Pacific Basin

CLSA Investors' Forum 2011
Hong Kong · Sep 2011

5 Sept 2011

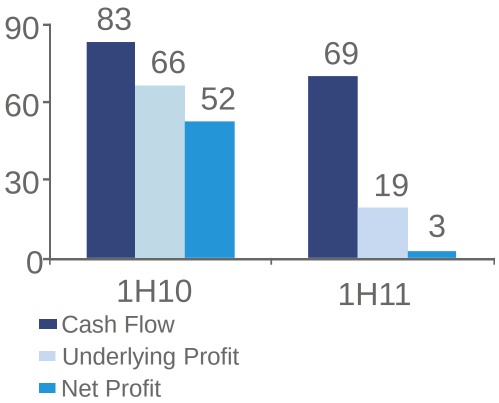
Pacific Basin Overview

- 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
- >200 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 Interim Results - Group Highlights

Revenue and Net Profit



- **Net Profit:** **US$3m** (1H10: US$52m)
- **Underlying Profit:** **US$19m** (1H10: US$66m)
- **Basic EPS:** **HK$0.01** (1H10: HK$0.21)
- **Annualised ROE:** **0%** (1H10: 7%)
- **Operating cash flow:** **US$69m** (1H10: US$83m)
- **1H11 Dividend per share (HK$): HK$0.05** (1H10: HK$0.05)

- Results were impacted by:
  - US$80m impairment on RoRo investment;
  - US$56m profit on the sale of a non-core asset;
  - US$8m unrealised M2M non-cash net derivative income
- Balance sheet retains substantial cash and deposits US$631m
- Fully funded vessel capital commitments

2H2011 view, we expect:

- Dry bulk market to remain lacklustre in rest of this year, seasonal activity uptick in 4Q11
- Unsatisfactory and overall weaker freight market than 2010
- RoRo market to remain weak and challenging for longer

Pacific Basin Dry Bulk 1H11 Performance

- Handysize/ handymax market got off to a weak start in 2011
  - Demand impacted by weather-related commodity export bottlenecks
  - Excessive newbuilding deliveries
- Dry bulk net profit: US$36m (1H10: US$79m)
  - Handysize: US$43m (1H10: US$70m)
  - Handymax: -US$8m (1H10: US$9m)
  - 14.5m tonnes of cargoes carried (1H10: 15.6m tonnes)
- Purchased 4 and long term chartered 4 dry bulk vessels YTD

Handysize

- Outperformed the weak market
- Our 1H11 handysize daily rate US$13,660 was 30% above average spot rate US$10,530

Handymax

- Results in 1H11 were less positive due to:
  - Relatively expensive cost of some long term chartered vessels, which have now expired
  - Repositioning some of our ships after heavy flooding in Australia
- We expect improvement in margins when our newbuildings deliver from 2013

Post-Panamax

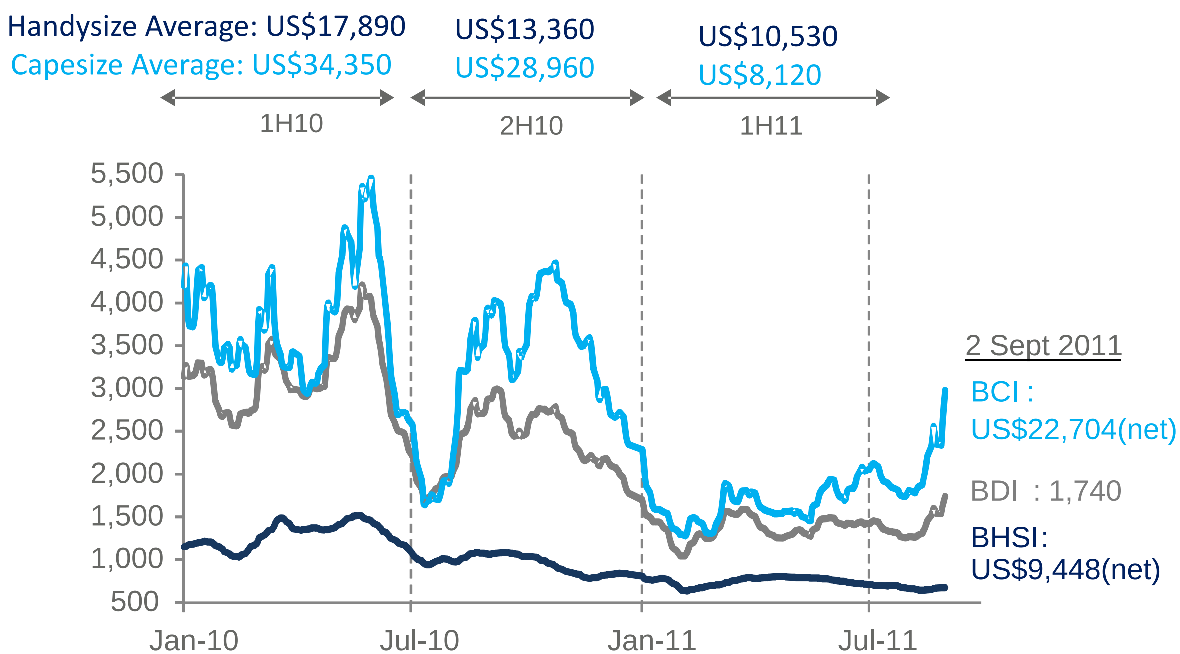
- 1 owned and 1 chartered: both delivered and commenced 15 & 10 year charters

Strategy:

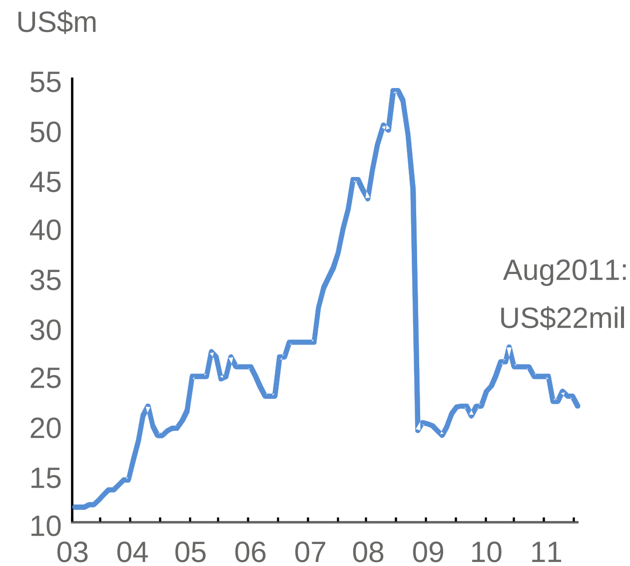
- Maintain a cost-competitive fleet
- Expand our handysize and handymax fleet at a reasonable cost

Dry Bulk Market Information

Baltic Dry Index (BDI) vs BHSI (Handysize) and BCI (Capesize)

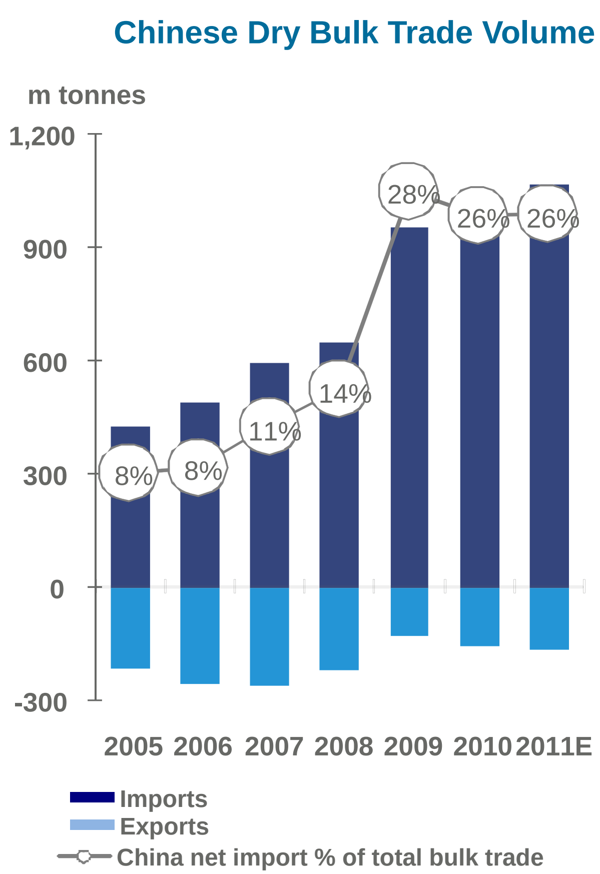


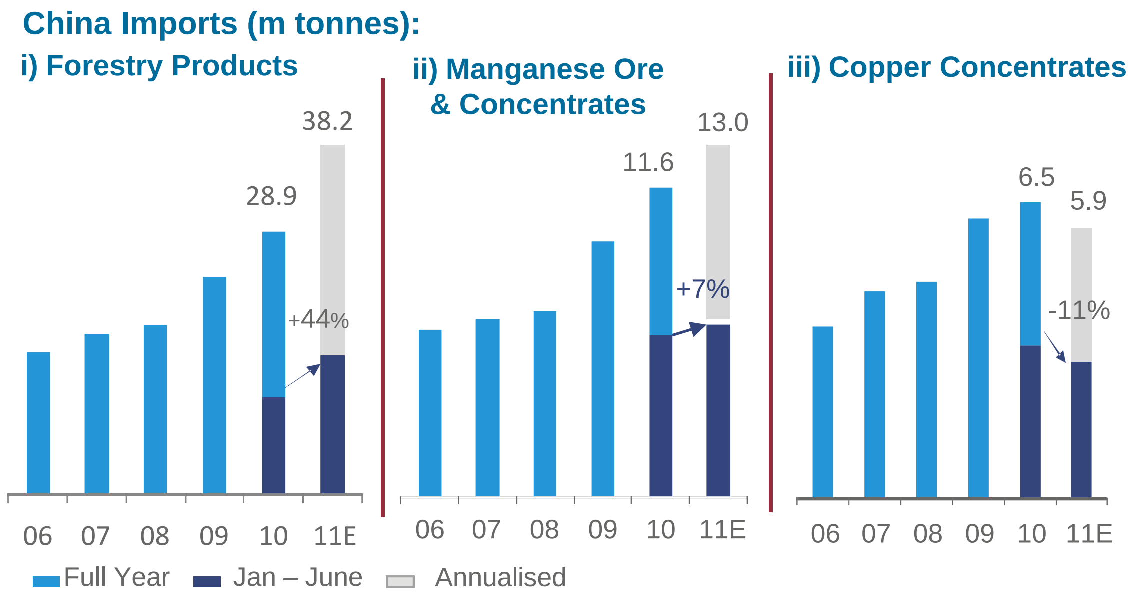
Secondhand Handysize Vessel Values (5 year Old 28,000 Dwt)



- Smaller ship types outperformed larger bulk carriers for a protracted period

Chinese Dry Bulk Trade - Minor Bulk

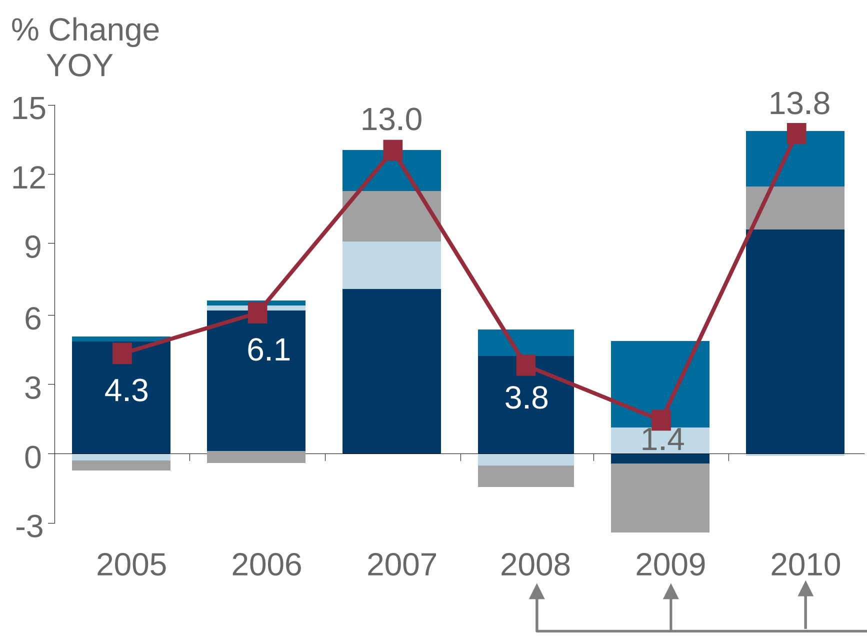


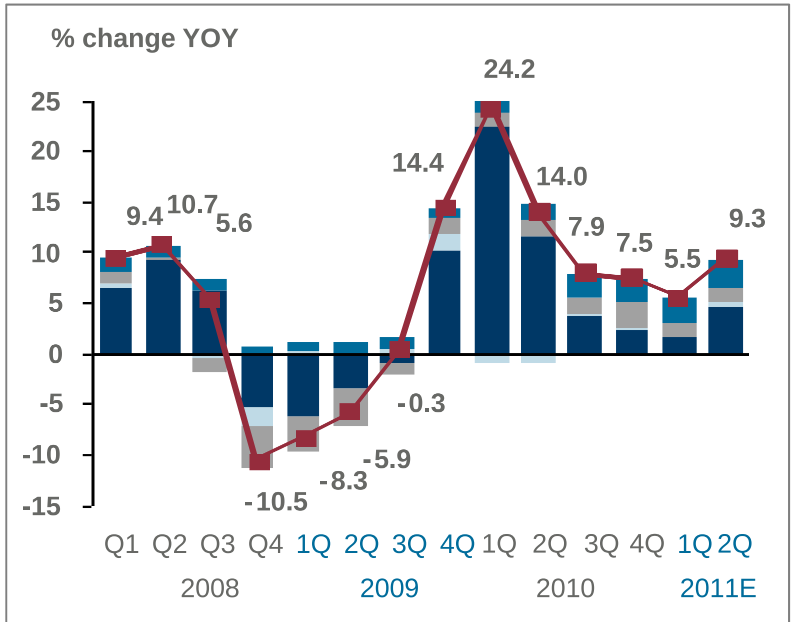


- Minor bulk and other key commodities increased in 1H11 lending some buoyancy to handysize / handymax rates
  - Import of some ores such as bauxite and nickel grew as much as 70% YOY
  - Increased logs demand from New Zealand and North America
- China tightening policy leading to softer demand for raw materials and other commodities

Source: Bloomberg, Clarksons
Note: Clarksons estimates China will import 38.2m tonnes in 2011
2011 full year annualised figure is based on actual Jan to June / May(logs) 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

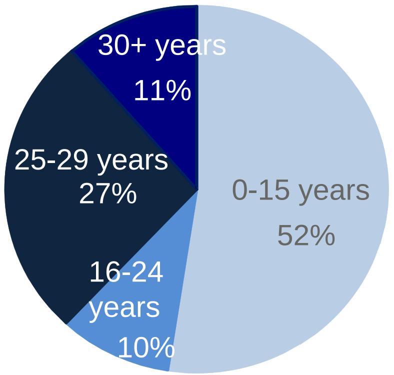
Source: RS Platou

Dry Bulk Fleet Changes

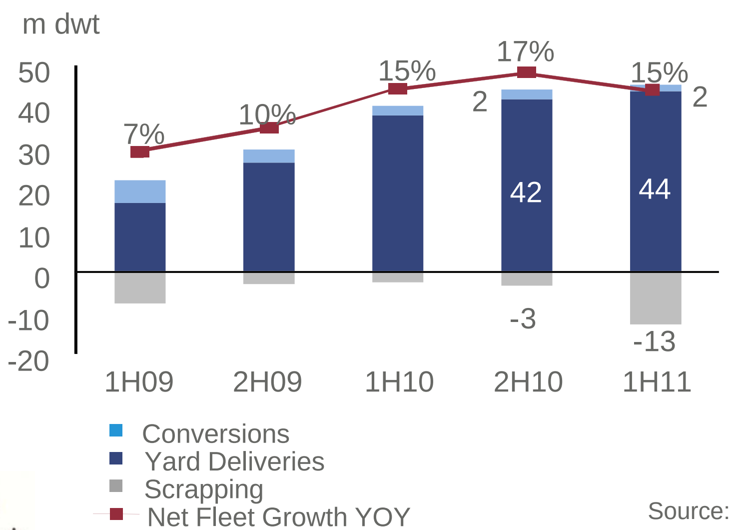
- Dry bulk capacity expanded 15% YOY net driven by 1H11 new capacity delivery of 44m dwt
- Handysize expanded 4% net since 2011
- Approx. 40% delivery shortfall in 1H11 against scheduled orderbook
- 38% of handysize fleet is over 25 years old
- High scrap price supports healthy scrapping

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

2,030 vessels (64.5m dwt)



Dry Bulk Fleet Development



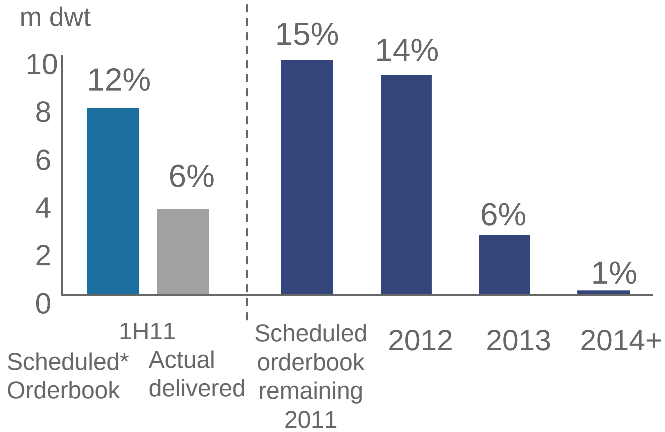
Dry Bulk Fleet Deliveries 2011

Source: Clarksons, as at 1 July 2011, Morgan Stanley

Dry Bulk Orderbook

Handysize Scheduled Orderbook

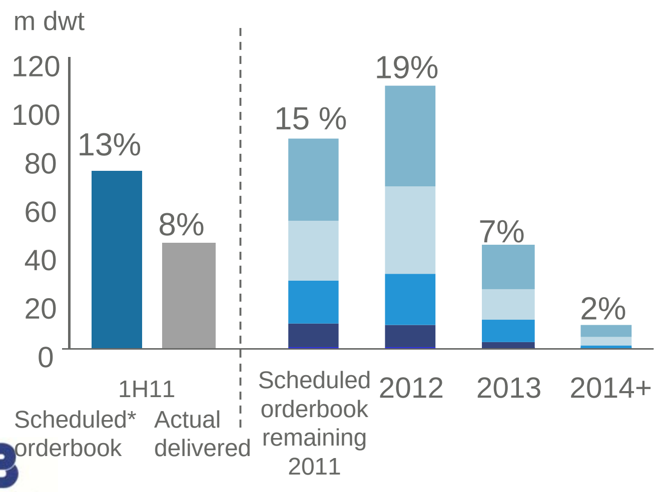
634 vessels (21.7m dwt) - 34%

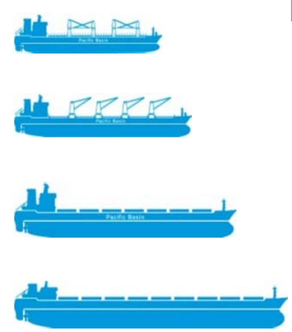


- In 1H11:
  - 73m dwt* new dry bulk capacity scheduled to deliver
  - 40% delivery shortfall
  - Ship owners ordered >60% less newbuilding capacity in 1H11 YOY due to weak market conditions
- We expect 40% slippage in FY 2011, resulting in 15% of global capacity to deliver in 2011
- Less onerous handysize orderbook

Total Dry Bulk Orderbook

2,954 vessels (247m dwt)





Total Dry Bulk >10,000 dwt	Orderbook as % of Existing Fleet	Average Age	Over 25 Years
	43%		
Handysize (25,000-39,999 dwt)	34%	16	38%
Handymax (40,000-64,999 dwt)	39%	10	17%
Panamax (65,000-119,999 dwt)	59%	10	6%
Capesize (120,000+ dwt)	45%	9	4%

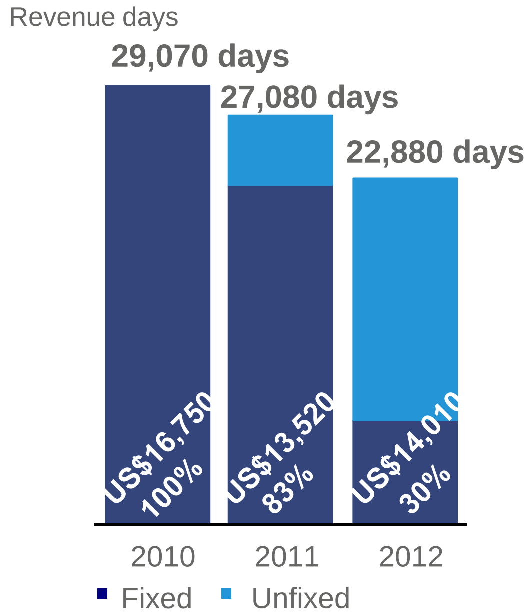
Source: Clarksons, as at 1 July 2011
*Scheduled orderbook as at 1 Jan 2010 & 1 Jan 2011

Pacific Basin Dry Bulk Earnings Coverage

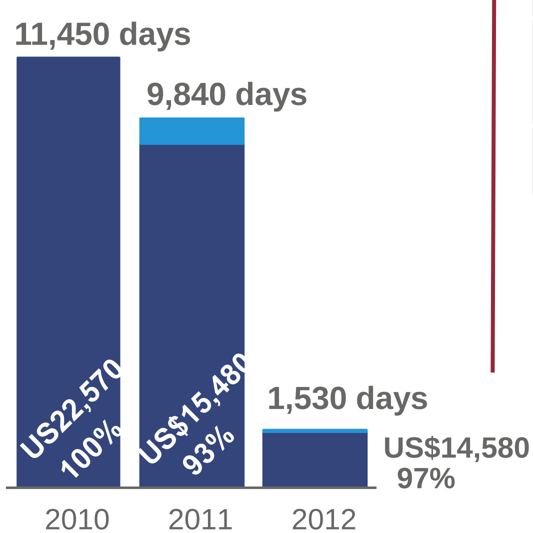
at 25 July 2011

Combined coverage:
2011: 86%
2012: 36%

Handysize



Handymax



Pacific Basin Dry Bulk Fleet: 163

at 31 July 2011

	Owned		Chartered		Total
	on the water	NB	on the water	NB	
Handysize	30	7	66	8	**111**
Handymax	2	6	40	2	**50**
Post-Panamax	1	-	1	-	**2**
Total	**33**	**13**	**107**	**10**	**163**

- Core fleet: Owned, finance leased, long term operating (>3 years)
  Average Age: 6.8 years old
- Non-core fleet: 17 medium term (1-3years)
  60 short term <1 years

Note: NB – newbuilding

Pacific Basin Dry Bulk - Outlook

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- 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

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- 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:

- Seasonal uptick in trade volumes provides potential for improvement in 4Q11
- Expect the dry bulk market to remain generally lacklustre in the rest of 2011 resulting in unsatisfactory, overall weaker freight market this year than in 2010

PB Energy & Infrastructure Services

PB Energy & Infrastructure Services (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%**

1H11 Performance

- Impacted by FBSL operating loss in Middle East
- Decision to close FBSL in June

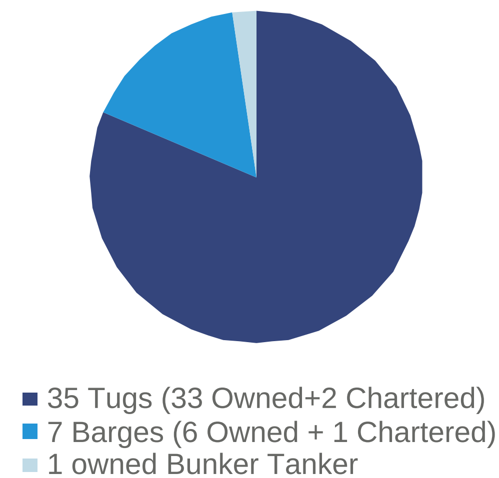
Offshore and infrastructure support

- 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
- FBSL closed its operations in June, sold substantially all assets

Harbour Towage

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

Towage Fleet: 43 vessels (as at 15 July 2011)



PB Energy & Infrastructure Outlook

- 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

- 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

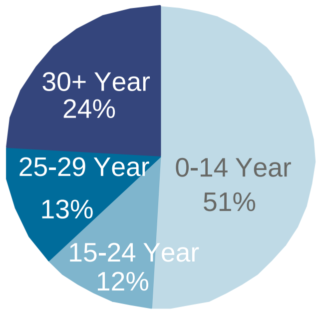
PB Conclusion:

- Expect to see continued growth in Australian offshore construction sector in near to medium term

PB RoRo

- **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**

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



1H11 Performance:

- Daily rate: US$21,240; Daily cost: US$22,080
- 4 out of 6 vessels have delivered, now employed on time charters despite challenging market
- Nafta Gulf Bridge service affected by weak customer demand
- Limited prospects for employment of our last 2 RoRos delivering in Aug and Nov 2011
- Continue to work on securing employment as matter of urgency

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

Pacific Basin

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 weak and challenging throughout rest of 2011 and into 2012
- 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:

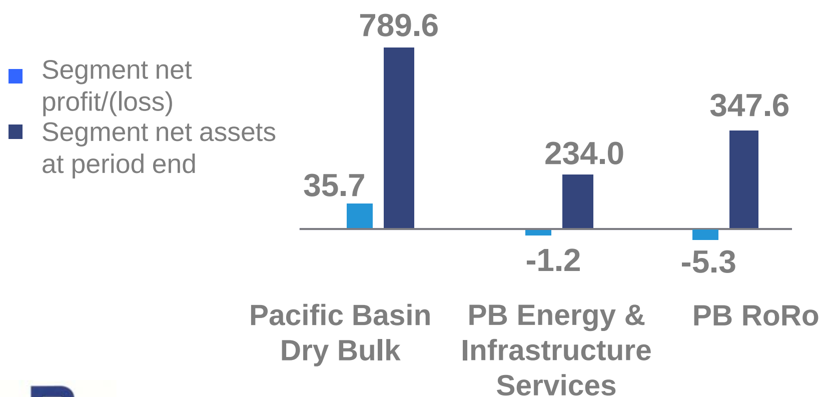
As at 25 July 2011	FY2011	FY2012
Revenue days	1,570	2,200
Daily charter rates	US$20,580	US$28,980
% days covered	77%	16%

Note: Charter rates earned in Euros is translated to US$ at an indicative rate of €1.00 to US$1.43

1H11 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

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

Pacific Basin Dry Bulk - Handysize

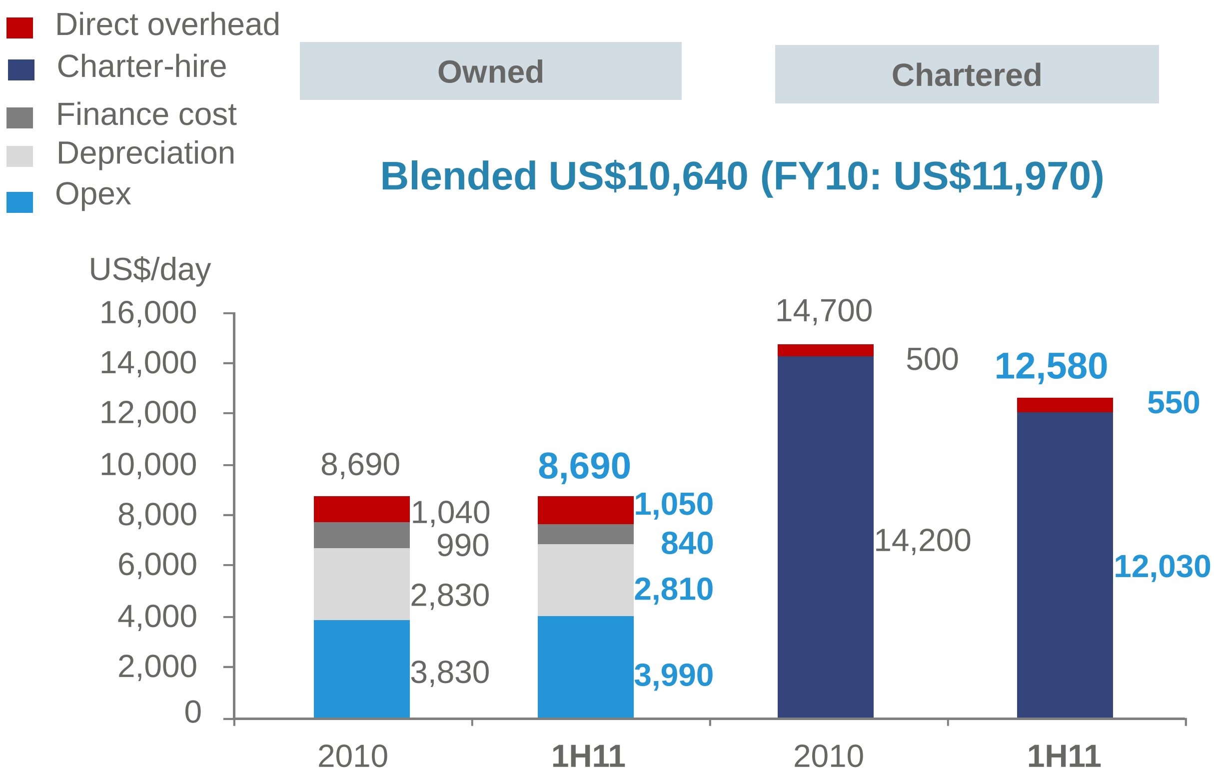
		1H11	1H10	Change
Revenue days	(days)	**14,620**	13,940	+5%
TCE earnings	(US$/day)	**13,660**	16,840	-19%
Owned + chartered cost	(US$/day)	**10,640**	11,750	-9%
Segment net profit	(US$m)	**42.9**	69.7	-38%
Return on net assets	(%)	**13%**	26%	-13%

- 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

Daily Vessel Costs - Handysize

Owned	Chartered

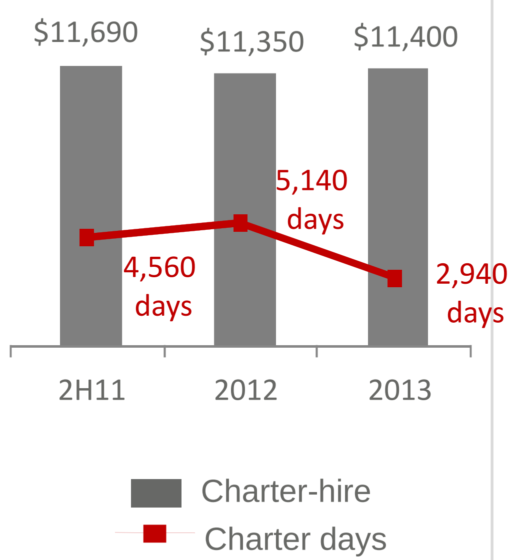
Blended US$10,640 (FY10: US$11,970)



Vessel Days	13,320	7,350	15,980	7,370
	45%	50%	55%	50%

As at 30 June 2011

Charter-hire rates & days 2011-2013



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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%

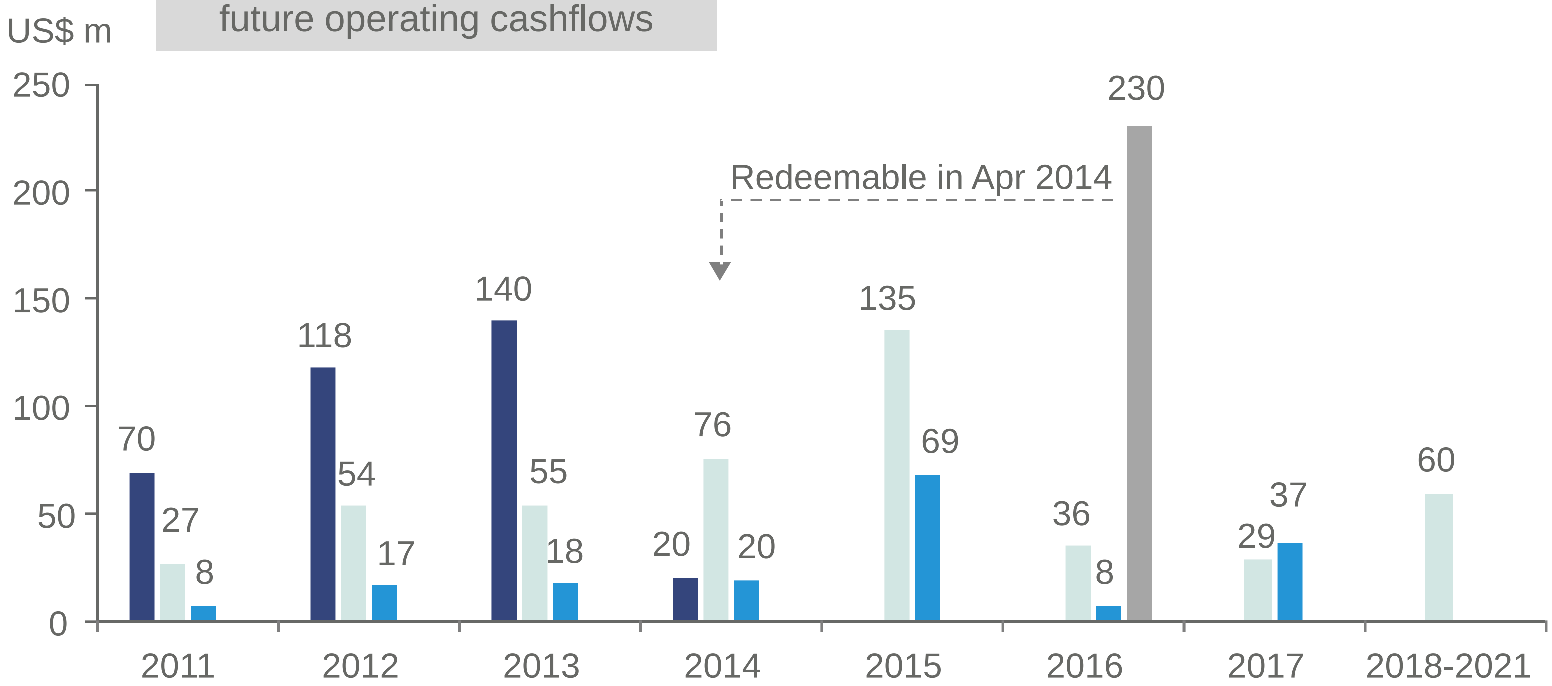
Pacific Basin

Notes: 30 June 2011 total includes other segments and unallocated

Borrowing and Capex

As at 30 June 2011

Funded from US$631m cash, new borrowings, and future operating cashflows

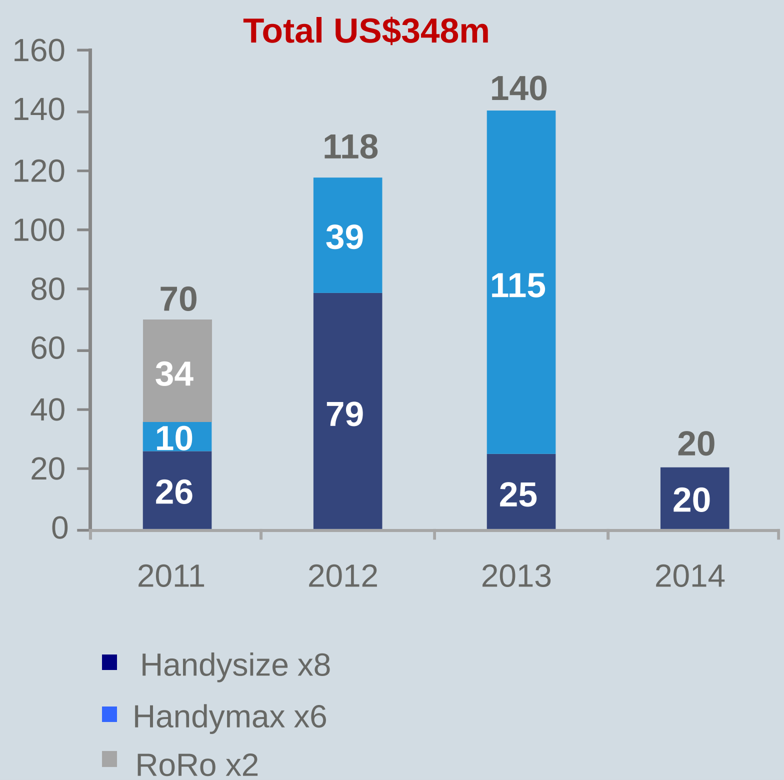


- Vessel capital commitments (US$348m)
- Bank borrowings (gross of loan arrangement fee) (US$472m): 2012-2021
- Finance lease liabilities (US$177m): 2015-2017
- Convertible Bonds (Face value US$230m): 2016, redeemable in Apr 2014

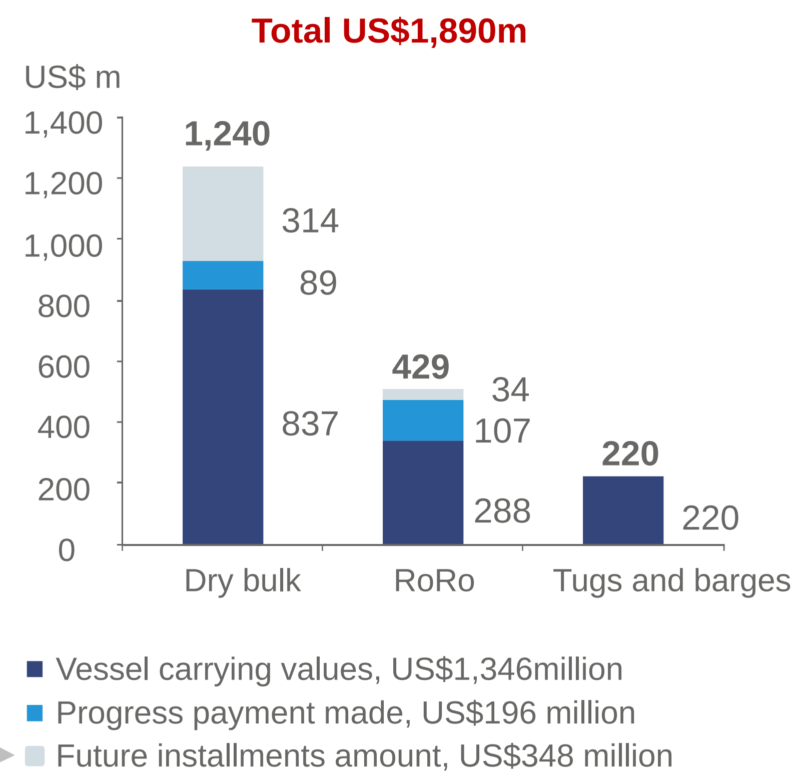
Capex and Combined Value by Vessel Types

As at 30 June 2011

Vessels Commitments (including authorised commitments)



A Combined View of Vessel Carrying Values and Commitments



Further commitments expected in Dry Bulk

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

Outlook

- We expect:
  - Dry bulk to remain lacklustre for rest of 2011
  - 2011 freight market overall weaker than in 2010
  - Generally better supply/demand dynamics in minor bulk segments, but unlikely to measurably boost handysize rates
  - Improved dry bulk supply/demand balance next year due mainly to reduced capacity growth
  - Charter market for RoRo ships to remain weak, biggest challenge for the Group in 2H11
  - 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

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

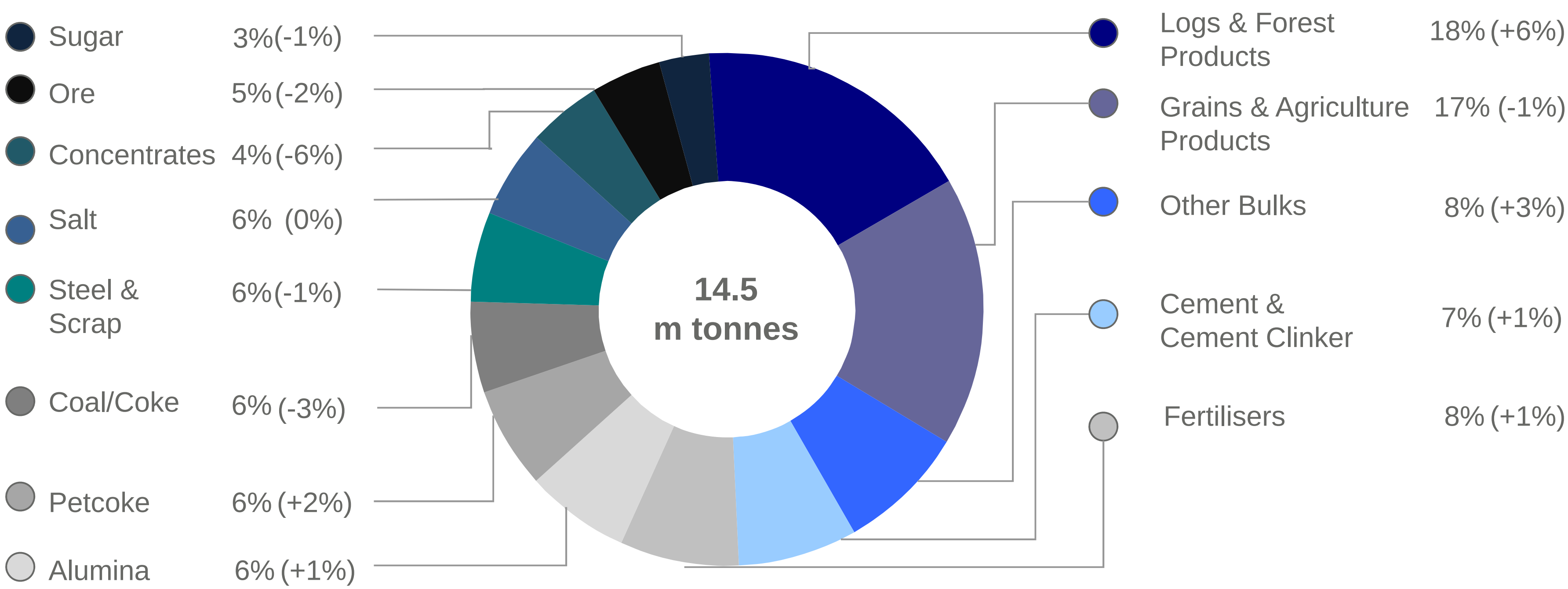
- Strong relationship with over 300 customers
- Mainly industrial commodity producers and end-user
- Mixed with spot & long term contracts of affreightment

Corporate profile

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

Appendix: Pacific Basin Dry Bulk – Diversified Cargo

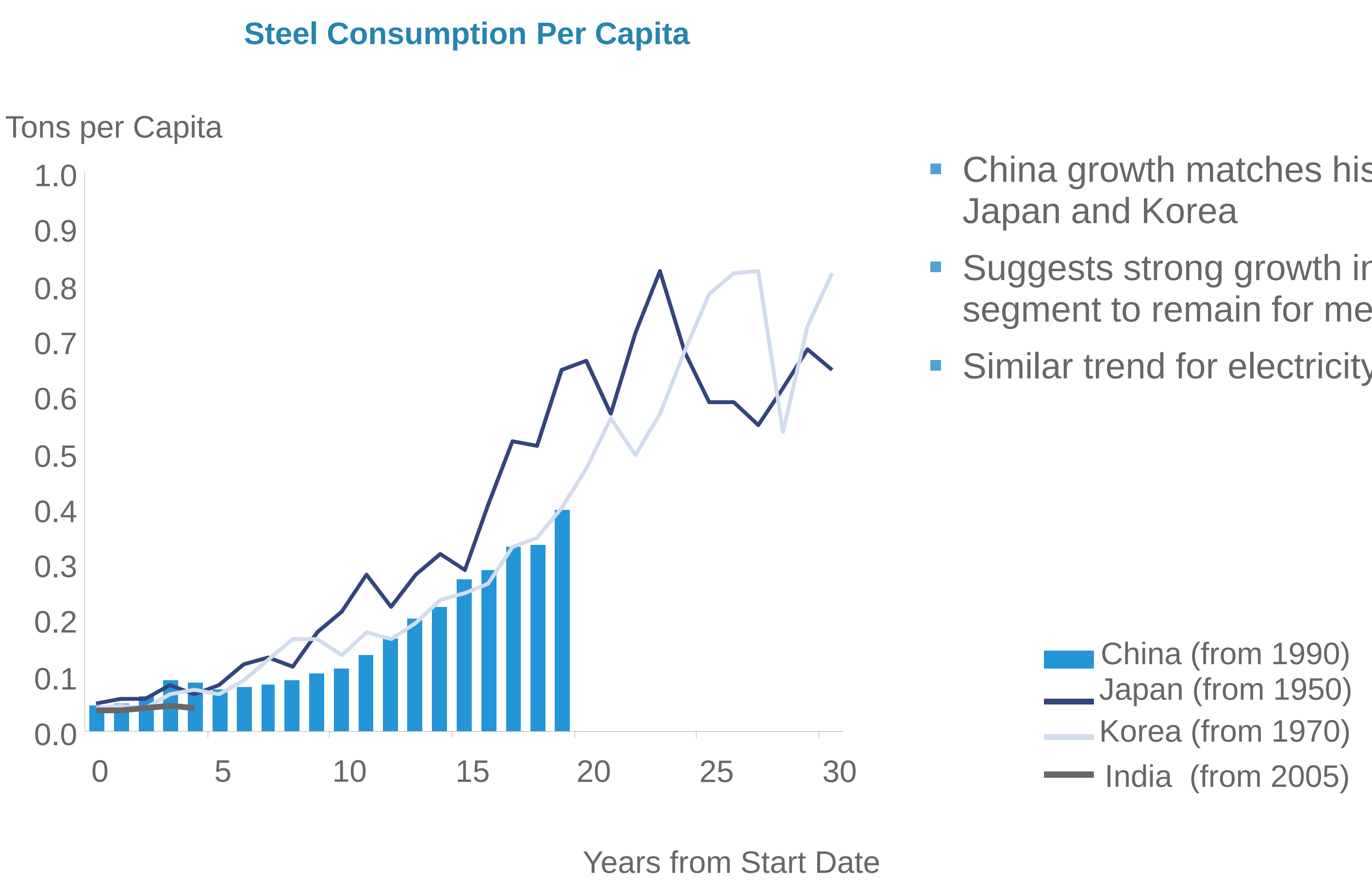
Pacific Basin Dry Bulk Cargo Volume 1H 2011



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

( ) % changes in proportion since 1H10

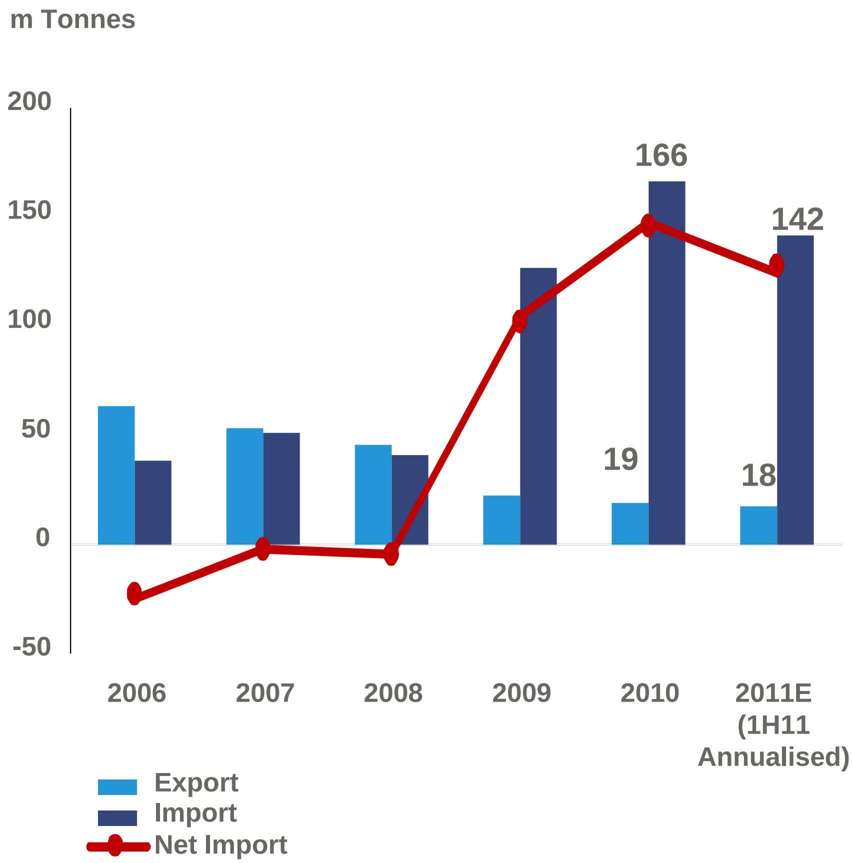
Appendix: China at late-Industrialisation Stage



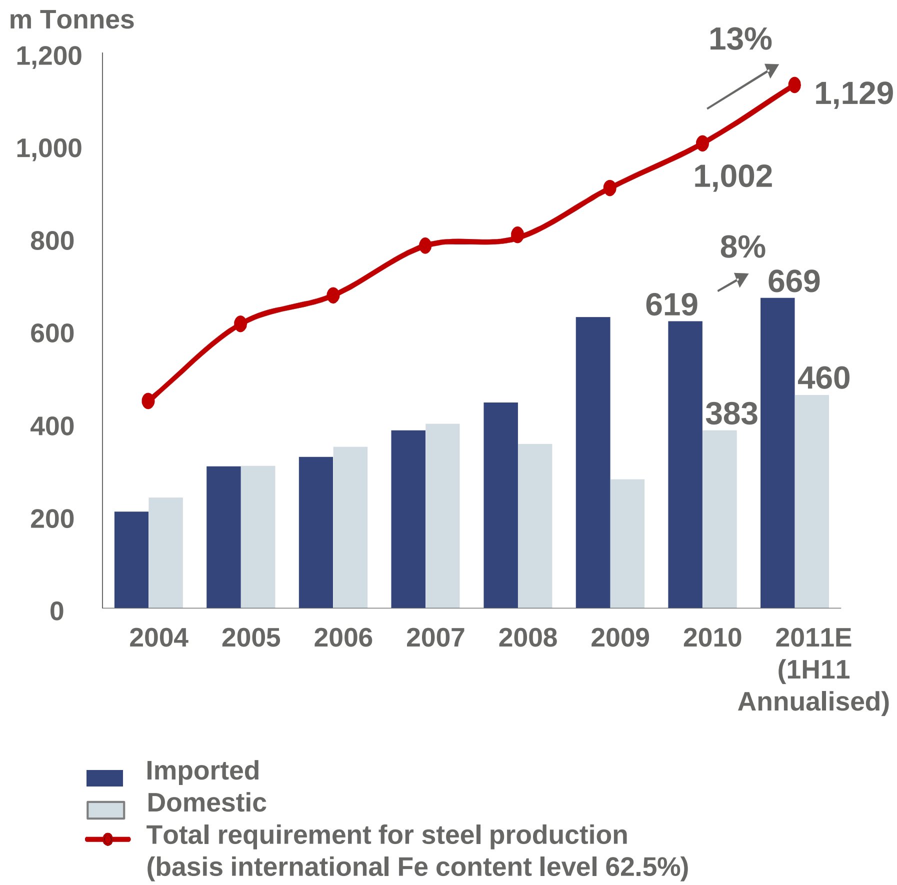
- China growth matches historical trend in Japan and Korea
- Suggests strong growth in dry bulk segment to remain for medium term
- Similar trend for electricity and cement

Appendix: China Iron Ore & Coal Demand

China is a net importer of coal in 2011



China Iron Ore Sourcing for Steel Production



Source: Bloomberg

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: 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$7.79 (Current conversion price: HK$ 7.44 with effect from 16 April 2010)
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