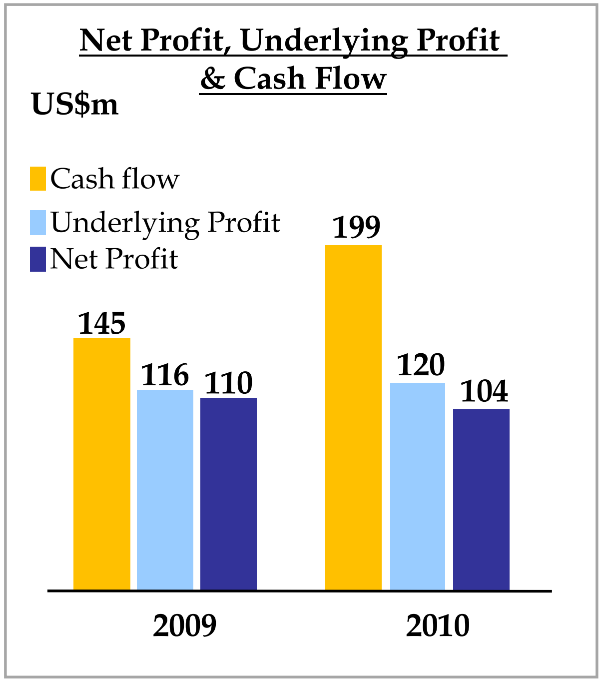
Pacific Basin

2010 Annual Results

1 March 2011 - Analyst

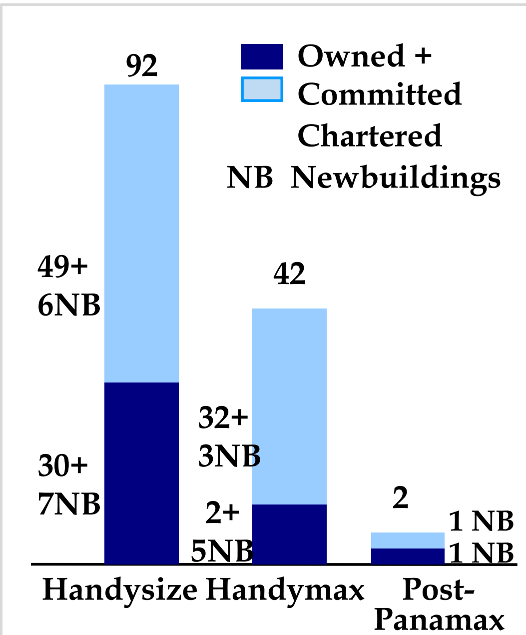
2010 Group Highlights



- Net Profit: US$104m (2009: US$110m)
- Underlying Profit: US$120m (2009: US$116m)
- Basic EPS: HK$0.42 (2009: HK$0.46)
- ROE: 7% (2009: 9%)
- Operating cash flow: US$199m (2009: US$145m)
- Cash and deposits on the balance sheet: US$703m
- Results incorporate:
  - US$19m impairment of Fujairah Bulk Shipping
  - US$12m unrealised derivative expenses
  - US$16m gain from sale of part of holdings in Green Dragon Gas
- 2010 Dividend per share: HK$0.215 (2009: HK$0.23)
  - Including proposed final dividend of HK$0.165

Pacific Basin-Dry Bulk Performance

Pacific Basin Dry Bulk Fleet: 136
as at 25 Feb 2011
Average age: 6.4 years



- Dry bulk net profit: US$145m (↑17% vs 2009)
  - Handysize: US$136m (↑10%)
  - Handymax: US$9m (↓35%)
- 31.7m tonnes of cargoes were carried in 2010 (↑9.4%)
- Strategy:
  - Maintain a cost-competitive fleet. From end 2012 onwards, will benefit from 10 newbuildings we contracted in 4Q 2010
  - Fleet expansion of our handysize and handymax fleet at a reasonable cost
    - Since Dec 2009, purchased 22 ships
    - Long-term chartered 10 ships

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

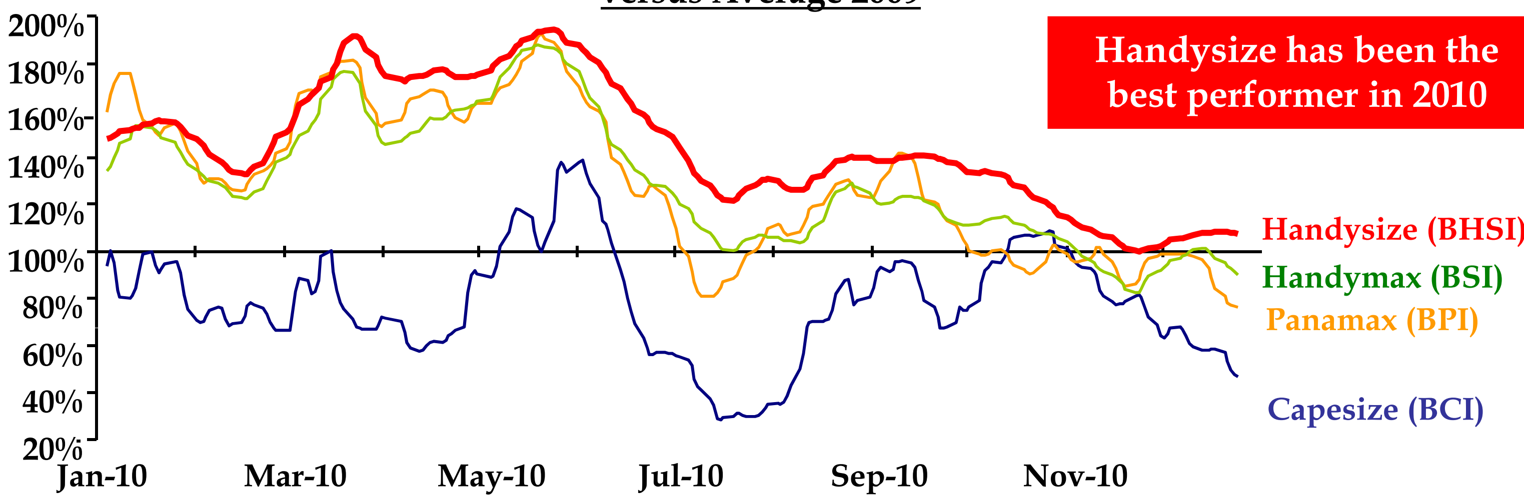
Unique network of offices
- Close to our customers and understand their needs
- Local chartering and operations staff support
- Broad access to cargo and contract opportunities
- New office in New York

Customer focus
- Strong relationship with over 200 customers
- Mainly industrial commodity producers and end-user
- Mixed with spot & long term contracts of affreightment

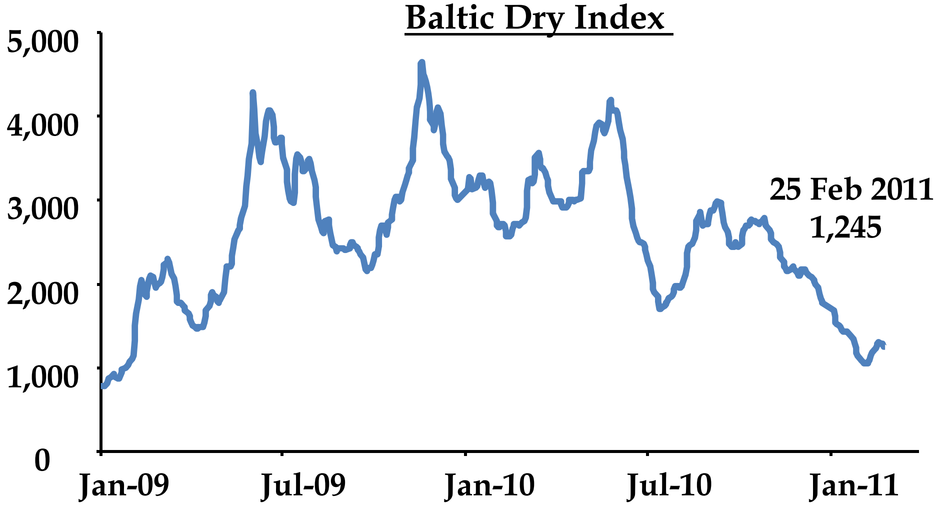
Corporate profile
- Trusted & transparent counterparty
- Strong public balance sheet and track record

Dry Bulk Market Information

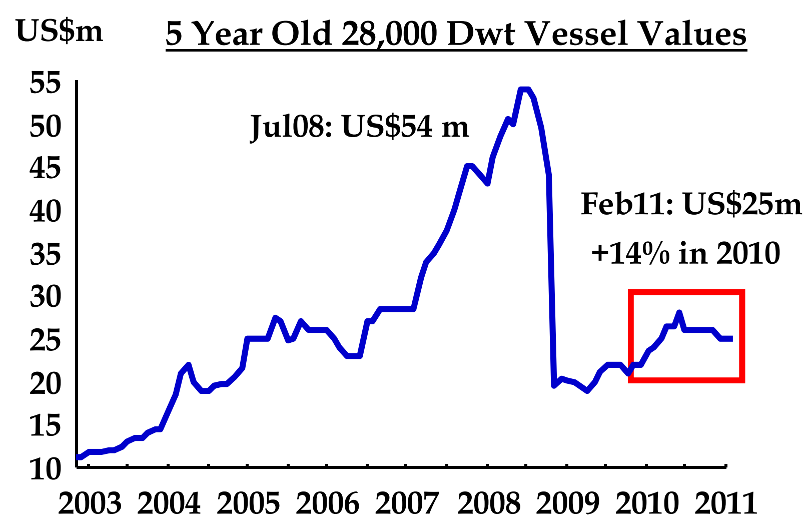
Sector Earnings Performance in 2010 versus Average 2009



Baltic Dry Index



5 Year Old 28,000 Dwt Vessel Values



2010 Dry Bulk Market

1H 2010

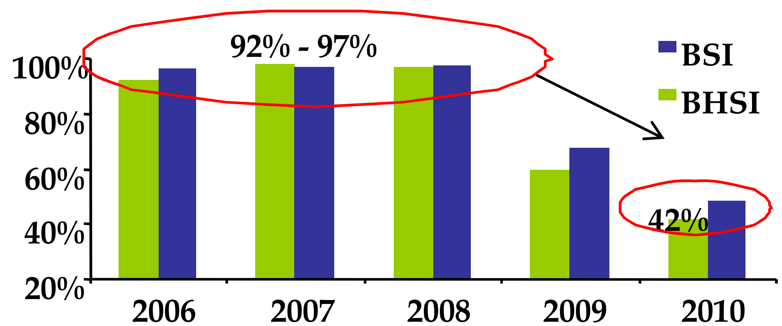
- Buoyancy early in the year:
  - Strong growth in minor bulk commodity demand from China and other emerging economies
  - Restocking
  - Reduced foreign raw material supply led to higher domestic sourcing demand, hence increased Chinese coastal trade

2H 2010

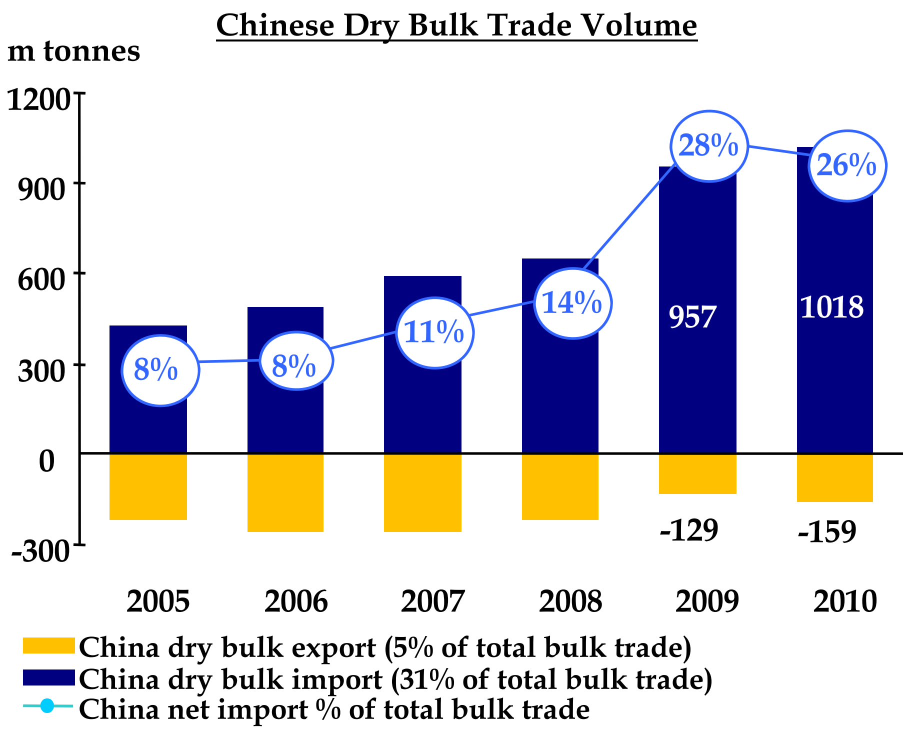
- Weakness in the second half 2010:
  - Seasonally reduced activity mid year
  - Chinese government policy on energy consumption reduced commodity imports
  - Dry Bulk fleet expansion
  - Severe flooding in major raw materials export areas

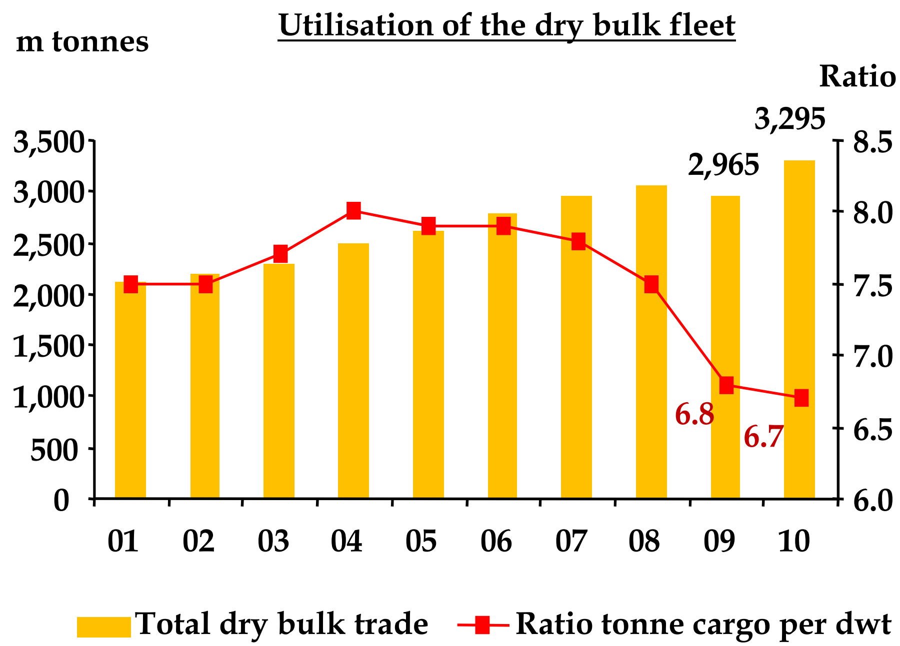
- Handysize & handymax again fared better than other dry bulk segments in 2010
- Decreasing correlation between handysize market and the bigger sectors

Spot Earnings Correlation between Handysize / Handymax and Capesize



Chinese Dry Bulk Trade



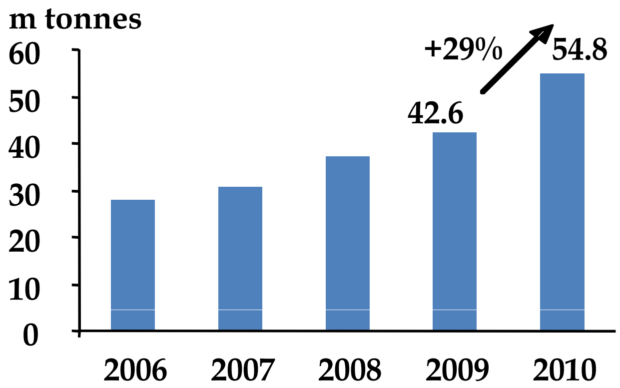


- China dependency increased dramatically since 2008
- East-West trade imbalance has widened causing increasingly inefficient deployment of the global dry bulk fleet
- Variable earnings premium of Atlantic and Pacific compounded by higher fuel costs make repositioning of ships more prohibitive thus leading to market inefficiency

Source: Clarksons

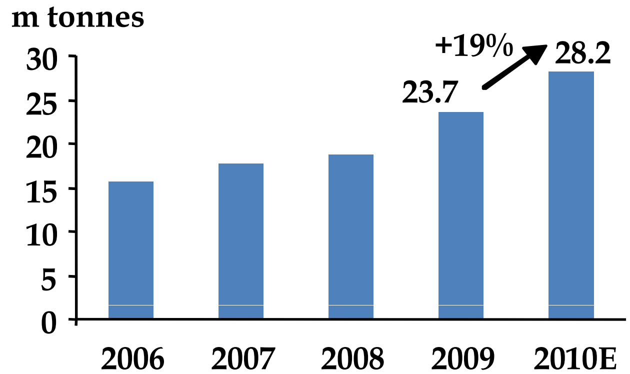
Strong Minor Bulk & Coal Demand from China

China Soya Bean Import



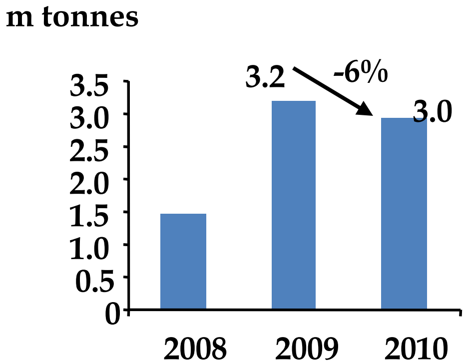
Soya bean comprised 2% of PB volumes in 2010 (+46% YOY)

China Imports of Forest Products



Logs & forest products comprised 12% of PB volumes in 2010 (+42% YOY)

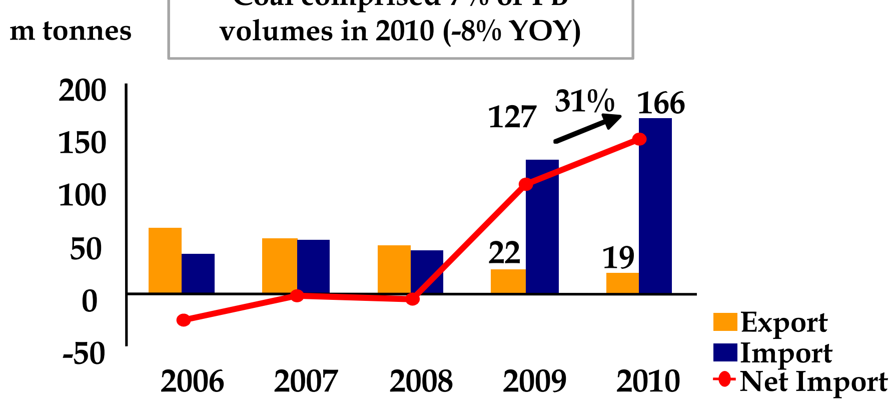
China Imports of Copper Concentrates



Copper Concentrates comprised 7% of PB volumes in 2010 (+80% YOY)

China is a Net Importer of Coal in 2010

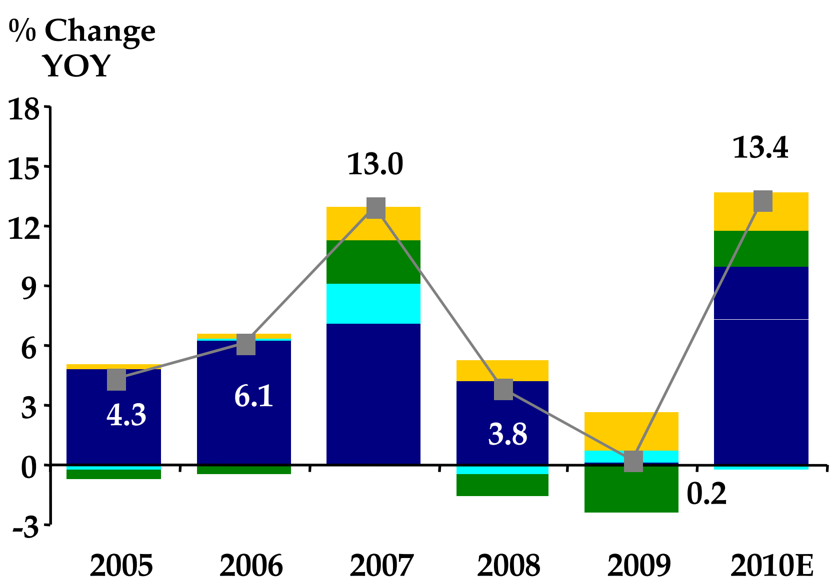
Coal comprised 7% of PB volumes in 2010 (-8% YOY)

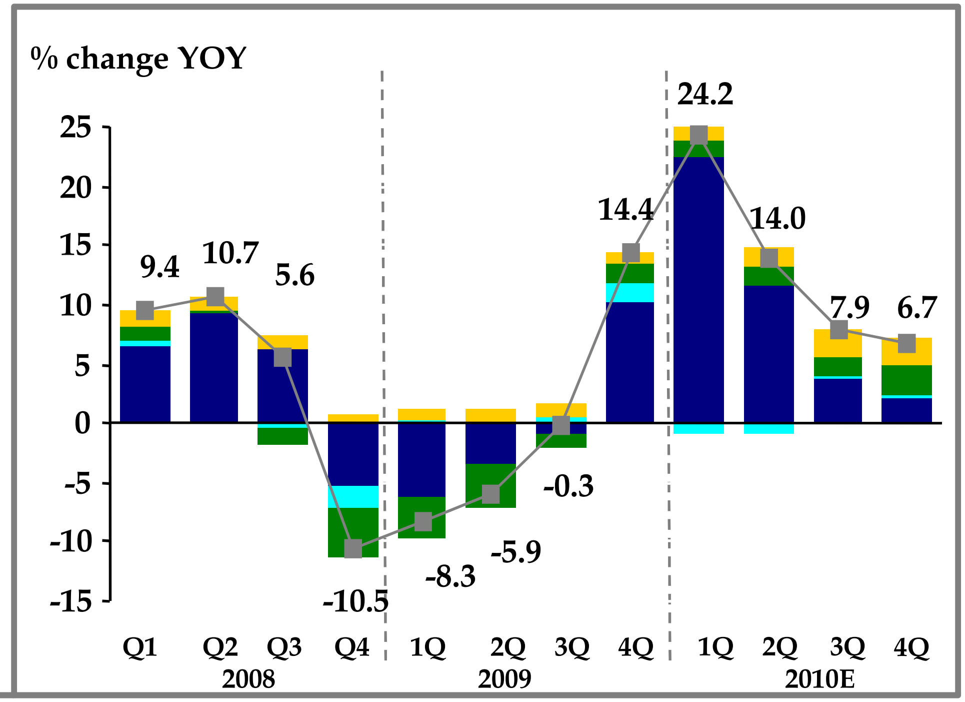


- Significant growth and restocking in minor bulk commodity demand from China and other emerging economies
- 31% growth in coal YOY

Dry Bulk Demand

Dry Bulk Fleet Effective Demand





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

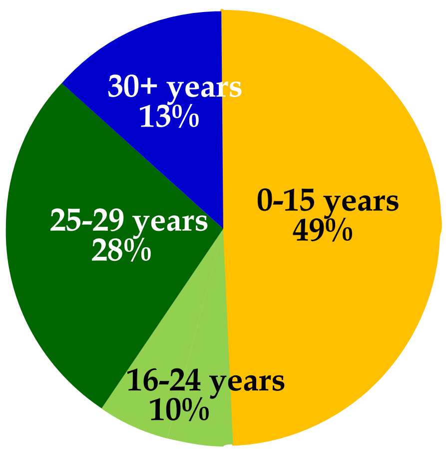
- Growth in Chinese import of raw materials, including coal and minor bulks such as logs & grains
- Increased Chinese domestic coastal transportation in bulk carriers, especially coal
- Widening East-West imbalance attracting more ballast vessels from Asia to distant load ports for return cargoes

Dry Bulk Fleet Changes

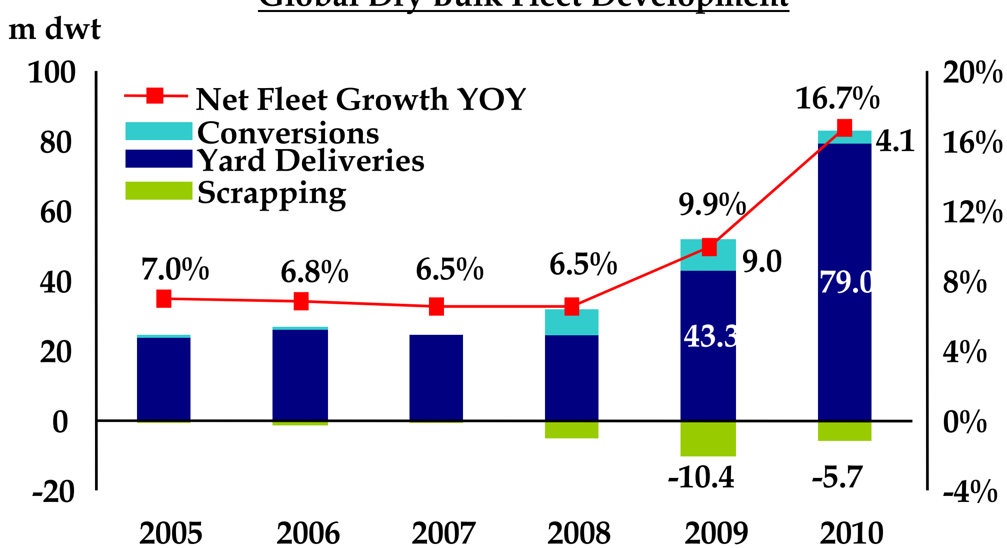
- 79m tonnes of new dry bulk capacity delivered in 2010, growth 16.7% net YOY
- Handysize fleet 2010 growth 11% net YOY
- 38% delivery shortfall in 2010 against scheduled orderbook
- 41% of handysize fleet is over 25 years old
- High scrapping price supports scrapping activities

With the development of newest, biggest Handysize & Supramax vessels, we now show data based on handysize vessels of 25,000-40,000 dwt and handymax vessels of 40,000-65,000 dwt

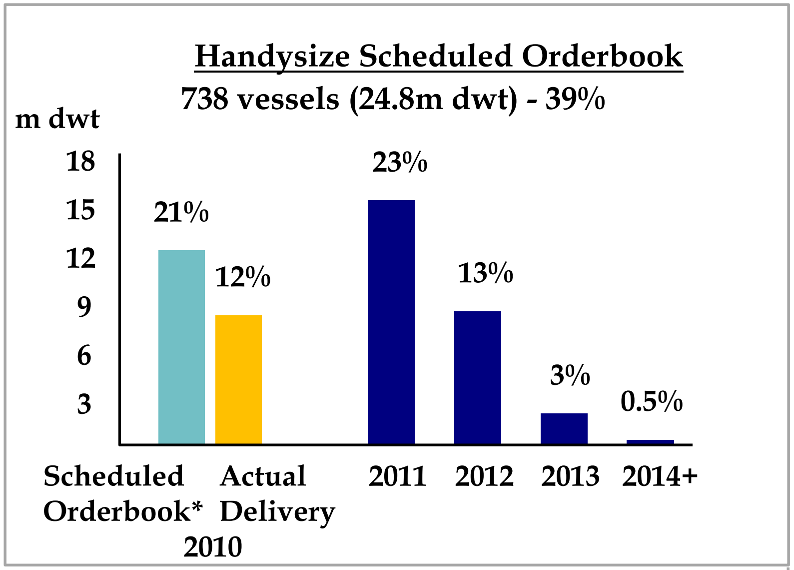
Handysize Age Profile
(25,000-39,999 Dwt) *
1,979 vessels (62.7m dwt)



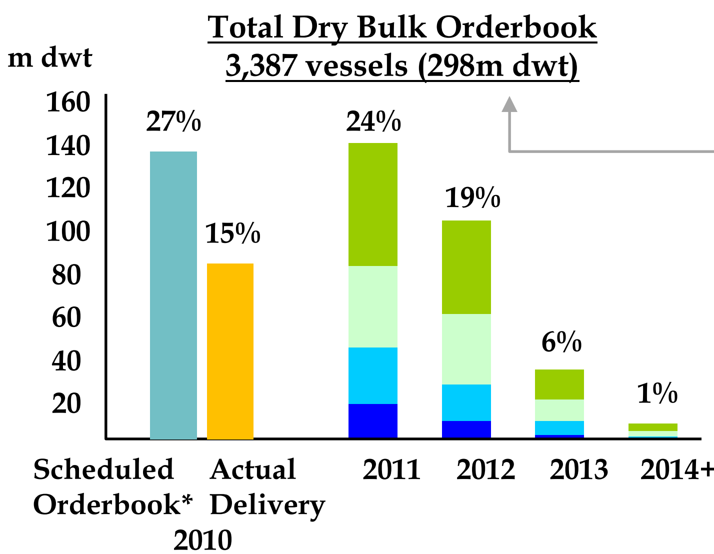
Global Dry Bulk Fleet Development

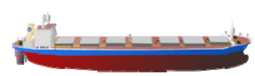


Dry Bulk Orderbook



- 137 m dwt* of new dry bulk capacity scheduled to deliver this year (2010: 126m)
- We expect 30-40% of slippage in 2011, net deliveries before scrapping in 2011 will be 15-18%
- Minor bulk orderbook, handysize in particular, is less onerous (15m dwt)
- Bleak outlook for the major bulk vessels with heavy orderbook (54m dwt)

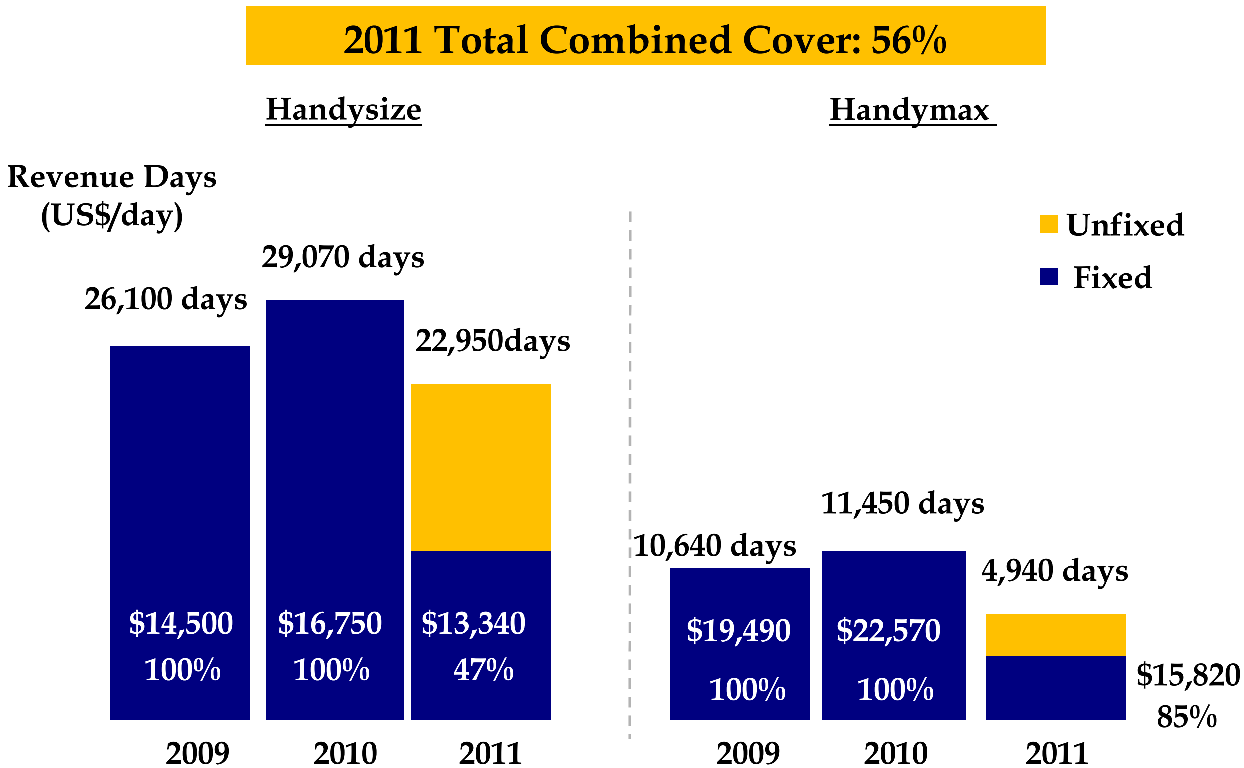


		Orderbook as % of Existing Fleet	Average Age	Over 25 Years
Total Dry Bulk >10,000 dwt		50%		
Handysize (25,000-39,999 dwt)		39%	16	41%
Handymax (40,000-64,999 dwt)		40%	12	19%
Panamax (65,000-119,999 dwt)		65%	10	8%
Capesize (120,000 + dwt)		55%	10	7%

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

Pacific Basin Dry Bulk Earnings Coverage

as at 17 Feb 2011



- Solid coverage: our cargo contracts performed as expected in 2010 with no counterparty defaults
- 4% of Handysize revenue days chartered in on an index-linked basis

Note:

1) *The total combined cover is calculated as percentage cover on total Handysize and Handymax revenue days stated at Handysize equivalent days*
2) *Excludes 2 Handymax vessels on long term charter out*

Dry Bulk Outlook

Positive Factors

- China's continued dependence on imported minor bulks from further afield
- Strong growth in developing countries increased steel & raw materials demand
- Restocking after Brazil & Queensland floods, and harsh northern hemisphere winter
- Slippage continue in 2011 deliveries as yards decelerate production
- Increased scrapping due to high fleet age

Negative Factors

- Continued excessive newbuilding deliveries
- Dry bulk demand stifled by shortfall in mining capacity and other supply bottlenecks
- High commodity price favours Chinese switch to domestic iron ore
- Weather problems

Pacific Basin Conclusion

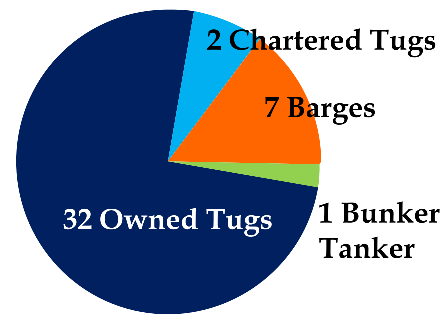
Handysize dry bulk market in 2011 is expected to be weaker than 2010

Near term demand recovery eclipsed by continued newbuilding deliveries
However, we remain encouraged by prospects for the longer term

PB Energy & Infrastructure Services

	US$m
Offshore/project supply & harbour towage services ("Towage")	1.0
PacMarine Services	1.0
Fujairah Bulk Shipping ("FBSL")	2.9
Segment net profit in 2010 *(2009: US$8.2m)*	**4.9**

Towage Fleet: 42 vessels
(as at 25 Feb 2011)



Offshore Towage and Infrastructure Support Services

- Continued to perform well despite deferral of Australian projects negatively impacting fleet utilisation
- Secured a contract to transport aggregates for the Queensland Curtis LNG project at Gladstone and other further projects, expected to start in 2011

Harbour Towage

- Successfully commenced operation in the Port of Townsville
- Our exclusive towage licenses in 2 bulk ports benefitted from strong commodity exports

FBSL

- FBSL did well with Northern Project drawing to a close
- Protracted difficult economic conditions resulted in the decision to scale down the business and make a US$19 million impairment against our investment

Energy & Infrastructure – Outlook

Positive Factors

- Increasing oil and energy prices are leading to more offshore projects and related infrastructure development activities
- Further economic recovery, thus increasing number of tug jobs

Negative Factors

- Slow resumption of infrastructure and offshore projects in the Middle East
- Some further delays to new project timelines
- New competition from Southeast Asian operators targeting the Australian sector

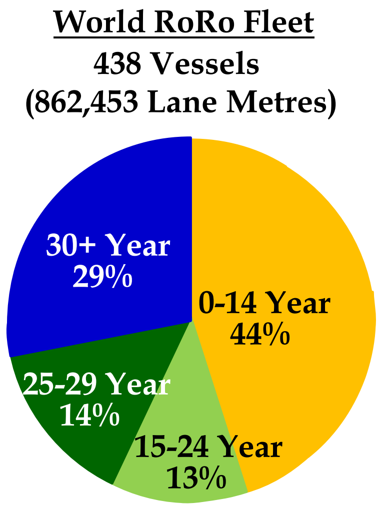
Pacific Basin Conclusion

Encouraging signs of improvement in the Australian offshore towage market offset by expected negative contribution from the Middle East giving mixed outlook

PB RoRo

Net loss in 2010: -US$1.1m *(2009: Profit US$0.1m)*

- Slow export-led recovery in European economy remains fragile
- Charter demand for RoRo vessels is still very weak and well below what we had expected a year ago
- Four of our six investments now have employment
- Invested in NGB Express Lines in December 2010 to operate the new Nafta Gulf Bridge RoRo service between Veracruz (Mexico) and Mobile (USA)
- Last three newbuildings deliver in 2011



Long-term fundamentals attractive:
- Aging fleet (average age: 25 years)
- Weak market leading to significant scrapping: ~12% in 2010

RoRo – Outlook

Positive Factors

- Global and especially European economic recovery expected to support modest growth in trailer volumes and short-sea RoRo trades
- Scrapping will continue to erode overcapacity
- New RoRo routes emerging

Negative Factors

- Significant number of large RoRo newbuilding scheduled to deliver in 2011
- Excess capacity and reluctant to charter new vessels in core European market
- Medium term prospects of some European economies remains uncertain

Pacific Basin Conclusion

- Timing of a sustainable improvement in the RoRo market predicted too early
- Despite ongoing marginal improvement in freight volumes for the sector, RoRo market expected to remain depressed resulting in a loss-making year for PB
- Positive on the longer term prospects

2010 Financial Highlights

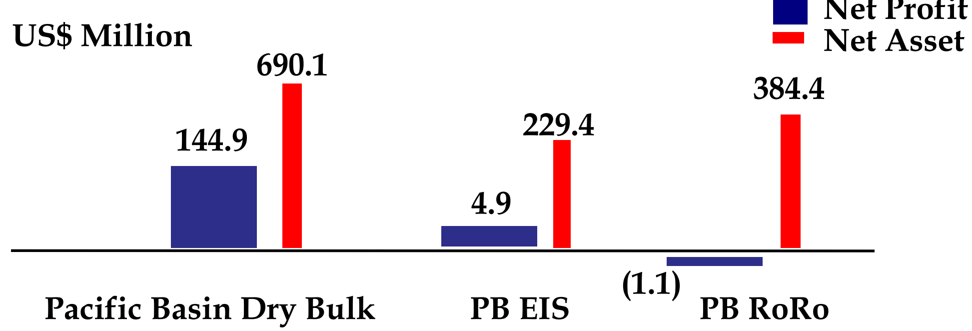
As at 31 December 2010

	2010	2009
Segment net profit	146.3	141.9
Treasury	(18.5)	(13.8)
Non direct G&A	(8.0)	(12.3)
Underlying profit	119.8	115.8
Unrealised derivative expenses	(12.4)	(4.5)
Impairment of Fujairah Bulk Shipping	(19.1)	-
Gain from partial sale of shares in Green Dragon Gas	16.0	-
Future onerous contracts - net provision write-back	-	25.2
Vessel impairment charges – RoRo	-	(25.0)
Net dry bulk vessel disposal losses	-	(1.2)
Profit attributable to shareholders	104.3	110.3

Returns on net assets

	2010
Pacific Basin Dry Bulk	21%
PB EIS	2%
PB RoRo	0%

Segment Net Profit versus Net Assets



Pacific Basin Dry Bulk – Handysize

As at 31 December 2010

		1H10	2H10	2010	2009	Change
Revenue days	**(days)**	13,940	15,130	**29,070**	**26,100**	**+11%**
TCE earnings	**(US$/day)**	16,840	16,670	**16,750**	**14,500**	**+16%**
Owned + chartered cost	**(US$/day)**	11,750	12,170	**11,970**	**9,690**	**+24%**
Segment net profits	**(US$m)**	69.7	66.4	**136.1**	**124.1**	**+10%**
Return on net assets	**(%)**	26%	21%	**22%**	**28%**	**-6%**

- **Earnings: 2010 TCE rates reflect demand strength**
- **Costs: Blended daily costs reflect higher chartered-in costs from the market**
- **Segment result excludes: US$2.5m unrealised net derivatives expenses**

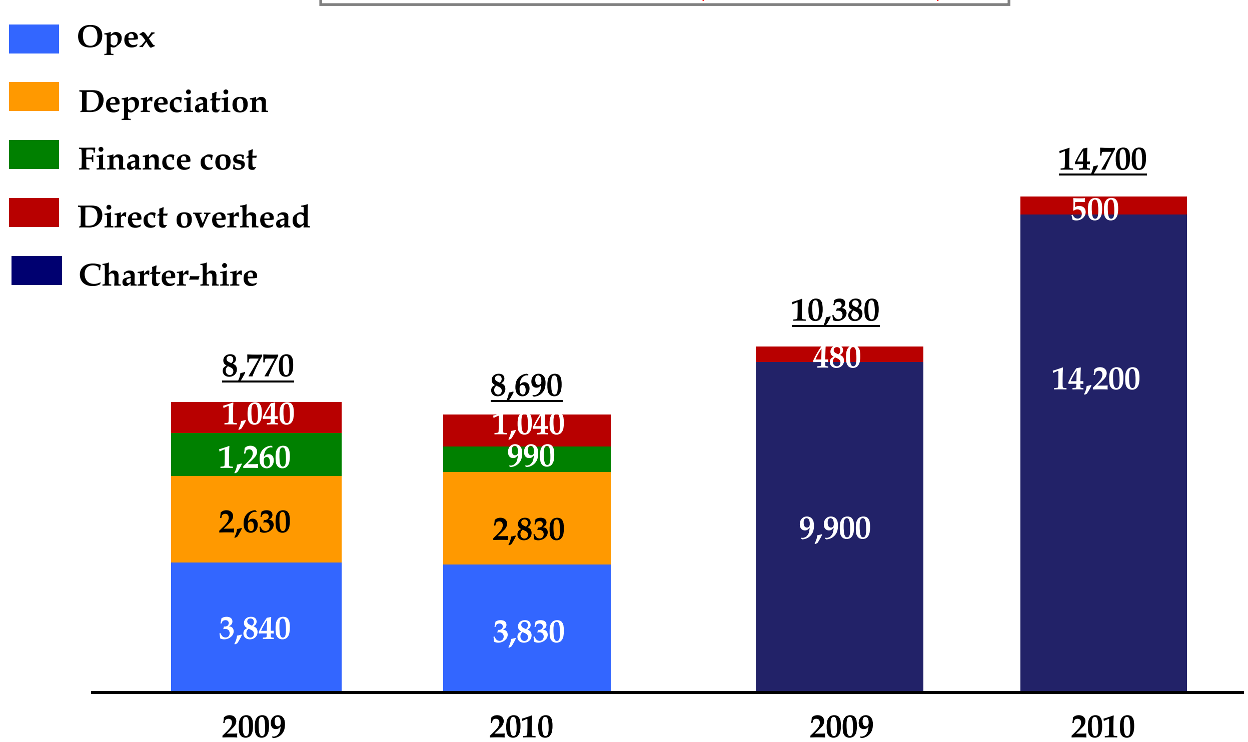
Daily Vessel Costs - Handysize

Year ended 31 Dec 2010

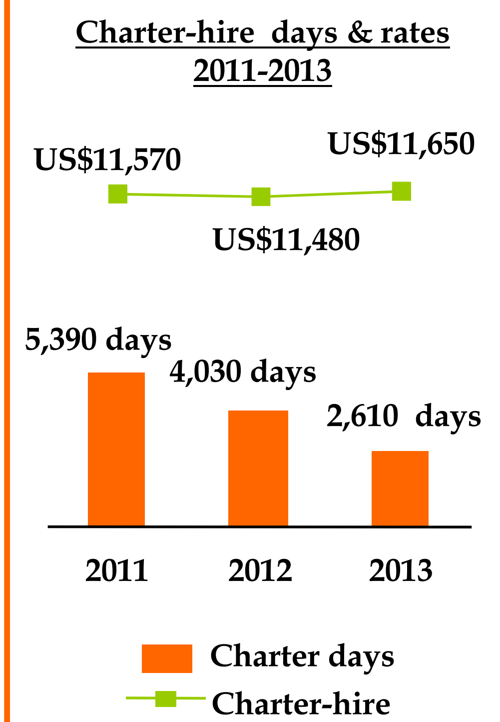
Owned | Chartered

US$/day

Blended US$11,970 (2009: US$9,690)



	2009	2010	2009	2010
Vessel Days	11,230	13,320	15,010	15,980
	43%	45%	57%	55%



Balance Sheet

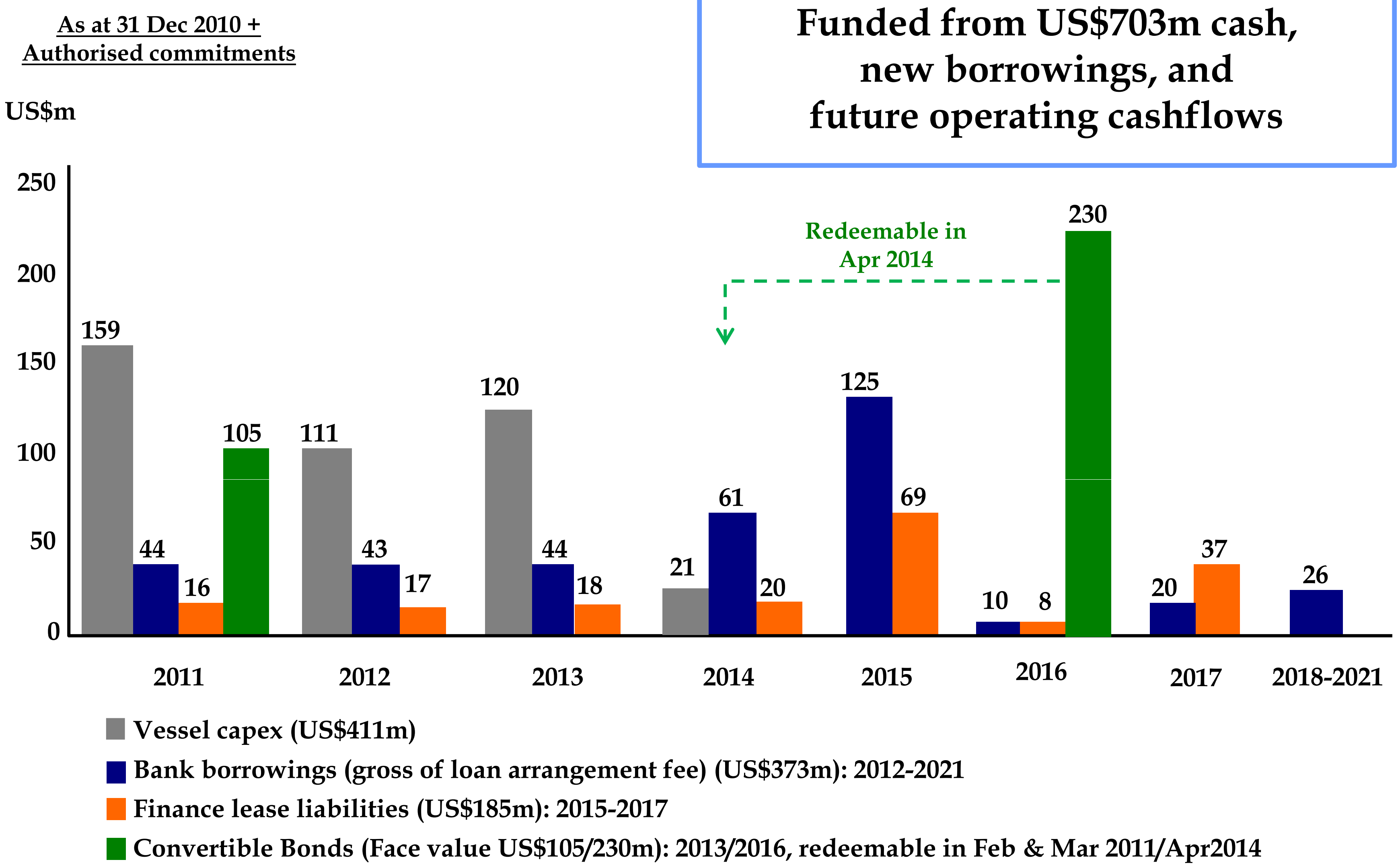
As at 31 Dec 2010

US$m	PB Dry Bulk	PB EIS	PB RoRo	Treasury	31 Dec 10	31 Dec 09
Vessels & other fixed assets	829	224	429	-	1,519	998
Total assets	979	291	444	680	2,555	2,470
Long term borrowings	185	45	55	575	860	877
Total liabilities	288	62	59	576	1,011	1,014
Net assets	691	229	385	104	1,544	1,456
Net borrowings / (cash)					156	(229)
Net borrowings / (cash) to Fixed assets					10%	(23)%
Net borrowings / (cash) to Shareholder's equity					10%	(16)%

Notes: 31 Dec 2010 total includes other segments and unallocated

Borrowings and Capex

Funded from US$703m cash, new borrowings, and future operating cashflows



Cashflow

Year ended 31 Dec 2010

US$m	2010	2009
Operating cash inflows	**199**	**145**
Investing cash out / inflows	**(462)**	**(178)**
- Vessels & other fixed assets related payments	(541)	(298)
- Sales of vessels	-	105
- Jointly controlled entities related payments and receipts	(10)	45
- Disposal of part of our holdings in GDG	26	-
- Change in restricted cash & notes receivables	42	(58)
- Others, mainly interest received	21	28
Financing cash (out) / inflows	**(97)**	**56**
- Proceeds from issuance of convertible bonds	227	-
- Repurchase of convertible bonds	(211)	(9)
- Net repayment / drawdown of borrowings & finance lease	(26)	24
- Proceeds from placement	-	97
- Dividends paid	(50)	(20)
- Others, mainly interest paid	(37)	(36)
Cash and bank deposits	**703**	**1,106**

Outlook

- We anticipate the dry bulk market will be weaker than 2010
- Recovery from regional export disruptions and increased scrapping will be ultimately eclipsed by continued excessive newbuilding deliveries during the year
- Prospects for minor bulk segments in long term remain positive
- Business model and strong balance sheet position us well for further expansion of our dry bulk business as opportunities arise
- Improved outlook for PB Towage but expected negative contributions from Middle East.
- Charter market for RoRo vessel to remain depressed despite better freight volumes
- Our strategic goals remain unchanged:
  - To expand further our core dry bulk fleet at reasonable cost
  - To consider further divestment of certain non-core assets in 2011

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.

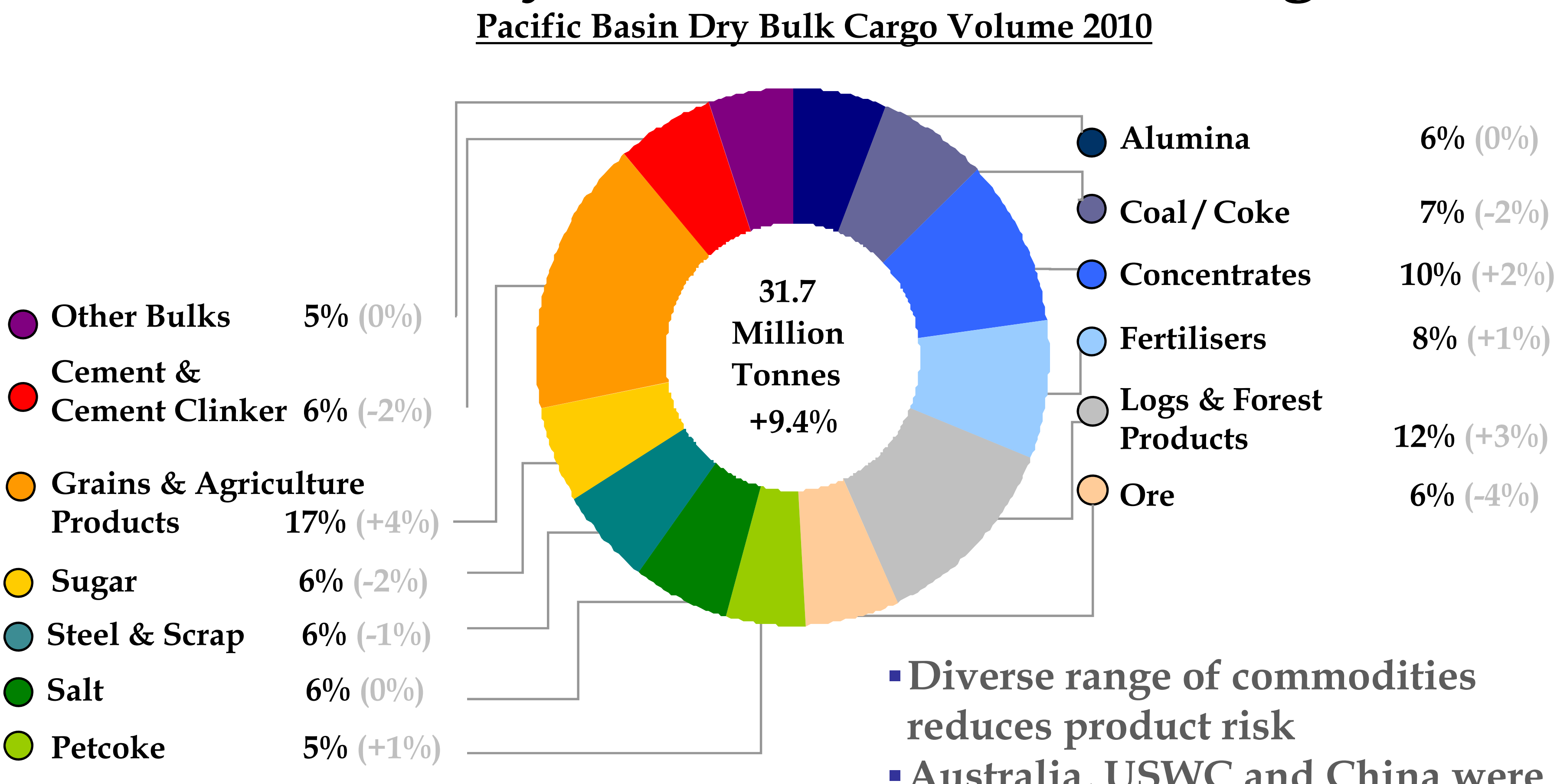
Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of Pacific Basin to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward looking 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: Pacific Basin Overview

- One of the world's leading dry bulk owners & operators of modern handysize and handymax vessels
- Flexible Pacific Basin dry bulk business model
  - Large scale fleet of uniform, interchangeable modern vessels
  - Mix of owned, long-term and short-term chartered ships
  - Diversified customer base of mainly industrial end users
- Presence in
  - Energy & Infrastructure Services
  - RoRo sector
- Over 180 vessels serving major industrial customers
- Hong Kong headquarters, 21 offices worldwide, 375 Group staff, 2,100+ seafarers *

** As at Jan 2011*

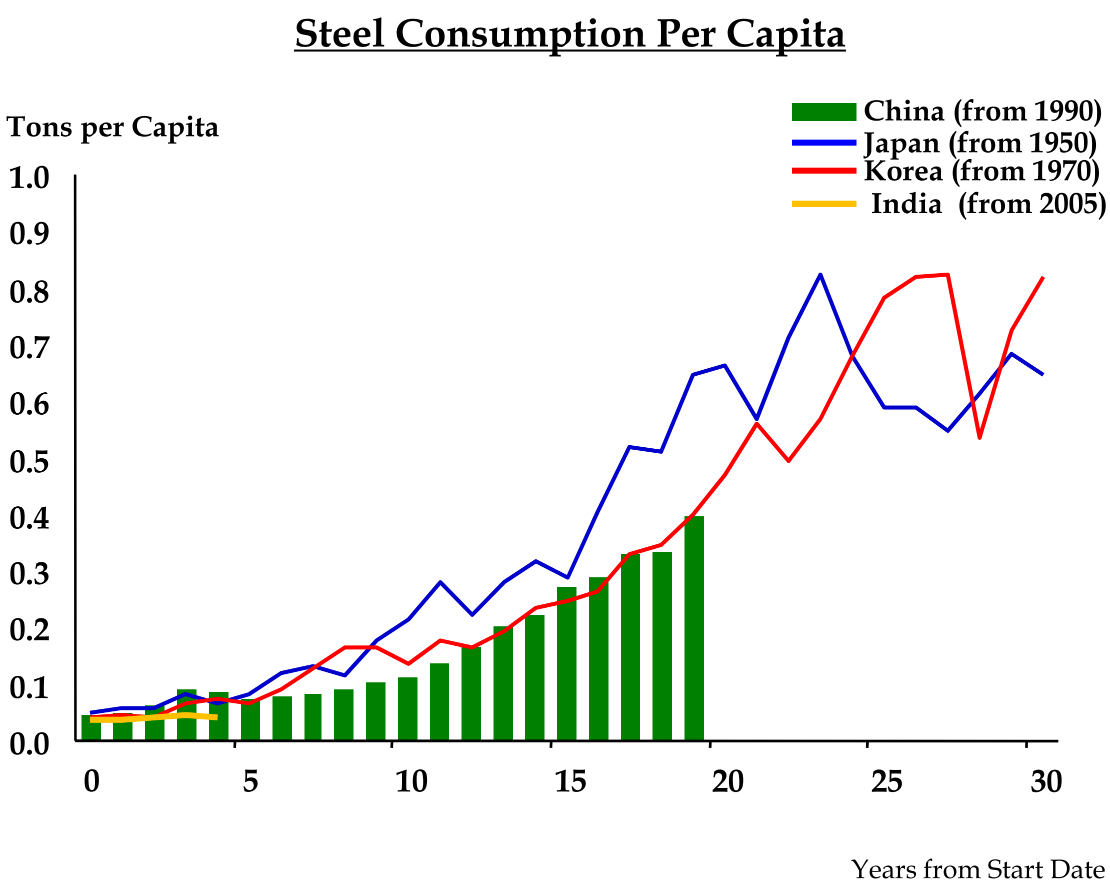
Appendix:
Pacific Basin Dry Bulk - Diversified Cargo



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

( ) % changes in proportion since 2009

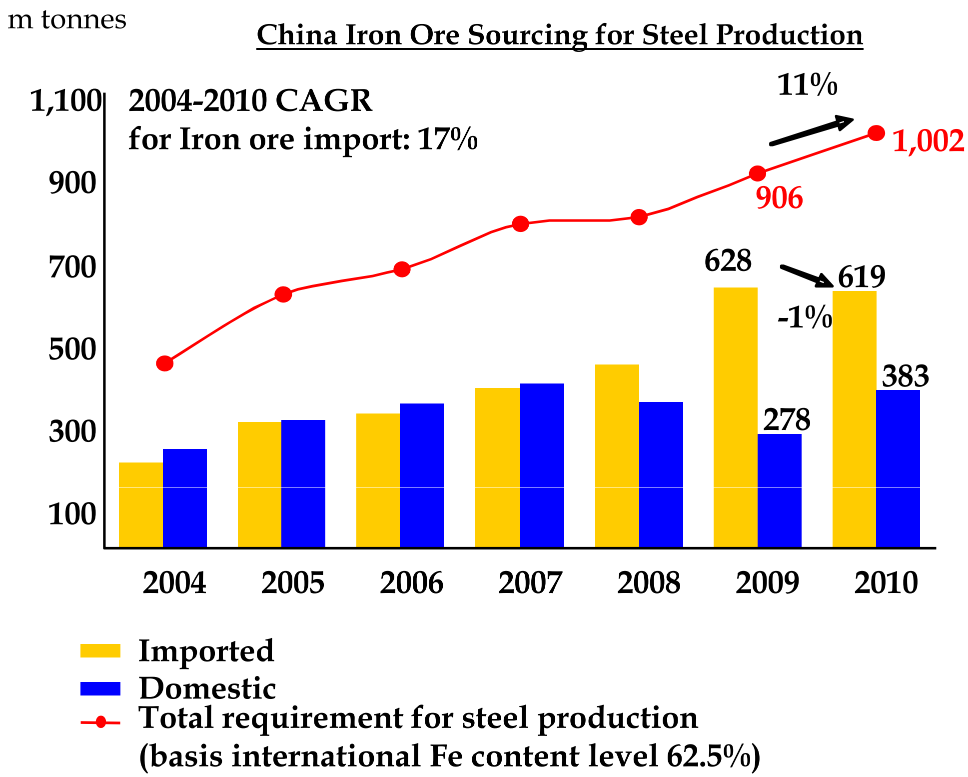
Appendix:
China at late-Industrialisation Stage



- 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

Source: UBS, IISI, Pacific Basin

Appendix: Chinese Iron Ore Demand



Slow down of Chinese iron ore import mainly due to the Chinese energy conservation policy

Source: Bloomberg LP

Appendix:
Pacific Basin Dry Bulk – Handymax

<u>As at 31 December 2010</u>

		1H10	2H10	2010	2009	Change
Revenue days	**(days)**	5,570	5,880	**11,450**	**10,640**	**+8%**
TCE earnings	**(US$/day)**	23,680	21,520	**22,570**	**19,490**	**+16%**
Owned + chartered cost	**(US$/day)**	22,050	21,350	**21,690**	**18,120**	**+20%**
Segment net profits	**(US$m)**	8.8	-	**8.8**	**14.1**	**-38%**
Return on net assets	**(%)**	32%	0%	**12%**	**64%**	**-52%**

- **Earnings: 2010 TCE rates reflect demand strength**
- **Costs: Blended daily costs reflect higher chartered-in costs from the market**
- **Segment result excludes: US$9.1m unrealised net derivatives expenses**

Appendix:
PB Energy & Infrastructure Services
PB RoRo

As at 31 Dec 2010

	2010	2009
PB Energy & Infrastructure Services		
Offshore and project supply and harbour towage services ("Towage")	1.0	1.0
PacMarine Services	1.0	0.9
Fujairah Bulk Shipping ("FBSL")	2.9	6.3
Segment net profit	4.9	8.2

	2010	2009
PB RoRo segment net (loss) / profit	(1.1)	0.1

PB E&I

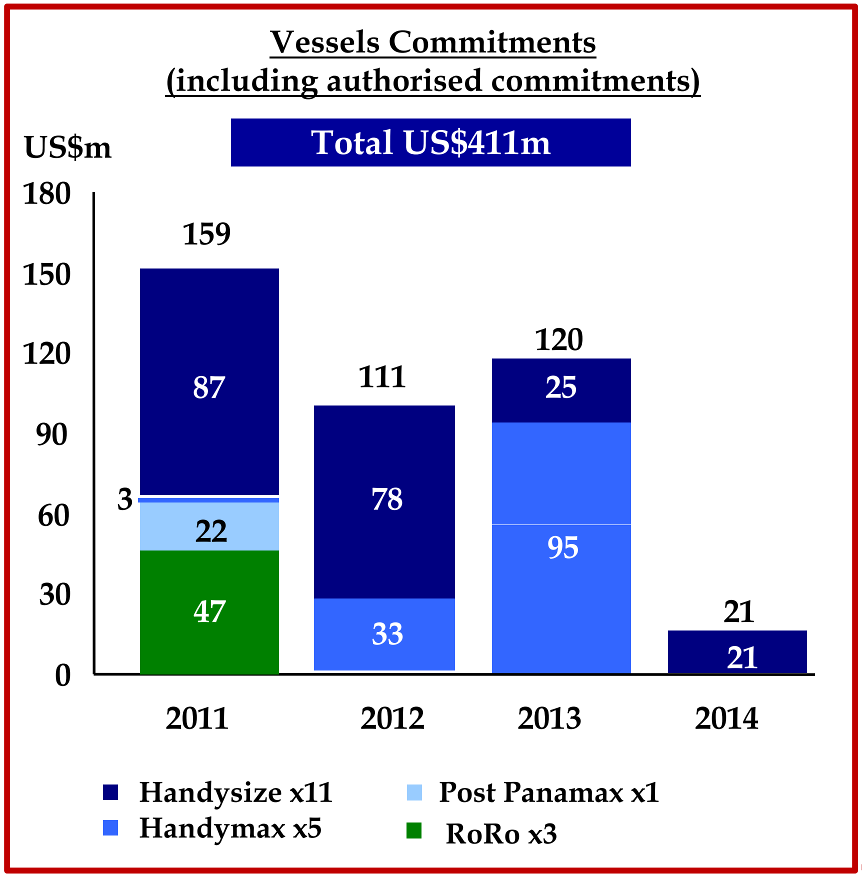
- Towage: Consolidation phase
  Operating 37 tugs & barges
- PacMarine: Ship survey and inspection services
- FBSL: Scaling down after reclamation project complete

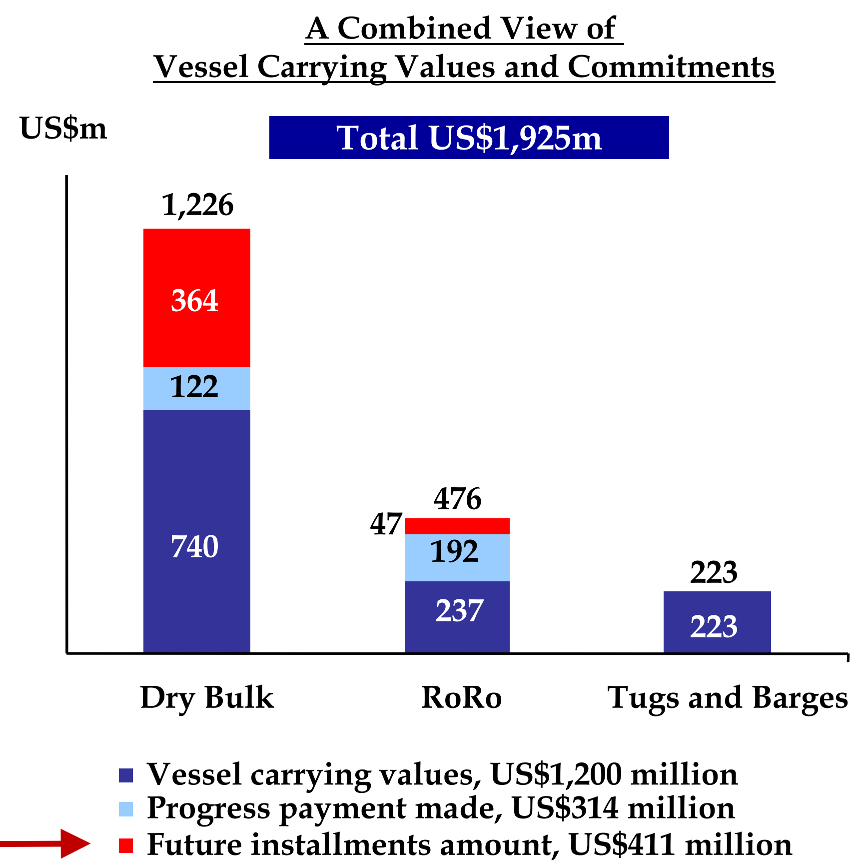
PB RoRo

- First RoRo vessel operated from September 2009
- Second & third RoRo vessel operated from Q4 2010 deploying in US Gulf / Mexico

Appendix:
Capex and Combined Value by Vessel Types

As at 31 Dec 2010 +
Authorised commitments





Further commitments expected in Dry Bulk

Appendix:
Impact of Financial Instruments

US$m	Realised	Unrealised	2010	2009
Net Gains / (Losses)				
Forward freight agreements	(3.4)	(3.4)	(6.8)	(25.7)
Bunker swap contracts	6.0	(8.2)	(2.2)	45.7
Interest rate swap contracts	(5.5)	(0.8)	(6.3)	1.2
	(2.9)	(12.4)	(15.3)	18.8

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

- 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 (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