Will Scrapping Shelter Industry from Excess Supply?
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
Dry Bulk Orderbook

<table>
<thead>
<tr>
<th>Type</th>
<th>Orderbook as % of Existing Fleet</th>
<th>Average Age</th>
<th>Over 25 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Dry Bulk &gt;10,000 dwt</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handysize (25,000-39,999 dwt)</td>
<td>39% 16</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Handymax (40,000-64,999 dwt)</td>
<td>40% 12</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Panamax (65,000-119,999 dwt)</td>
<td>65% 10</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Capesize (120,000 + dwt)</td>
<td>55% 10</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

- 137 m dwt* of new dry bulk capacity scheduled to deliver this year (2010: 126m / 24%)
- 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, i.e. 23%)
- 41% of handysize fleet is over 25 years old

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

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

Handysize capacity on order is less than existing capacity over 25 years old
Factors affecting scrapping

- Scrapping increase in current weak market
- High scrapping price supports scrapping activities
- Other considerations include dry docking cost, requirement of classification society
- Scrap value for an old handysize ship: US$3.1 - 3.3m depend on China or Indian scrap yard

Source: Clarksons as at 4 March 2011, Baltic Exchange
Fleet Deliveries & Scrapping

2011 Fleet delivery & scrapping versus 2010

Deliveries are 3.26m dwt greater

Scrapplings are 2.46m dwt greater

Global Dry Bulk Fleet Development

Net Fleet Growth YOY
Conversions
Yard Deliveries
Scrappping

Scenario (dwt):

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliveries after Slippage</td>
<td>83m</td>
</tr>
<tr>
<td>Scrapping (annualised)</td>
<td>19m</td>
</tr>
<tr>
<td>Net Fleet growth</td>
<td>66m</td>
</tr>
<tr>
<td>%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

Source: Clarksons
Scrapping Shelter industry from excess supply

Scraping benefit to handysize sector?

Handysize Age Profile

Orderbook

-ve fleet growth

0-15 years 49%

16-24 years 10%

25-29 years 28%

30+ years 13%

Smaller bulk carrier segment benefits from:

Handysize orderbook smaller than ship capacity over 25 years old

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
### 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
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.
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
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- Presence in
  - Energy & Infrastructure Services
  - RoRo sector
- Over 180 vessels serving major industrial customers
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* As at Jan 2011
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

Handysize has been the best performer in 2010

- Handysize (BHSI)
- Handymax (BSI)
- Panamax (BPI)
- Capesize (BCI)

Source: The Baltic Exchange, Clarksons
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

Source: The Baltic Exchange
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)

Handysize Scheduled Orderbook
738 vessels (24.8m dwt) - 39%

- Scheduled Orderbook* 2010
- Actual Delivery 2010
- 2011: 21%
- 2012: 12%
- 2013: 13%
- 2014+: 3%

Total Dry Bulk Orderbook
3,387 vessels (298m dwt)

- Scheduled Orderbook* 2010
- Actual Delivery 2010
- 2011: 27%
- 2012: 15%
- 2013: 19%
- 2014+: 6%

Orderbook as % of Existing Fleet
- 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
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

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

Source: Bloomberg, Clarksons
Note: Copper Concentrates data available since 2008
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

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**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

<table>
<thead>
<tr>
<th>Segment net profit in 2010 (2009: US$8.2m)</th>
<th>US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Towage Fleet: 42 vessels (as at 25 Feb 2011)</td>
<td>4.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore/project supply &amp; harbour towage services (“Towage”)</td>
<td>1.0</td>
</tr>
<tr>
<td>PacMarine Services</td>
<td>1.0</td>
</tr>
<tr>
<td>Fujairah Bulk Shipping (“FBSL”)</td>
<td>2.9</td>
</tr>
</tbody>
</table>

**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

Source: Navitaship, Feb 2011
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**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment net profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non direct G&amp;A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underlying profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealised derivative expenses</td>
<td>(12.4)</td>
<td>(4.5)</td>
</tr>
<tr>
<td>Impairment of Fujairah Bulk Shipping</td>
<td>(19.1)</td>
<td>-</td>
</tr>
<tr>
<td>Gain from partial sale of shares in Green Dragon Gas</td>
<td>16.0</td>
<td>-</td>
</tr>
<tr>
<td>Future onerous contracts - net provision write-back</td>
<td>-</td>
<td>25.2</td>
</tr>
<tr>
<td>Vessel impairment charges – RoRo</td>
<td>-</td>
<td>(25.0)</td>
</tr>
<tr>
<td>Net dry bulk vessel disposal losses</td>
<td>-</td>
<td>(1.2)</td>
</tr>
<tr>
<td><strong>Profit attributable to shareholders</strong></td>
<td>104.3</td>
<td>110.3</td>
</tr>
</tbody>
</table>

**Returns on net assets**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Basin Dry Bulk</td>
<td>21%</td>
</tr>
<tr>
<td>PB EIS</td>
<td>2%</td>
</tr>
<tr>
<td>PB RoRo</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Segment Net Profit versus Net Assets**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ Million</td>
<td>690.1</td>
<td>384.4</td>
</tr>
<tr>
<td>Pacific Basin Dry Bulk</td>
<td>144.9</td>
<td></td>
</tr>
<tr>
<td>PB EIS</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>PB RoRo</td>
<td>(1.1)</td>
<td></td>
</tr>
</tbody>
</table>
**Daily Vessel Costs - Handysize**

**Year ended 31 Dec 2010**

### Vessel Costs Breakdown

<table>
<thead>
<tr>
<th></th>
<th>Owned</th>
<th>Chartered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct overhead</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charter-hire</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vessel Days</strong></td>
<td>11,230 (43%)</td>
<td>13,320 (45%)</td>
<td>15,010 (57%)</td>
<td>15,980 (55%)</td>
</tr>
<tr>
<td><strong>Charter-hire days</strong></td>
<td>5,390</td>
<td>4,030</td>
<td>14,200</td>
<td>500</td>
</tr>
<tr>
<td><strong>Charter-hire rates</strong></td>
<td>US$11,570</td>
<td>US$11,650</td>
<td>US$11,480</td>
<td></td>
</tr>
</tbody>
</table>

#### Charter-hire days & rates 2011-2013

- 2011: 5,390 days, US$11,570
- 2012: 4,030 days, US$11,650
- 2013: 2,610 days, US$11,480
# Balance Sheet

As at 31 Dec 2010

<table>
<thead>
<tr>
<th>US$hm</th>
<th>PB Dry Bulk</th>
<th>PB EIS</th>
<th>PB RoRo</th>
<th>Treasury</th>
<th>31 Dec 10</th>
<th>31 Dec 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels &amp; other fixed assets</td>
<td>829</td>
<td>224</td>
<td>429</td>
<td>-</td>
<td>1,519</td>
<td>998</td>
</tr>
<tr>
<td>Total assets</td>
<td>979</td>
<td>291</td>
<td>444</td>
<td>680</td>
<td>2,555</td>
<td>2,470</td>
</tr>
<tr>
<td>Long term borrowings</td>
<td>185</td>
<td>45</td>
<td>55</td>
<td>575</td>
<td>860</td>
<td>877</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>288</td>
<td>62</td>
<td>59</td>
<td>576</td>
<td>1,011</td>
<td>1,014</td>
</tr>
<tr>
<td>Net assets</td>
<td>691</td>
<td>229</td>
<td>385</td>
<td>104</td>
<td>1,544</td>
<td>1,456</td>
</tr>
</tbody>
</table>

- 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

As at 31 Dec 2010 + Authorised commitments

US$m

159 16 44
105 17 43
111 18 44
120 21 61
125 20 69
230 10 8
20 37
26

Vessel capex (US$411m)
Bank borrowings (gross of loan arrangement fee) (US$373m): 2012-2021
Finance lease liabilities (US$185m): 2015-2017
Convertible Bonds (Face value US$105/230m): 2013/2016, redeemable in Feb & Mar 2011/Apr 2014

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

Redeemable in Apr 2014
Capex and Combined Value by Vessel Types

Further commitments expected in Dry Bulk
## Cashflow

### Operating cash inflows

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issuance of convertible bonds</td>
<td>199</td>
<td>145</td>
</tr>
<tr>
<td>Investing cash out / inflows</td>
<td>(462)</td>
<td>(178)</td>
</tr>
<tr>
<td>- Vessels &amp; other fixed assets related payments</td>
<td>(541)</td>
<td>(298)</td>
</tr>
<tr>
<td>- Sales of vessels</td>
<td>-</td>
<td>105</td>
</tr>
<tr>
<td>- Jointly controlled entities related payments and receipts</td>
<td>(10 )</td>
<td>45</td>
</tr>
<tr>
<td>- Disposal of part of our holdings in GDG</td>
<td>26</td>
<td>-</td>
</tr>
<tr>
<td>- Change in restricted cash &amp; notes receivables</td>
<td>42</td>
<td>(58 )</td>
</tr>
<tr>
<td>- Others, mainly interest received</td>
<td>21</td>
<td>28</td>
</tr>
</tbody>
</table>

### Investing cash inflows

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issuance of convertible bonds</td>
<td>227</td>
<td>-</td>
</tr>
<tr>
<td>Repurchase of convertible bonds</td>
<td>(211)</td>
<td>(9)</td>
</tr>
<tr>
<td>Net repayment / drawdown of borrowings &amp; finance lease</td>
<td>(26 )</td>
<td>24</td>
</tr>
<tr>
<td>Proceeds from placement</td>
<td>-</td>
<td>97</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(50)</td>
<td>(20 )</td>
</tr>
<tr>
<td>Others, mainly interest paid</td>
<td>(37 )</td>
<td>(36 )</td>
</tr>
</tbody>
</table>

### Cash and bank deposits

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank deposits</td>
<td>703</td>
<td>1,106</td>
</tr>
</tbody>
</table>
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
Appendix:
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%)
- 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
Appendix: Pacific Basin-Dry Bulk Performance

- **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

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

- **Owned + Committed Chartered**
  - **Handysize:** 92
  - **Handymax:** 49
    - 6NB: 42
    - 3NB: 32
    - 5NB: 2
  - **Post-Panamax:**
    - 1 NB
  - **Average age:** 6.4 years
Appendix: Pacific Basin Dry Bulk - Diversified Cargo

Pacific Basin Dry Bulk Cargo Volume 2010

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

<table>
<thead>
<tr>
<th>Cargo Type</th>
<th>Proportion 2010 (%)</th>
<th>% Change Since 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alumina</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Coal/Coke</td>
<td>7%</td>
<td>-2%</td>
</tr>
<tr>
<td>Concentrates</td>
<td>10%</td>
<td>+2%</td>
</tr>
<tr>
<td>Fertilisers</td>
<td>8%</td>
<td>+1%</td>
</tr>
<tr>
<td>Logs &amp; Forest Products</td>
<td>12%</td>
<td>+3%</td>
</tr>
<tr>
<td>Ore</td>
<td>6%</td>
<td>-4%</td>
</tr>
<tr>
<td>Other Bulks</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Cement &amp; Cement Clinker</td>
<td>6%</td>
<td>-2%</td>
</tr>
<tr>
<td>Grains &amp; Agriculture Products</td>
<td>17%</td>
<td>+4%</td>
</tr>
<tr>
<td>Sugar</td>
<td>6%</td>
<td>-2%</td>
</tr>
<tr>
<td>Steel &amp; Scrap</td>
<td>6%</td>
<td>-1%</td>
</tr>
<tr>
<td>Salt</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Petcoke</td>
<td>5%</td>
<td>+1%</td>
</tr>
</tbody>
</table>

31.7 Million Tonnes +9.4%
Appendix: Dry Bulk Demand

- 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
Appendix: 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

**Handysize Age Profile**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Vessels</th>
<th>Dwt</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-15 years</td>
<td>973</td>
<td>56.7m</td>
</tr>
<tr>
<td>16-24 years</td>
<td>477</td>
<td>10.2m</td>
</tr>
<tr>
<td>25-29 years</td>
<td>195</td>
<td>4.1m</td>
</tr>
<tr>
<td>30+ years</td>
<td>42</td>
<td>0.8m</td>
</tr>
</tbody>
</table>

*1,979 vessels (62.7m dwt)*

**Global Dry Bulk Fleet Development**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Fleet Growth YOY</th>
<th>Conversions</th>
<th>Yard Deliveries</th>
<th>Scrapping</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>7.0%</td>
<td>-20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2006</td>
<td>6.8%</td>
<td>-4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2007</td>
<td>6.5%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2008</td>
<td>6.5%</td>
<td>43.3</td>
<td>9.0</td>
<td>-10.4</td>
</tr>
<tr>
<td>2009</td>
<td>9.9%</td>
<td>79.0</td>
<td>16.7%</td>
<td>-5.7</td>
</tr>
<tr>
<td>2010</td>
<td>4.1%</td>
<td>-20</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Clarksons, as at 1 Feb 2011
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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Imported</th>
<th>Domestic</th>
<th>Total requirement for steel production (basis international Fe content level 62.5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>278</td>
<td>100</td>
<td>378</td>
</tr>
<tr>
<td>2005</td>
<td>278</td>
<td>100</td>
<td>378</td>
</tr>
<tr>
<td>2006</td>
<td>278</td>
<td>100</td>
<td>378</td>
</tr>
<tr>
<td>2007</td>
<td>278</td>
<td>100</td>
<td>378</td>
</tr>
<tr>
<td>2008</td>
<td>628</td>
<td>100</td>
<td>728</td>
</tr>
<tr>
<td>2009</td>
<td>619</td>
<td>100</td>
<td>719</td>
</tr>
<tr>
<td>2010</td>
<td>383</td>
<td>100</td>
<td>483</td>
</tr>
</tbody>
</table>

2004-2010 CAGR for Iron ore import: 17%

Source: Bloomberg LP
Appendix:
Pacific Basin Dry Bulk – Handysize

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

- **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
## Appendix:
### Pacific Basin Dry Bulk – Handymax

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

- **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

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore and project supply and harbour towage services (&quot;Towage&quot;)</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>PacMarine Services</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Fujairah Bulk Shipping (&quot;FBSL&quot;)</td>
<td>2.9</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Segment net profit</strong></td>
<td><strong>4.9</strong></td>
<td><strong>8.2</strong></td>
</tr>
</tbody>
</table>

### 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:
Impact of Financial Instruments

<table>
<thead>
<tr>
<th>Net Gains / (Losses)</th>
<th>Realised</th>
<th>Unrealised</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward freight agreements</td>
<td>(3.4)</td>
<td>(3.4)</td>
<td>(6.8)</td>
<td>(25.7)</td>
</tr>
<tr>
<td>Bunker swap contracts</td>
<td>6.0</td>
<td>(8.2)</td>
<td>(2.2)</td>
<td>45.7</td>
</tr>
<tr>
<td>Interest rate swap contracts</td>
<td>(5.5)</td>
<td>(0.8)</td>
<td>(6.3)</td>
<td>1.2</td>
</tr>
<tr>
<td></td>
<td>(2.9)</td>
<td>(12.4)</td>
<td>(15.3)</td>
<td>18.8</td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th>Issue size</th>
<th>US$230 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Date</td>
<td>12 April 2016 (6 years)</td>
</tr>
<tr>
<td>Investor Put Date and Price</td>
<td>12 April 2014 (4 years) at par</td>
</tr>
<tr>
<td>Coupon</td>
<td>1.75% p.a. payable semi-annually in arrears on 12 April and 12 October</td>
</tr>
<tr>
<td>Redemption Price</td>
<td>100%</td>
</tr>
<tr>
<td>Initial Conversion Price</td>
<td>HK$7.79 (with effect from 16 April 2010)</td>
</tr>
<tr>
<td>Conversion Condition</td>
<td>Before 11 Jan 2011: No Conversion is allowed</td>
</tr>
<tr>
<td></td>
<td>12 Jan 2011 – 11 Jan 2014: Share price for 5 consecutive days &gt; 120% conversion price</td>
</tr>
<tr>
<td></td>
<td>12 Jan 2014 – 5 Apr 2016: Share price &gt; conversion price</td>
</tr>
<tr>
<td>Intended Use of Proceeds</td>
<td>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</td>
</tr>
<tr>
<td>Conditions</td>
<td>▪ Shareholders approval at SGM to approve the issue of the New Convertible Bonds and the specific mandate to issue associated shares.</td>
</tr>
<tr>
<td></td>
<td>▪ 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</td>
</tr>
</tbody>
</table>

Conversion/redemption Timeline

- **Closing Date**: 12 Apr 2010
- **12 Jan 2011**: No Conversion
- **12 Jan 2014**: Bondholders can convert to PB shares after trading price for 5 consecutive days > 120% conversion price in effect
- **12 Apr 2014**: Bondholders can convert to PB shares when trading price > conversion price
- **5 Apr 2016**: Bondholders can convert to PB shares
- **12 Apr 2016**: Maturity

**PB's call option to redeem all bonds**

1) Trading price for 30 consecutive days > 130% conversion price in effect
2) >90% of Bond converted / redeemed / purchased / cancelled

**Bondholder’s put option to redeem bonds**