Pacific Basin

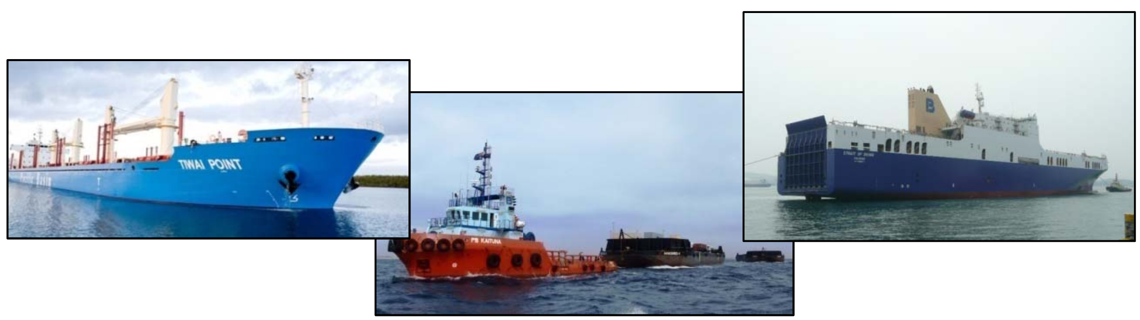
CLSA Investors' Forum 2010
Hong Kong · Sep 2010

2010 Interim Results

25 Aug 2010

Pacific Basin Overview

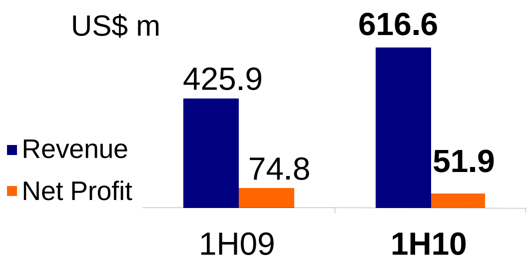
- One of the world's leading dry bulk owner/operators of modern handysize and handymax vessels
- Pacific Basin Dry Bulk's business model is highly flexible
  - Large fleet of uniform, interchangeable, modern vessels
  - Mix of owned, long-term and short-term chartered ships
  - Diversified customer base of mainly industrial end users
  - Providing variety of chartering options, mainly COAs & spot fixtures
- Growing presence in:
  - Energy & Infrastructure Services
  - RoRo shipping
- Over 170 vessels serving major industrial customers around the world
- Hong Kong headquarters, 21 offices worldwide, 360+ Group staff, 1,700+ seafarers *



* As at 1 July 2010

2010 Interim Results Highlights

Revenue and Net Profit



- **Net Profit: US$51.9m** (1H09: US$74.8m)
- **Underlying Profit: US$65.6m** (1H09: US$56.8m)
- **Basic EPS: HK$0.21** (1H09: HK$0.32)
- **Annualised ROE: 7%** (1H09: 12%)
- **Operating cash flow: US$83m** (1H09: US$61m)
- **1H10 Dividend per share (HK$): HK$0.05** (1H09: HK$0.08)

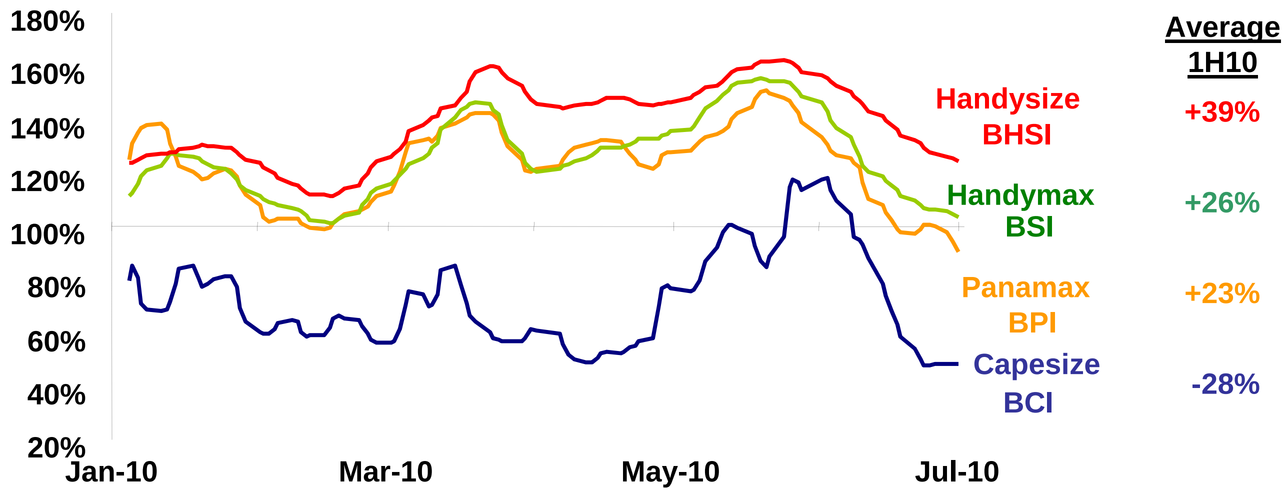
- **Much improved half year for handysize & handymax bulk carriers (In line with our March 2010 outlook)**
- **Dry bulk market has fallen significantly since end May because of:**
  - **seasonally reduced activity in June and into third quarter;**
  - **fall in Chinese commodities imports, cooling measures in the Chinese property market, etc.**
  - **increased vessel deliveries**
- **Purchased 9 dry bulk vessels and long term chartered another 5 since reviving our fleet expansion activity in Dec 2009**

2H2010 view: Neutral, we expect:

- **recovery later in the year due to seasonal rebound and China restocking on balance a half year that is somewhat weaker than first half 2010**
- **but still generating profitable rates for our dry bulk ships**

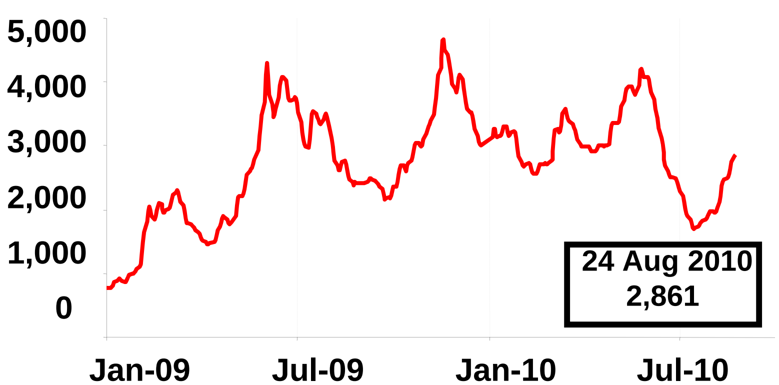
Dry Bulk Market Information

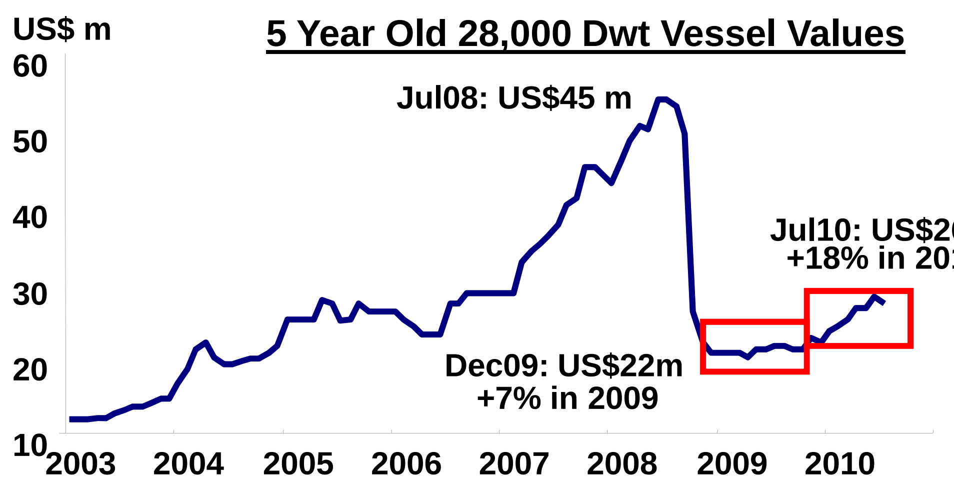
Sector Earnings Performance 1H2010 versus average 2H2009



Handysize earnings were stronger throughout 1H2010 than average earnings of 2H2009

Capesize earnings were mostly weaker throughout 1H2010 than average earnings of 2H2009

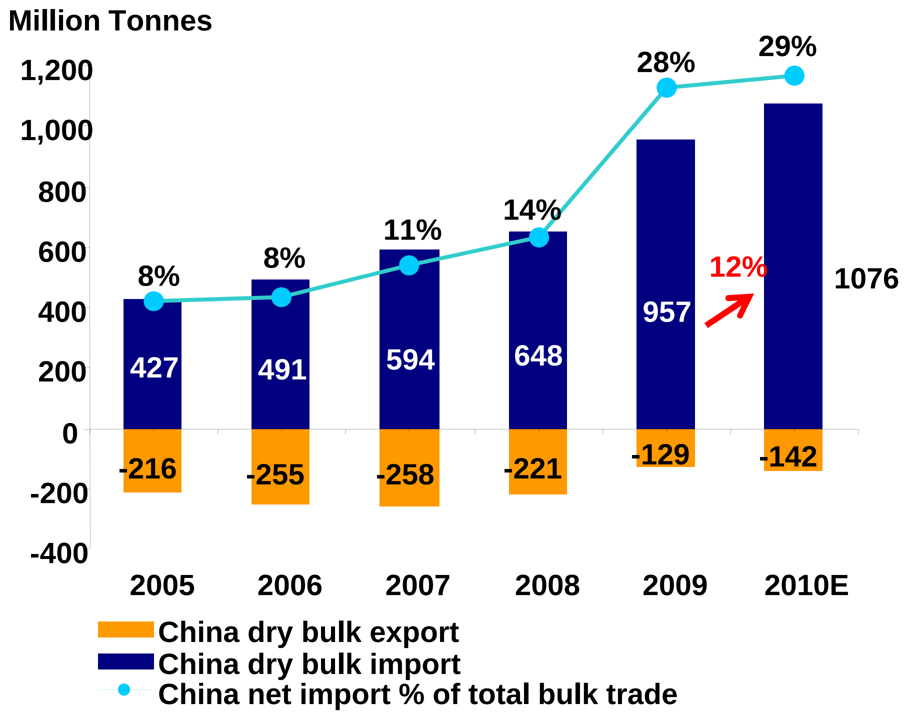




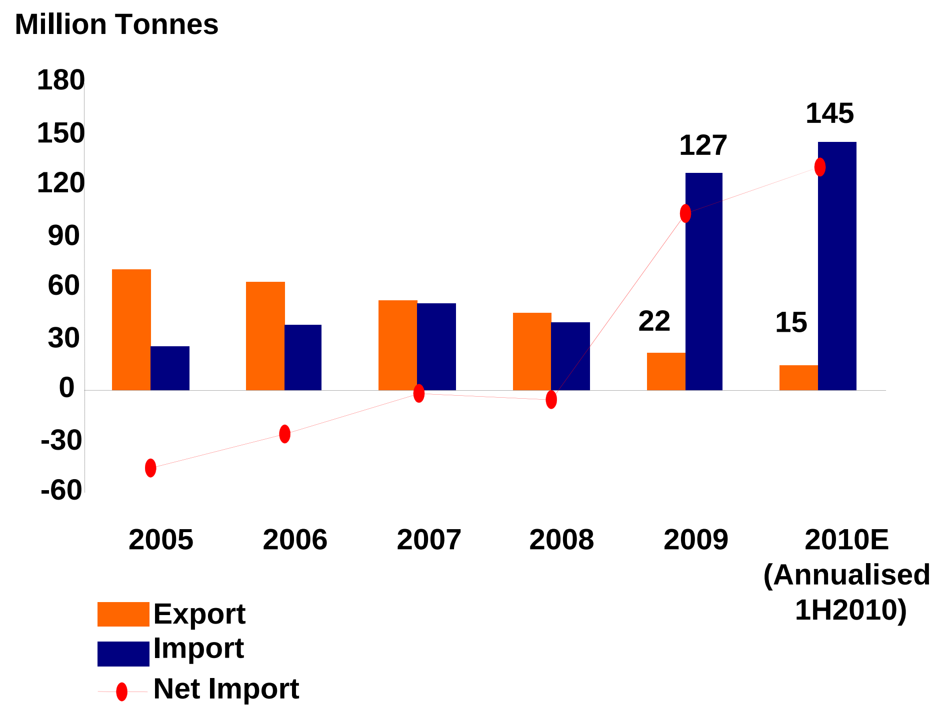
Source: Clarksons (up to Oct 2008, since Jan 2010), Aggregate brokers estimates (from Oct 2008 to Dec 2009)
The Baltic Exchange

Chinese Dry Bulk Trade

Chinese Dry Bulk Trade Volume



China is a Net Importer of Coal



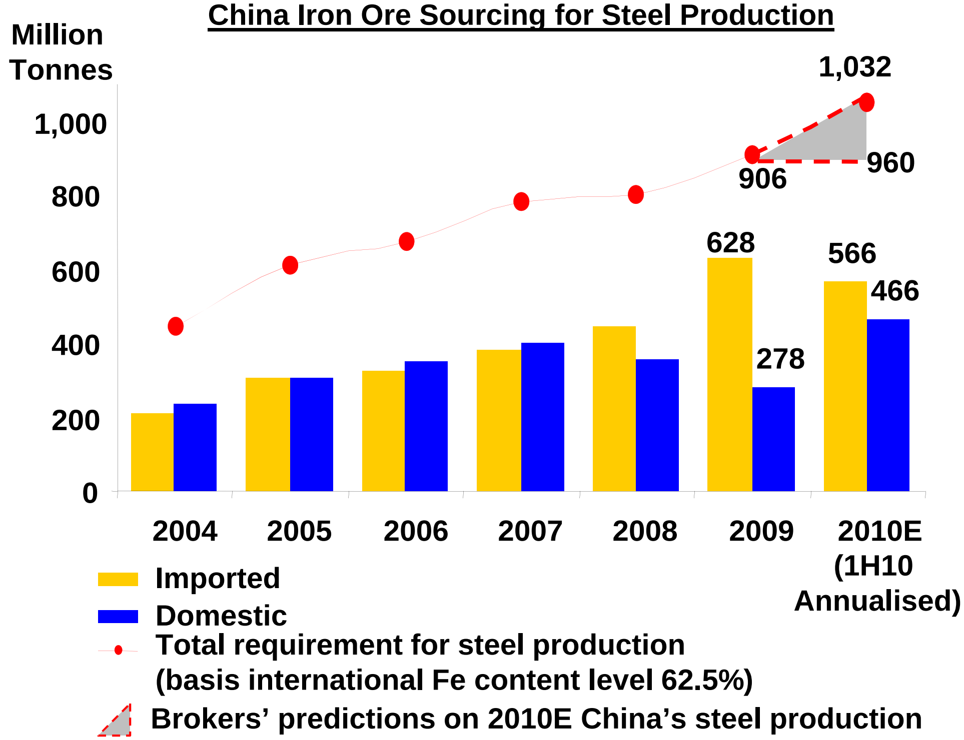
China net imports increased dramatically since 2009

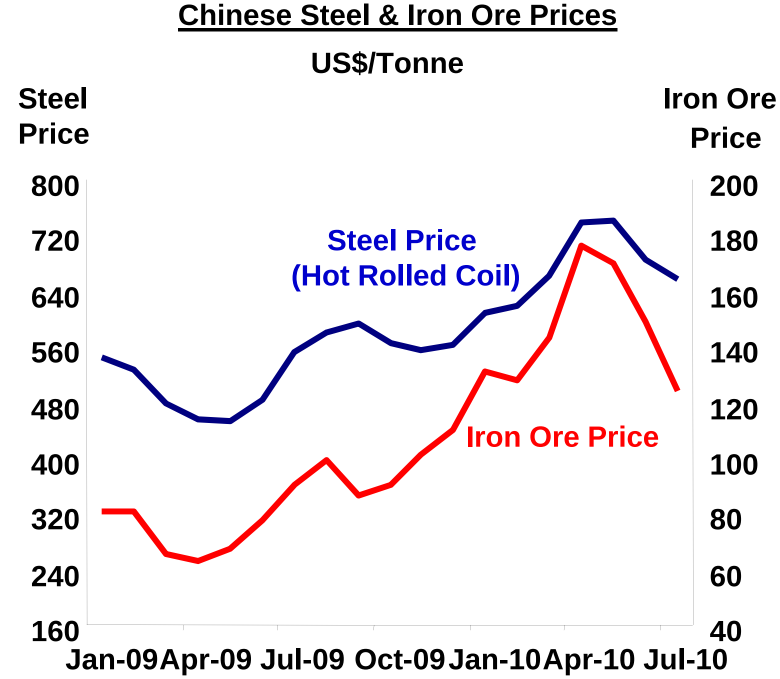
East-West trade imbalance has widened causing increasingly inefficient deployment of the global dry bulk fleet

Thermal coal consumption fell in 2Q10, but demand picked up strongly in hot summer

Source: Clarksons, Bloomberg LP

Chinese Iron Ore Demand





Growth in Chinese import of raw materials, though not at same unprecedented pace as 2009

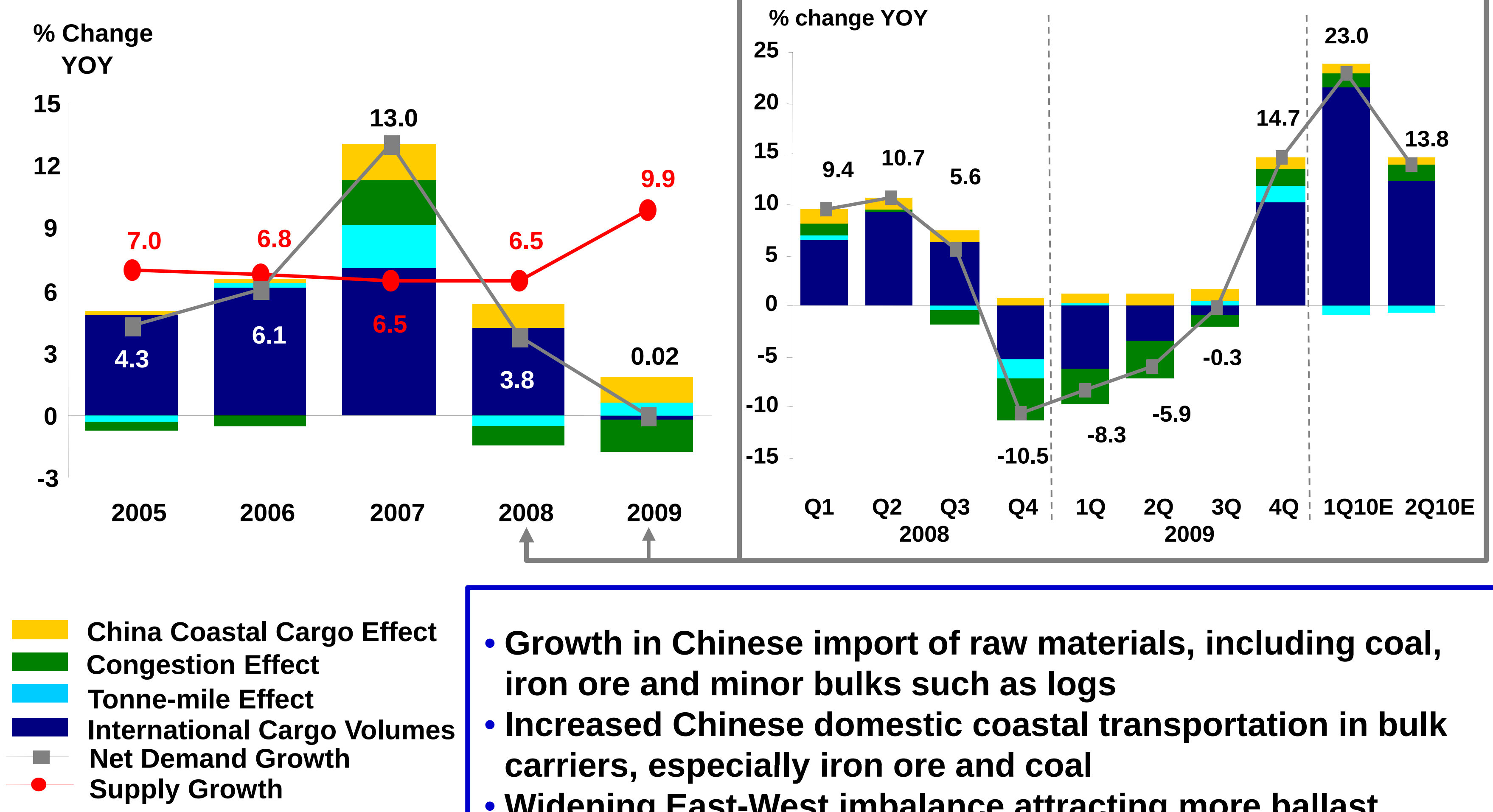
We expect revival in Chinese commodity imports and restocking, driven by lower Q4 prices under new quarterly iron ore pricing mechanism

Profitability of steel production has been impacted by lower steel prices and higher cost of raw materials

Source: Bloomberg LP, Steel Business Briefing, Pareto Securities

Dry Bulk Demand

Dry Bulk Fleet Demand and Supply

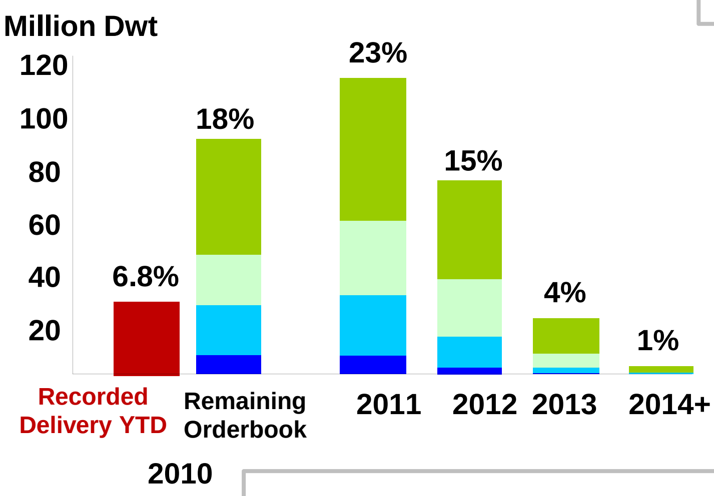


- Growth in Chinese import of raw materials, including coal, iron ore and minor bulks such as logs
- Increased Chinese domestic coastal transportation in bulk carriers, especially iron ore and coal
- Widening East-West imbalance attracting more ballast vessels from Far East to distant load ports for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

Source: R.S. Platou, Clarksons

Dry Bulk Orderbook

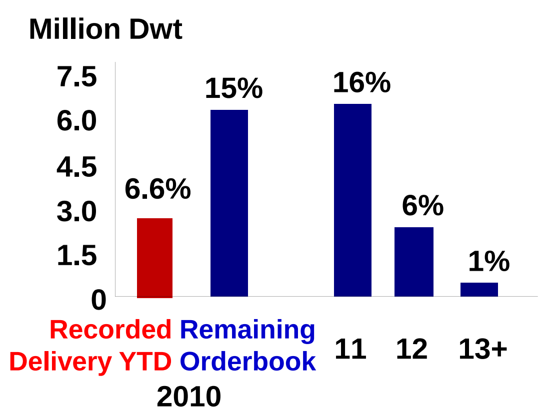
Scheduled Orderbook by Year



	Orderbook as % of Existing Fleet	Average Age
Total Dry Bulk >10,000 Dwt	61% (66%)	
Capesize	81% (96%)	11
Panamax	58% (50%)	12
Handymax (35,000-59,999 Dwt)	48% (58%)	15
Handysize (25,000-34,999 Dwt)	38% (46%)	15

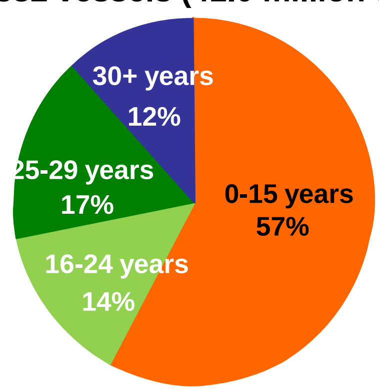
Handysize Scheduled Orderbook

492 vessels (15.5 million dwt) - 38%



Handysize Age Profile

1,382 vessels (41.0 million dwt)

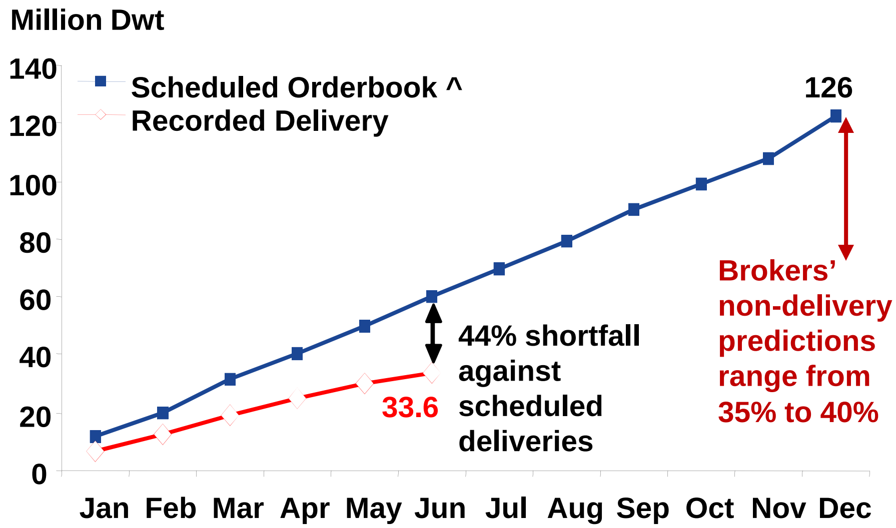


- Ageing fleet with relatively small orderbook for handysize sector
- 29% of handysize fleet is over 25 years old

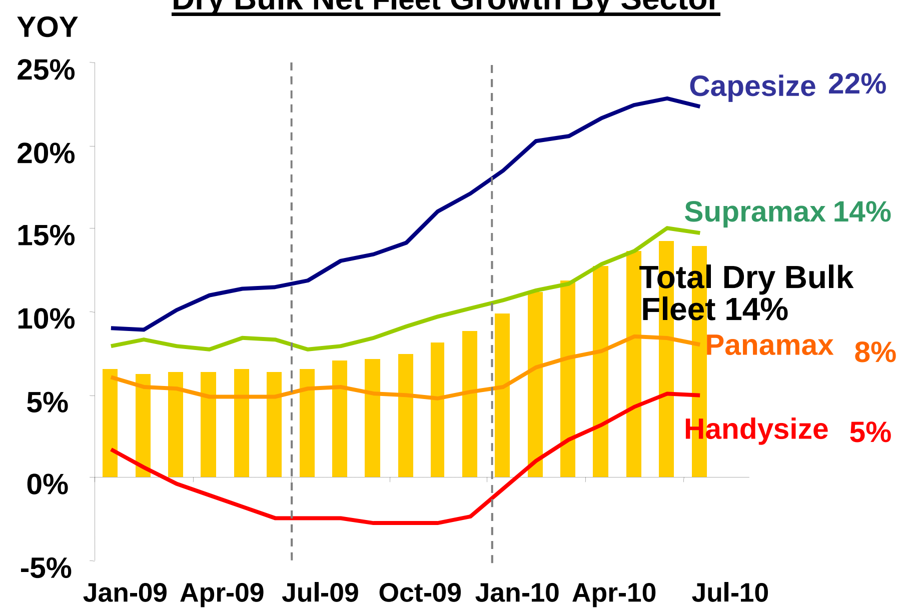
*Source: Clarksons 1 July 2010, *Handysize is defined as 25,000-34,999 Dwt, ( ) % as at 1 July 2009*

Dry Bulk Fleet Changes

Dry Bulk Fleet Delivery & Scheduled Orderbook 2010



Dry Bulk Net Fleet Growth By Sector



- In 1H10, 33.6 million tonnes (6.8%) delivered to the dry bulk fleet
- YOY net fleet expansion is 13.9%

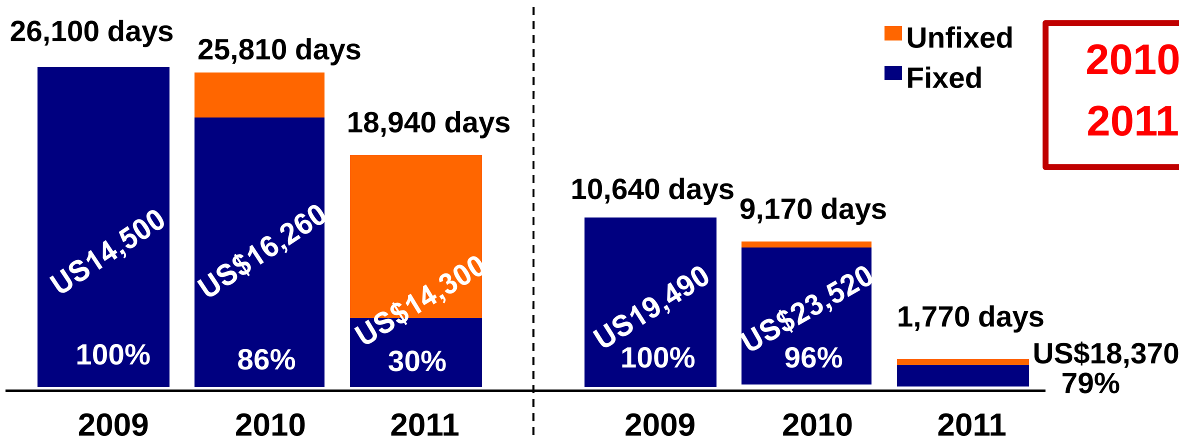
We expect a large shortfall in deliveries for the full year as last year (2009: 41% shortfall)

We expect handysize and handymax to outperform other dry bulk sectors mainly due to lower orderbook

Source: Clarksons, Morgan Stanley
^Clarksons Jan 2010

Pacific Basin Dry Bulk

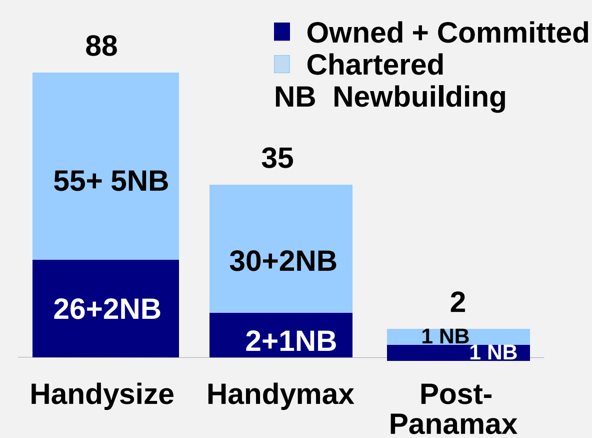
Earnings Coverage (as at 26 July 2010)



2010 Total combined cover: 89%
2011 Total combined cover: 33%

- **Dry bulk net profit in 1H10: US$78.5m**
  - **Handysize: US$69.7m**
  - **Handymax: US$8.8m**
- **Strategy:**
  - **Secure forward cargo cover for 2011 and beyond**
  - **Maintain a cost-competitive fleet**
  - **Fleet expansion since Dec 2009:**
    - **Purchased 9 ships**
    - **Long-term chartered 5 ships**

Pacific Basin Dry Bulk Fleet: 125
(as at 31 July 2010)
Average age :6.7 years



^ Excludes 2 handymax vessels on long term charter out
* The total combined cover, stated at handysize equivalent days, is calculated as percentage cover on total handysize and handymax revenue days

Dry Bulk Outlook

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- Seasonal demand increase in 4Q10
- Revival in Chinese raw materials imports
- Continued global economic recovery, especially in the developing countries
- Slippage and non-realisation of 2010 scheduled newbuilding deliveries

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- Heightened risk of unprecedented vessel supply growth
- Unwinding Chinese economic stimulus such as the cooling measures on the property market
- Reduced Chinese iron ore demand due to margins squeeze of steel mills & increased domestic sourcing
- Flatter than expected recovery in US and hesitant growth in Europe

PB Conclusion

2H2010 view: Neutral, we expect:

- recovery later in the year due to seasonal rebound and China restocking on balance a half year that is somewhat weaker than first half 2010
- but still generating profitable rates for our dry bulk ships

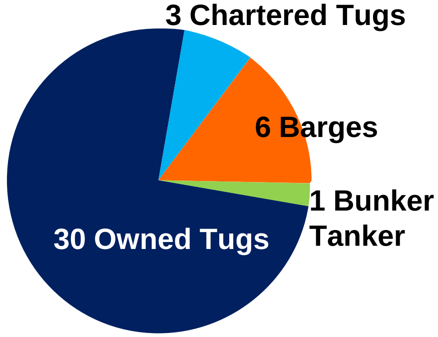
PB Energy & Infrastructure Services

FBSL | **PB Towage** | **PacMarine**

- PB Sea-Tow (Offshore Projects)
- PB Towage Australia (Harbour Towage)
- PB Towage Middle East (Offshore Projects)

PB Energy & Infrastructure Services	US$m
Offshore/project supply & harbour towage services ("Towage")	(1.2)
Fujairah Bulk Shipping ("FBSL")	4.5
PacMarine Services	0.7
Segment net profit in 1H10:	**4.0**

Towage Fleet: 40 vessels
(as at 31 July 2010)



- **Annualised return on net assets: 4%** (1H09:10%)
- **1H10 Performance:**
  - Commencement of harbour towage service in Port of Townsville
  - New services under long term exclusive service licenses at 3 bulk ports
  - Production on FBSL's reclamation project adjusted to originally budgeted levels to complete at least 3 months ahead of schedule
  - Recently expanded our marine surveying and consultancy business into South America and NE United States

Energy & Infrastructure – Outlook

- Global economic recovery, albeit slow
- Increase in oil and energy prices
- Resumption of infrastructure and offshore projects
- Preseverance leading to better brand recognition and service quality

- Rationalisation of containership towage leading to less port calls
- US moratorium on deep-water drilling exerting downward pressure on rates
- Newbuilding deliveries
- Reduced demand for construction materials in the Middle East

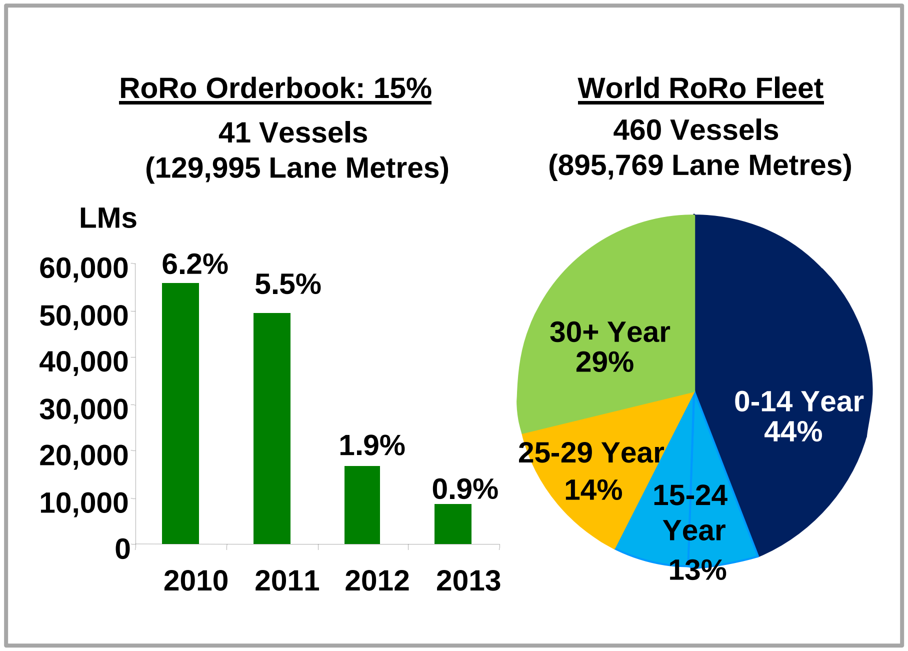
PB Conclusion

- Anticipate hesitant new demand for offshore towage support services in Australia and the Middle East in the short term
- Only marginal improvement in Australian harbour towage demand in balance 2010
- Uncertain pace of recovery in Middle East infrastructure market
- Expect a less than satisfactory outlook for energy and infrastructure services:
  - Weak towage and infrastructure markets with limited scope for improvement in 2010
  - Only a budgeted contribution from FBSL with cautious view

PB RoRo

Net profit in 1H10: US$0.5 m (1H09: -US$0.4m)
Annualised return on net assets: 1%

- **Vessel "Humber Viking" fixed to Norfolk Line for 3 years, operating between Holland and UK**
- **5 newbuildings remain on order**
  - **2 chartered in vessels with purchase options to deliver late 2010**
  - **3 postponed newbuildings deliver in 2011**
- **Strategy**
  - **Become a tonnage supplier to major European freight service operators**
  - **Expand our marketing reach and actively continue to explore employment opportunities within and outside Europe**



Long-term fundamentals attractive:
- **Ageing fleet (average age: 20 years)**
- **Weak market leading to significant scrapping: 5.9% in 1H10**
- **Almost complete lack of newbuilding orders since recession**

Source: Maersk Broker, data as at June 2010

RoRo – Outlook

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- Global and especially European economic recovery to support modest growth in trailer volumes and short-sea RoRo trades
- Significant benefit of a weaker Euro to the European export sector
- Scrapping to limit degree of overcapacity

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- Significant RoRo newbuilding deliveries expected in 2010 and 2011
- European austerity measures
- Flatter recovery in US and slow, hesitant growth in developed countries

PB Conclusion

- Sluggish trade in Europe though there are signs of improvement in activity
- We expect challenging trading environment for RoRos to continue throughout 2010 and 2011, with recovery in 2012
- Remain positive about the sector in the more distant future

2010 Financial Highlights

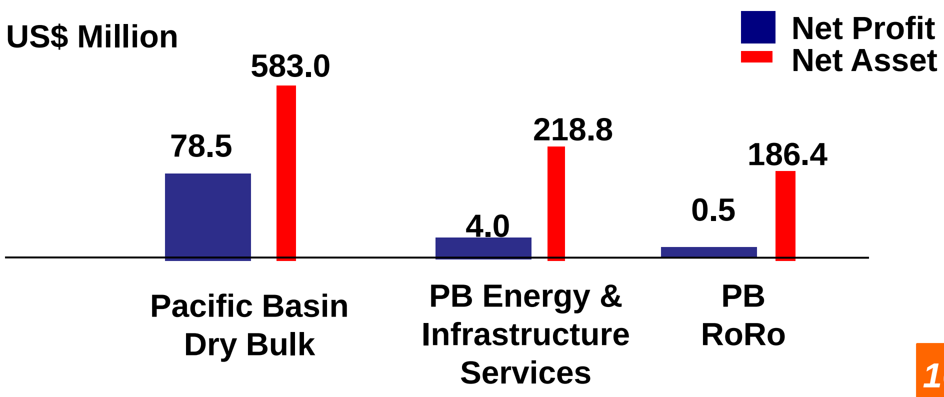
As at 30 June 2010

	1H10	1H09
Segment net profit	81.1	65.7
Treasury	(11.8)	(4.4)
Non direct G&A	(3.7)	(4.5)
Underlying profit	65.6	56.8
Unrealised derivative (expenses)/income	(13.7)	15.0
Future onerous contracts - net provision write-back	-	5.5
Net dry bulk vessel disposal losses	-	(2.5)
Profit attributable to shareholders	51.9	74.8

Returns on net assets
(annualised)

	1H10
Pacific Basin Dry Bulk	27%
PB EIS	4%
PB RoRo	1%

Segment Net Profit versus Net Assets



Pacifc Basin Dry Bulk – Handysize

As at 30 June 2010

		1H10	1H09	Change
Revenue days	(days)	13,940	12,460	+12%
TCE earnings	(US$/day)	16,840	13,610	+24%
Owned + chartered cost	(US$/day)	11,750	9,380	+25%
Segment net profits	(US$m)	69.7	52.1	+34%
Return on net assets	(%)	26%	26%	-

Earnings:

- 1H10 TCE rates reflect demand strength

Costs:

- Blended daily costs reflect higher chartered-in costs from the market

Segment result excludes:

- US$6.2m unrealised net derivatives expenses

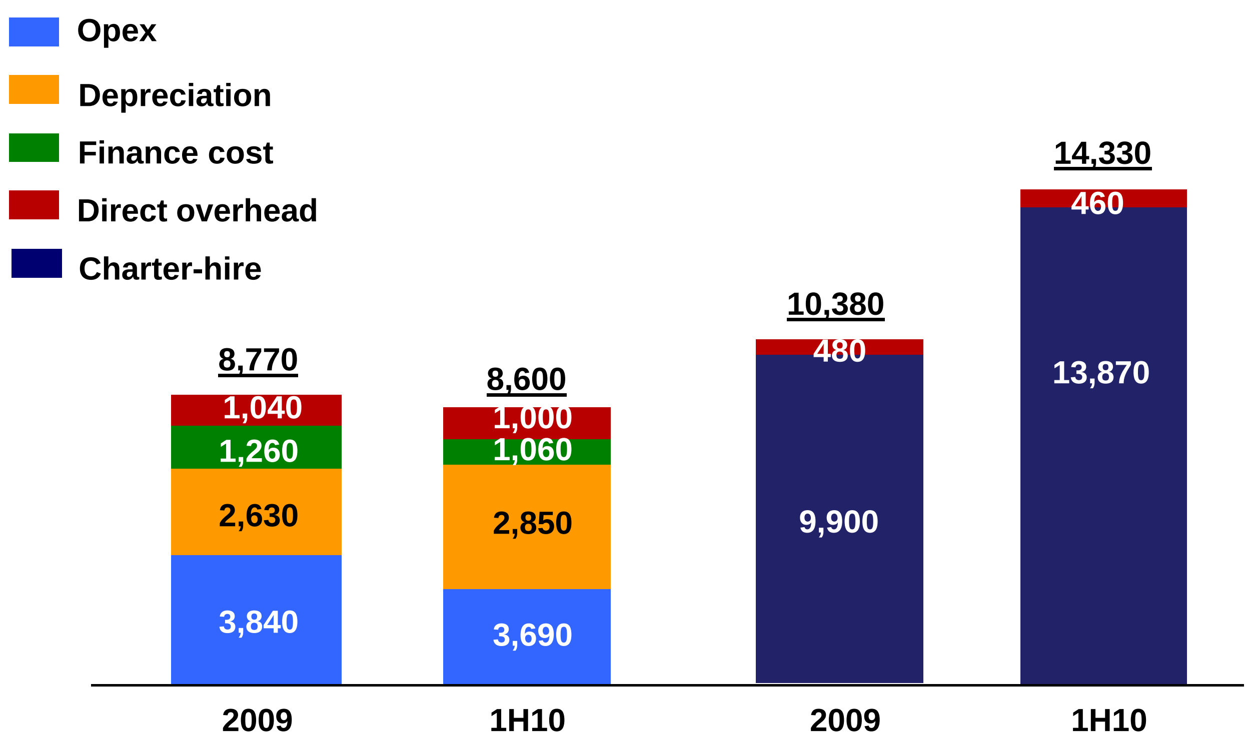
Daily Vessel Costs - Handysize

Period ended 30 Jun 2010

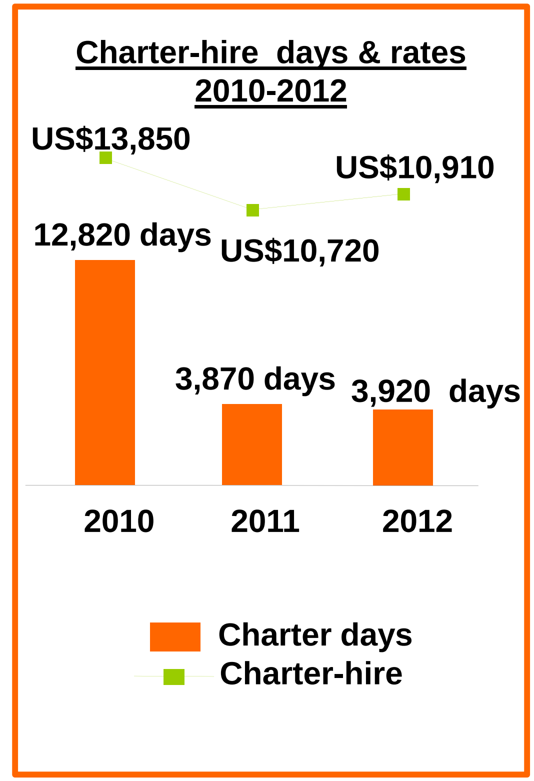
Owned	Chartered

US$/day

Blended US$11,750 (FY2009: US$9,690)



	2009	1H10	2009	1H10
Vessel Days	11,200	6,320	15,010	7,740
	43%	50%	57%	50%



Impact of Financial Instruments

US$ m	Period ended 30 June			
	Realised	Unrealised	1H10	1H09
Net Gains / (Losses)				
Forward freight agreements	(4.6)	(1.2)	(5.8)	(12.3)
Bunker swap contracts	2.7	(11.1)	(8.4)	33.0
Interest rate swap contracts	(2.8)	(1.4)	(4.2)	1.4
	(4.7)	(13.7)	(18.4)	22.1

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

- Bunker prices reduced 1H10 from US$484/mt to US$443/mt

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

Balance Sheet

As at 30 June 2010

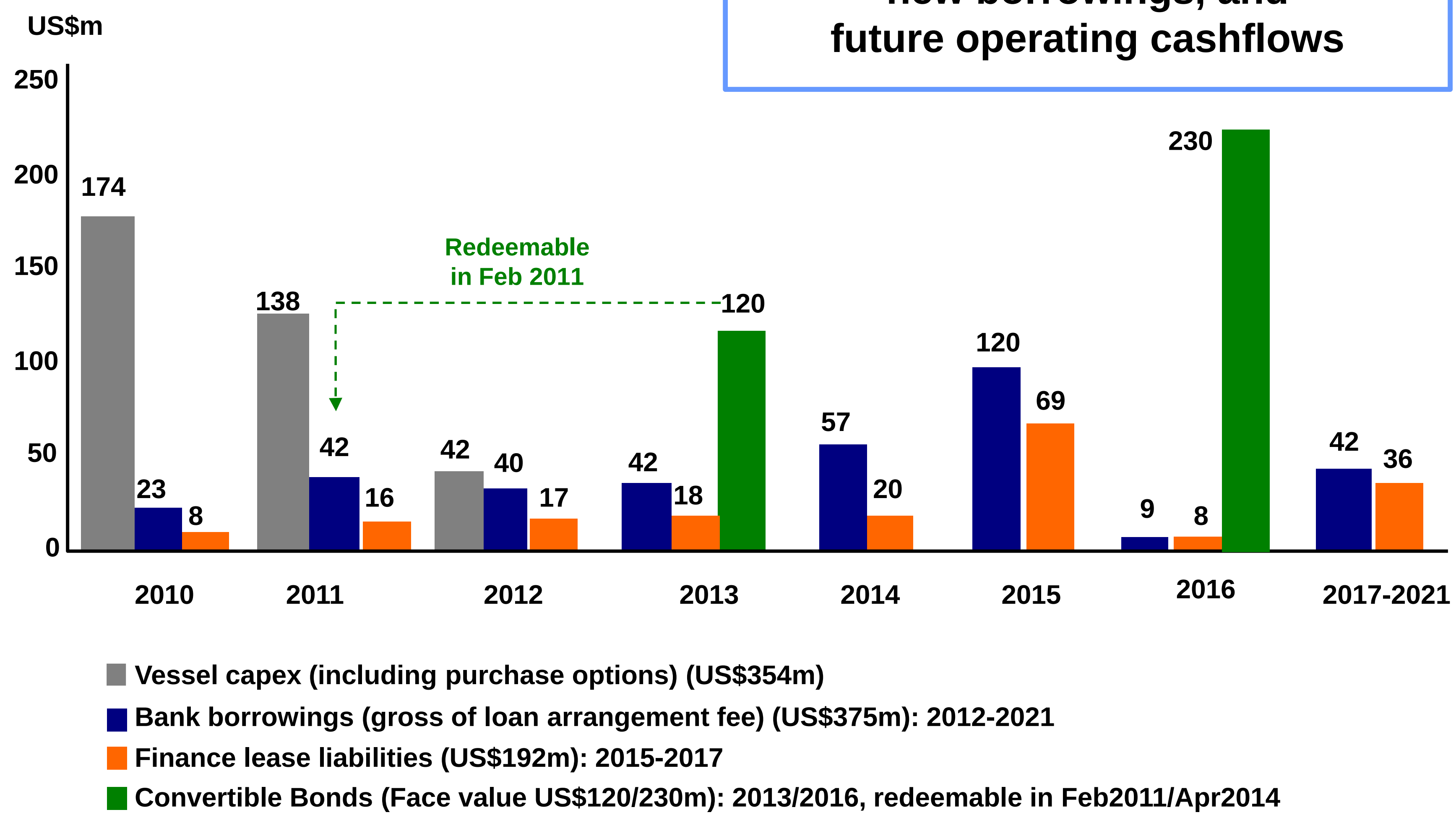
US$m	PB Dry Bulk	PB EIS	PB RoRo	Treasury	30 Jun 10	31 Dec 09
Vessels & other fixed assets	725	177	194	-	1,122	998
Total assets	874	264	241	950	2,471	2,470
Long term borrowings	192	35	52	594	873	877
Total liabilities	291	45	55	597	1,020	1,014
Net assets	583	219	186	353	1,451	1,456
Net cash					96	229
Net cash / Fixed assets					9%	23%
Net cash / Shareholder's equity					7%	16%

Notes: 30 June 2010 total includes other segments and unallocated

Borrowings and Capex

At latest practical date

Funded from US$970m cash, new borrowings, and future operating cashflows



Cashflow

Period ended 31 June 2010

US$m	1H10	1H09
Operating cash inflows	**83**	**61**
Investing cash out / inflows	**(142)**	**13**
- Vessels & other fixed assets related payments	(187)	(171)
- Sales of vessels	-	105
- Jointly controlled entities related payments and receipts	(13)	40
- Net receipts from forward foreign exchange contracts	-	17
- Change in restricted cash & notes receivables	46	13
- Others	12	9
Financing cash (out) / inflows	**(31)**	**57**
- Proceeds from issuance of convertible bonds	227	-
- Repurchase of convertible bonds	(194)	(9)
- Net repayment of borrowings and finance lease	(5)	(14)
- Proceeds from placement	-	97
- Dividends paid	(37)	-
- Others, mainly interest paid	(22)	(17)
Cash and bank deposits	**970**	**1,141**

Outlook

- Focus on three core businesses:

Pacific Basin Dry Bulk	PB Energy & Infrastructure Services	PB RoRo

- For handysize and handymax bulk carriers, we expect recovery later in the year due to seasonal rebound and China restocking on balance a half year that is somewhat weaker than first half 2010 but still generating profitable rates for our dry bulk ships
- Continued demand growth in China / Asia
- Neutral outlook overall for dry bulk market 2H 2010
- Business model and balance sheet position us well for further expansion of our dry bulk business as appropriate opportunities arise
- Our strategic goals remain unchanged:
  - To expand further our dry bulk fleet & business
  - To grow our energy and infrastructure services operations
  - To secure profitable employment for remaining RoRo newbuildings

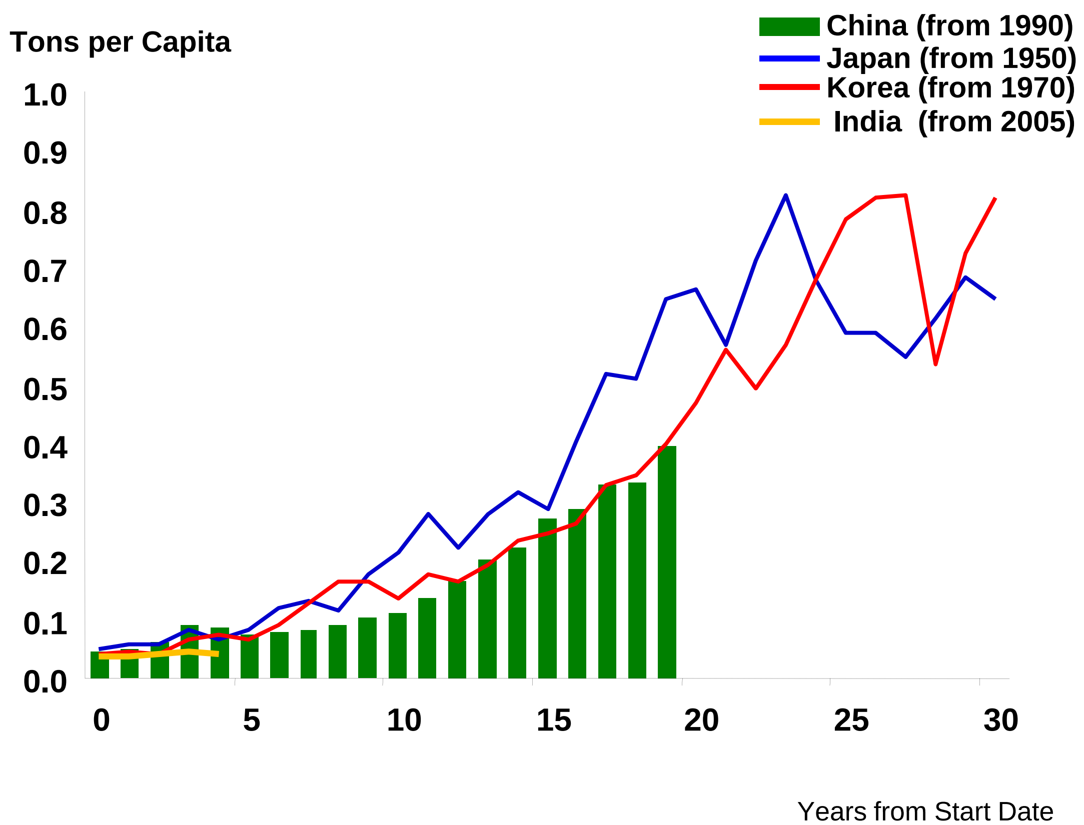
Disclaimer

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.

Appendix:
China at late-Industrialisation Stage

Steel Consumption Per Capita



Source: UBS, IISI, Pacific Basin

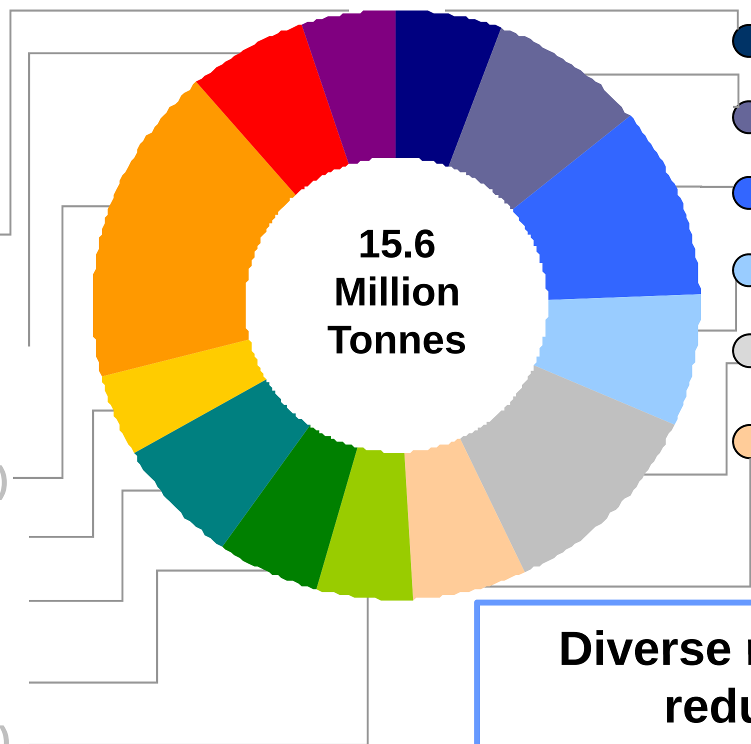
China growth matches historical trend in Japan and Korea

Suggests strong growth in dry bulk segment to remain for medium term

Similar trend for electricity and cement

Appendix:
Pacific Basin Dry Bulk - Diversified Cargo

Pacific Basin Dry Bulk Cargo Volume 1H10
(Handysize and Handymax)



- Other Bulks* 5% (0%)
- Cement & Cement Clinker 6% (-2%)
- Grains & Agriculture Products 17% (+5%)
- Sugar 5% (-3%)
- Steel & Scrap 7% (-1%)
- Salt 6% (-1%)
- Petcoke 5% (+1%)
- Alumina 6% (-1%)
- Coal / Coke 8% (0%)
- Concentrates 11% (+3%)
- Fertilisers 7% (-1%)
- Logs & Forest Products 11% (+4%)
- Ore 6% (-3%)

Diverse range of commodities reduces product risk

Australia, USWC and China were our largest loading & discharging zones respectively

**Other bulks: Gypsum and Sands*
( ) % changes against 1H09

Appendix:
Paciifc Basin Dry Bulk – Handymax

As at 30 June 2010

		1H10	1H09	Change
Revenue days	(days)	5,570	5,150	+8%
TCE earnings	(US$/day)	23,680	19,840	+19%
Owned + chartered cost	(US$/day)	22,050	17,580	+25%
Segment net profits	(US$m)	8.8	11.5	-23%
Return on net assets	(%)	32%	102%	-70%

Earnings:

- 1H10 TCE rates reflect demand strength

Costs:

- Blended daily costs reflect higher chartered-in costs from the market

Segment result excludes:

- US$6.1m unrealised net derivatives expenses

Appendix: PB Energy & Infrastructure Services PB RoRo

As at 30 June 2010

	1H10	1H09
PB Energy & Infrastructure Services		
Offshore and project supply and harbour towage services ("Towage")	(1.2)	1.6
Fujairah Bulk Shipping ("FBSL")	4.5	4.1
PacMarine Services	0.7	0.9
Segment net profit	**4.0**	**6.6**
PB RoRo segment net profit	**0.5**	**(0.4)**

PB E&I

- Towage: Consolidation phase; Operating 40 tugs & barges
- FBSL: Reclamation project proceeding
- PacMarine: Ship survey and inspection services

PB RoRo

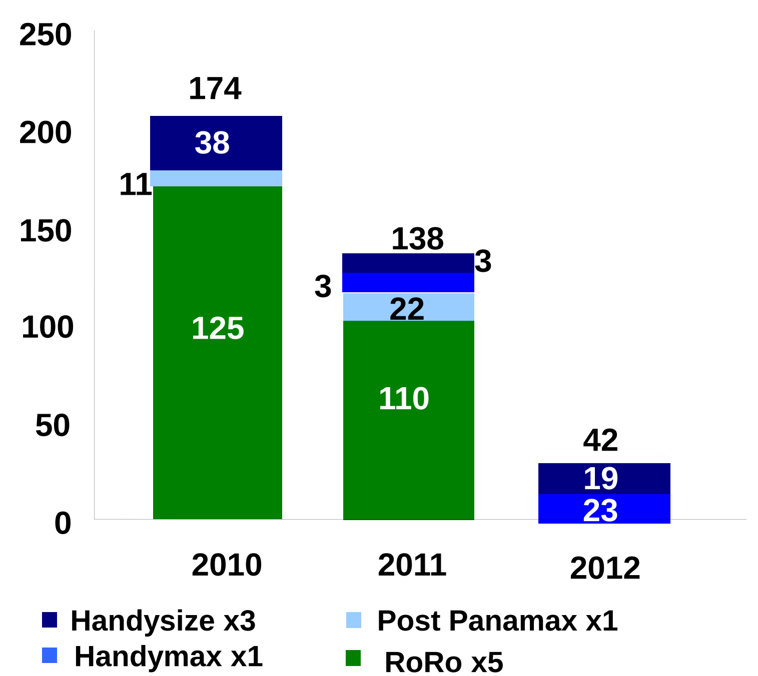
- First RoRo vessel operated from September 2009

Appendix:
Capex and Combined Value by Vessel Types

At latest practical date

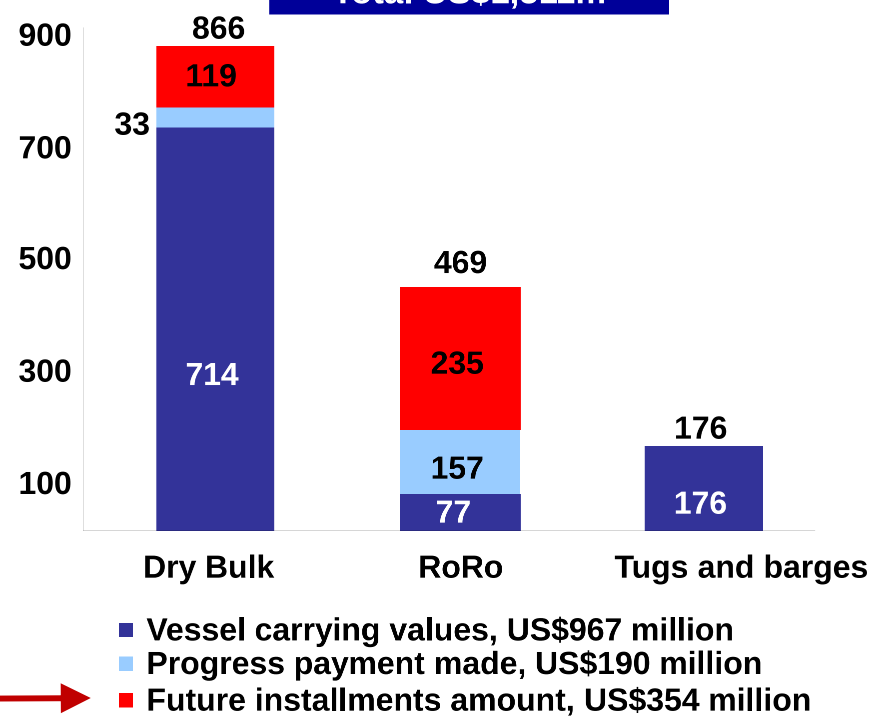
Vessels Commitments (including purchase options)

Total US$354m



A Combined View of Vessel Carrying Values and Commitments

Total US$1,511m



Further commitments expected in dry bulk

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 (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