



Stock Code: 2343



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

Network of PB Key Offices



* 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:**

	1H08	1H07	
Handysize	US\$32,460	US\$19,750	+64%
Handymax	US\$46,100	US\$25,180	+83%

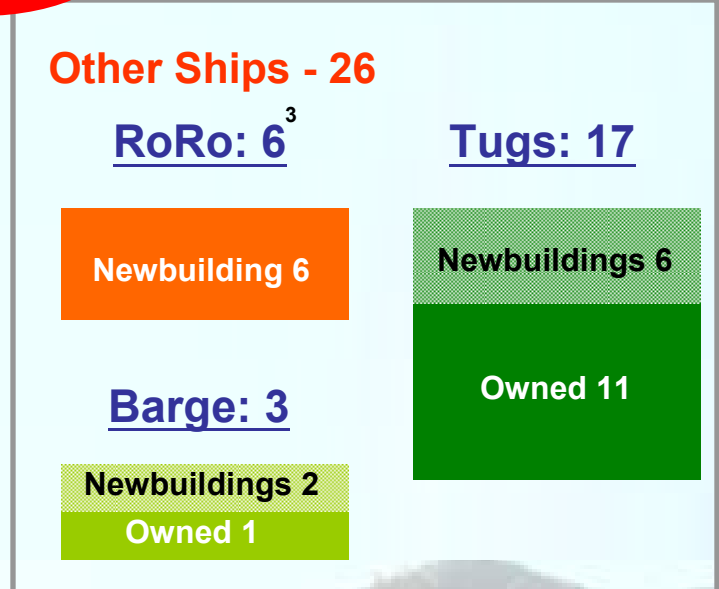
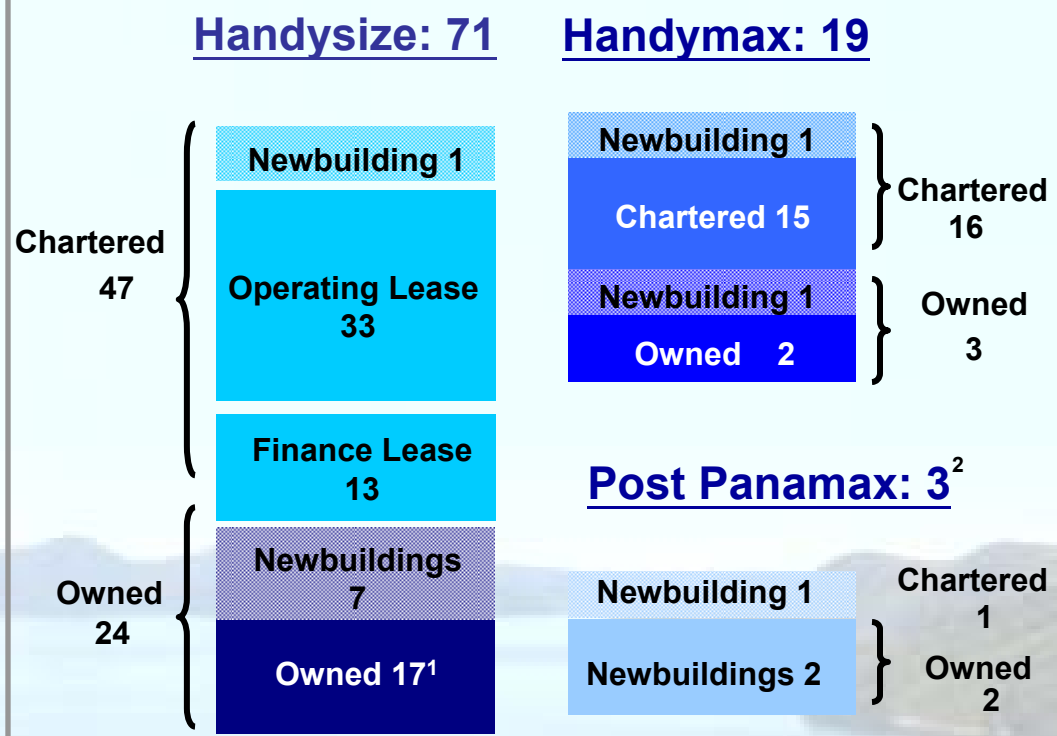
Fleet Profile

Fleet numbers as at 31 July 2008

Total 140 ships

Dry Bulk Fleet – 93
Short Term Chartered - 21

Other Ships - 26



Includes 12 chartered-in vessels with purchase options

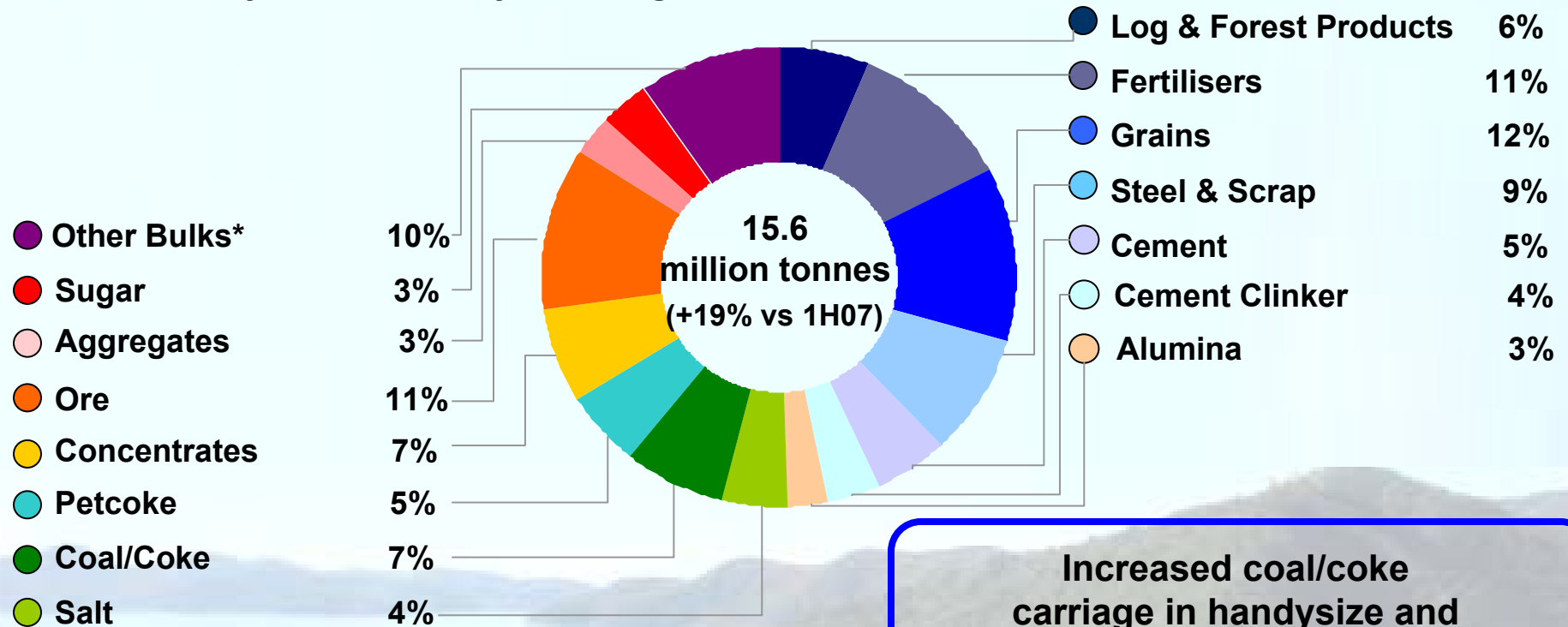
Note: ¹The Group has a 63.5% interest in 1 owned vessel

²The Group has a 50% interest in 1 owned newbuilding and 1 chartered newbuilding through its joint venture

³ Two 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



Increased coal/coke carriage in handysize and grains & ore in handymax 1H08

Increasing ore carriage from India to China

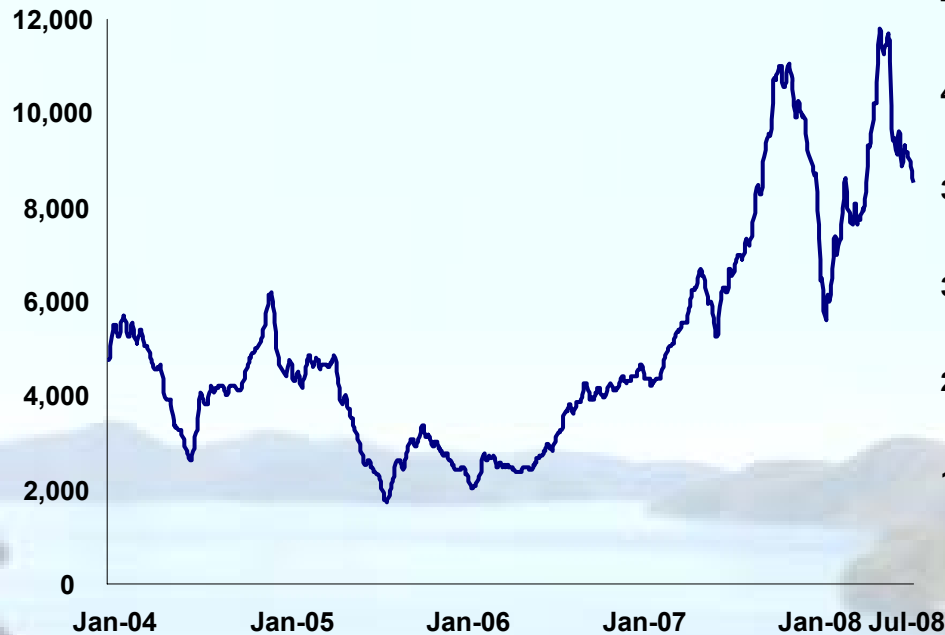
* Other bulks includes Gypsum, Sands, Soda Ash and Agriculture Products

Baltic Exchange Indices

The Baltic Dry Index (BDI)

**28 Jul 2008
8,513**

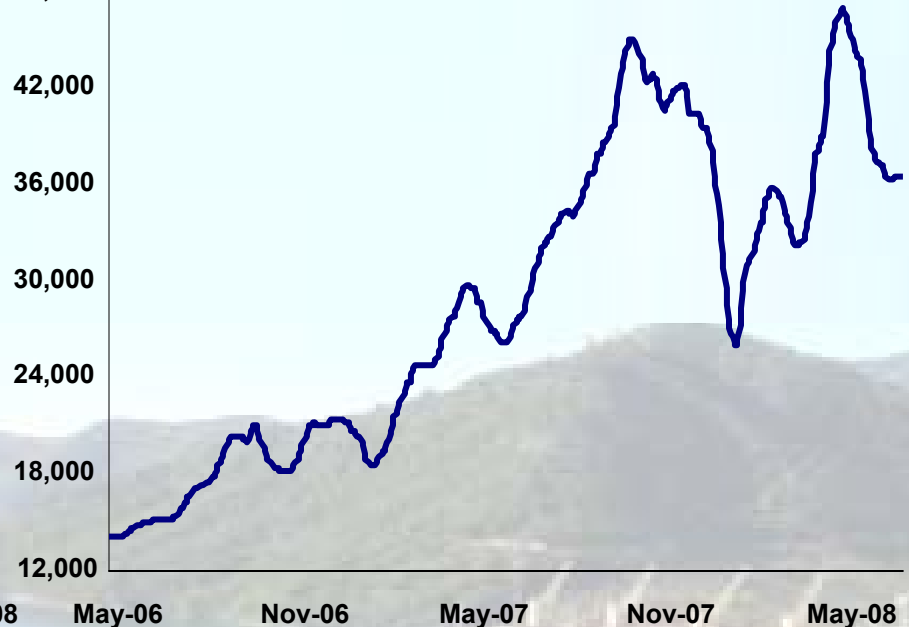
\$US/day (net)



The Baltic Handysize Index (BHSI)

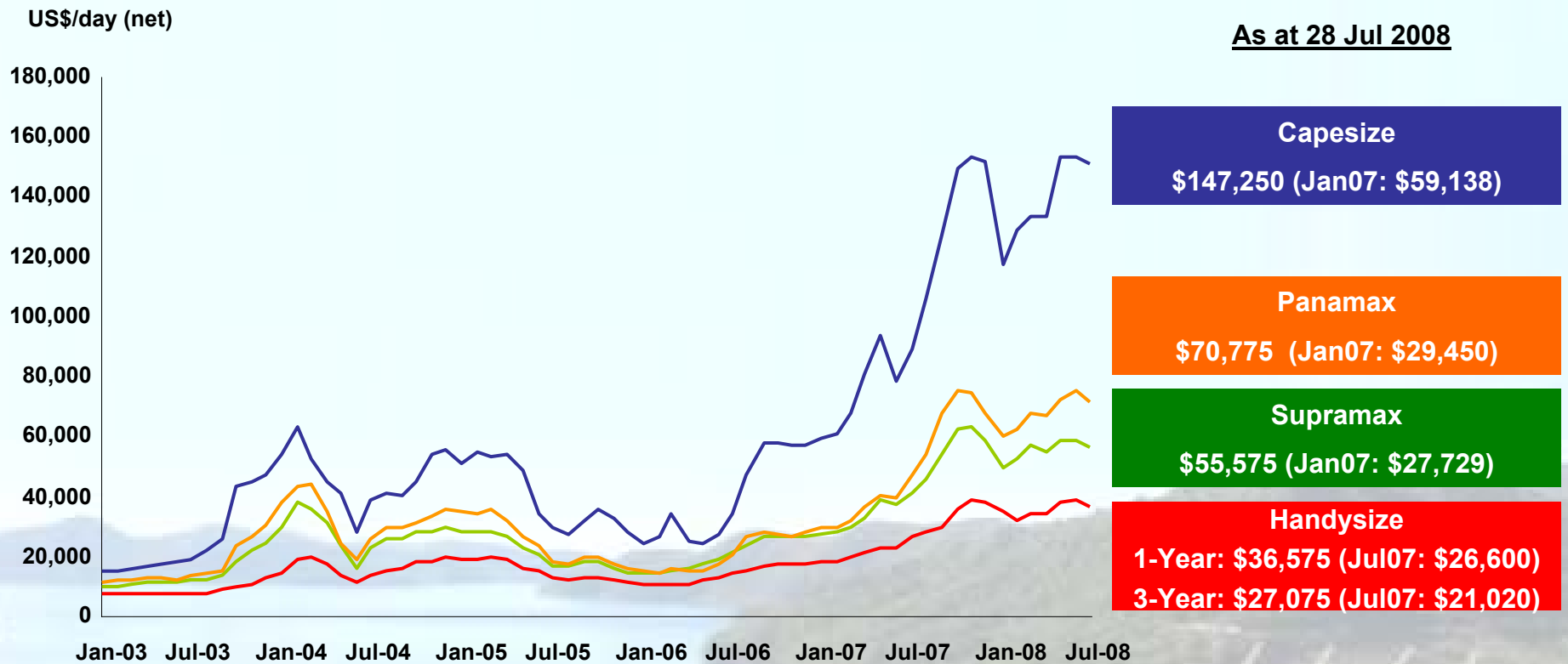
**28 Jul 2008
US\$ 36,330**

\$US/day (net)



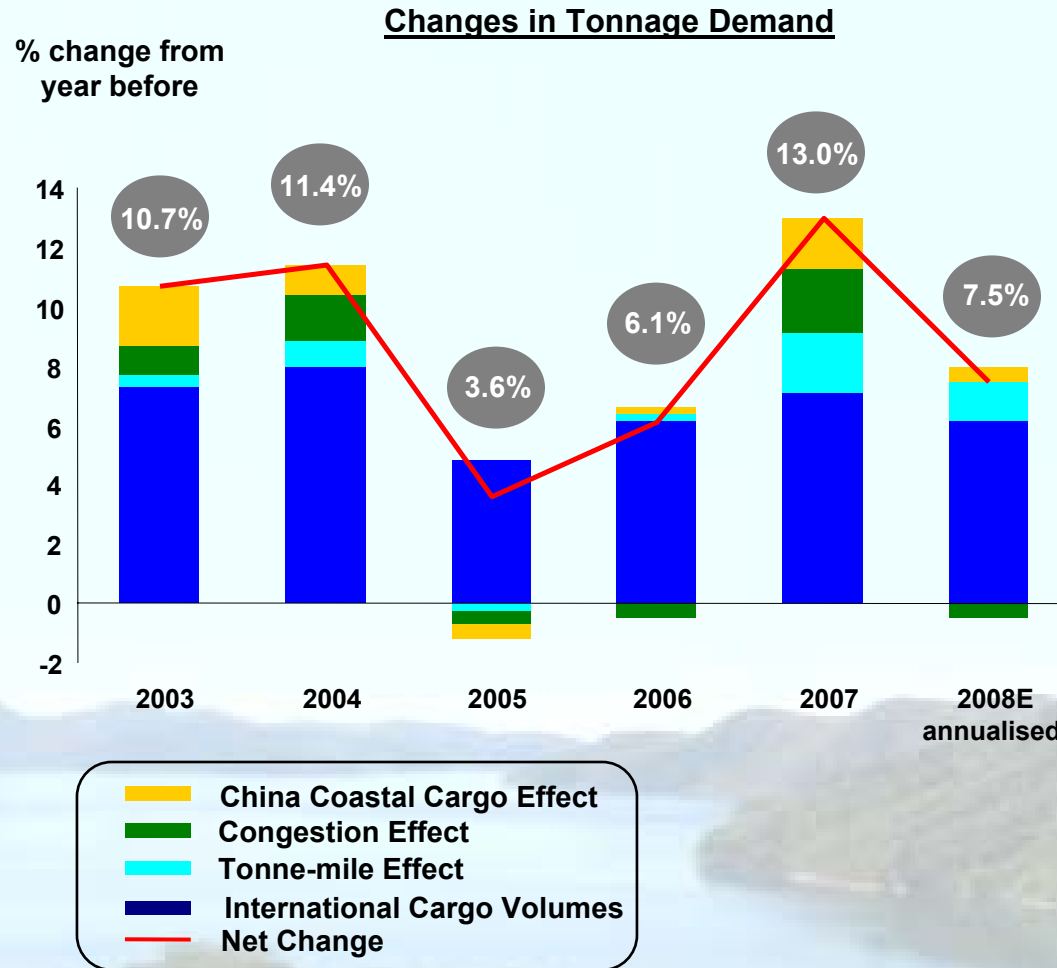
*BHSI officially started on 2 January 07
Sources: The Baltic Exchange, Bloomberg LP*

Dry Bulk – 1 Year Time-Charter Rate



Source: Clarkson

High Tonnage Demand







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

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

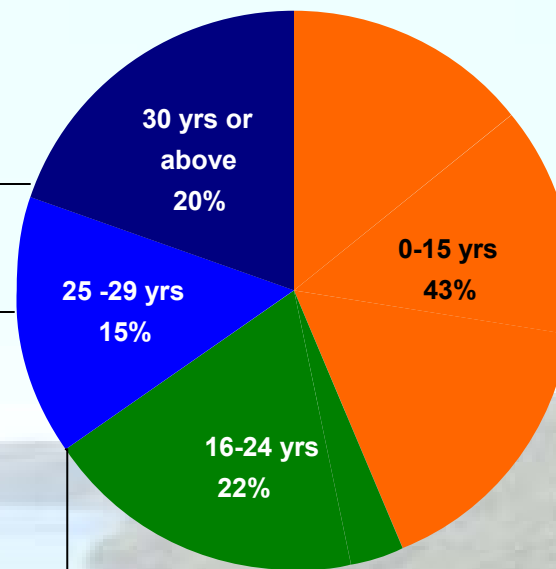
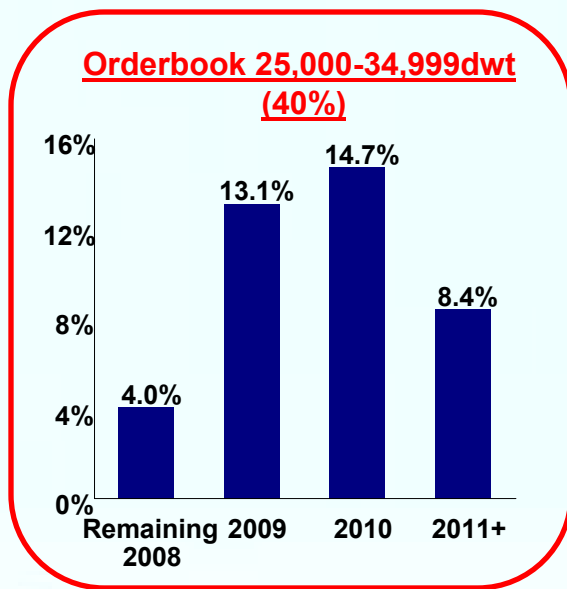
**Significant
orderbook
slow down
in 1H08**

Source: Clarkson 1 July 2008

Note: * >10,000 Dwt

Ageing Handysize Fleet

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



20% ≥ 30+Years

35% ≥ 25+Years

57% > 15+Years

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

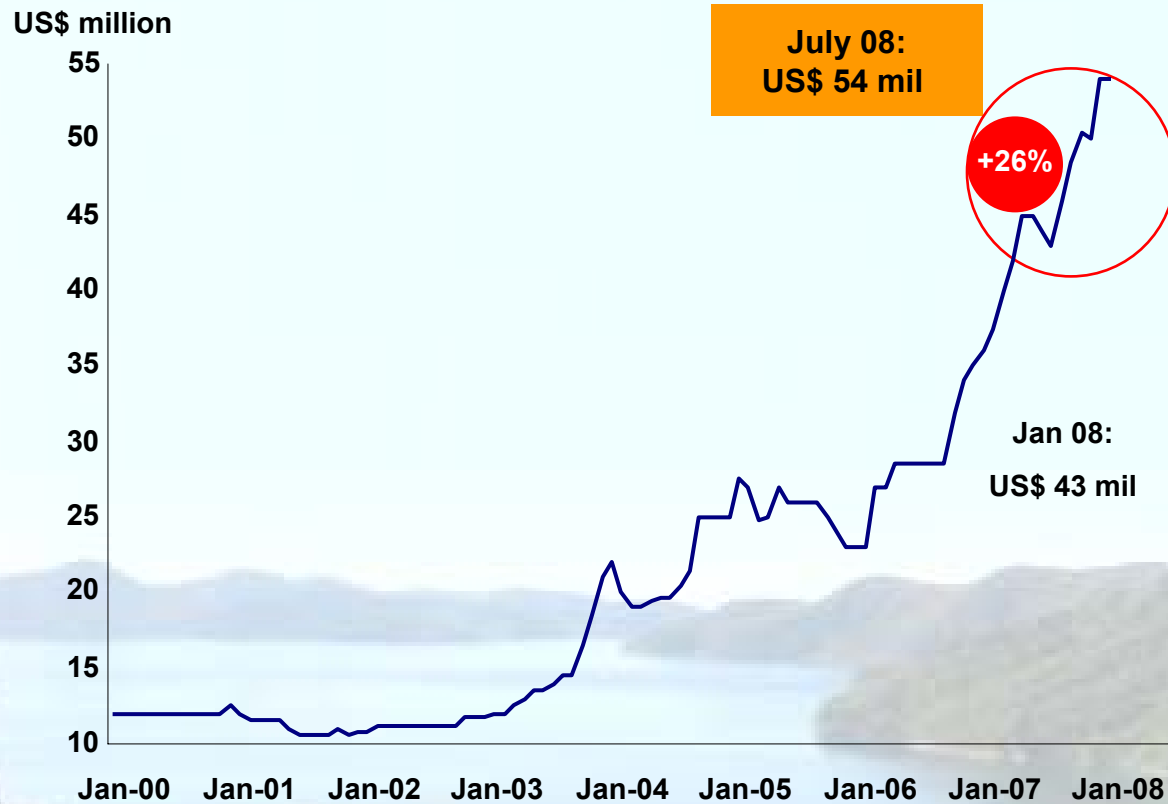
Uncertainty over actual deliveries in 2009/2010

More than 35% older than 25 years

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

Dry Bulk Carrier Sale & Purchase Market

5-year old handysize vessel price



Second hand vessel prices continue to stay high

Our asset value moves in line with market values

Source: Clarkson

2008 Financial Highlights

	1H08	1H07
TCE Earnings (US\$m)	586.4	269.2
Reported net profit	337.6	162.9
Less: Vessel disposal gains	(38.6)	(50.2)
Net profit before disposal gains	299.0	112.7
Basic EPS (HK¢)	162	81
Return on average shareholders' equity	68%	63%
Interim dividends (HK¢ per share)	76.0	45.0
Payout ratio	50%	55%

Results – Handysize Freight & Charter-hire

Drivers of the results

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

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

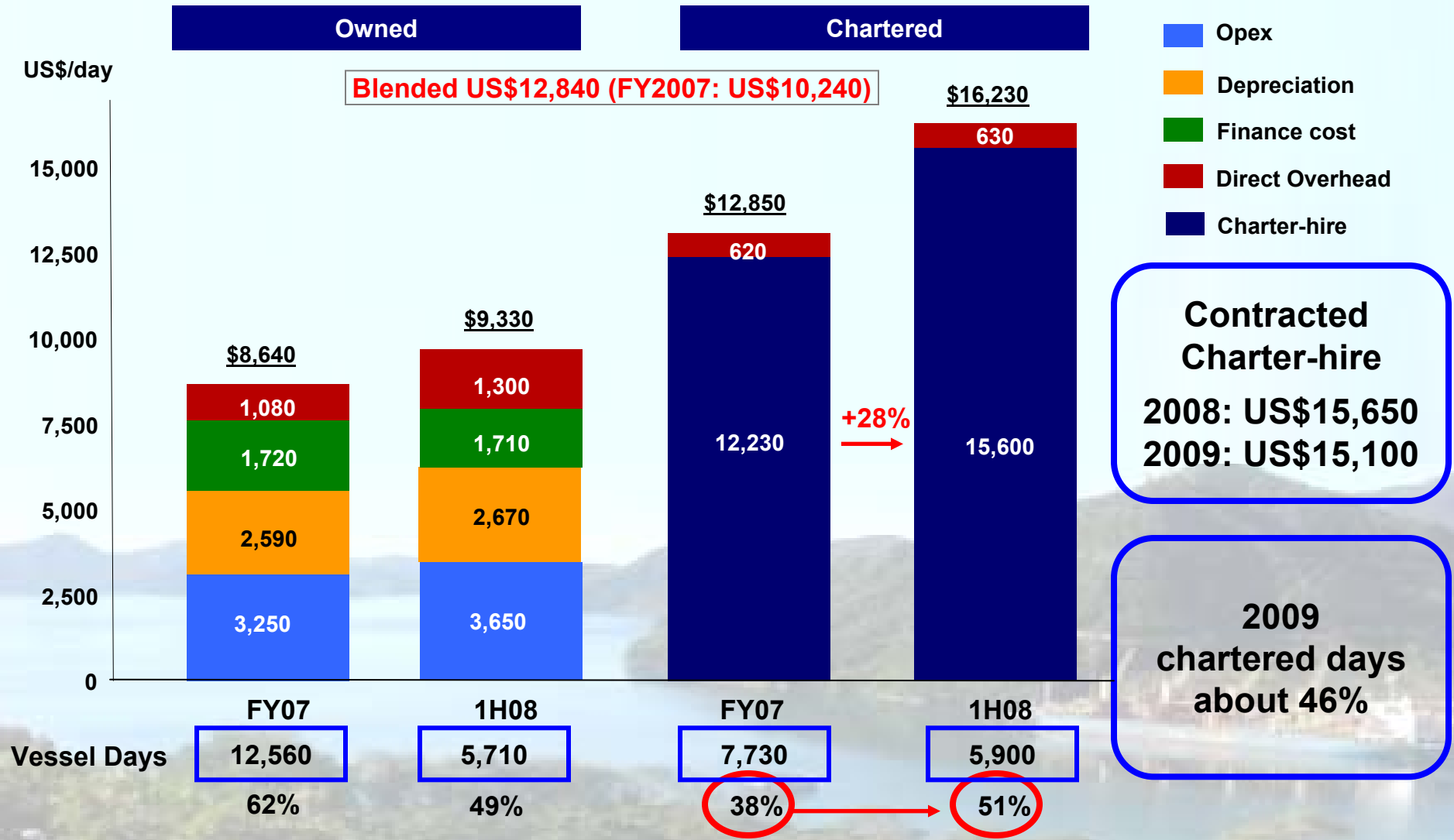
		1H08	1H07	% Change	FY07
Revenue days	(days)	2,900	2,260	+28%	4,870
TCE earnings	(US\$/day)	46,100	25,180	+83%	30,040
Owned + chartered cost	(US\$/day)	32,940	20,580	+60%	23,050
Contribution	(US\$m)	38.2	10.0	+282%	34.0

More chartered in vessels
Increased revenue days

1H08 TCE rates reflect use of
short term chartered in vessels

Daily Vessel Costs - Handysize

As at 1H08



Impact of Financial instruments

US\$ million	Six months ended 30 June			
	Realised	Unrealised	2008	2007
Net Gains / (Losses)				
Interest rate swap contracts	(0.2)	(0.4)	(0.6)	1.2
Bunker swap contracts	10.0	44.9	54.9	5.8
Forward freight agreements	(10.4)	(1.3)	(11.7)	(21.4)
	(0.6)	43.2	42.6	(14.4)

Completed in period
& cash settled

i) Contracts to be settled
in future period
+
ii) Accounting reversal of
earlier period contracts
now completed

Balance Sheet

US\$mil

Net book value of fixed assets ¹

Gross borrowings

Cash

Net cash / (borrowings)

Shareholder's equity

Net cash (borrowings) / Fixed assets

Net cash (borrowings) / Shareholder's equity

30 Jun 08

898.6

612.3

804.3

192.0

1,333.2

21.1%

14.4%

31 Dec 07

755.9

660.2

649.5

(10.7)

867.6

(1.4)%

(1.2)%

Note 1

35 delivered dry bulk, NBV = US\$667m

Avg NBV: HS: US\$18.6m, HM: US\$23.9m

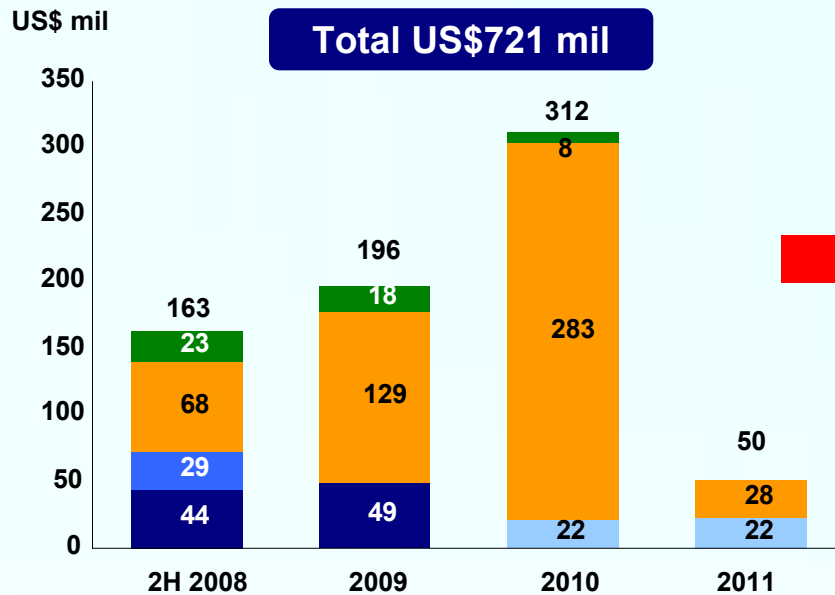
Avg insurable value: HS: US\$50.8m, HM: US\$67.7m

Insurable values of vessels with Ownership interest: US\$3.7bn

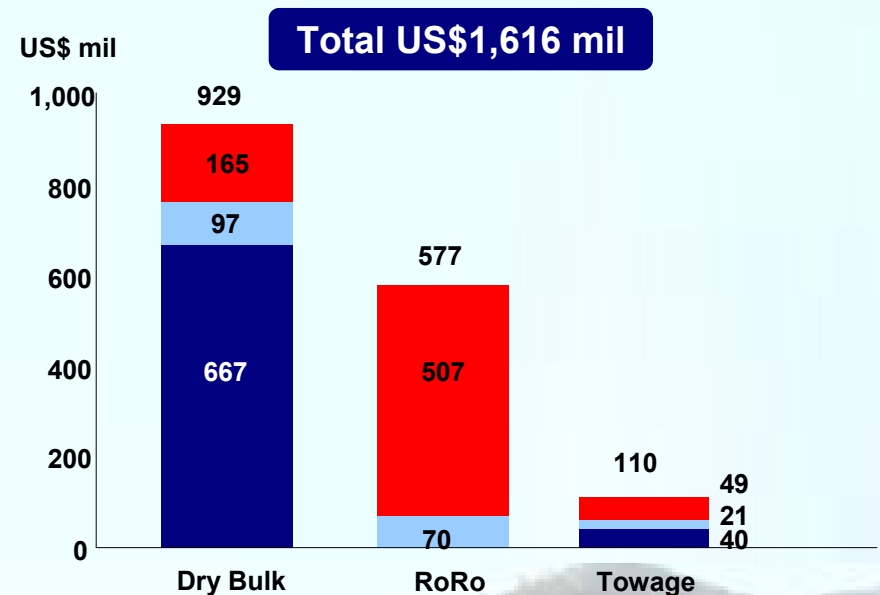
- 56 Dry bulk = 3.0bn
- 6 RoRos = 0.6bn
- 20 Tugs & barges = 0.1bn

Capex and Combined Value by Vessel Types

Vessels Commitments



A Combined View of Vessel Carrying Values and Commitments



- Handysize
- Handymax
- Post Panamax
- RoRo
- Tug & Barge

- 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

Investing cash in/ (out) flows

- Payments for vessels and other fixed assets
- Sales of vessels
- Purchase of available-for-sale financial assets
- Investment in jointly controlled entities
- Others, mainly restricted cash & interest received

Financing cash in/ (out) flows

- Proceeds from placement of shares, net of expenses
- Net repayment of borrowings
- Dividends paid
- Others, mainly interest paid

Cash at 30 June

1H08

1H07

284.2

97.0

(217.5)

10.2

(201.2)

(167.6)

80.6

176.0

(40.3)

-

(37.4)

-

(19.2)

1.8

54.0

(87.2)

271.0

-

(51.6)

(30.9)

(152.8)

(45.0)

(12.6)

(11.3)

804.3




83.3

Dividend

Year	Dividend		US\$mil	HK\$ per share	Payout Ratio
2007	Final	(paid 16 Apr 08)	152.8	75.0	
	Interim	(paid 31 Aug 07)	91.3	45.0	
Total for 2007			244.1	120.0	52%
1H08	Interim	(ex div 18 Aug 08) (payable 29 Aug 08)	170.0	76.0	50%

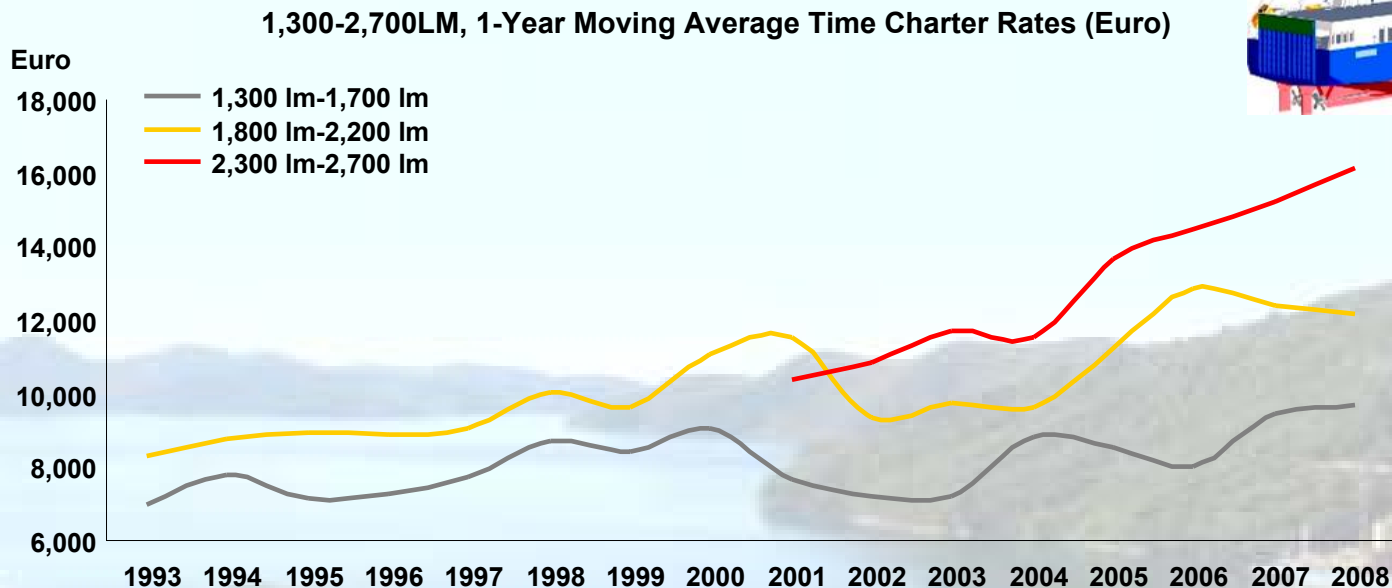
Revised dividend policy:
Minimum 50% payout of attributable profits
excluding vessel disposal gains

Business Development

<p>Roll on Roll off (RoRo)</p>	<ul style="list-style-type: none"> ▶ 6 newbuildings will deliver in 2009 to 2011 including 2 purchase options ▶ Good demand prospects, high average fleet age and low orderbook
<p>Fujairah Bulk Shipping</p>	<ul style="list-style-type: none"> ▶ Strategy to be the market leader in sourcing and transporting aggregate in the Gulf region ▶ In 1H08, US\$1.4m profit recorded (PB share)
<p>Ports and Port Services</p> <div style="display: flex; align-items: center; gap: 20px;">    </div>	<p>APMIG - Nanjing Longtan Tianyu Terminal (45% holding JV)</p> <ul style="list-style-type: none"> ▶ February 2008 formal operations commenced, handled over 0.6mil tonnes of cargo, mainly cement, fertilisers and chemicals <p>PB Towage</p> <ul style="list-style-type: none"> ▶ Operates 11 modern tugs in Brisbane, Sydney, Melbourne, W.Aus and the Arabian Gulf
<p>Maritime Management Services</p>	<ul style="list-style-type: none"> ▶ 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

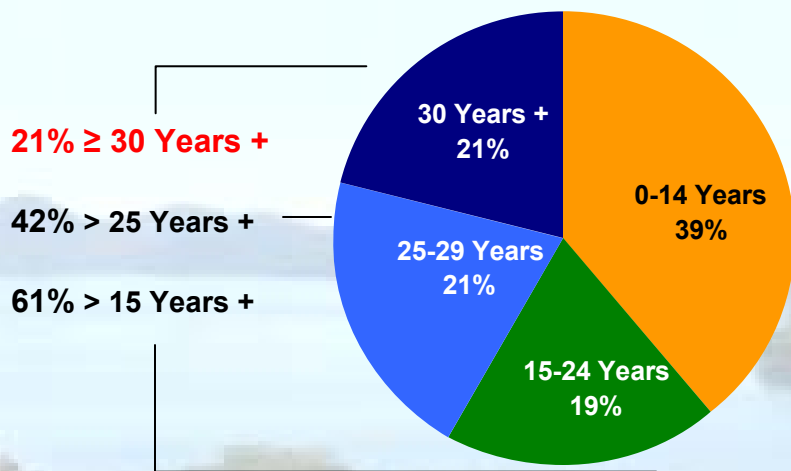


Source: Maersk Broker June 2008

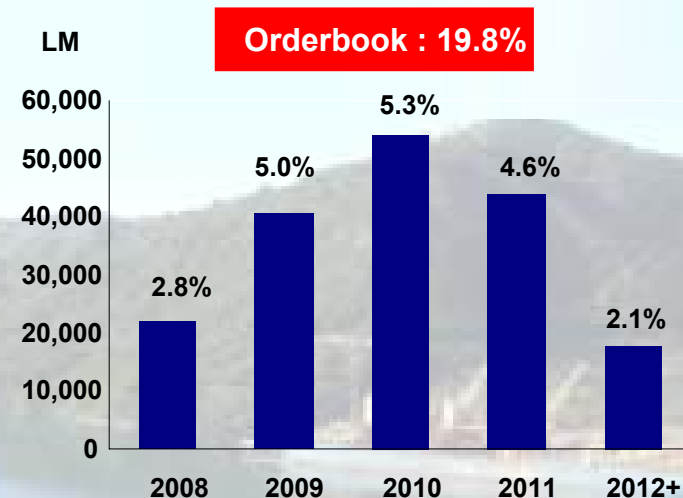
Attractive RoRo Sector

- ▶ **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



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



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**

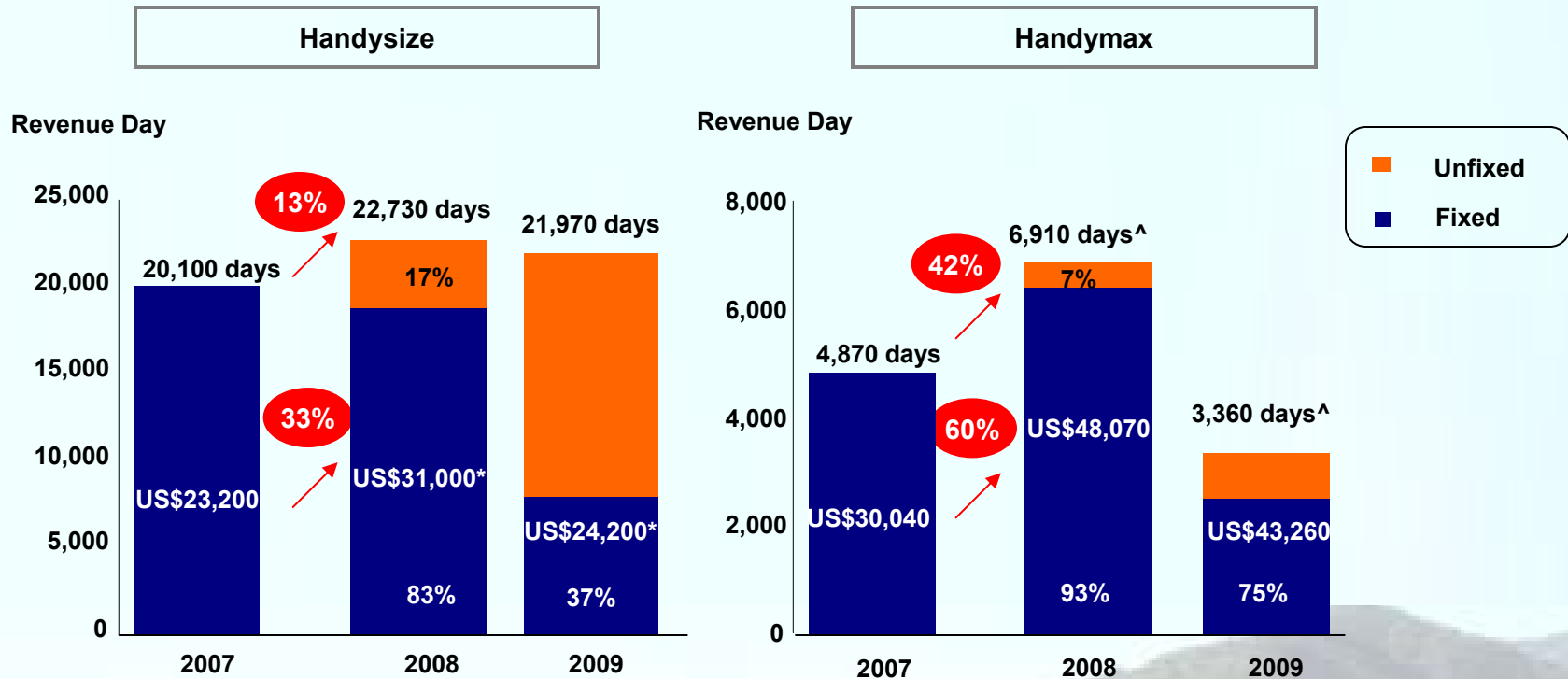
Maritime Management Services

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**

Earnings Coverage

Earnings coverage as at 21 July 2008



Significant current year rate increases compared to last time this year, similar coverage:
 Handysize rate: +55% (1H07: US\$20,000)
 Handymax rate: +103% (1H07: 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.