Pacific Basin

Interim Results 2008

As at 4 August 2008
What is Pacific Basin?

- Leading dry bulk shipping company principally operating in the Asia Pacific region
- 29 offices worldwide, 490+ group staff, 2,400+ seafarers *
- We carry the dry bulk commodities required for Asia’s growth
- Expanding in the roll on roll off shipping, ports and port services businesses

* As at July 2008
1H08 Results Highlights

- Profits: US$337.6m (US$162.9m) • Basic EPS: HK$1.62 (HK$0.81)
- Time Charter Equivalent Earnings: US$586.4m (US$269.2m)
- Includes US$38.6m (US$50.2m) disposal gains
- ROE: 68% (63%) • Net Profit Margin: 58% (61%)
- Interim dividend 2008: HK$0.76 • Payout: 50% (55%)
- Average daily charter rate:

<table>
<thead>
<tr>
<th></th>
<th>1H08</th>
<th>1H07</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handysize</td>
<td>US$32,460</td>
<td>US$19,750</td>
<td>+64%</td>
</tr>
<tr>
<td>Handymax</td>
<td>US$46,100</td>
<td>US$25,180</td>
<td>+83%</td>
</tr>
</tbody>
</table>
Fleet Profile

Dry Bulk Fleet – 93
Short Term Chartered - 21

Handysize: 71
Chartered 47
Operating Lease 33
Finance Lease 13
Newbuildings 7
Owned 24
Newbuildings 1
Owned 17

Handymax: 19
Newbuilding 1
Chartered 15
Newbuilding 1
Owned 2
Newbuilding 1
Chartered 16
Newbuilding 1
Owned 3

Post Panamax: 3
Newbuilding 1
Newbuildings 2
Chartered 1
Newbuildings 2
Owned 2

Includes 12 chartered-in vessels with purchase options

Other Ships - 26
RoRo: 6
Newbuilding 6
Tugs: 17
Newbuildings 6

Barge: 3
Newbuildings 2
Owned 1

Total 140 ships

Note: ¹The Group has a 63.5% interest in 1 owned vessel
²The Group has a 50% interest in 1 owned newbuilding and 1 chartered newbuilding through its joint venture
³Two of the RoRo newbuilding vessels will be acquired by the Group upon delivery through exercising the purchase option
Diversified Cargo

Total Handysize and Handymax Cargo Volume Mix 1H08

- Grains: 12%
- Cement: 5%
- Fertilisers: 11%
- Log & Forest Products: 6%
- Steel & Scrap: 9%
- Alumina: 3%
- Salt: 4%
- Coal/Coke: 7%
- Petcoke: 5%
- Concentrates: 7%
- Ore: 11%
- Cement Clinker: 4%
- Other Bulks*: 10%

15.6 million tonnes (+19% vs 1H07)

- Increased coal/coke carriage in handysize and grains & ore in handymax 1H08
- Increasing ore carriage from India to China

* Other bulks includes Gypsum, Sands, Soda Ash and Agriculture Products
Baltic Exchange Indices

The Baltic Dry Index (BDI)

28 Jul 2008
8,513

The Baltic Handysize Index (BHSI)

28 Jul 2008
US$ 36,330

BHSI officially started on 2 January 07
Sources: The Baltic Exchange, Bloomberg LP
**Dry Bulk – 1 Year Time-Charter Rate**

As at 28 Jul 2008

- **Capesize**: $147,250 (Jan07: $59,138)
- **Panamax**: $70,775 (Jan07: $29,450)
- **Supramax**: $55,575 (Jan07: $27,729)
- **Handysize**
  - 1-Year: $36,575 (Jul07: $26,600)
  - 3-Year: $27,075 (Jul07: $21,020)

Source: Clarkson
High Tonnage Demand

Source: R.S. Platou

Estimated tonnage demand growth of 7.5% from 2007 to 2008

Demand for ships enhanced by cargo volumes & average voyage distances

Source: R.S. Platou
## Lower Orderbook in Handysize

<table>
<thead>
<tr>
<th>Type of Vessels</th>
<th>Orderbook as % of Existing Fleet (dwt)</th>
<th>Ave. Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry Bulk *</td>
<td>64%</td>
<td></td>
</tr>
<tr>
<td>Capesize 100K +</td>
<td>100%</td>
<td>11.5</td>
</tr>
<tr>
<td>Panamax 60-100K</td>
<td>46%</td>
<td>12.1</td>
</tr>
<tr>
<td>Handymax 35K-60K</td>
<td>55%</td>
<td>15.2</td>
</tr>
<tr>
<td>Handysize 25,000-34,999</td>
<td>40%</td>
<td>18.1</td>
</tr>
</tbody>
</table>

Source: Clarkson 1 July 2008
Note: * >10,000 Dwt

Significant orderbook slow down in 1H08
Ageing Handysize Fleet

Total handysize 25,000-34,999 dwt fleet as at 1 July 2008:
1,272 Vessels (37.4mil dwt)

Orderbook 25,000-34,999 dwt (40%)

- 0-15 yrs: 43%
- 16-24 yrs: 22%
- 25-29 yrs: 15%
- 30 yrs or above: 20%
- 0-15 yrs: 43%
- 16-24 yrs: 22%
- 25-29 yrs: 15%
- 30 yrs or above: 20%
- 0-15 yrs: 43%
- 16-24 yrs: 22%
- 25-29 yrs: 15%
- 30 yrs or above: 20%

Source: Clarkson
Note: % as of the existing fleet
* 25,000-34,999 Dwt

Delivery slippage in 1H08: estimate 23%* in handysize (35% for dry bulk)

Uncertainty over actual deliveries in 2009/2010

More than 35% older than 25 years
Dry Bulk Carrier Sale & Purchase Market

Second hand vessel prices continue to stay high

Our asset value moves in line with market values

5-year old handysize vessel price

Jan 08: US$ 43 mil

July 08: US$ 54 mil

+26%

Source: Clarkson
## 2008 Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>1H08</th>
<th>1H07</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCE Earnings (US$m)</td>
<td>586.4</td>
<td>269.2</td>
</tr>
<tr>
<td>Reported net profit</td>
<td>337.6</td>
<td>162.9</td>
</tr>
<tr>
<td>Less: Vessel disposal gains</td>
<td>(38.6)</td>
<td>(50.2)</td>
</tr>
<tr>
<td>Net profit before disposal gains</td>
<td>299.0</td>
<td>112.7</td>
</tr>
<tr>
<td>Basic EPS (HK¢)</td>
<td>162</td>
<td>81</td>
</tr>
<tr>
<td>Return on average shareholders’ equity</td>
<td>68%</td>
<td>63%</td>
</tr>
<tr>
<td>Interim dividends (HK¢ per share)</td>
<td>76.0</td>
<td>45.0</td>
</tr>
<tr>
<td>Payout ratio</td>
<td>50%</td>
<td>55%</td>
</tr>
</tbody>
</table>
## Results – Handysize Freight & Charter-hire

### Drivers of the results

<table>
<thead>
<tr>
<th></th>
<th>1H08</th>
<th>1H07</th>
<th>% Change</th>
<th>FY07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue days (days)</td>
<td>11,540</td>
<td>9,590</td>
<td>+20%</td>
<td>20,100</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>32,460</td>
<td>19,750</td>
<td>+64%</td>
<td>23,200</td>
</tr>
<tr>
<td>Owned + chartered cost (US$/day)</td>
<td>12,840</td>
<td>9,370</td>
<td>+37%</td>
<td>10,240</td>
</tr>
<tr>
<td>Contribution (US$m)</td>
<td>226.4</td>
<td>99.5</td>
<td>+128%</td>
<td>260.5</td>
</tr>
</tbody>
</table>

- More chartered in vessels increased revenue days
- 1H08 TCE rates reflect demand strength
- Blended cost reflects more chartered in vessels
## Results – Handymax Freight & Charter-hire

### Drivers of the results

<table>
<thead>
<tr>
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<th>1H07</th>
<th>% Change</th>
<th>FY07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue days (days)</td>
<td>2,900</td>
<td>2,260</td>
<td>+28%</td>
<td>4,870</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>46,100</td>
<td>25,180</td>
<td>+83%</td>
<td>30,040</td>
</tr>
<tr>
<td>Owned + chartered cost (US$/day)</td>
<td>32,940</td>
<td>20,580</td>
<td>+60%</td>
<td>23,050</td>
</tr>
<tr>
<td>Contribution (US$m)</td>
<td>38.2</td>
<td>10.0</td>
<td>+282%</td>
<td>34.0</td>
</tr>
</tbody>
</table>

**More chartered in vessels**

**Increased revenue days**

**1H08 TCE rates reflect use of short term chartered in vessels**
# Daily Vessel Costs - Handysize

## Financial Review

### US$/day

<table>
<thead>
<tr>
<th></th>
<th>Owned</th>
<th>Chartered</th>
</tr>
</thead>
</table>

### Vessel Days

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>1H08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessel Days</td>
<td>12,560</td>
<td>5,710</td>
</tr>
<tr>
<td></td>
<td>62%</td>
<td>49%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>1H08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,730</td>
<td>5,900</td>
</tr>
<tr>
<td></td>
<td>38%</td>
<td>51%</td>
</tr>
</tbody>
</table>

### Charter-hire

- **2008:** US$15,650
- **2009:** US$15,100

- About 46% chartered days
# Impact of Financial instruments

## Six months ended 30 June

<table>
<thead>
<tr>
<th>Net Gains / (Losses)</th>
<th>Realised</th>
<th>Unrealised</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap contracts</td>
<td>(0.2)</td>
<td>(0.4)</td>
<td>(0.6)</td>
<td>1.2</td>
</tr>
<tr>
<td>Bunker swap contracts</td>
<td>10.0</td>
<td>44.9</td>
<td>54.9</td>
<td>5.8</td>
</tr>
<tr>
<td>Forward freight agreements</td>
<td>(10.4)</td>
<td>(1.3)</td>
<td>(11.7)</td>
<td>(21.4)</td>
</tr>
</tbody>
</table>

- **Completed in period & cash settled**
- **i) Contracts to be settled in future period**
- **ii) Accounting reversal of earlier period contracts now completed**
## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 08</th>
<th>31 Dec 07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net book value of fixed assets</strong></td>
<td>898.6</td>
<td>755.9</td>
</tr>
<tr>
<td><strong>Gross borrowings</strong></td>
<td>612.3</td>
<td>660.2</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td>804.3</td>
<td>649.5</td>
</tr>
<tr>
<td><strong>Net cash / (borrowings)</strong></td>
<td>192.0</td>
<td>(10.7)</td>
</tr>
<tr>
<td><strong>Shareholder's equity</strong></td>
<td>1,333.2</td>
<td>867.6</td>
</tr>
<tr>
<td><strong>Net cash (borrowings) / Fixed assets</strong></td>
<td>21.1%</td>
<td>(1.4) %</td>
</tr>
<tr>
<td><strong>Net cash (borrowings) / Shareholder's equity</strong></td>
<td>14.4%</td>
<td>(1.2) %</td>
</tr>
</tbody>
</table>

Note 1
- 35 delivered dry bulk, NBV = US$667m
- Avg NBV: HS: US$18.6m, HM: US$23.9m
- Avg insurable value: HS: US$50.8m, HM: US$67.7m

Insurable values of vessels with Ownership interest: US$3.7bn
- 56 Dry bulk = 3.0bn
- 6 RoRos = 0.6bn
- 20 Tugs & barges = 0.1bn
Capex and Combined Value by Vessel Types

Vessels Commitments

Total US$721 mil

US$ mil

2008 2009 2010 2011

Total US$1,616 mil

US$ mil

Dry Bulk RoRo Towage

Unpaid Contract Amount US$721mil
Progress Payment Made US$188 mil
Vessels Carrying Values US$707 mil

Funded from existing cash + new debt

Further commitments expected in these areas
## Cashflow

**US$m**

### Operating cash inflows

<table>
<thead>
<tr>
<th></th>
<th>1H08</th>
<th>1H07</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>284.2</td>
<td>97.0</td>
</tr>
</tbody>
</table>

### Investing cash in/ (out) flows

- Payments for vessels and other fixed assets
<table>
<thead>
<tr>
<th></th>
<th>1H08</th>
<th>1H07</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(217.5)</td>
<td>10.2</td>
</tr>
</tbody>
</table>
- Sales of vessels
  |        | (201.2)| 176.0 |
- Purchase of available-for-sale financial assets
  |        | (40.3) | -     |
- Investment in jointly controlled entities
  |        | (37.4) | -     |
- Others, mainly restricted cash & interest received
  |        | (19.2) | 1.8   |

### Financing cash in/ (out) flows

- Proceeds from placement of shares, net of expenses
  |        | 54.0  | (87.2) |
- Net repayment of borrowings
  |        | (51.6)| (30.9) |
- Dividends paid
  |        | (152.8)| (45.0) |
- Others, mainly interest paid
  |        | (12.6)| (11.3) |

### Cash at 30 June

<table>
<thead>
<tr>
<th></th>
<th>1H08</th>
<th>1H07</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>804.3</td>
<td>83.3</td>
</tr>
</tbody>
</table>
## Dividend

**Revised dividend policy:**
Minimum 50% payout of attributable profits excluding vessel disposal gains

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>US$mil</th>
<th>HK$ per share</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Final (paid 16 Apr 08)</td>
<td>152.8</td>
<td>75.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interim (paid 31 Aug 07)</td>
<td>91.3</td>
<td>45.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total for 2007</strong></td>
<td><strong>244.1</strong></td>
<td><strong>120.0</strong></td>
<td><strong>52%</strong></td>
</tr>
<tr>
<td>1H08</td>
<td>Interim (ex div 18 Aug 08) (payable 29 Aug 08)</td>
<td>170.0</td>
<td>76.0</td>
<td><strong>50%</strong></td>
</tr>
</tbody>
</table>
## Business Development

| Roll on Roll off (RoRo) | 6 newbuildings will deliver in 2009 to 2011 including 2 purchase options  
|                        | Good demand prospects, high average fleet age and low orderbook |
| Fujairah Bulk Shipping | Strategy to be the market leader in sourcing and transporting aggregate in the Gulf region  
|                        | In 1H08, US$1.4m profit recorded (PB share) |
| Ports and Port Services | APMIG - Nanjing Longtan Tianyu Terminal (45% holding JV)  
|                        | February 2008 formal operations commenced, handled over 0.6mil tonnes of cargo, mainly cement, fertilisers and chemicals  
| PB Towage | Operates 11 modern tugs in Brisbane, Sydney, Melbourne, W.Aus and the Arabian Gulf  
| Maritime Management Services | New division established – PB Maritime Services / PB Tankers |
Roll On Roll Off (RoRo)

- 6 newbuildings will deliver in 2009 to 2011 including 2 purchase options
- Used for transportation of wheeled cargoes (mostly trucks) which are loaded over a ramp
- Proven design, suitable for the common short sea trades

1,300-2,700LM, 1-Year Moving Average Time Charter Rates (Euro)

Source: Maersk Broker June 2008
Attractive RoRo Sector

Attractive fundamentals

- Immediate “short-sea” trade demand is in Asia Minor & Europe, with Pacific Basin also well positioned to lead the way in the Asian RoRo sector
- Low orderbook (<20%)
- 42% of vessels aged 25 years or over

Age Profile RoRo Fleet
488 Vessel (897,774 Lane Meter) as at Jun08

- 21% ≥ 30 Years +
- 42% > 25 Years +
- 61% > 15 Years +

RoRo Orderbook
(56 Vessels or 178,129 Lane Meter)

Orderbook: 19.8%

Source: Maersk Broker
Note: % as of the existing fleet in Lane Meter
Ports and Port Services

Ports Infrastructure Unit

- APMIG - Nanjing Longtan Tianyu Terminal (JV: 45% equity)
  - February 2008, formal operations commenced and in 1H08 handled over 0.6mil tonnes of cargo, mainly cement, fertilisers and chemicals
  - Further projects identified in the Yangtze Delta and Bohai Bay
- Asia Pacific-Middle East region: Evaluating port developments
- Gold River wharf, Canada: Taken 33% share in the ownership and operating rights

PB Towage

- Harbour work for major shipping lines and oil services activities concentrated in Australia
- A growing fleet of modern, high quality tugs and barges to service shipping lines, and the energy and construction sectors
- Currently owns and operates 17 tugs, including 6 on order
FBSL & Maritime Services

Fujairah Bulk Shipping

- JV in Middle East for supplying rock and aggregates using tugs, barges and handysize ships from Fujairah to Qatar and Kuwait
- 50:50 joint venture between Pacific Basin and the Government of Fujairah
- Strong performance and further expansion of its operations in 2008

Maritime Management Services

PB Maritime Services / PB Tankers / PacMarine

- Third party ship management and associated marine management services
- The managed fleet encompasses a broad range of vessel types, size and complexity such as RoRo, RoPax and Tankers
Significant current year rate increases compared to last time this year, similar coverage:
Handysize rate: +55% \((1H07: \text{US}\$20,000)\)
Handymax rate: +103% \((1H07: \text{US}\$23,700)\)

Volatile spot rates mitigated by policy of booking cover. Now 1 to 3 years

*includes an approximate US$1,000/day anticipated uplift from efficient voyage execution
^Excludes 2 handymax vessels on long term charter
Outlook

- Handysize revenue days set to increase by 13% in 2008 on 2007 & 58% for handymax
- 64% of 2009 handysize days uncovered; current spot market stands at US$36,330 per day net
- Solid balance sheet – US$192m net cash, total assets of US$2.1 billion and shareholders’ equity of US$1.3 billion
- Future dividend policy - continue to pay out a minimum of 50% of profits but excluding vessel disposal gains
- Continue building presence in RoRo, ports and ports services segments
- Developing a comprehensive environmental programme including immediate technical improvements
- A positive outlook on the dry bulk shipping market over the next twelve months
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.