan 2011

Pacific Basin Dry Bulk Earnings Coverage

As at 24Oct 2011

Combined coverage:
2011: 95%
2012: 37%



Pacific Basin Dry Bulk Fleet: 172

at 24 October 2011

	Owned		Chartered		Total
	on the water	NB	on the water	NB	
Handysize	30	7	73	9	**119**
Handymax	3	6	39	3	**51**
Post-Panamax	1	-	1	-	**2**
Total	**34**	**13**	**113**	**12**	**172**

Average Age of our core fleet: 6.5 years old

Note: NB – newbuilding

Pacific Basin Dry Bulk - Outlook

- China's continued dependence on imported minor bulks
- Slow steaming because of high fuel prices and weak market
- Scrapping increase
- Revival of Japan industrial production

- Continued excessive newbuiding deliveries
- Faltering global economic recovery and stimulus withdrawal
- Less imports due to China tightening policy
- High commodity price favour more Chinese domestic production
- Mining capacity shortfall and commodity supply bottlenecks

PB Conclusion:

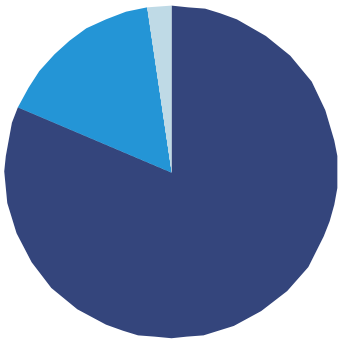
- **Softening Chinese demand expected to be balanced by US grain exports in the fourth quarter**

PB Energy & Infrastructure Services

3Q11 Performance

- **The market for both offshore and harbour towage services continued its significant improvement in the 3Q**
- **Further improved rates and trading conditions for PB Towage's Australasia-focused business**

Towage Fleet: 43 vessels (as at 24 October 2011)



Offshore and infrastructure support

- Continued to position PB Towage as a leading sub-contractor to Australasian offshore construction markets
- Queensland Curtis Island LNG project began in February
- Gorgon Project contract extended till 2014

Harbour Towage

- Increased our market share in Australian ports
- Improved performance partially offset by flood-affected Townsville activity

US$m	1H11	1H10
Offshore/project supply & harbour towage services ("Towage")	3.5	(1.2)
PacMarine Services	0.5	0.7
Fujairah Bulk Shipping ("FBSL")	(5.2)	4.5
Segment net profit in 1H11:	**(1.2)**	**4.0**
Annualised return on net assets:	**-1%**	**4%**

PB Energy & Infrastructure Outlook

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- High oil prices buoying demand for new, cleaner, safer fuel sources
- Australia striving to become a major LNG exporter
- Continued commodity supply recovery in Queensland

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- Faltering global economic recovery
- Australian commodity exports and port activity affected by tightening policy in China
- High commodity prices
- Increasing market competition & political instability in Middle East

PB Conclusion:

- **Significant improvement is expected to continue with growth in new Australian offshore oil and gas projects**

PB RoRo

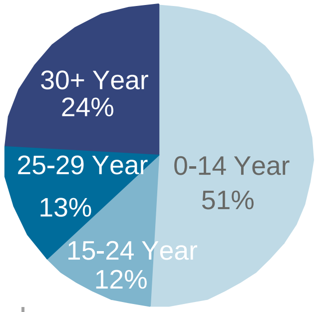
3Q11 Performance:

- **4 out of 5 delivered vessels are employed, our final newbuilding is scheduled to deliver in Nov 2011**
- **Nafta Gulf Bridge service has been suspended due to unsatisfactory demand, but our 2 ships previously employed in that trade have been redeployed in the US Gulf at low rates**
- **Engaging in developing employment for our final 2 newbuildings**

Market demand	Market supply
▪ Limited improvement in freight market and insufficient demand for new capacity ▪ Increased trade in the core European economy partly offset by continued weakness in some peripheral European countries	▪ 3% new deliveries in 1H11 ▪ Scrapping continued but at a lower rate (~3%) in 1H11 ▪ 12% orderbook remaining ,with deliveries mainly 2011-2012

- Segment net profit in 1H11: -US$5.3m (1H10: profit US$0.5m)
- Annualised return on net assets: -3%
- US$80 million impairment of RoRo investment due to reassessment of prospects for the sector, resulting in much weaker outlook for market and our RoRo business
- 1H Daily cost: US$22,080

World RoRo Fleet
438 Vessels (862,453 Lane Metres)



Source: Navitaship, data as at July 2011

PB RoRo Outlook

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- Slow growth in European exports and intra-European trade overall
- Gradual, slow growth in trailer volumes
- Scrapping
- High fuel prices making modern vessels more attractive

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- Significant new RoRo deliveries scheduled in rest of year
- Most European RoRo operators still have excess capacity and are not chartering new vessels
- Increased austerity in Europe
- Hesitant global economic recovery
- Weak support for RoRo services in US Gulf

PB Conclusion:

- **Expect RoRo charter market to remain depressed into 2012 due to muted growth in freight volumes overall and a potentially weaker European economy threatened by recession**
- **We expect PB RoRo to be loss-making in 2011 and 2012, based on daily cost US$22,080 in 1H11**
- **PB RoRo earnings coverage:**

As at 24 Oct 2011	FY2011	FY2012
Revenue days	1,570	2,200
Daily charter rates	US$20,290	US$27,510
% days covered	80%	16%

Note: Charter rates earned in Euros is translated to US$ at an indicative rate of €1.00 to US$1.35

Outlook

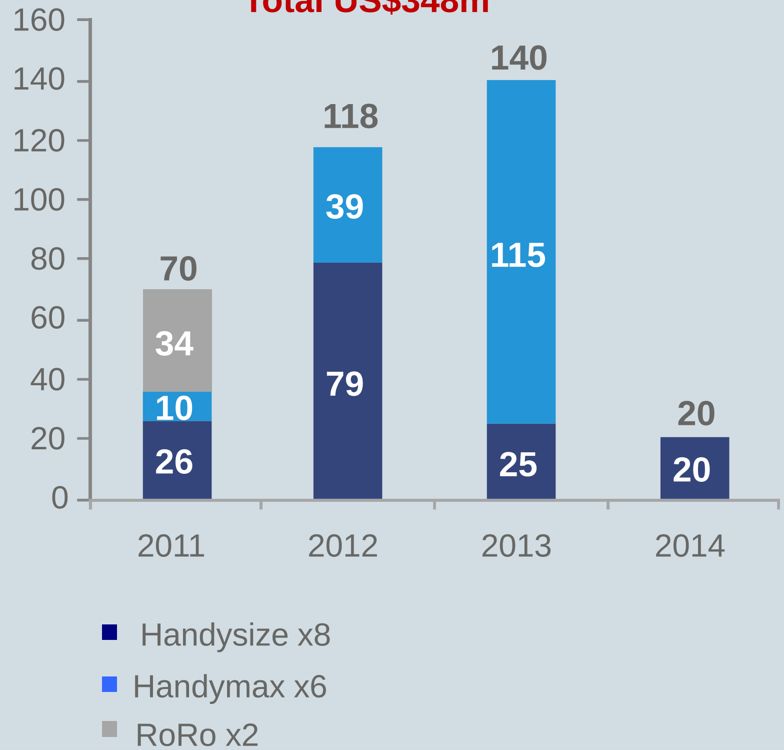
- We expect:
  - A sustained dry bulk demand, high scrapping levels and reduced newbuilding deliveries will support a continued relatively healthy supply/demand balance for minor bulk segments in 2012 overall
  - This balance could weaken if global economic growth slows further
  - We see evidence of softening Chinese demand for some commodities which we expect to be balanced by the seasonal resumption of 4Q US Gulf grain exports
  - Charter market for RoRo ships to remain depressed into 2012
  - Banking industry pressures may significantly dampen many ship owners' ability to fund second hand ship acquisitions and force them to find additional cash resources to meet capital and banking obligations
  - Pressure on ship values to generate further opportunities to acquire modern dry bulk ships at reasonable cost
- Our strategy remain unchanged: we seek to expand further our dry bulk fleet

Capex and Combined Value by Vessel Types

As at 30 June 2011

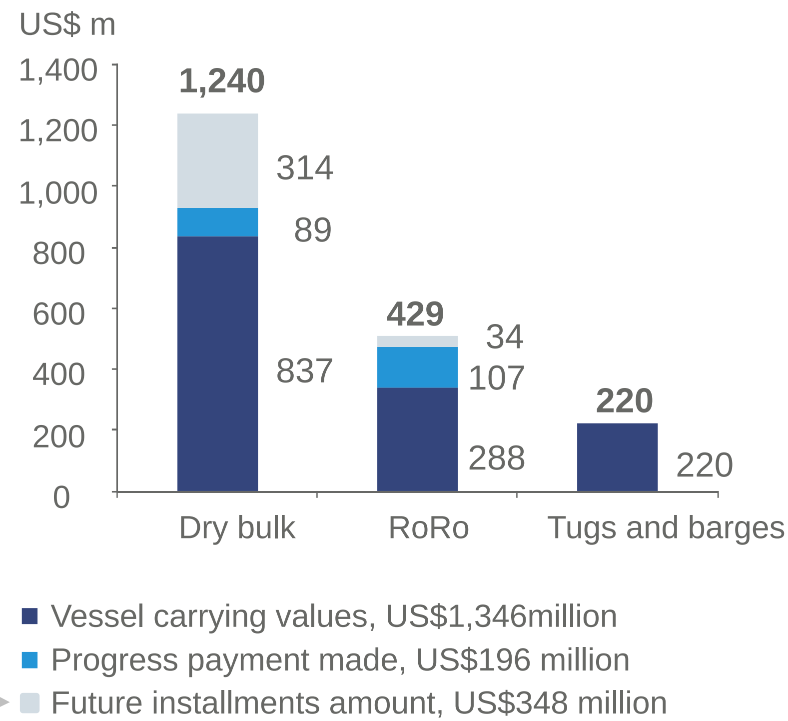
Vessels Commitments (including authorised commitments)

Total US$348m



A Combined View of Vessel Carrying Values and Commitments

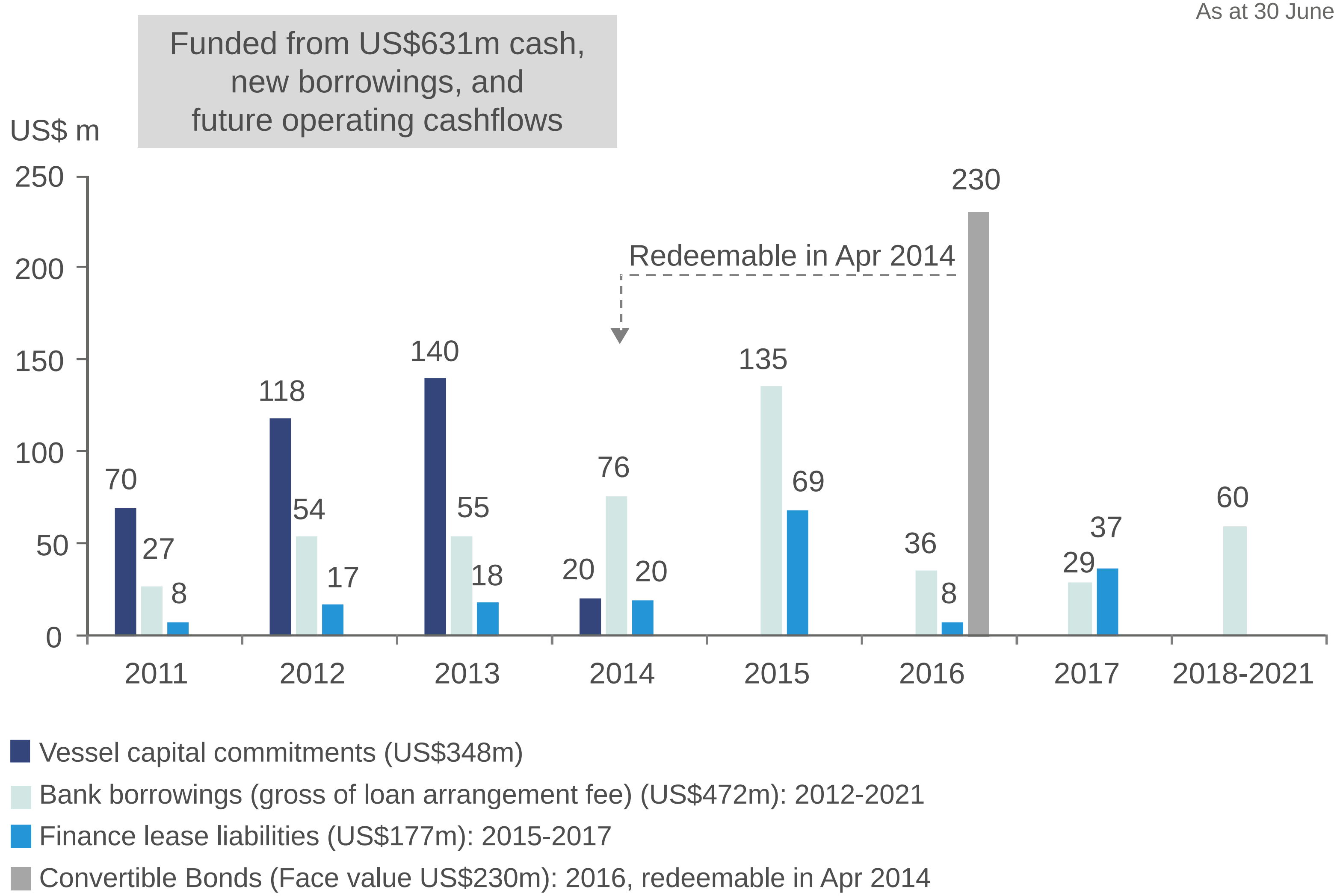
Total US$1,890m



Further commitments expected in Dry Bulk

Borrowing and Capex

As at 30 June 2011



Cash Flow

US$m	1H11	1H10
Operating cash inflows	**69**	83
Investing cash outflows	**(33)**	(142)
▪ Vessels & other fixed assets related payments	**(111)**	(187)
▪ Jointly controlled entities related receipts and payment	**9**	(13)
▪ Disposal of our remaining holdings in GDG	**81**	-
▪ Change in restricted cash, structured notes & notes receivables	**(19)**	45
▪ Others, mainly interest received	**7**	13
Financing cash outflows	**(85)**	(31)
▪ Proceeds from issuance of convertible bonds	**-**	227
▪ Repurchase of convertible bonds	**(105)**	(194)
▪ Net drawdown/ (repayment) of borrowings & finance lease	**81**	(5)
▪ Dividends paid	**(41)**	(37)
▪ Others, mainly interest paid	**(20)**	(22)
Cash and bank deposits	**631**	970

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.

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Appendix: Differentiated from BDI & Traditional Ship Owning

Smaller bulk carrier segment benefits from:

- Handysize orderbook smaller than ship capacity over 25 years old
- Diverse range of commodities carried and trade patterns
- Greater access to ports
- Growing minor bulk trade imbalances

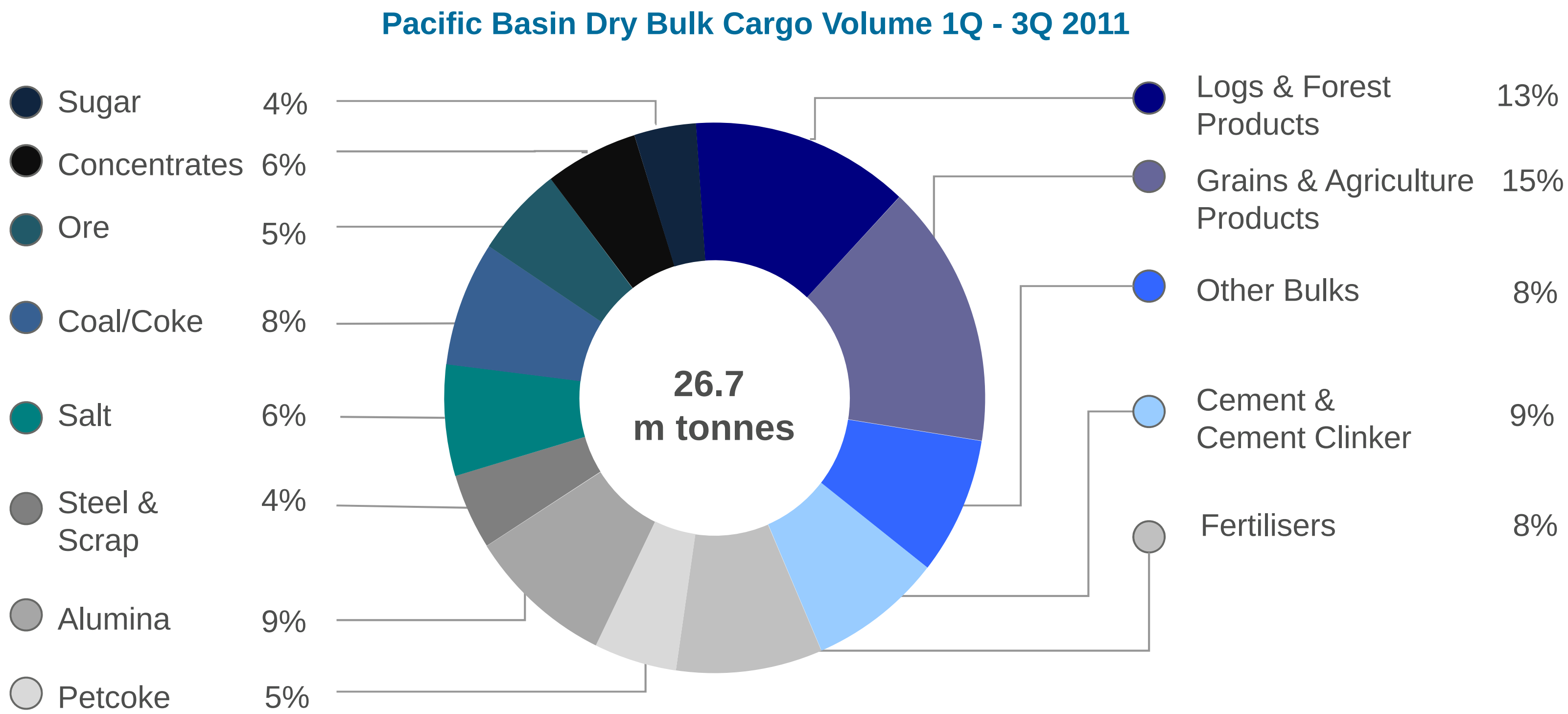
Fleet
- Modern, large scale & interchangeable ships
- Ability to change market exposure through charter activity
- Higher utilisation and earnings ability through optimum scheduling
- Low breakeven cost and fuel efficient

Unique network of offices
- Close to our customers and understand their needs
- Local chartering and operations staff support
- Broad access to cargo and contract opportunities
- New office in Stamford

Customer focus
- Strong relationship with over 300 customers
- Mainly industrial commodity producers and end-user
- Mixed with spot & long term contracts of affreightment

Corporate profile
- Trusted & transparent counterparty
- Strong public balance sheet and track record

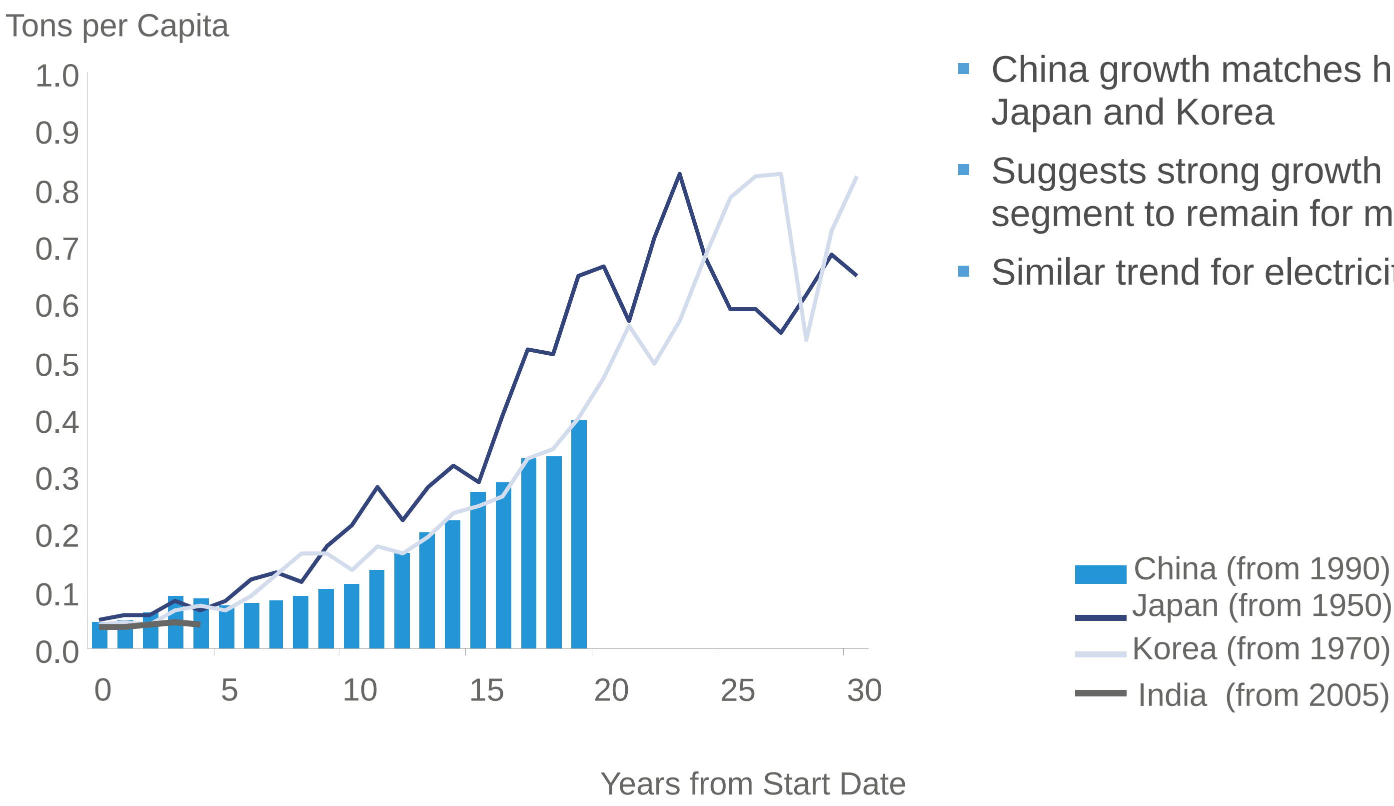
Appendix: Pacific Basin Dry Bulk – Diversified Cargo



- Diverse range of commodities reduces product risk
- Australia and China were our largest loading and discharging zones respectively

Appendix: China at late-Industrialisation Stage

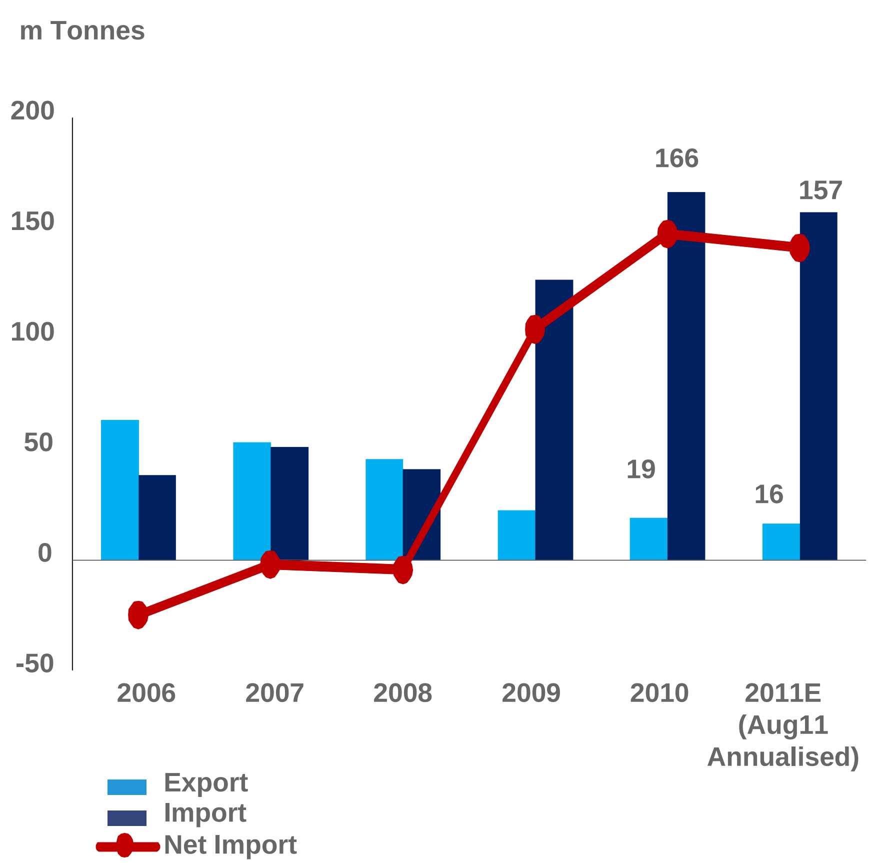
Steel Consumption Per Capita



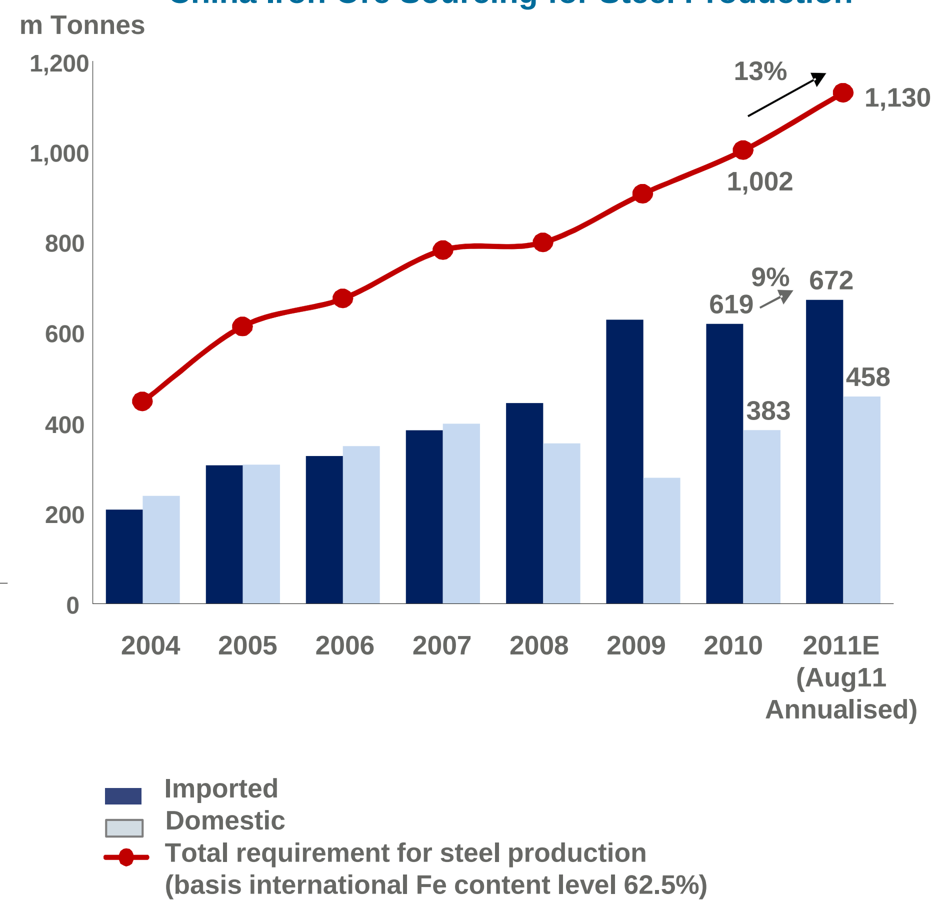
- China growth matches historical trend in Japan and Korea
- Suggests strong growth in dry bulk segment to remain for medium term
- Similar trend for electricity and cement

Appendix: China Iron Ore & Coal Demand

China is a net importer of coal in 2011



China Iron Ore Sourcing for Steel Production



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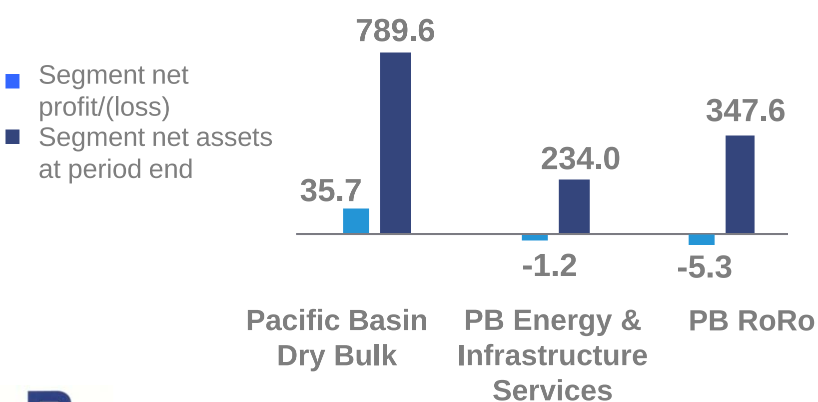
Source: Bloomberg

Appendix: 2011 Interim Financial Highlights

	1H11	1H10
Segment net profit	**28.8**	81.1
▪ Treasury	**(5.8)**	(11.8)
▪ Non direct G&A	**(4.2)**	(3.7)
Underlying profit	**18.8**	65.6
▪ Unrealised derivative income / (expenses)	**8.4**	(13.7)
▪ Gain from sale of shares in Green Dragon Gas	**55.8**	-
▪ Vessel impairment charges – RoRo	**(80.0)**	-
Profit attributable to shareholders	**3.0**	51.9

Segment Net profit and Net Assets



Return on net assets (Annualised)

Pacific Basin Dry Bulk	10%
PB Energy & Infrastructure Services	-1%
PB RoRo	-3%

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Appendix: Pacific Basin Dry Bulk - Handysize

		1H11	1H10	Change
Revenue days	(days)	**14,620**	13,940	+5%
TCE earnings	(US$/day)	**13,660**	16,840	-19%
Owned + chartered cost	(US$/day)	**10,640**	11,750	-9%
Segment net profit	(US$m)	**42.9**	69.7	-38%
Return on net assets	(%)	**13%**	26%	-13%

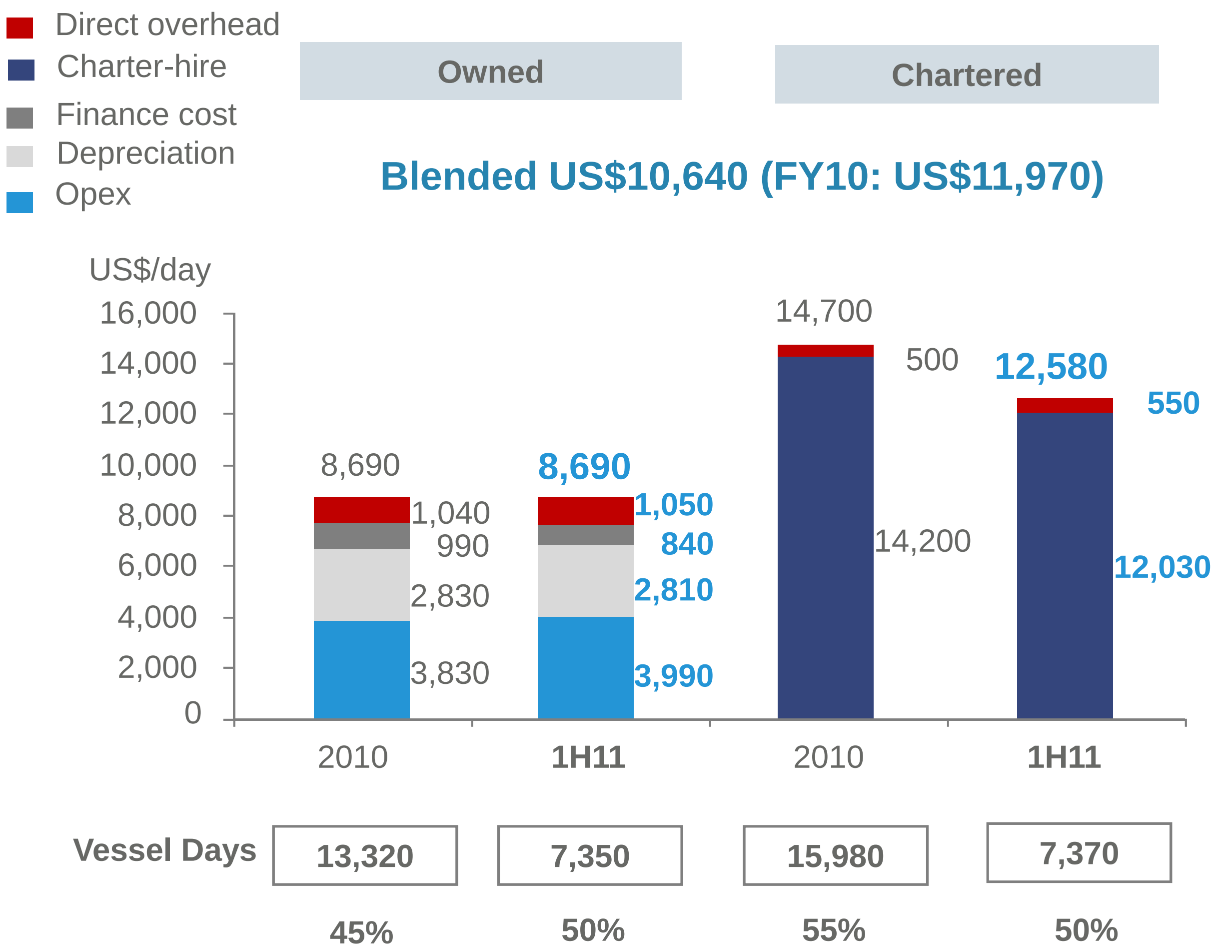
- Earnings: 1H11 TCE rates reflect weakened demand
- Costs: Blended daily costs reflect lower chartered-in costs from the market
- Segment result excludes: US$6.3m unrealised net derivatives income

Appendix: Pacific Basin Dry Bulk - Handymax

		1H11	1H10	Change
Revenue days	(days)	**6,390**	5,570	+15%
TCE earnings	(US$/day)	**15,130**	23,680	-36%
Owned + chartered cost	(US$/day)	**16,190**	22,050	-27%
Segment net (loss)/profits	(US$m)	**(7.5)**	8.8	-185%
Return on net assets	(%)	**-19%**	32%	-51%

- Earnings: 1H11 TCE rates reflect weakened demand
- Costs: Blended daily costs reflect lower chartered-in costs from the market
- Segment result excludes: US$2.5m unrealised net derivatives income

Appendix: Daily Vessel Costs - Handysize



Appendix: Balance Sheet

US$m	PB Dry Bulk	PB EIS	PB RoRo	Treasury	30 Jun 11	31 Dec 10
Vessels & other fixed assets	926	221	395	-	**1,549**	1,519
Total assets	1,096	287	408	654	**2,524**	2,555
Long term borrowings	177	38	56	574	**845**	860
Total liabilities	306	53	60	576	**1,014**	1,011
Net assets	790	234	348	78	**1,510**	1,544
Net borrowings					**214**	156
Net borrowings to Fixed assets					**14%**	10%
Net borrowings to Shareholder's equity					**14%**	10%

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Notes: 30 June 2011 total includes other segments and unallocated

Appendix: Impact of Financial Instruments

US$m	Realised	Unrealised	**1H11**	1H10
Net Gains / (Losses)				
Forward freight agreements	(0.7)	0.9	**0.2**	(5.8)
Bunker swap contracts	6.7	7.9	**14.6**	(8.4)
Interest rate swap contracts	(2.8)	(0.4)	**(3.2)**	(4.2)
	3.2	8.4	**11.6**	(18.4)

Realised:

- Cash settlement of contracts completed in the period
- Included in segment results

Unrealised:

- Contracts to be settled in future periods
- Accounting reversal of earlier period contracts now completed
- Not part of segment results

Appendix: Convertible Bonds Due 2016

Issue size	US$230 million	
Maturity Date	12 April 2016 (6 years)	
Investor Put Date and Price	12 April 2014 (4 years) at par	
Coupon	1.75% p.a. payable semi-annually in arrears on 12 April and 12 October	
Redemption Price	100%	
Initial Conversion Price	HK$7.79 (Current conversion price: HK$ 7.35 with effect from 16 August 2011)	
Conversion Condition	Before 11 Jan 2011:	No Conversion is allowed
	12 Jan 2011 – 11 Jan 2014:	Share price for 5 consecutive days > 120% conversion price
	12 Jan 2014 – 5 Apr 2016:	Share price > conversion price
Intended Use of Proceeds	To purchase the 3.3% Existing Convertible Bonds due 2013 then redeem the remaining part of the Existing Convertible Bonds should bondholders' request on 1 Feb 2011 or maturity in 2013	
Conditions	▪ Shareholders approval at SGM to approve the issue of the New Convertible Bonds and the specific mandate to issue associated shares. ▪ If the specific mandate is approved by the shareholders at the SGM, the company would not pursue a new general share issue mandate at the forthcoming AGM on 22 April 2010	

Conversion/redemption Timeline