

Annual Results

2007

Pacific Basin



Stock Code: 2343

As at 3 Mar 08

What is Pacific Basin?

- ◆ World's largest modern handysize vessel owner/operator
- ◆ 19 offices worldwide, 297 shore-based staff, 1,345 seafarers
- ◆ We carry the dry bulk commodities required for China's and Asia's growth
- ◆ Enjoying record high rate environment brought about by tight balance of ship supply and commodity demand



Pacific Basin

PacMarine



2007 Results Highlights

- ◆ **Profits: US\$472m (US\$110m) • Basic EPS: HK\$2.34 (HK65¢)**
- ◆ **Includes US\$137m (US\$77m) disposal gains**
- ◆ **Handysize average daily charter rate: US\$23,200/day (US\$15,420/day)**
- ◆ **ROE: 78% (36%) • Net Profit Margin: 67% (32%)**
- ◆ **Final proposed dividend 2007: HK 75¢ • Total 2007 dividend HK\$1.20**
 - **Payout: 52% (71%)**
- ◆ **Total shareholders' return for 2007: 171% (51%), comprising HK\$7.68 of capital gains and HK\$0.65 of dividends paid**

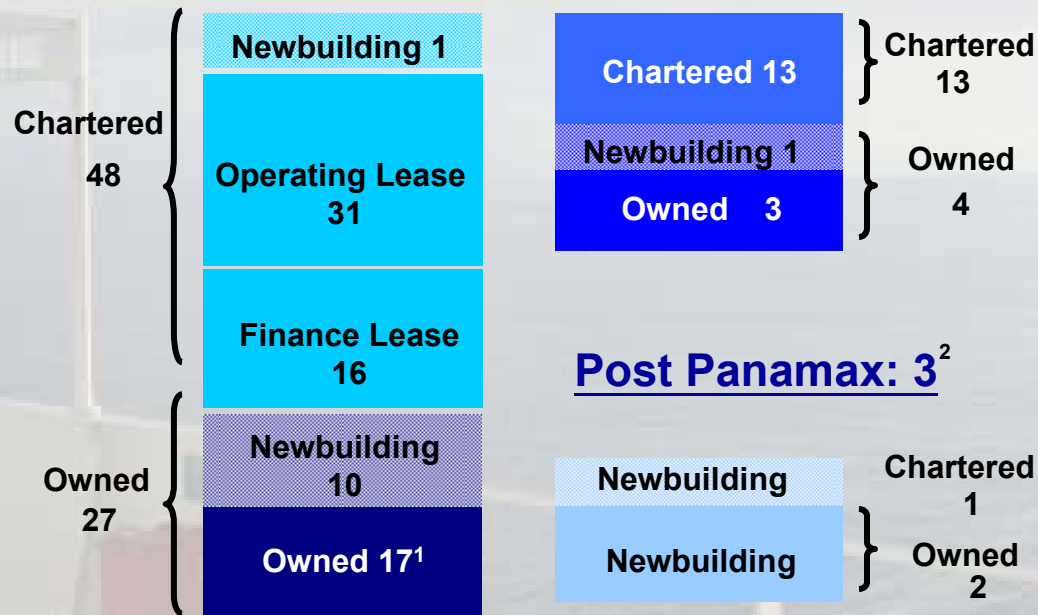
Fleet Profile

Fleet numbers as at 28 February 2008

Dry Bulk Fleet - 95

Handysize: 75

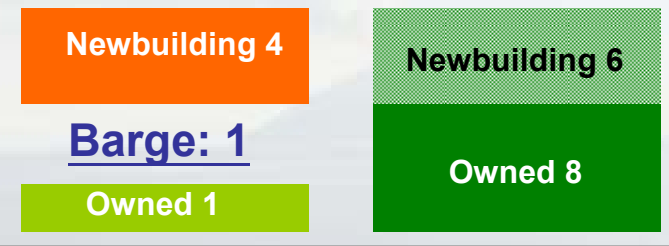
Handymax: 17



Other Ships - 19

RoRo: 4

Tugs: 14



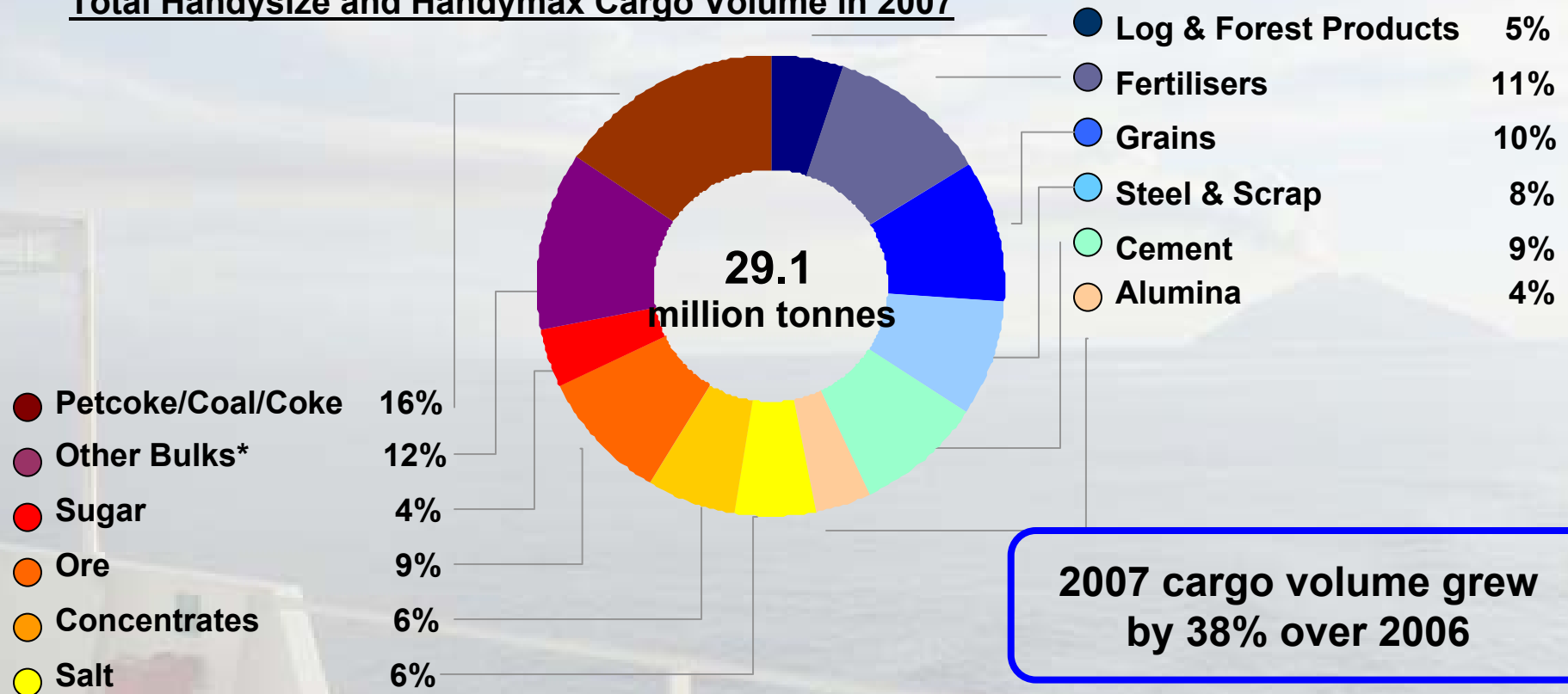
Includes 12 chartered-in vessels with purchase options

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, Pacific Time Shipping

Diversified Cargo

Total Handysize and Handymax Cargo Volume in 2007



2007 cargo volume grew by 38% over 2006

Diversity of cargo types produces stable earnings versus major bulks

* Includes Cement Clinker, Gypsum, Sands, Soda Ash, Agricultural Products, Aggregates



Market Review

Baltic Exchange Indices

The Baltic Dry Index (BDI)

29 Feb 2008
7613

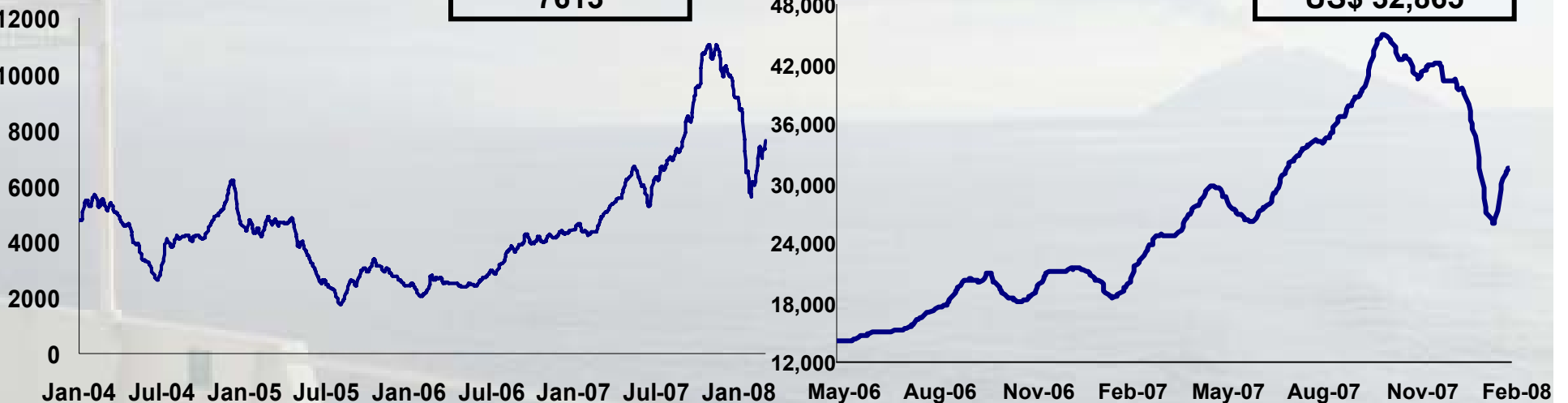


The Baltic Handysize Index (BHSI)

29 Feb 2008
US\$ 32,865

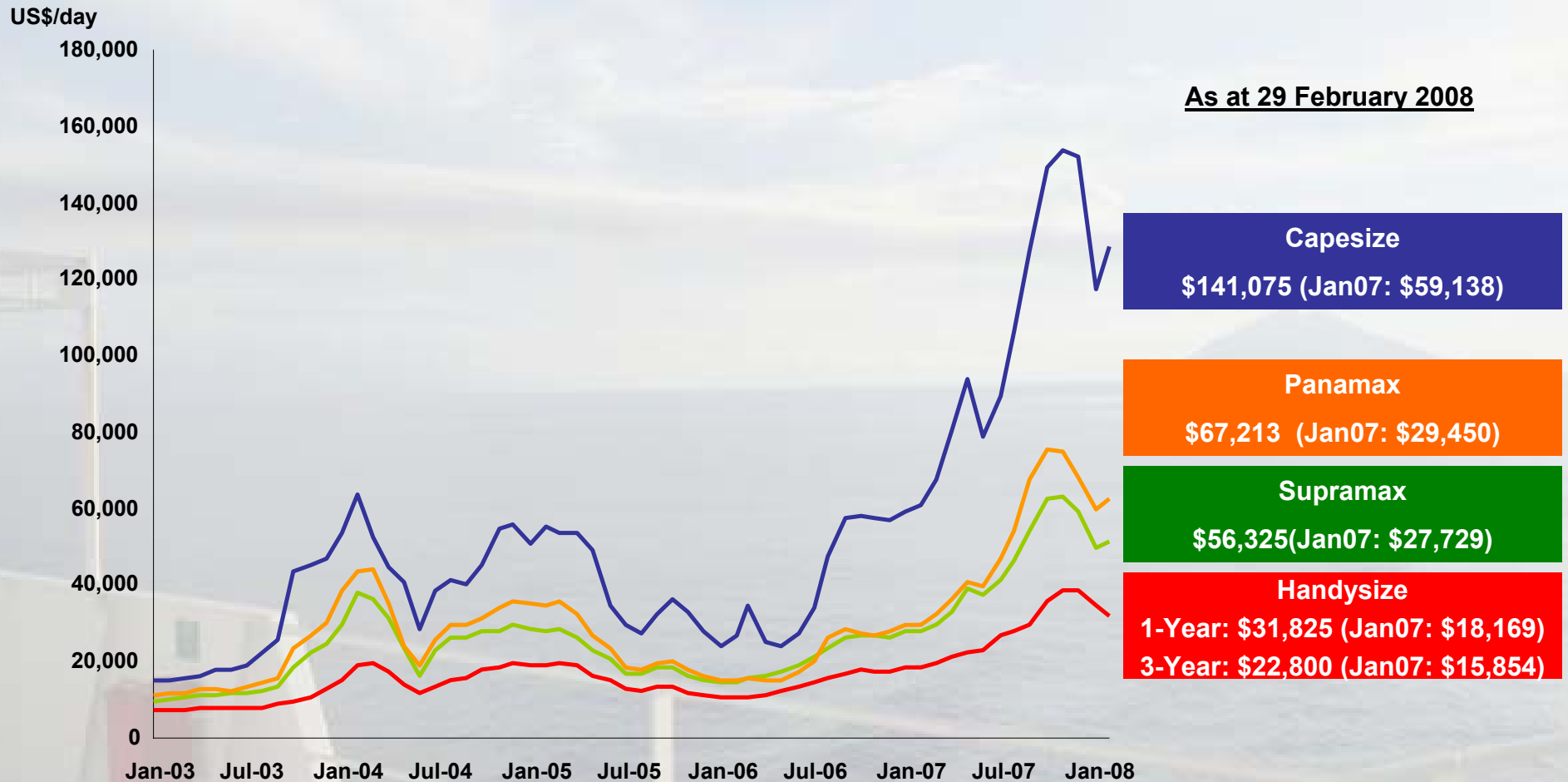
\$US/day
48,000
42,000
36,000
30,000
24,000
18,000
12,000

Jan-04 Jul-04 Jan-05 Jul-05 Jan-06 Jul-06 Jan-07 Jul-07 Jan-08 May-06 Aug-06 Nov-06 Feb-07 May-07 Aug-07 Nov-07 Feb-08



Note: BHSI is shown as Net rate
BHSI officially started on 2Jan07
Sources: The Baltic Exchange, Bloomberg LP

Dry Bulk – 1 Year Time-Charter Rate



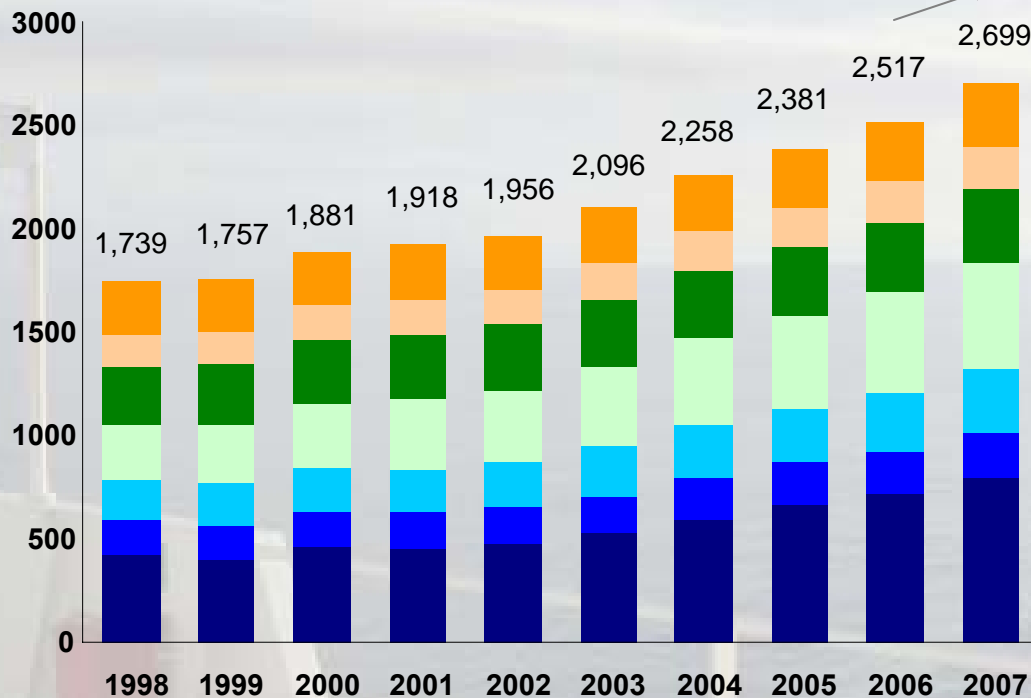
Note: Net Rate
Source: Clarkson

Sustainable Growth of Bulk Cargo Volume

B

Seaborne Bulk Trade and Tonnage Demand

Million Tonnes



7.2%

Total cargo volumes grew by a healthy 7% year on year

Variety and volume of commodities needed by China have forced a change in traditional trading patterns

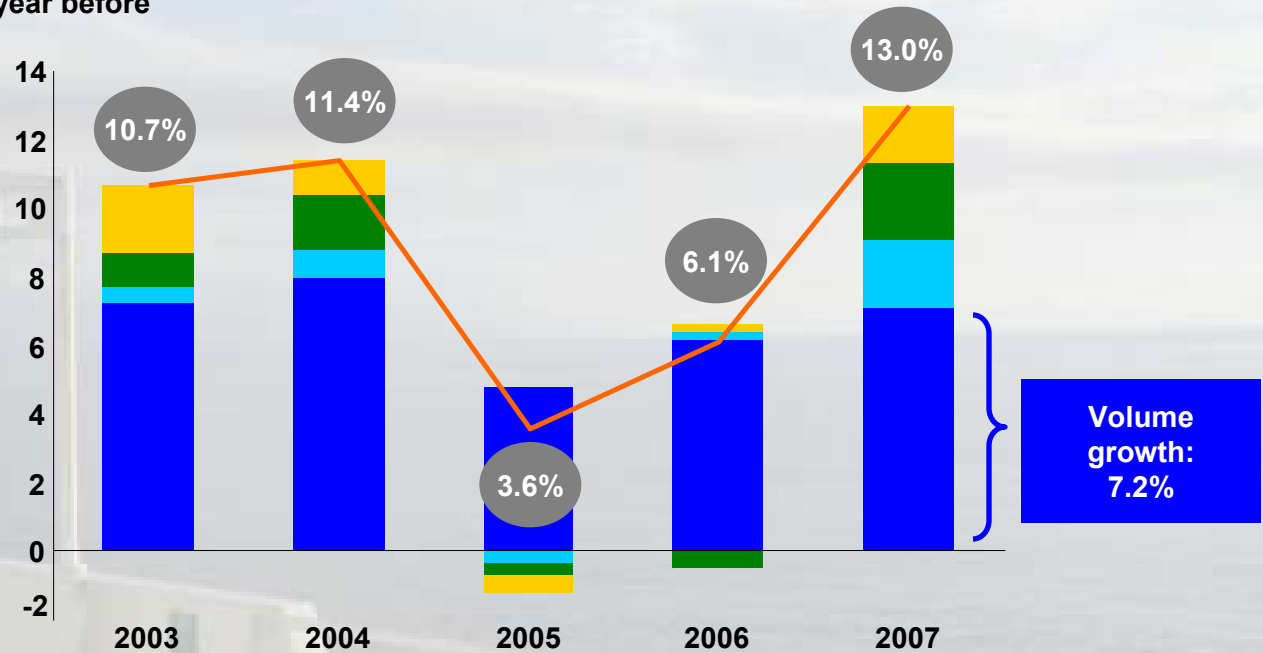
- Iron Ore
- Coking Coal
- Other Steel Related
- Steam Coal
- Grain & Soya
- Forest
- Others

Source: RS Platou

High Tonnage Demand

Changes in Tonnage Demand

% change from year before







Estimated tonnage demand growth of 13% from 2006 to 2007

Demand for ships enhanced by tonne miles, congestion and Chinese domestic trade

- International cargo volumes
- Tonne-mile effect
- Congestion effect
- China Coastal cargo effect
- Net Change

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	57%	
Capesize 100K + 	87%	11.3
Panamax 60-100K 	44%	11.8
Handymax 40K-60K 	56%	11.8
Handysize 25-35K 	35%	18.0

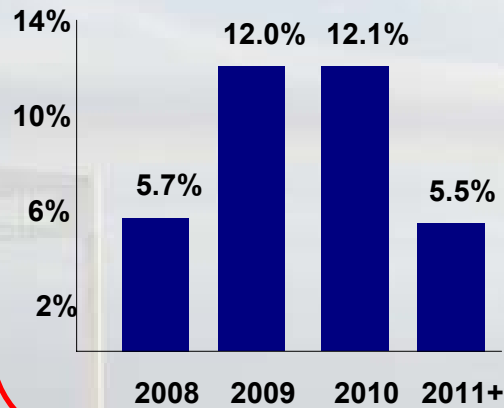
Record year for dry bulk ordering in 2007

But still limited supply in 2008, particularly handysize

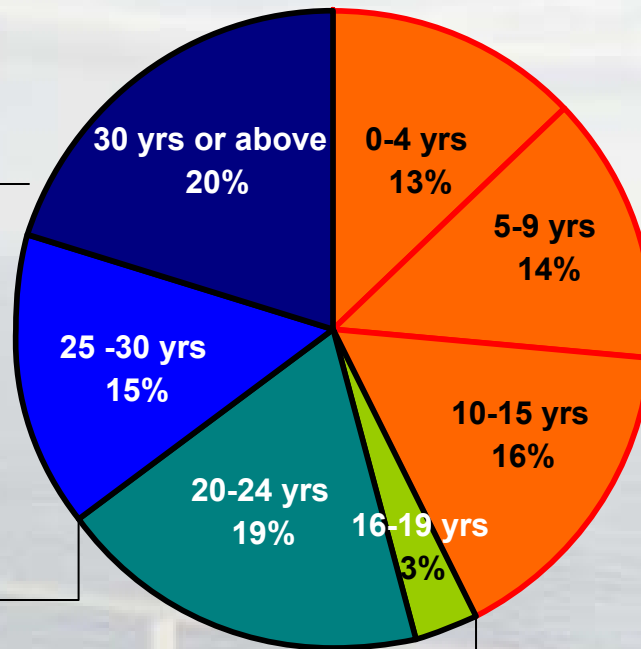
New capacity is emerging from China and Korea

Ageing Handysize Fleet

Orderbook 25-35K dwt (35%)



**Total handysize 25-35k dwt fleet in Jan 2008:
1,250 Vessels (36.8mil dwt)**



20% ≥ 30+Years

35% ≥ 25+Years

54% ≥ 20+Years

57% > 15+Years

**More than
35% older
than 25 years**

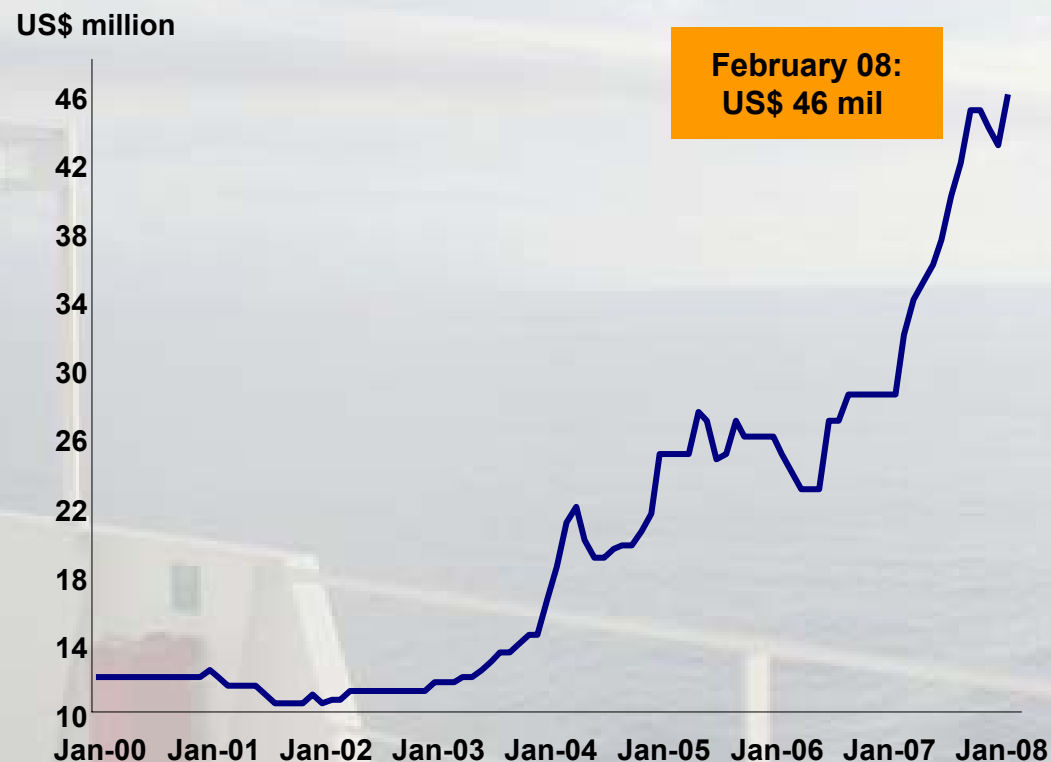
**Uncertainty over
'real' deliveries
from 2009/2010**

**16% handysize
delivery slippage in
2007**

Source: Clarkson Jan 2008

Dry Bulk Carrier Sale & Purchase Market

2nd-hand 5-year old handysize vessel price (25K-35K dwt)

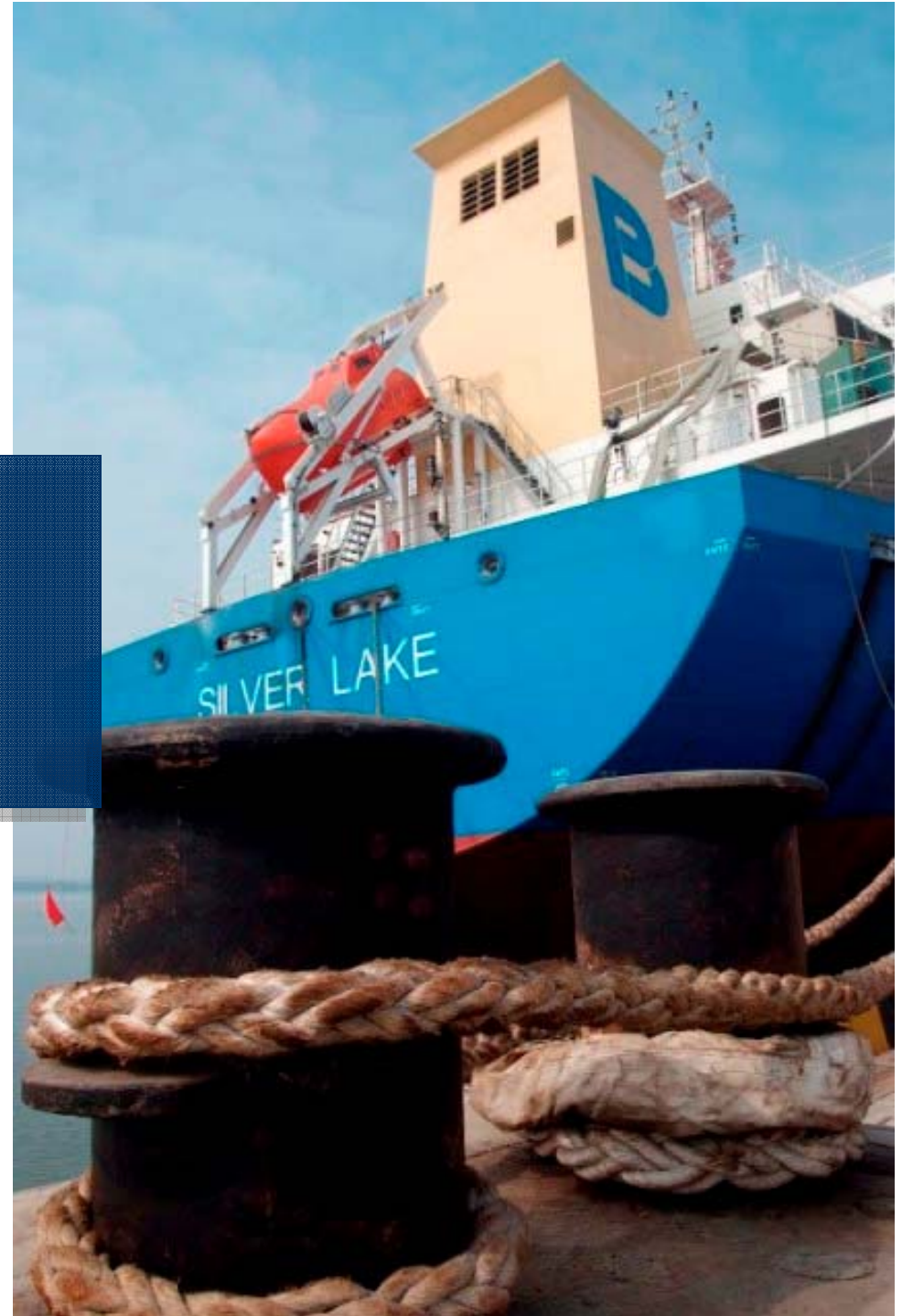


Second hand vessel price continues to stay high

Our asset value moves in line with market values

Source: Clarkson 29Feb08

Financial Review



2007 Financial Highlights

	2007	2006
TCE Earnings (US\$m)	700.5	344.8
Reported net profit	472.1	110.3
Less: Vessel disposal gains	(137.4)	(23.8)
Net profit before disposal gains	334.7	86.5
Basic EPS (HK¢)	234	65
Return on average shareholders' equity	78%	36%
Proposed final + interim dividends (HK¢ per share)	120.0	42.5
Payout ratio	52%	71%

Results – Handysize Freight & Charter-hire

Drivers of the results

		1H07	2H07	2007	2006	% Change
Revenue days	(days)	9,590	10,510	20,100	16,420	+22%
TCE earnings	(US\$/day)	19,750	26,350	23,200	15,420	+50%
Owned + chartered cost	(US\$/day)	9,370	11,040	10,240	8,880	+15%
Contribution	(US\$m)	99.5	161.0	260.5	107.4	+124%

Deliveries of 2006 purchases increase revenue days

2007 TCE rates hit all time highs

Blended cost reflects more chartered in vessels

Results – Handymax Freight & Charter-hire

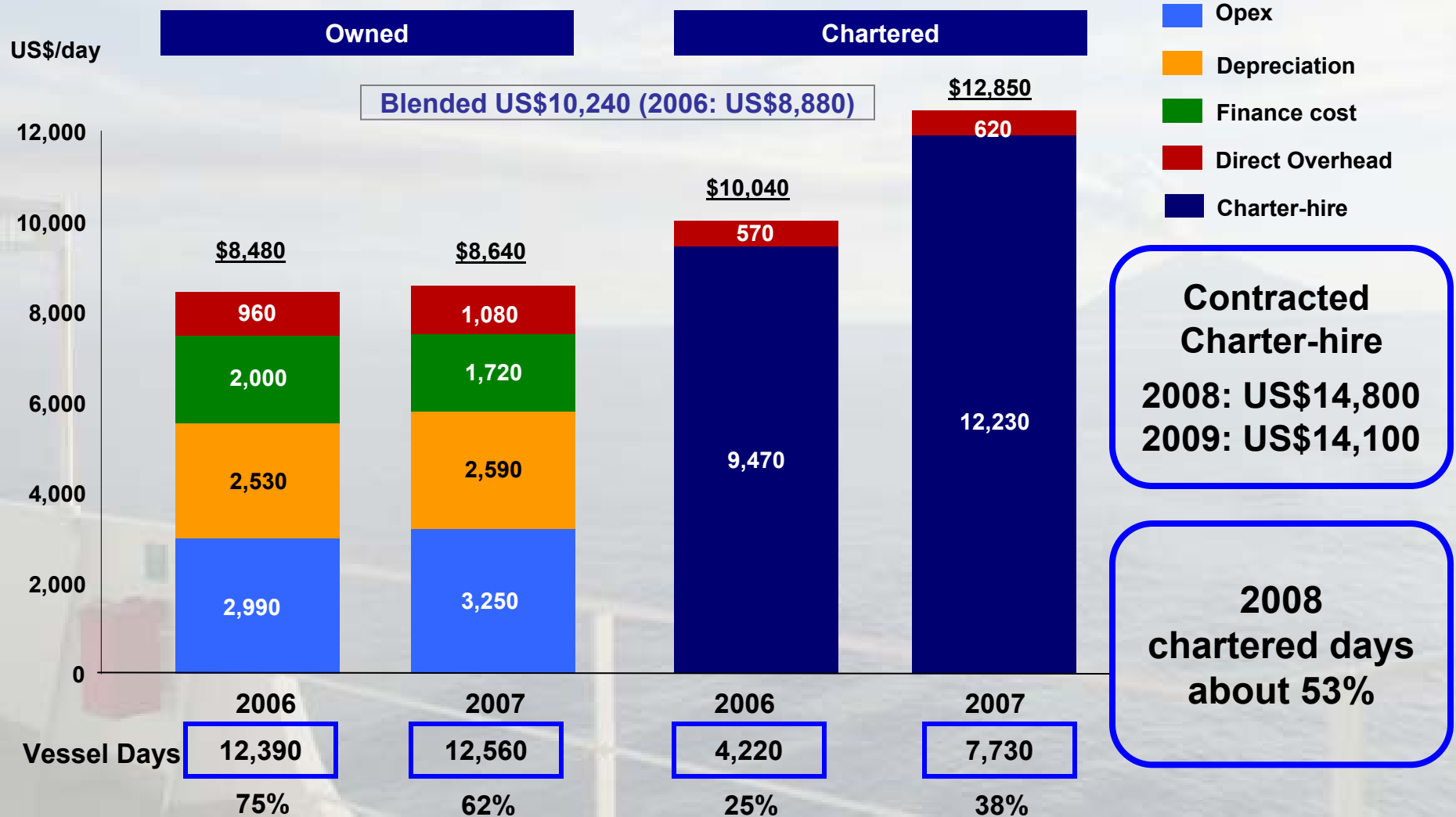
Drivers of the results

		1H07	2H07	2007	2006	% Change
Revenue days	(days)	2,260	2,610	4,870	4,320	+13%
TCE earnings	(US\$/day)	25,180	34,250	30,040	17,660	+70%
Owned + chartered cost	(US\$/day)	20,580	25,200	23,050	18,600	+24%
Contribution	(US\$m)	10.0	24.0	34.0	(4.1)	

Division fully operational
compared to 2006

Strengthened 2H07 TCE rates

Daily Vessel Costs - Handysize



Balance Sheet

US\$mil

Net book value of fixed assets ¹

Gross borrowings

Cash

Net borrowings

Shareholder's equity

Net borrowings / Fixed assets

Net borrowings / Shareholder's equity

31 Dec 07

755.9

660.2

649.5

10.7

867.6

1.4%

1.2%

31 Dec 06

741.0

350.5

63.2

287.3

485.0

38.1%

59.2%

Note 1

33 delivered vessels, NBV = US\$602m

Avg NBV: HS: US\$18m, HM: US\$24m

Avg insured value: HS: US\$49m, HM: US\$72m

**Insured values of all
vessels with ownership
interest US\$2.99bn**

Vessel Capital commitments

At 31 December 2007

	2008	2009	2010	2011	Total
					<u>US\$mil</u>
11 Handysize	137.6	49.3	-	-	186.9
1 Handymax	32.1	-	-	-	32.1
1 Post Panamax	-	-	21.7	22.1	43.8
2 Tugs	11.4	-	-	-	11.4
	181.1	49.3	21.7	22.1	274.2

Recent Vessel Commitments

4 Roll on roll off	92.2	119.0	137.7	25.9	374.8
4 tugs	9.4	19.4	2.3	-	31.1
	101.6	138.4	140.0	25.9	405.9

Total

282.7	187.7	161.7	48.0	680.1
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**Funded from existing
cash + new debt**

**Further commitments
expected in these areas**

Cashflow

US\$m

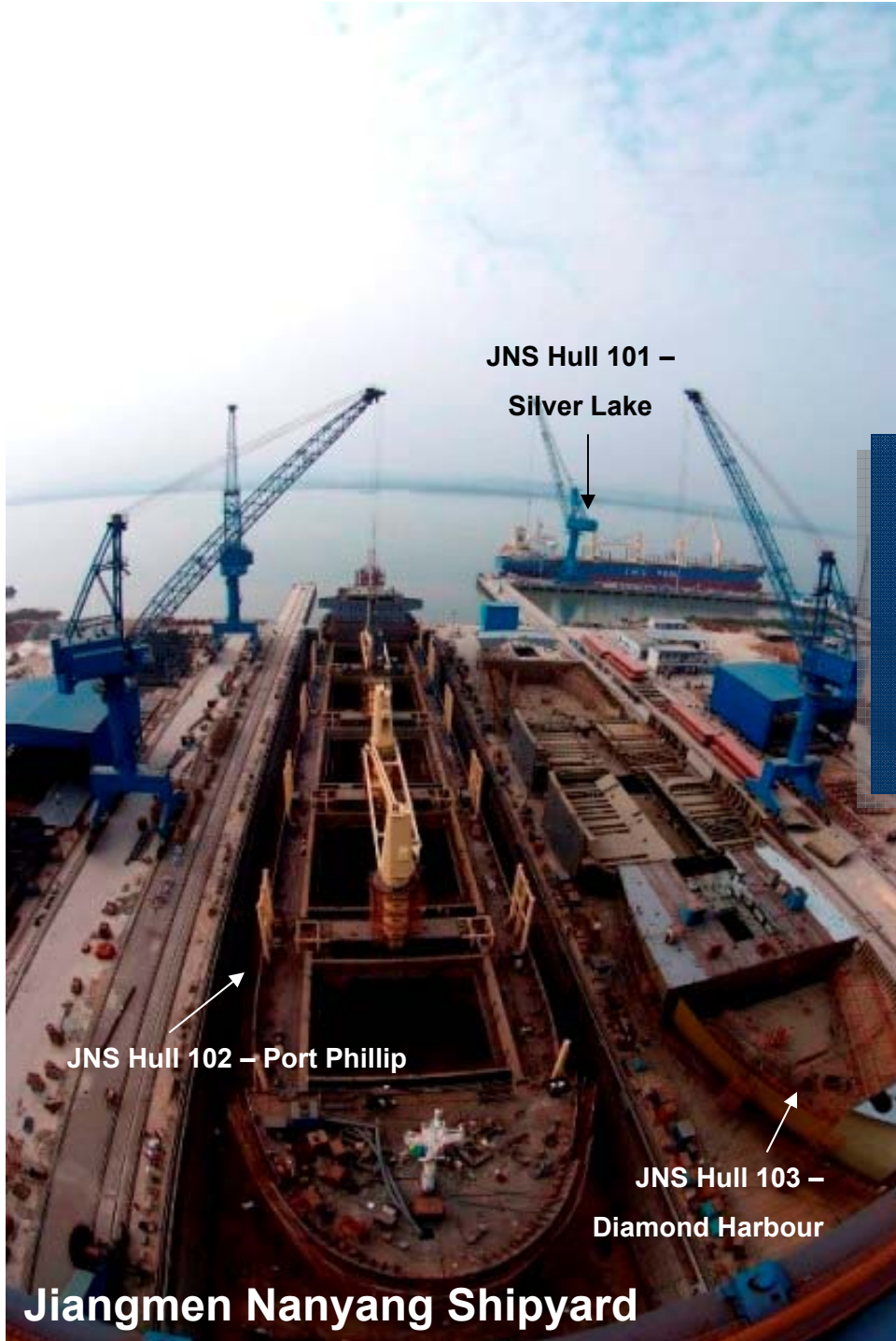
	2007	2006
Operating cash inflows	314.0	148.2
Investing cash in/(out)flows	102.0	(241.1)
- Payments for vessels and other fixed assets	(259.4)	(286.6)
- Sales of vessels	365.9	39.9
- Others	(4.5)	5.6
Financing cash inflows	170.3	74.0
- Proceeds from convertible bonds, net of expenses	384.2	-
- Proceeds from placement of shares, net of expenses	-	154.3
- Net (repayment) / drawdown of borrowings	(59.8)	33.6
- Interest and other finance charges paid	(22.0)	(25.4)
- Dividends paid	(136.3)	(91.6)
- Others	4.2	3.1
Cash at 31 December	649.5	63.2

Dividend

Year	Dividend	US\$mil	HK ¢ per share	Payout Ratio
2007	Proposed final (payable 16Apr08)	152.3	75.0	
	Interim (paid 31Aug07)	91.3	45.0	
	Total for 2007	243.6	120.0	52%
2006	Total for year	78.5	42.5	71%

2007 payout of 52% of annual attributable profits

Minimum 50% payout for at least 1H08



JNS Hull 101 –
Silver Lake

JNS Hull 102 – Port Phillip

JNS Hull 103 –
Diamond Harbour

Jiangmen Nanyang Shipyard

New Developments & Outlook

Business Development

APMIG - Ports	<ul style="list-style-type: none"> ◆ July 2007, US\$17m capital investment in Nanjing Longtan Tianyu Terminal JV Company
China - other	<ul style="list-style-type: none"> ◆ 3 post panamax newbuildings will deliver in 2011 ◆ Pacific Time Shipping, the JV with China Huaneng Group
PB Towage	<ul style="list-style-type: none"> ◆ November 2007, acquisition of Australian Maritime Services ◆ Operates 7 modern tugs in Brisbane, Sydney, Melbourne and W.Aus
Fujairah Bulk Shipping	<ul style="list-style-type: none"> ◆ Strategy to be the market leader in sourcing and transporting aggregate in the Gulf region ◆ In 2007, US\$4.3m profit recorded (PB share)
Roll on Roll off (RoRo)	<ul style="list-style-type: none"> ◆ 4 newbuildings will deliver in 2009 to 2011 ◆ Good demand prospects, high average fleet age and low orderbook
Equity Investments	<ul style="list-style-type: none"> ◆ A limited number of long positions in listed dry bulk equities taken since March 2007 ◆ An absolute return of 113% (US\$25.2m) since inception booked in January 2008

Roll On Roll Off (RoRo)

- ◆ **Pacific Basin entered RoRo sector with four newbuildings acquired for approx. US\$375m in Feb 08, scheduled to be delivered 2009-2011**
- ◆ **Used for transportation of wheeled cargoes (mostly trucks) which are loaded over a ramp**
- ◆ **Proven design, suitable for the common short sea trades**
- ◆ **Attractive fundamentals**
 - ◆ **Immediate “short-sea” trade demand is in Asia Minor & Europe, with Pacific Basin also well positioned to lead the way in Asia in RoRo sector**
 - ◆ **Low orderbook (17%)**
 - ◆ **44% of vessels aged 25 years or over**



Source: Maersk Broker

Ports and Towage

APMIG - Ports

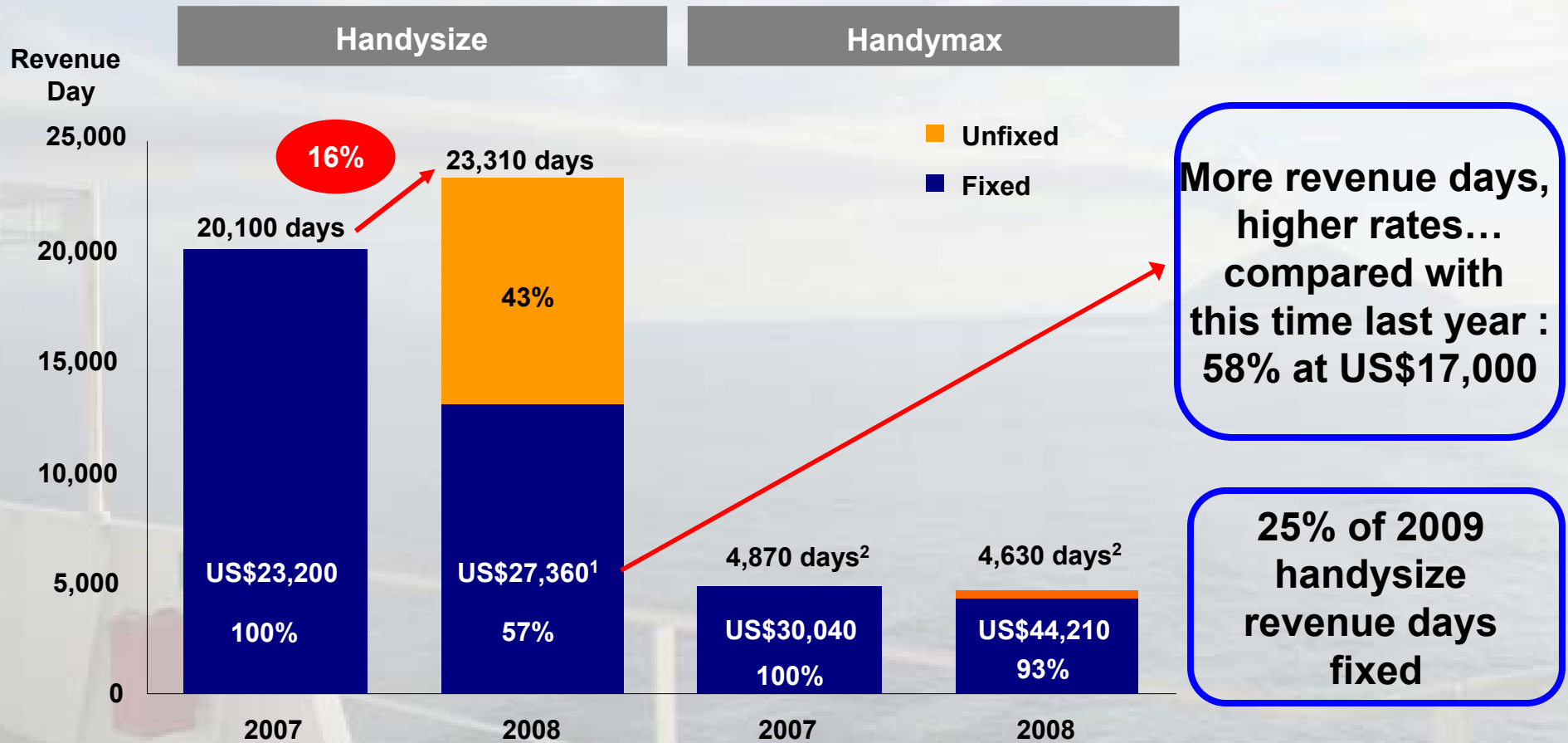
- ◆ Pacific Basin holds a 45% interest in a Chinese bulk cargo terminal - Nanjing Port Longtan Terminal
- ◆ 2007 trial operations handled 160,000 tonnes of general cargo
- ◆ Steady growth in terminal's throughput is expected once formal operations begin, later in 2008

PB Towage

- ◆ Pacific Basin holds approximately 90% interest in Australia Maritime Services (AMS), which provides harbour tug services in Australian ports
- ◆ Currently, AMS owns and operates 7 modern tugs based in Brisbane, Port Botany (Sydney), Melbourne and Western Australia
- ◆ Additional 6 newbuildings on order

Earnings Coverage

Earnings Coverage As at 22 February 2008



¹ includes an approximate US\$1,000/day anticipated uplift from efficient voyage execution

² excludes 2 handymax vessels on long term charter

Outlook

- ◆ **Final proposed dividend 2007: HK 75¢**
- ◆ **Handysize revenue days set to increase by 16% in 2008 on 2007**
- ◆ **57% of 2008 handysize days covered at US\$27,360 per day; current spot market at almost US\$33,000 per day net**
- ◆ **Solid balance sheet – US\$650m cash and minimal net debt**
- ◆ **Significant opportunities taken in new, related business areas**

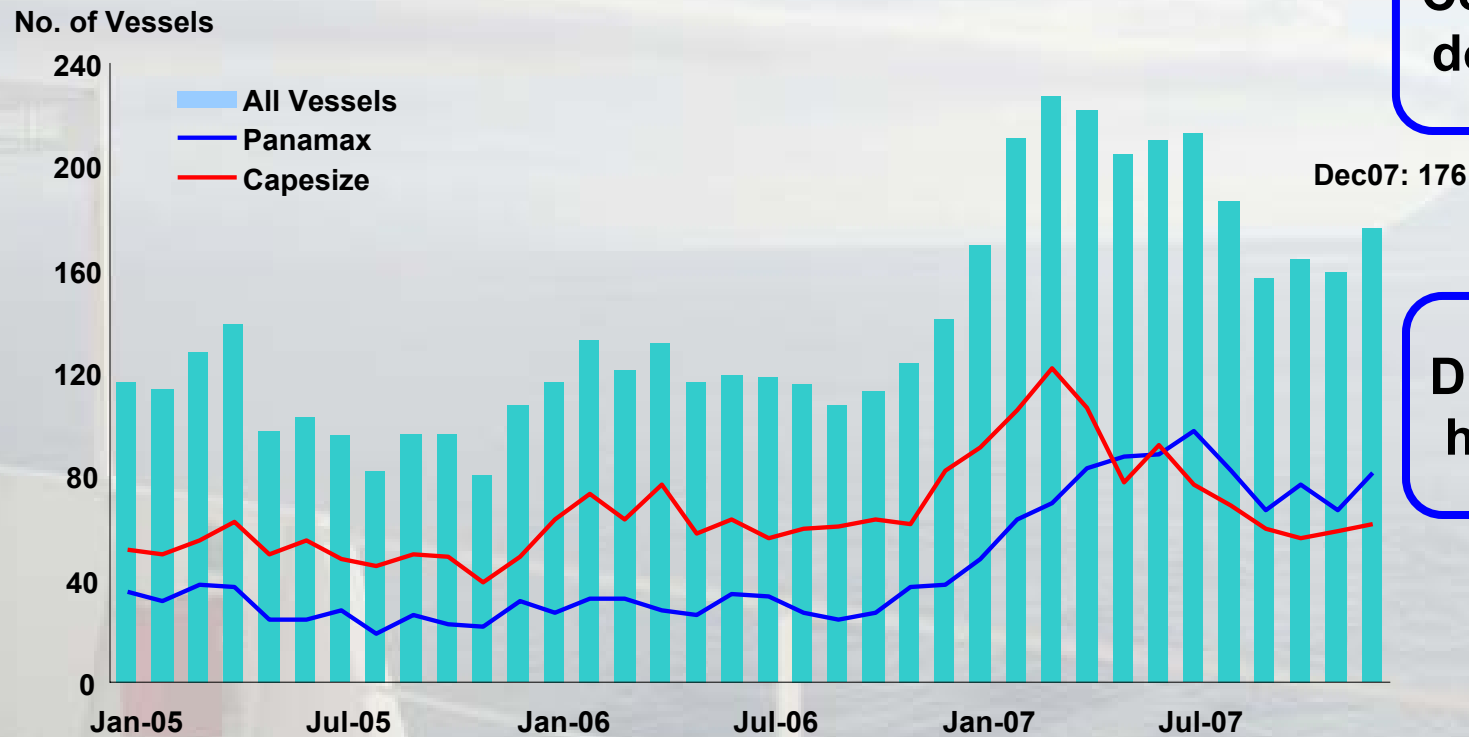
Disclaimer

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: Port Congestion Squeezing Supply

Total Vessel Congestion at Australian Ports

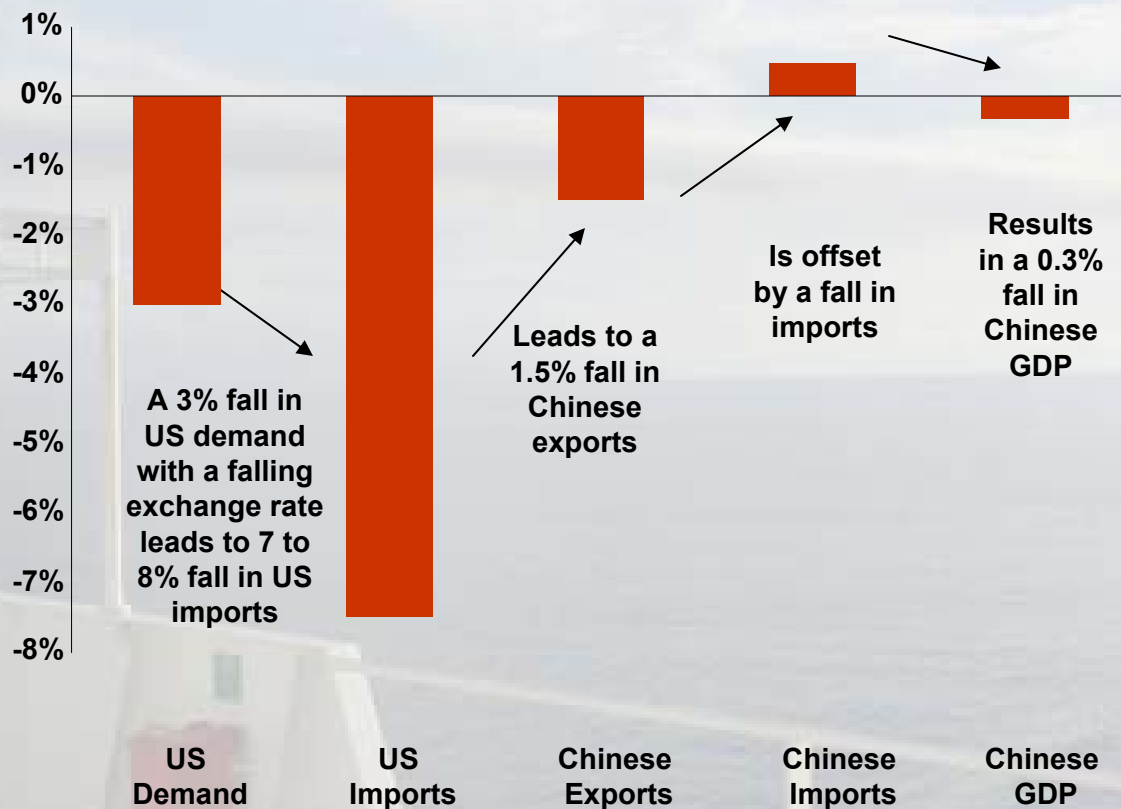


Coal demand the dominant cause

Direct impact on handysize rates

Source: Monson Agencies Australia

Appendix: Impact of US slowdown on China



Direct trade effects from a US slowdown are expected to be small

China's domestic demand has been insulated from external shocks

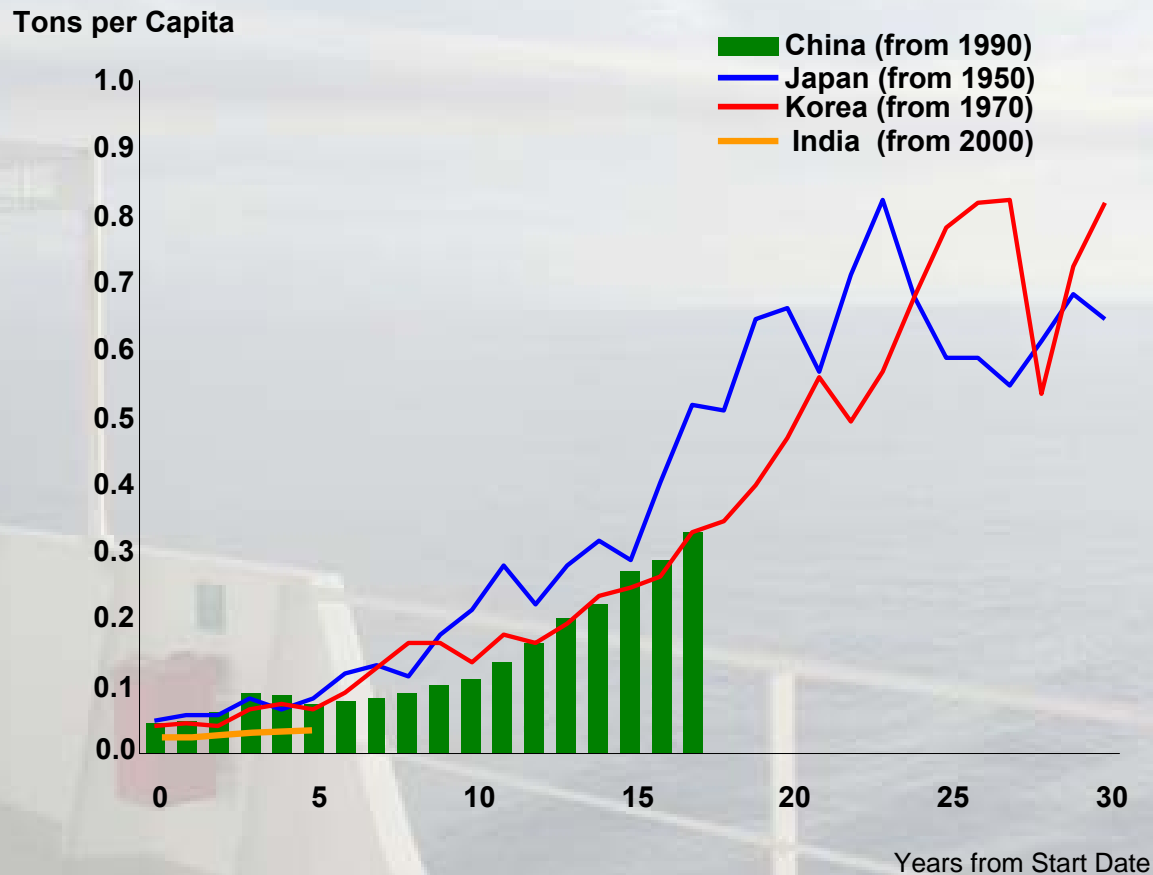
Large Asian economies – China, India and Japan were resilient to 2001-02 global trade collapse

US recession could cause ~1% negative impact on China growth

Source: Centre for International Economics, Rio Tinto presentation

Appendix: China at Mid-Industrialization Stage

Steel Consumption Per Capita



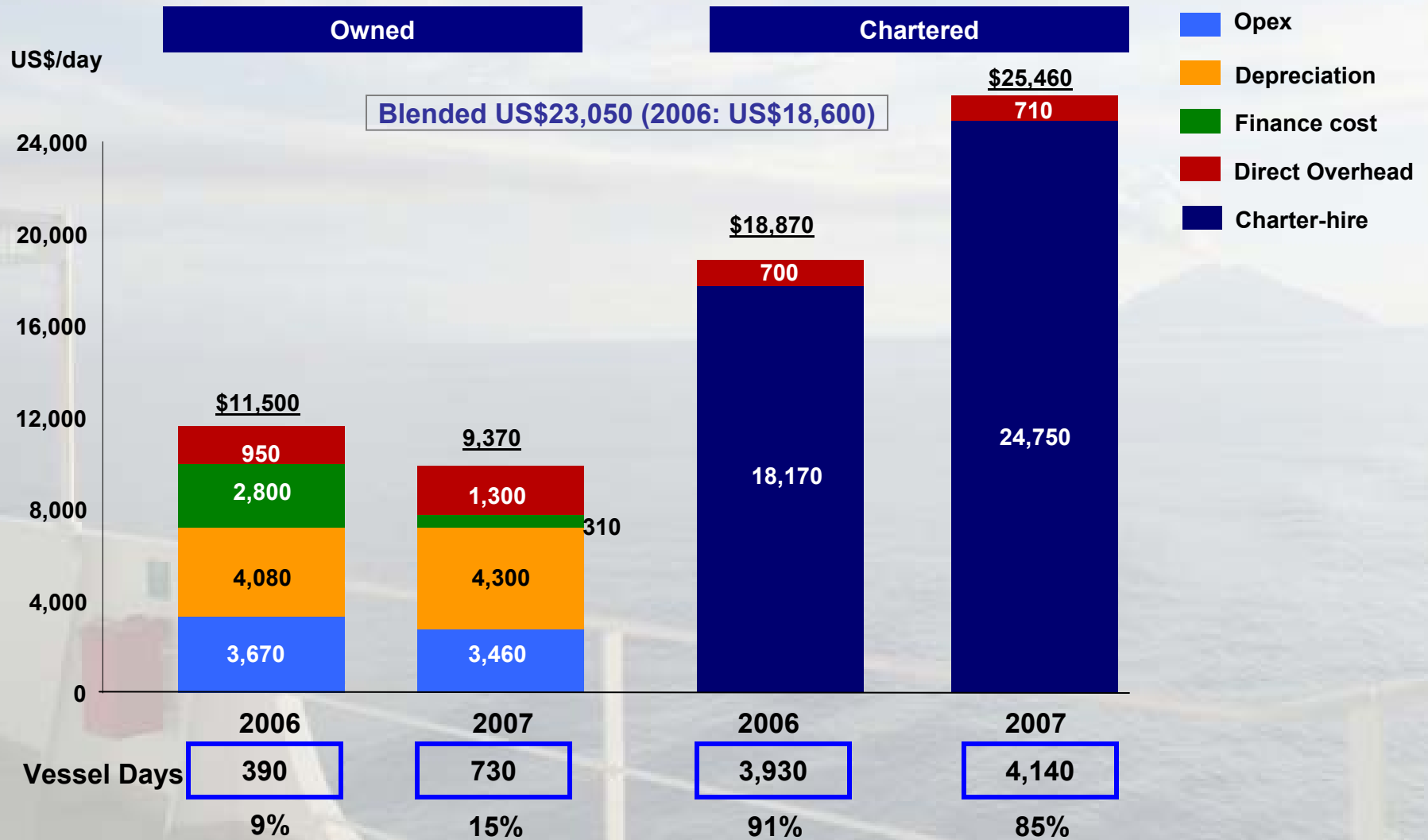
Source: UBS, Pacific Basin

Same growth as historical trend in Japan and Korea

Indicating long term dry bulk strong growth

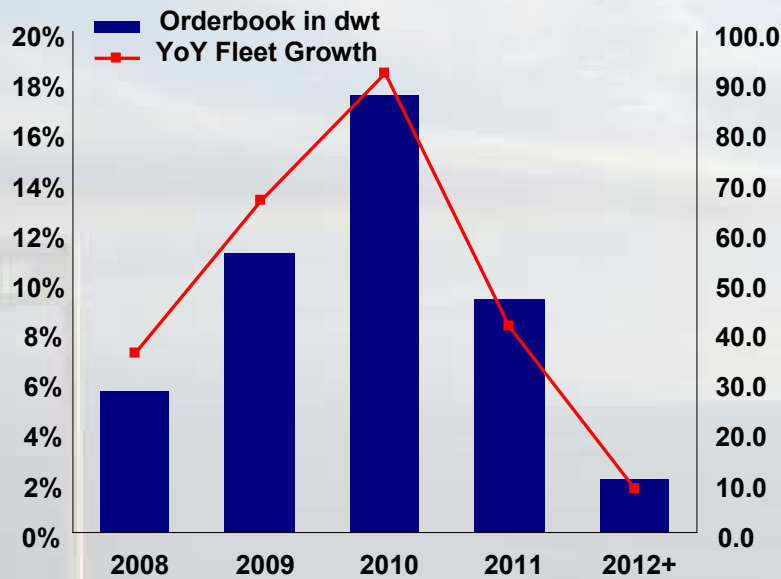
Same trend for other commodities – electricity & cement

Appendix: Daily Vessel Costs - Handymax



Appendix: Dry Bulk Orderbook

Total Dry Bulk Fleet Orderbook



Total Orderbook		
	No.	Dwt
Capesize 100K +	634	116.5
Panamax 60-100K	608	49.6
Handymax 40K-60K	921	48.3
Handysize 25-35K	411	12.9
Handysize 25K or below	69	1.3
Total	2643	228.6

Size	Existing Fleet	2008		2009		2010		2011		2012+	
('000 dwt)	Dwt	Dwt	YoY Fleet Growth*	Dwt	YoY Fleet Growth*	Dwt	YoY Fleet Growth*	Dwt	YoY Fleet Growth*	Dwt	YoY Fleet Growth*
10-25	20.8	0.6	2.9%	0.5	2.3%	0.2	0.9%	0.0	0.0%	0.0	0.0%
25-35	36.8	2.1	5.7%	4.4	11.3%	4.4	10.2%	1.8	3.8%	0.2	0.4%
35-60	95.5	8.4	8.8%	14.9	14.3%	14.7	12.4%	8.6	6.4%	1.7	1.2%
60-100	108.8	7.8	7.2%	10.7	9.2%	17.8	14.0%	11.4	7.9%	1.9	1.2%
100+	131.5	9.2	7.0%	25.3	18.0%	50.3	30.3%	24.7	11.4%	7.0	2.9%
Total	393.4	28.1	7.1%	55.8	13.2%	87.4	18.3%	46.5	8.2%	10.8	1.8%

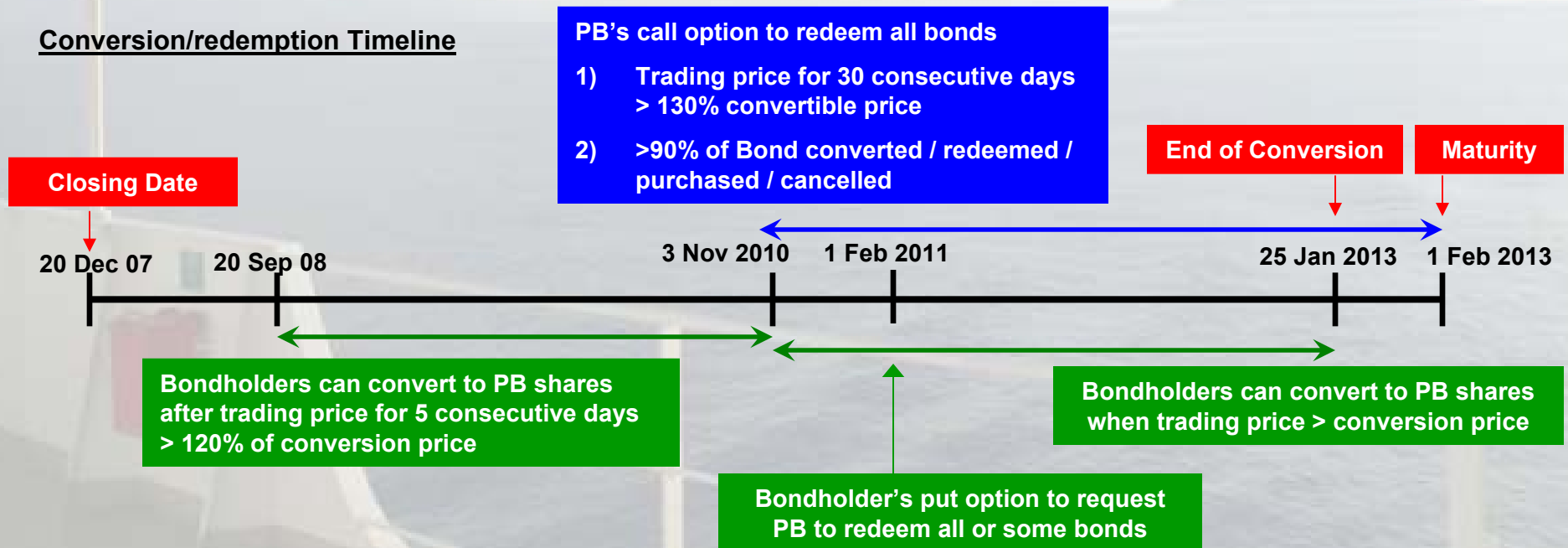
* Based on existing orderbook and no scrapping Source: Clarkson (as of 1Feb2008)

Appendix:

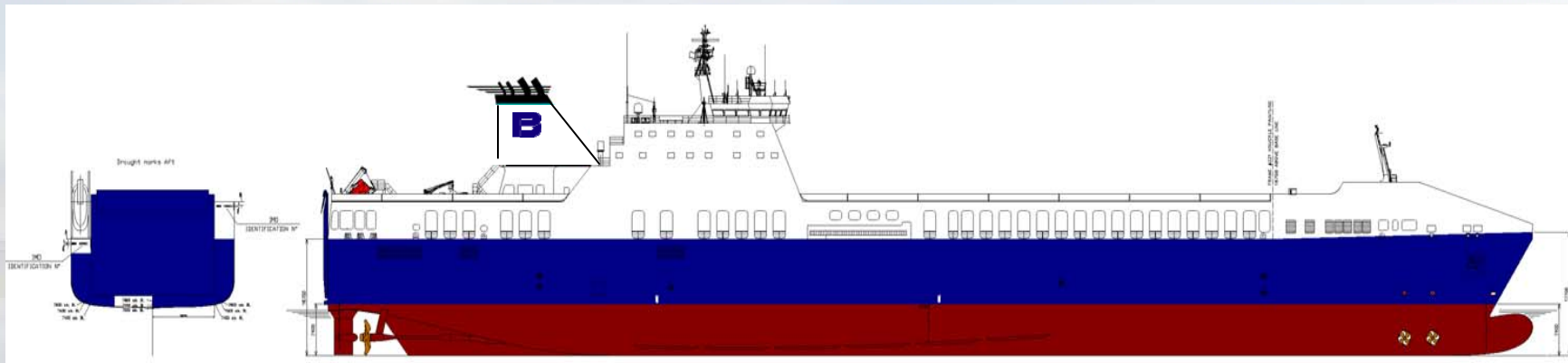
Convertible Bonds Due 2013

Issue size	US\$390 million (includes US\$40 million upside)
Maturity Date	1 Feb 2013
Investor Put Date and Price	1 Feb 2011 at par
Coupon	3.3% p.a. semi-annual in arrears on 1 February and 1 August
Redemption Price	100%
Initial Conversion Price	HK\$19.28 (27% premium to pricing of HK\$15.18 on 3Dec2007)
Conversion Condition	Until 20 Sep 2008: No Conversion is allowed
	20 Sep 2008 - 3 Nov 2010: Share price for 5 consecutive days > 120% conversion price
	3 Nov 2010 - 25Jan 2013: Share price > conversion price
Use of Proceeds	For general corporate and working capital purposes including funding its existing capital commitments and financing possible acquisitions

Conversion/redemption Timeline



Appendix: What is a RoRo?



- ◆ “Roll on, roll off” (RoRo) vessels mainly carry cargoes on trailers which can be loaded and discharged over a ramp, enabling rapid port turnaround times
- ◆ Ro-Ro vessels are a very economical way of transporting just in time cargoes on short-sea trades where speed of door to door delivery is paramount

Appendix:

RoRo Market Drivers

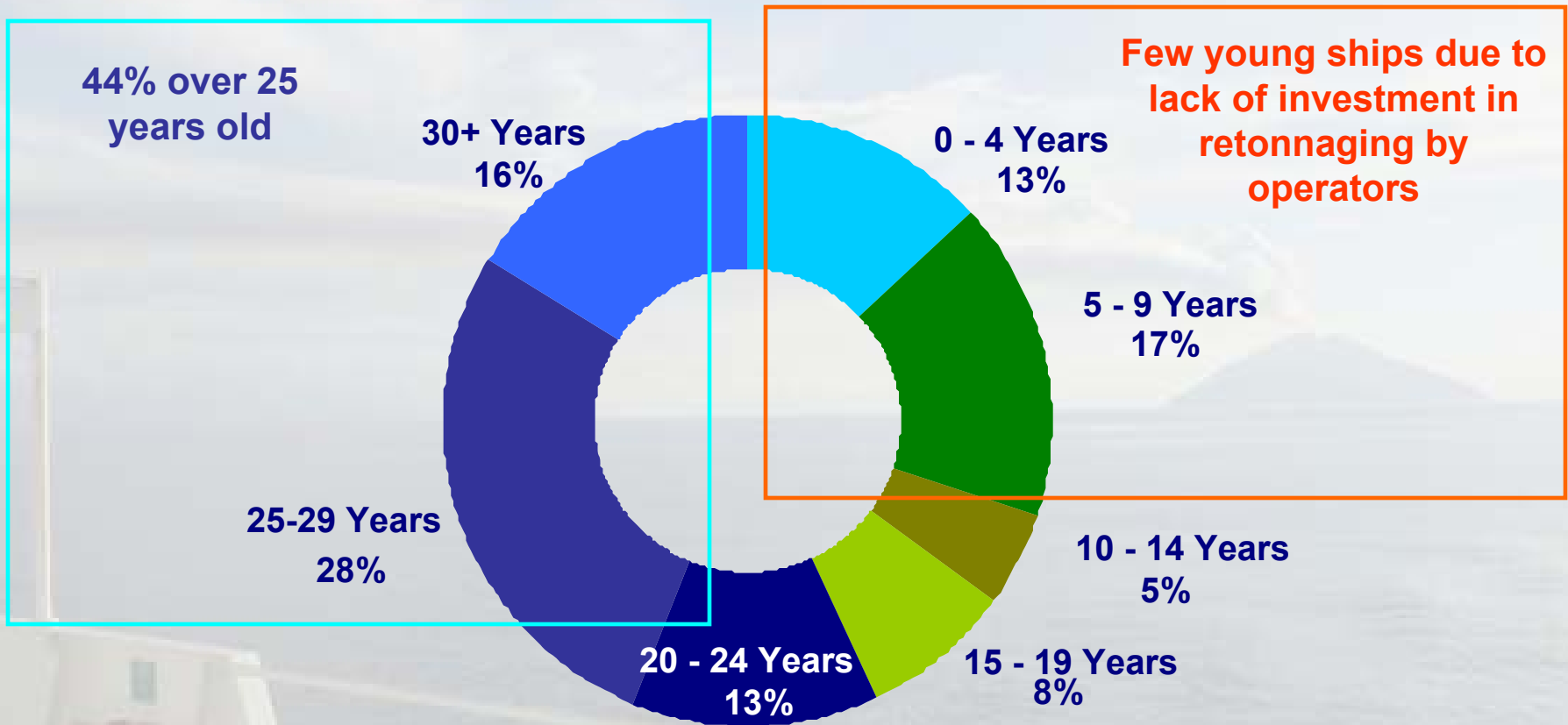
- ◆ Shift from road to short sea transport driven by
 - ◆ Pollution / Environmental restrictions
 - ◆ Road congestion
 - ◆ Government/public resistance to new roads
 - ◆ Road deaths
- ◆ Regions of growing RoRo demand include
 - ◆ Europe and Mediterranean Rim
 - ◆ Asia – especially along China’s extensive coastline
- ◆ Operators demand modern, high cargo capacity, reliable tonnage

Appendix: RoRo Fleet Supply

**Total 17% of current fleet on order in terms of capacity
Total 9% of current fleet on order in terms of number of ships**

- ◆ **Ageing world fleet profile – average age 20 years**
- ◆ **Limited European newbuilding capacity – only a handful of yards are experienced Ro-Ro builders**
- ◆ **“Concept of tonnage supplier” to operators is new in this sector**
- ◆ **Focus of Asian yards is on conventional bulk, tanker and container tonnage**
- ◆ **Secondhand and Newbuilding Values are rising**

Appendix: Age Profile Total RoRo Fleet



RoRo - Average Total Fleet Age: 20 years
vs
Handysize Dry Bulk - Average Age : 18 years, 35% over 25 years