Pacific Basin Shipping Limited

(*incorporated in Bermuda with limited liability*)
(Stock Code: 2343)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The Board of Directors (the "Board") of Pacific Basin Shipping Limited ("Pacific Basin" or the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013 as follows:

RESULTS HIGHLIGHTS

GROUP

- Results were affected by:
  - valuable cargo book and business model enabling our outperformance of the Handysize market by 32%
  - reduction in our daily vessel costs
  - solid contribution from PB Towage
  - weakest half-year dry bulk market since 1986
  - one-off lease break costs and exchange rate losses
- Balance sheet retains substantial cash and deposits of US$442 million with net borrowings of US$415 million
- Fully-funded vessel capital commitments of US$298 million in dry bulk vessels

	Six Months Ended 30 June	
US$ Million	**2013**	2012
Revenue #	**766.8**	691.0
Underlying Profit #	**13.6**	3.2
EBITDA (excluding impairments)	**59.4**	53.7
Profit/(Loss) Attributable to Shareholders	**0.3**	(195.9)
Basic Earnings per share *(HK cents)*	**0.1**	(79)

relates to continuing operations (2012 figures restated)

FLEET

- Purchased 27 dry bulk vessels and long-term chartered another 9 in the year to date
- Acquisition commitments to date will expand our owned fleet on the water from 37 dry bulk ships at start of the year to 72 by year end – almost doubling the number of ships we own
- Fleet now numbers 296 vessels (including newbuildings) comprising 246 dry bulk ships, 45 towage vessels and 5 RoRos
- Covered 64% of our contracted Handysize revenue days in the second half of 2013 at US$9,350 per day net

OUTLOOK

- Dry bulk market weakness is expected to continue throughout 2013
- Freight rates and ship values have bottomed out but no tangible evidence to support a sustained recovery soon
- Positive long-term demand fundamentals for dry bulk remain intact despite slower Chinese output growth
- We will consider further expansion of our owned and chartered fleet, putting cash to work and positioning ourselves for a stronger market in the longer term
- Towage outlook remains positive and we aim to develop our towage business further

CHIEF EXECUTIVE'S REVIEW

FINANCIAL RESULTS & DIVIDEND

The Group produced an underlying profit of US$13.6 million (2012: US$3.2 million) and a net profit of US$0.3 million (2012: US$195.9 million loss) for the six months ended 30 June 2013.

Basic EPS was a positive HK 0.1 cents. Our EBITDA increased to US$59.4 million (2012: US$53.7 million).

Results for the period were affected by:

- the value of our cargo book and business model enabling our outperformance of the Handysize market by 32%;
- a reduction in our daily vessel costs;
- a solid contribution from PB Towage;
- the weakest half-year market for dry bulk shipping since 1986;
- non-cash exchange rate losses; and
- the one-off cost of breaking finance leases on exercising five purchase options.

The Board has declared no dividend for the interim period but, for the full year, will consider a payout based on the Group's full-year operating performance and its available cash resources and commitments at that time.

PERFORMANCE OVERVIEW

Our core dry bulk shipping business was again profitable and delivered a healthy cash flow despite the weak dry bulk shipping market.

Our average Handysize daily earnings fell 12% year on year to US$9,290 per day but still outperformed the market by 32% in the period, and our Handymax earnings outperformed the market by 28%. This performance reflects the value of our fleet's scale and our global dry bulk team's ability to achieve optimal cargo combinations – combining contract and spot cargoes – and optimal matching of cargoes with the right ships, all of which is driven by our industrial and customer-focused business model.

Our purchase and inward charter of ships at lower prices and rates is resulting in a significantly larger earning capacity and reduced daily vessel costs – down to US$8,280 for our Handysize ships in the first half of 2013 – which have started to benefit our Pacific Basin Dry Bulk results and will make us more competitive over the longer term.

PB Towage has delivered another solid performance in the active Australian market. As announced on 28 February, we increased our stake in the OMSA joint venture to 50% reflecting our confidence in the prospects for the OMSA business in Australia's offshore gas sector. Importantly, we have been steadily growing our harbour towage activity which we plan to expand further, starting with the establishment of our new harbour towage operation in Newcastle which commenced service at the end of July.

The first of our RoRo vessels delivered into Grimaldi's ownership in June as contracted. The remaining five are all on charter until Grimaldi take ownership of at least one vessel in each six-month period until the end of 2015.

INVESTMENT AND BALANCE SHEET

Our fleet expansion has accelerated. In the year to date we have committed to purchase 21 secondhand ships at an average price of US$13.7 million, and we have ordered six newbuildings – with options for another three – from Japanese yards. Additionally, we have leased nine ships on long-term charters of three years or more. This brings to 31 and 16 the number of dry bulk vessels we have purchased and long-term chartered since we returned to the ship acquisitions market in September last year – of which three quarters are secondhand ships and one quarter are newbuildings. Our acquisition commitments to date will expand our owned fleet on the water from 37 to 72 dry bulk ships by year end.

We remain very satisfied with the timing of our acquisitions. In view of the narrowing gap between secondhand and newbuilding ship prices, we gradually shifted our focus from the purchase of secondhand ships to also ordering newbuildings – including larger 37,000 tonne vessels which are not available in the secondhand market – which offer good value at today's historically attractive prices.

Availability of the right ships remains tight, but we are well positioned to access both on-market and off-market opportunities – as our acquisitions of the past several months have shown – to position ourselves optimally for a cyclical recovery and to generate attractive long-term returns.

As announced in April, we secured an US$85 million, 12-year Japanese export credit agency ("ECA") loan as part of our continuous search for funding opportunities which we consider beneficial to our shareholders. We are actively working to secure additional ECA financing with long tenors and associated favourable repayment profiles for the further acquisition of high-quality vessels.

As at 30 June 2013, we had cash and deposits of US$442 million and net borrowings of US$415 million. Our vessel capital expenditure obligations currently amount to US$298 million payable in the next three years in respect of 19 dry bulk ships. We have thus committed to deploy a substantial portion of our cash to expand our owned fleet at attractive prices and we continue to enjoy low gearing which gives us the flexibility to draw on sources of debt over the coming months to fund significant further fleet expansion.

OUTLOOK

We expect the dry bulk market to remain weak overall in the second half of the year with only moderate seasonal variations in the form of weaker markets during the northern hemisphere summer followed by improved rates in the fourth quarter due to reduced newbuilding deliveries and a resumption in demand. We expect the Handysize and Handymax spot markets to remain relatively flat with an eventual recovery being only gradual in the short-to-medium term.

We consider ship values, like freight rates, to have bottomed out, and anticipate more upside than downside from current levels. Stronger secondhand ship values have been driven largely by sentiment which may also buoy freight rates, but we do not currently see tangible evidence to support a sustained recovery soon.

The worst of the influx of new capacity – which peaked in 2012 – is now behind us. As we expected, the global fleet of Handysize vessels registered 1% net capacity growth in the first half of 2013 as scrapping substantially offset deliveries, and the fundamentals look more favourable for these smaller bulk carriers. Even so, while dry cargo demand is likely to remain similarly healthy as in the past year, it will take some time for the market to absorb the over-supply of larger dry bulk ships and for a sustained recovery to take hold. Recent slower growth in Chinese output may delay this turnaround, but we believe the positive long-term demand fundamentals for dry bulk remain intact.

We expect healthy demand for towage activities in Australia to continue in the medium term, as a number of key offshore projects commence construction and as Australian seaborne trade continues to support growing harbour towage job numbers.

STRATEGY

We are on track to achieve the strategic objectives we set ourselves for 2013, supported by a market that has developed largely as anticipated.

As discussed above, we have made significant acquisitions, and our strategic priority remains to purchase Handysize and Handymax ships – provided asset prices remain attractive relative to our market expectations – and expand our chartered fleet. This initiative serves to reinforce the platform on which our dry bulk freight service is anchored, and to position the Company to leverage an expected cyclical upturn ahead.

We continue to grow our dry bulk customer and cargo portfolio in tandem with our core fleet expansion, and we are gradually decentralising our operational support function to enhance the customer experience.

We will continue to pursue growth and contract renewal opportunities for PB Towage in line with our recently increased commitment to OMSA and Australia's offshore gas sector and with our expansion of harbour services into the port of Newcastle. This will target tug and barge transportation projects in the offshore towage and infrastructure support sector, and new ship-assist and harbour support activities in the more stable harbour towage sector.

In closing, we consider the timing to be right for our dry bulk fleet expansion and, consequently, we are actively putting our cash to work and positioning ourselves for a stronger market in the longer term. We are investing today to enhance customer satisfaction and generate increased shareholder value, a competitive cost base, sustainable growth and attractive long-term returns.

Mats Berglund
Chief Executive Officer

Hong Kong, 1 August 2013

BUSINESS REVIEW AND OUTLOOK

PACIFIC BASIN DRY BULK

DRY BULK MARKET REVIEW 1H2013

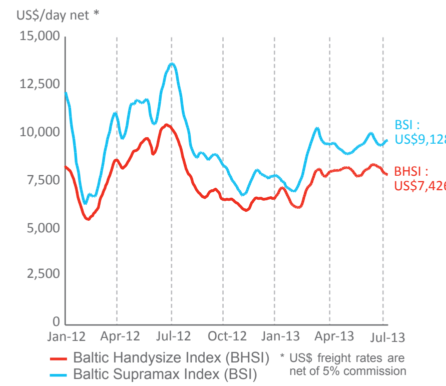
Freight Market Summary

Spot market rates for Handysize and Handymax bulk carriers in which we specialise averaged US$7,060 and US$8,270 per day net in the first half of 2013. While down 7% and 12% year-on-year, the Handysize and Handymax spot markets have shown gradual improvement since the fourth quarter of 2012, so far following a similar seasonal pattern as last year, albeit at a lower level and demonstrating less volatility that resulted in less severe lows.

An initial sharp decline was attributable to a surge of newbuilding deliveries after the new year, compounded by seasonal weather-related cargo disruptions in key trade areas and an early Lunar New Year holiday in China. Subsequent gains in the Handysize and Handymax sectors during the first quarter were largely sustained during the second quarter.

The overall tone in the dry bulk freight market remained depressed under the weight of continued oversupply primarily in the larger bulk carrier segments.

Baltic Dry Bulk Earnings Indices



Source: The Baltic Exchange, data as at 29 July 2013

Average Handysize and Handymax freight rates significantly outperformed rates for much larger Capesize vessels which averaged US$5,830 in the period, underscoring the relatively better freight market support for smaller and more versatile ship types that carry more diverse minor bulks and benefit from more favourable supply side fundamentals.

The average Baltic Dry Index (BDI) in the first half declined 11% year on year to 842 – its lowest half-year average since 1986.

Key Supply Developments

35 million tonnes of new capacity delivered in the first half of 2013 compared to 56 million tonnes in the same period last year. Handysize and Handymax deliveries were down 46% and 40% respectively.

A significant 13 million tonnes or 2% of the overall dry bulk fleet was sold for scrap during the period partly offsetting deliveries.

The relatively older global fleet of 25,000-40,000 dwt Handysize vessels in which we specialise registered 1% net capacity growth in the first half of the year. Overall dry bulk fleet capacity expanded by 3% net, which is significantly lower than the pace of capacity expansion of the past few years.

While overall fleet growth has reduced significantly and slow steaming continues to decrease the effective carrying capacity of the global fleet, we believe it will take some time for the market to absorb the over-supply of larger dry bulk ships and for a sustained recovery to take hold.

Ship Values

Clarksons currently value their benchmark five year old Handysize at US$18 million. This represents a 13% increase on the value indicated throughout most of the second half of 2012, due to increased buying interest and a tight supply of modern, high-quality ships for sale.

The tighter secondhand market is causing more buyers to look to shipyards for new capacity. Newbuilding prices appear to have bottomed out at around US$21 million.

Key Demand Developments

Dry bulk transportation demand in the first quarter of 2013 is estimated by R.S. Platou to have increased by 5% year on year – in a large part supported by Chinese commodity imports despite slower Chinese economic growth.

Major bulk trade volumes expanded by 4% in the first six months driven by growth in high-volume Chinese imports of iron ore and coal.

Demand for minor bulks was also robust. Chinese imports of seven important minor bulks increased 13% year on year in the first six months of 2013 thus lending strong support to global demand for Handysize and Handymax ships.

The above positive demand factors were weighed down by continued oversupply during the period.

Orderbook

New orders primarily for large dry bulk vessels increased significantly in the year to date driven partly by the lack of availability and the increasing price of high-quality, modern secondhand ships, a growing appetite for larger more fuel-efficient vessel designs and by shipyards' efforts to fill their free yard space for 2015 and 2016.

The current published orderbook for Handysize vessels stands at 16% as compared to 23% a year ago. The orderbook for dry bulk vessels overall has reduced to 18%.

PACIFIC BASIN DRY BULK – HOW WE PERFORMED IN 1H2013

Our Pacific Basin Dry Bulk division generated a net profit of US$11.3 million (2012: US$7.5 million), a 3% return on net assets and a positive EBITDA of US$50.7 million.

This improved performance year on year reflects the favourable evolution of our fleet as we increase the number of our lower cost, owned Handymax ships to mirror our Handysize business model. We consider this to be a sound performance in the context of a weak and challenging market, reflecting the value of our customer and cargo focused business model and our high-performance teams globally.

High fleet utilisation, passion for customer service, fuel consumption optimisation and a high-quality fleet are key ingredients to achieving our superior "time charter equivalent" (TCE) vessel daily earnings which beat our relevant Handysize and Handymax market indices by 32% and 28% in the period. Over the past five years we have consistently outperformed the market and met a key objective of remaining profitable in spite of weak market conditions.

PACIFIC BASIN DRY BULK – BUSINESS HIGHLIGHTS

Our strategic priority in the period was to continue to expand our core fleet of high-quality owned and long-term chartered Handysize and Handymax ships at prices and rates we consider attractive for the long term. We aim to positioning ourselves optimally for an eventual market recovery to ensure our continued ability to offer customers a sustainable and competitive freight service whilst generating superior returns for our shareholders.

Fleet Expansion And Deployment

In the year to date we have ordered six newbuildings (with options for three more) and purchased 21 secondhand ships. These include ten acquisitions resulting from our exercise of purchase options on ships previously in our long-term chartered fleet. This brings to 31 the total number of vessels we have purchased since we returned to the ship acquisitions market in September 2012. Additionally, we have this year leased nine ships on long-term charters of three years or more.

We now operate over 200 dry bulk ships on the water – up from an average of 148 in the first half of 2012 – and we now await the delivery of 11 owned and 11 chartered newbuildings in 2013 to 2016. Our recent fleet expansion further cements our position as the world's largest operator of Handysize tonnage with a significant and growing Handymax presence. The scale of our fleet and the global reach of our office network allow us to meet our customers' needs on any route, anywhere and any time.

Strong Relationships

We welcomed new customers and cargo to our portfolio, including notable long-term cargo contracts of five and seven years. Development of existing and new customer relationships and multi-year cargo contracts remains key to managing our market exposure, and our close cooperation with customers on such cargo contracts also enables them to secure long-term freight cover in the current weak market with a strong, reliable counterparty.

Robust Corporate & Financial Profile

Several high profile dry bulk company casualties have further heightened the importance of counterparty vetting and, in this unforgiving environment, Pacific Basin stands out as a strong, transparent, long-term counterparty for cargo customers and tonnage providers alike. We offer a solid, visible balance sheet and a performance track record to match. We are committed to responsible business practices and a high standard of corporate social responsibility which we consider a necessary obligation to our counterparties and stakeholders.

MARKET OUTLOOK – DRY BULK

Opportunities

- China's continued strong demand for minor bulk commodities despite slower economic and industrial growth
- Continued US economic recovery and reviving industrialisation in North America
- High level of scrapping and decreasing newbuilding deliveries leading to zero or negative Handysize net fleet growth
- Bank lending remains selective, limiting funding for ship acquisitions to those shipowners with established track records and healthy balance sheets

Threats

- Excessive newbuilding capacity, especially in China, and competition from shipyards to win new orders
- Credit squeeze in China leading to slower economic and industrial growth and slower growth in dry bulk imports
- Shipowner optimism resulting in less scrapping and increased vessel ordering

OUTLOOK FOR OUR DRY BULK BUSINESS

We expect the Handysize and Handymax spot market to remain weak overall in the rest of the year. There is scope for moderate seasonal strengthening around the start of the fourth quarter when a reduction in newbuilding deliveries is expected to combine favourably with a resumption in demand following the northern hemisphere summer.

While dry cargo demand is likely to remain relatively healthy and the worst of the influx of new capacity is now behind us, it will take some time for the market to absorb the over-supply of larger dry bulk ships and for a cyclical upturn and sustained recovery to take hold. However, we remain optimistic about the medium-to-longer term.

Strategy

Our strategic priority remains to expand our fleet of owned and long-term chartered Handysize and Handymax ships at attractive prices and rates. Despite recent increases in vessel prices and long-term charter rates and the continued tight supply of the right ships, we continue to be well positioned to access both on-market and off-market opportunities albeit at higher but still attractive prices and rates.

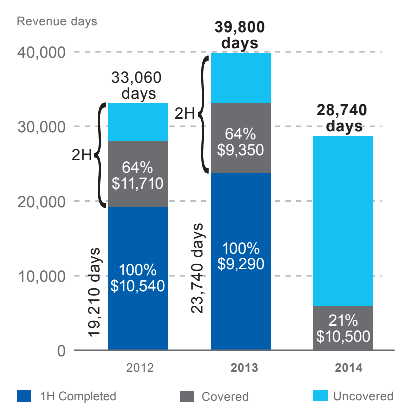
In tandem with our fleet expansion strategy, we aim also to expand our customer and cargo portfolio. We will continue to work closely with our customers to develop long-term cargo contracts that will allow both parties to manage their respective market exposures at reasonable, long-term rates.

Our exposure to the freight market is partly limited by our cargo book which currently provides cover for 64% of our Handysize revenue days in the second half of 2013.

Handysize Contract Cover

cover for second half 2013 as at interim results announcement date

64%



PB TOWAGE

TOWAGE MARKET REVIEW 1H2013

Demand for marine logistics, offshore construction support and harbour towage solutions remained strong in PB Towage's core market in Australia in the first half of 2013 despite seasonal, weather-related factors impacting activity levels in the first quarter.

Offshore Towage And Infrastructure Support

Major oil and gas projects under construction in Western Australia, the Northern Territories and Queensland are generating continued demand for marine logistics and offshore construction support. The construction phases of these projects are expected to continue through 2017, and additional LNG and other mining and resources projects under consideration may add further demand in the medium term.

Harbour Towage

Australia's exports continue to drive development of mining and port infrastructure and increased demand for harbour towage services. Despite the forecast for some volatility in all-important Chinese demand for raw materials, Australia's competitive advantage (in terms of product quality, delivered cost and favourable exchange rates) continues to support a positive long-term growth outlook. Container ports are also showing continued steady growth in volumes.

Competitive Landscape

The relatively high cost of operating in Australia continues to represent a barrier to entry for new entrants in the Australian domestic market. However, we see would-be new competitors are currently more keen on breaking into the surrounding Southeast Asian markets where demand is increasing as are opportunities for longer-term charter employment. Nevertheless, domestic competition is increasing with Australian operators investing in new vessels.

International tug and barge project transportation into Australia is also competitive, as it is not subject to the same labour and legislative controls that characterise the domestic market.

PB TOWAGE – HOW WE PERFORMED IN 1H2013

Our PB Towage division generated a net profit of US$12.6 million (2012: US$14.1 million) reflecting our competitive position in the active offshore support and harbour towage markets in Australia.

PB TOWAGE – BUSINESS HIGHLIGHTS

We have been pursuing a number of initiatives for PB Towage which are serving to enhance further our presence and penetration in the Australian market.

Offshore Support Activity

Our fleet of offshore construction support vessels remained active across a number of LNG projects with a strong focus on the Gorgon project. PB Towage has increased its shareholding in the OMSA joint venture to 50% reflecting our confidence in the prospects for the OMSA business in Australia's offshore gas sector.

Having completed project work in Gladstone, we are now tendering – directly or through the OMSA joint venture – for a number of Gorgon, Wheatstone and Ichthys LNG related projects in Western Australia and the Northern Territories.

We are researching nearby markets which demonstrate long-term growth potential and offer an opportunity to reduce our reliance on the Australian market.

We are also working on opportunities to provide more cost-effective and operationally efficient solutions to fill gaps in the market for project cargo transportation services.

Expansion In Harbour Towage

Our harbour towage business logged 6% more tug jobs in the first half of the year compared to the same period last year reflecting both market growth and our expanded market share.

In July, PB Towage commenced a new harbour towage operation in Newcastle where we are one of only two operators. Newcastle is a major dry bulk port – and the world's largest coal exporting port – with significant plans for further growth. PB Towage has deployed four tugs to Newcastle, has signed a major Japanese line as a customer and is targeting to achieve a significant and sustainable market share within a year of operation. Although mobilisation and other start-up costs will impact the financial performance of our Newcastle operation in its first year, we expect it to generate a strong return in the medium term.

Challenging Middle East Market

We have redeployed two harbour tugs from the Middle East to Australia where we believe they can generate sustained returns over the longer term.

We have maintained good utilisation of our remaining assets in the Middle East despite continued over-supply in the region. We have secured a two year charter for one tug operating in oilfields off the UAE, while two tugs and three barges are deployed in the transportation of aggregate to Qatar and other spot market opportunities.

Organisational Initiatives

PB Towage's HR and Quality, Health, Safety & Environment departments have been strengthened to better address the Australian industrial relations environment and further enhance the Company's focus on health and safety. PB Towage has expanded its technical function in Fremantle to support the management of the entire OMSA fleet.

MARKET OUTLOOK – TOWAGE

Opportunities

- Growth in Australian bulk exports and port infrastructure development supporting continued growth of our harbour towage activity
- Exclusive licences in a number of bulk ports up for tender in 2015 onwards
- Potential for long-term LNG terminal towage contracts as projects move from the construction to production phase
- Growth in international and domestic project cargo movements in the LNG and mining sectors

Threats

- Volatile global markets and hesitation in global economic recovery, amplified by a credit squeeze in China, impacting growth in dry bulk trades and Australian port activity
- Labour market shortages and cost pressures in Australia impacting returns from capital investment projects and oil companies' appetite for investment
- Exchange rate movements affecting business drivers including Australia's export competitiveness, imports and balance of trade

OUTLOOK FOR OUR TOWAGE BUSINESS

The medium-term outlook for the towage sector in Australia is positive as construction on a number of major offshore gas projects ramps up while others move into the production phase, and as Australian seaborne exports and imports continue to support growing port volumes and, in turn, harbour towage job numbers.

PB Towage has developed a good reputation as a safe and quality-conscious operator with a strong customer base and we consider our towage business well positioned to compete for both Australian domestic and international opportunities going forward.

Strategy

PB Towage will continue to pursue opportunities in the offshore sector and expand its harbour towage income base.

We will focus on current opportunities for offshore support in the Australian resources sector, both directly and through the OMSA joint venture, while continuing with longer-term initiatives to develop modular project cargo transportation solutions and potential expansion into neighbouring geographic and niche markets.

Our harbour towage business will focus in the medium term on competing for exclusive ports contracts and towage jobs in open competition ports where such activity is deemed to add value to our business and provide sustainable returns.

Shareholders and investors are reminded that this announcement of interim results for the six months ended 30 June 2013 is based on the Group's internal records and management accounts. Shareholders and investors are cautioned not to rely unduly on this announcement of interim results and are advised to exercise caution when dealing in the shares of the Company.

CONSOLIDATED GROUP PERFORMANCE

GROUP PERFORMANCE REVIEW

	Six months ended 30 June		
US$ Million	2013	2012	Change
Revenue	766.8	691.0	+11%
Direct costs	(741.1)	(673.7)	-10%
Gross profit	25.7	17.3	+49%
Segment net profit	25.8	18.2	+42%
Treasury	(4.3)	(0.9)	-378%
Discontinued operations – RoRo	(0.8)	(8.5)	+91%
Indirect general and administrative expenses	(7.1)	(5.6)	-27%
Underlying profit	13.6	3.2	+325%
Unrealised derivative expenses	(3.5)	(9.1)	+62%
RoRo exchange loss & vessel impairment	(8.3)	(190.0)	+96%
Expenses relating to exercising five finance lease purchase options	(6.1)	–	–
Towage exchange gain	4.6	–	–
Profit/(loss) attributable to shareholders	0.3	(195.9)	–
EBITDA (excluding impairment)	59.4	53.7	+11%
Net profit margin	0%	-28%	+28%
Return on average equity employed	0%	-26%	+26%

The main influences on our results in the first six months of 2013 were as follows:

- **Revenue** increased 11% mainly due to increases in our Handysize and Handymax revenue days.
- **Direct costs** increased 10% mainly due to increases in bunkers and port disbursements attributable to the additional Handysize and Handymax revenue days.
- **Segment net profit** was up mainly due to a stronger Handymax contribution compared to 1H 2012.
- **Treasury costs** increased 378% mainly due to increase in expense from revaluation of foreign currency cash.
- **Indirect general and administrative expenses** increased 27% mainly due to reclassifications from direct overheads following the wind-down of certain non-core operations.
- **Underlying profit** was up mainly due to increased dry bulk segment net profits and reduced loss from the discontinued RoRo operations.
- **Result attributable to shareholders** turned from a loss to a profit mainly due to a US$190.0 million RoRo vessels impairment affecting last year.
- **EBITDA** increased 11% to US$59.4 million (2012: US$53.7 million) contributing to a positive operating cash flow which resulted in the Group having cash and deposits at the period end of US$442.3 million (31 December 2012: US$753.5 million).

Segments

Management analyses the Group's performance in two shipping-related reporting segments:
- Pacific Basin Dry Bulk
- PB Towage

Non-segment activities mainly comprise:
- Treasury
- PB RoRo, which is reclassified as a discontinued operation following the sale of the vessels in September 2012 with forward delivery

Underlying Profit

Includes:
- Segment results
- Treasury results
- Discontinued operations
- Indirect general and administrative expenses

Excludes:
- Disposal gains and losses, and impairments
- Unrealised non-cash portion of results from derivative instruments relating to future periods

PACIFIC BASIN DRY BULK SEGMENT

Segment Operating Performance

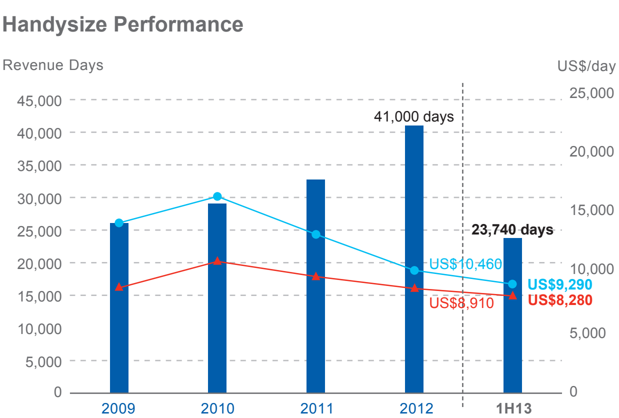
US$ Million	Six months ended 30 June 2013	2012	Change
Handysize contribution	22.4	22.8	-2%
Handymax contribution	4.3	(1.4)	+407%
Post-Panamax contribution	2.9	2.8	+4%
Segment operating performance before overheads	29.6	24.2	+22%
Direct overheads	(18.3)	(16.7)	-10%
Segment net profit	11.3	7.5	+51%
Segment EBITDA	50.7	39.1	+30%
Segment net assets	885.1	767.5	+15%
Annualised return on net assets (%)	3%	2%	+1%

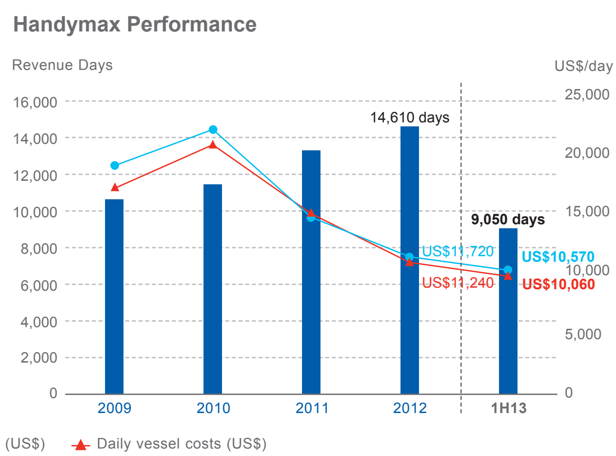
Dry bulk net profit increased 51% to US$11.3 million (2012: US$7.5 million) due mainly to:

a) a 24% and 30% increase in our Handysize and Handymax vessels revenue days respectively;

b) the benefit of lower Handymax daily vessel costs as expensive inward charters expired or were renewed at lower hire rates; and

c) our increased the number of our lower-cost, owned Handymax ships to mirror our Handysize business model.





Revenue generated by our expanded dry bulk fleet increased 13% to US$704.1 million (2012: US$625.3 million) which represents 92% (2012: 91%) of our Group's total revenue.

Our Handysize and Handymax operations grew significantly during the past 12 months. Handysize revenue days increased 24% to 23,740 days (2012: 19,210 days) while Handymax revenue days increased 30% to 9,050 days (2012: 6,940 days) due mainly to the increased number of vessels chartered in on a short-term basis, including index-linked charters.

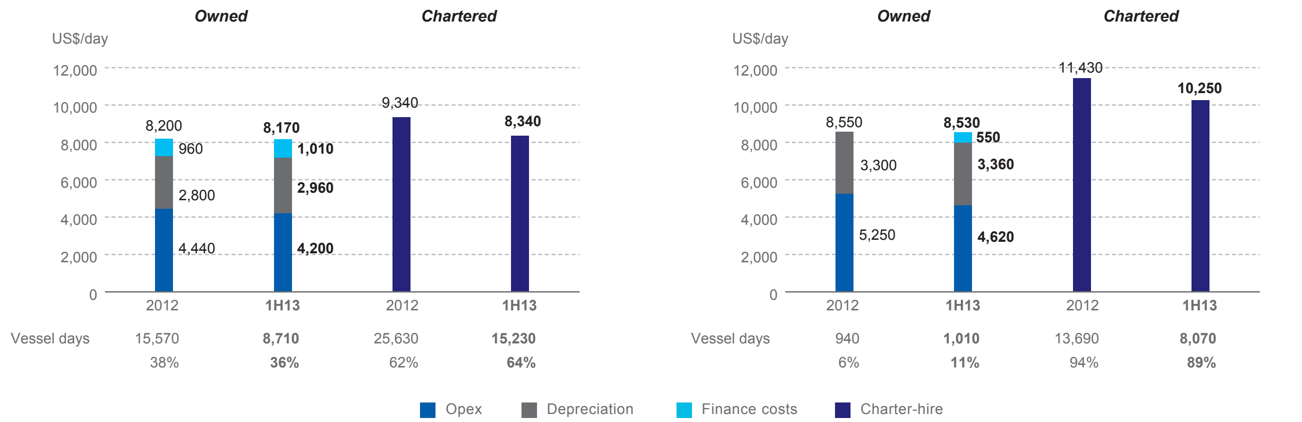
Our daily charter rates for both our Handysize and Handymax vessels were lower than in 2012 due to the oversupply of vessels in the global market and the resulting weaker spot market rates.

Handysize Daily Vessel Costs

Blended US$8,280 *(FY2012: US$8,910)*

Handymax Daily Vessel Costs

Blended US$10,060 *(FY2012: US$11,240)*



Our dry bulk fleet incurred direct costs (including bunkers and port disbursements) of US$683.5 million (2012: US$610.6 million) representing 92% (2012: 91%) of total direct costs.

The depressed market's negative impact on our dry bulk segment net profit was partly mitigated by an increase in our spot market operating activities using chartered third-party vessels at lower daily charter rates, which has reduced our blended daily costs.

The reduction in chartered-in vessel costs was the main contributor to the 16% and 18% reduction in our Handysize and Handymax blended daily costs.

The decrease in daily opex was mainly due to lower repairs and maintenance expenses.

The increase in daily depreciation was due to the addition of vessels with higher average net book value than our existing vessels.

The increase in daily finance costs was due to the increased allocation of borrowings and associated interest from treasury to the segment as more owned vessels delivered.

Direct overheads reduced to US$550 per day (2012: US$620 per day) for our dry bulk ships. Such decrease was mainly because direct overheads increased at a slower pace compared to the expansion of our dry bulk fleet.

Our Handysize chartered-in days increased 29% to 15,230 days (2012: 11,780 days) while our Handymax chartered-in days increased 22% to 8,070 days (2012: 6,610 days). Chartered days represented 64% and 89% of our total Handysize and Handymax vessel days respectively, an increase of 3% and a decrease of 6% respectively over the same period last year.

During the period, 5,040 Handysize vessel days (2012: 1,220 days) and 1,070 Handymax vessel days (2012: 780 days) were secured on variable rate inward charters where rates were linked to the Baltic Handysize Index and Baltic Supramax Index. These represented 21% and 12% of our total first half Handysize and Handymax vessel days, and helped reduce our vessel chartered-in costs in the period.

Our fleet of owned and finance-leased dry bulk vessels experienced an average 1.3 days off-hire (2012: 1.4 days) per vessel during the period.

PB TOWAGE SEGMENT

Segment Operating Performance

US$ Million	Six months ended 30 June 2013	2012	Change
Offshore & Infrastructure projects	15.3	15.2	+1%
Harbour towage	6.2	6.4	-3%
Middle East & others	0.8	0.5	+60%
Segment operating performance before overheads	22.3	22.1	+1%
Direct overheads	(9.7)	(8.0)	-21%
Segment net profit	12.6	14.1	-11%
Segment EBITDA	19.8	23.2	-15%
Segment net assets	210.6	244.6	-14%
Annualised return on net assets (%)	12%	12%	+0%

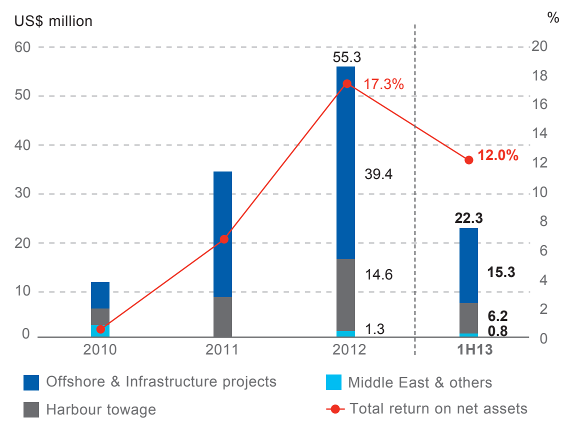
Results from offshore and infrastructure projects are comparable to the same period last year but have decreased compared to the second half of 2012 due to the completion of existing projects.

Harbour towage results and direct overheads were affected by startup costs relating to our entry into the port of Newcastle.

The Segment's EBITDA amounted to US$19.8 million (2012: US$23.2 million) for the period.

The decrease in segment net assets was mainly due to the weaker Australian Dollar resulting in lower translation value.

Operating Performance Before Overheads



DISCONTINUED OPERATIONS – PB RORO

On 6 September 2012, we entered into an agreement to sell all of our six RoRo vessels with forward delivery for an aggregate consideration of €153 million. The buyer is obliged to complete the purchase of at least one vessel by the end of each of the six month periods ending 30 June 2013 through 31 December 2015. Simultaneously with the signing of the sale agreements, the Group signed bareboat charterparties to charter the vessels to the buyer at agreed charter rates. These charters expire with the purchase and delivery of the vessels to the buyer.

As at 30 June 2013, the bareboat charters for five vessels had commenced, of which ownership of one passed to the buyer in June 2013. The Group expects the bareboat charter of the final vessel to commence in March 2014.

On the date of the sale agreement, the vessels' carrying values were reclassified in the balance sheet as assets held for sale. At the bareboat charter commencement date, the value of assets held for sale of each of the vessels are de-recognised from the balance sheet and corresponding trade receivables recognised in the balance sheet representing the present value of the sale proceeds and charter-hire receipts. The difference between the gross receivables and the present value of the receivables is recognised as interest income reflecting the time value of money over the periods of the bareboat charters and until the expected date of settlement of the sale consideration. The bareboat interest income of US$3.5 million in 2013 (2012: Nil) is shown under Treasury. As at 30 June 2013, the remaining five owned RoRo vessels had a combined asset value of US$156.3 million, represented by four RoRo vessels on bareboat charter with a value of US$125.1 million shown in other receivables under Treasury, and one with a value of US$31.2 million shown in assets held for sale under discontinued operations – RoRo.

The operating loss of US$0.8 million (2012: US$8.5 million loss) for the period ended 30 June 2013 represents the operating results of these vessels prior to the bareboat charter commencement dates. As at 30 June 2013, only one vessel had yet to commence its bareboat charter and hence the operating costs in the second half of 2013 will reduce to reflect the operating costs of this one vessel and the direct overheads of the RoRo operation.

The Group maintains a foreign exchange reserve for the translation to US Dollars of the Euro-denominated net asset value of the vessel owning companies. Each vessel disposal will result in the release of the cumulative foreign exchange reserve relating to each vessel owning company to the consolidated income statement at the bareboat commencement date. The amount realised in 2013 was a loss of US$8.3 million (2012: Nil).

The currently estimated future financial effect of the RoRo disposal transaction is as follows:

US$ Million	2H13	2014	2015	Total
Interest Income – Treasury	3.8	6.1	2.9	12.8
Exchange Losses – Unallocated	–	(5.0)	–	(5.0)
Total	3.8	1.1	2.9	7.8

Note: The exchange losses relate to the foreign exchange reserve for the translation to US Dollars of the Euro-denominated net asset value of the RoRo companies. Such cumulative foreign exchange reserve will be released to the consolidated income statement at the bareboat charter commencement dates. The estimated Euro-denominated interest income is translated into US Dollars at the 2013 period-end rate of EUR 1 to US$ 1.3043.

FUNDING AND COMMITMENTS

CASH FLOW AND CASH

The Group's four main sources of capital are equity, convertible bonds, bank loans and operating cash flows.

The Treasury function actively manages the cash, borrowings and commitments of the Group to ensure sufficient funds are available and an appropriate level of liquidity is maintained during different stages of the shipping cycle to meet all its obligations. This is part of the ordinary activities of the Group.

Over the long term, the Group aims to maintain a conservative consolidated net gearing of no greater than 50% – defined as the ratio of net borrowings to the net book value of property, plant and equipment – which we believe is sustainable over different stages of the shipping cycle.

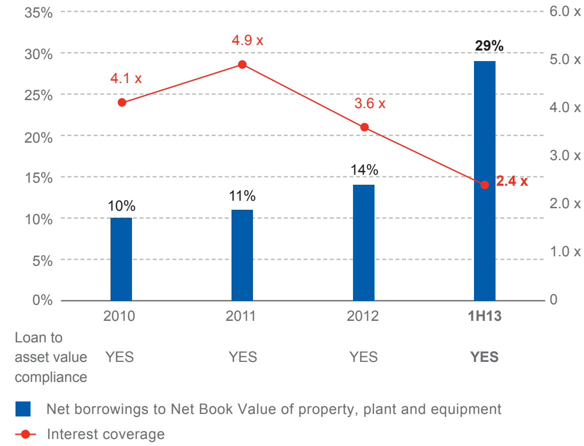
As at 30 June 2013, the Group had a strong cash position of US$442.3 million resulting in a 29% net gearing ratio. The Group has sufficient cash resources on hand to fund its capital commitments of US$298 million.

We have deployed US$227 million of cash resources into attractively priced vessels. We plan to secure new bank facilities in due course.

Cash Flow

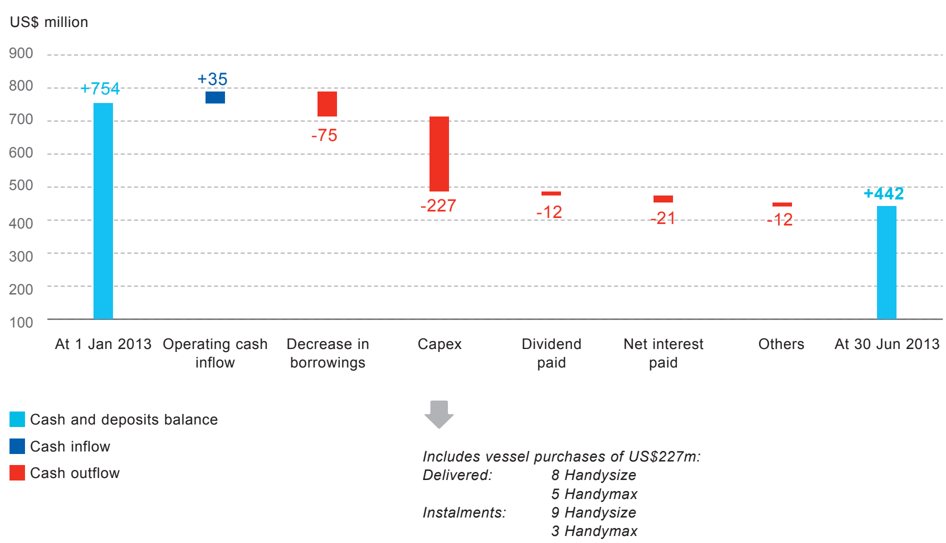
The major factors influencing future cash balances are expected to be operating cash flows, purchases of dry bulk vessels, sale of assets, and drawdown and repayment of borrowings.

Net Borrowings To NBV And Interest Coverage



Liquidity	US$442.3 million of total cash and deposits (principally denominated in US$) US$72.4 million of unutilised bank borrowing facilities
Net working capital	US$459.8 million

1H2013 Sources And Uses of Group Cash Flow



Cash And Deposits

Treasury is permitted to invest in a range of cash and investment products subject to limits specified in the Board approved Group Treasury Policy. These include overnight and term deposits, money market funds, liquidity funds, structured notes, and currency linked deposits.

Treasury enhances Group income through investing in a mix of financial products, based on the perceived balance of risk, return and liquidity, while ensuring that cash can be readily deployed to meet the Group's commitments and needs.

Cash, deposits and investment products are placed with a range of leading banks, mainly in Hong Kong. Restricted bank deposits relate to collateral pledged to maintain i) dry bulk loan covenants and ii) guarantees issued for offshore and infrastructure projects in the Towage segment.

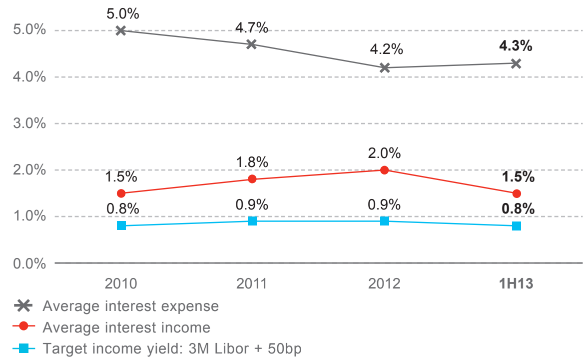
The split of current and long-term cash, deposits and borrowings is presented as follows:

US$ Million	30 June 2013	31 December 2012	Change
Restricted bank deposits - non-current	1.3	50.2	
Restricted bank deposits - current	47.9	70.2	
Cash and deposits	393.1	633.1	
Total cash and deposits	**442.3**	753.5	-41%
Current portion of long term borrowings	(128.3)	(77.8)	
Long term borrowings	(728.6)	(853.7)	
Total borrowings	**(856.9)**	(931.5)	+8%
Net borrowings	(414.6)	(178.0)	-133%
Net borrowings to Net Book Value of property, plant and equipment	28.9%	14.0%	
Net borrowings to shareholders' equity	32.0%	13.4%	

The decrease in cash and deposits mainly represents deployment of cash into dry bulk vessel purchases.

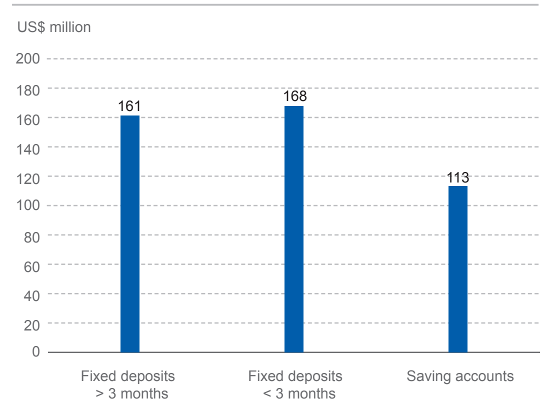
During the period, Treasury achieved 1.5% return on the Group's cash. Interest income is benchmarked against a target yield of 50 basis points above 3-month US Dollar LIBOR.

Interest Rates And Benchmark Income



The Group's cash and deposits at 30 June 2013 of US$442.3 million comprised US$406.5 million in USD, US$24.1 million in AUD and US$11.7 million in other currencies. These are invested in the following investment products:

Cash And Deposits Investments



BORROWINGS

The Group's Treasury function arranges financing by leveraging the Group's balance sheet to optimise the availability of cash resources of the Group. Borrowings comprise:

- bank borrowings;
- finance lease liabilities; and
- the debt element of convertible bonds.

The aggregate borrowings of the Group amounted to US$856.9 million (31 December 2012: US$931.5 million). They are principally denominated in United States Dollars, except for bank loans equivalent to US$24.8 million (31 December 2012: US$31.1 million) which are denominated in Australian Dollars.

Bank Borrowings

Bank borrowings (net of deferred loan arrangement fees) were US$449.8 million (31 December 2012: US$465.1 million) at 30 June 2013.

Bank borrowings are in the functional currency of the business segment to which they relate.

The Group monitors the loans to asset value requirements on its bank borrowings. If the market values of the Group's mortgaged assets fall below the level prescribed by our lenders, the Group pledges additional cash or offers additional unmortgaged vessels as collateral to them.

As at 30 June 2013:

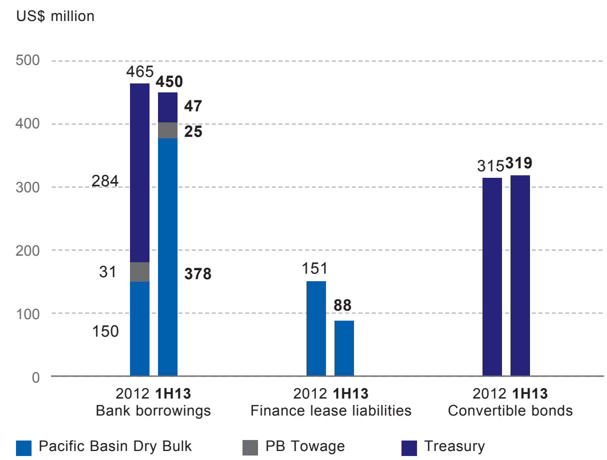
i) The Group's bank borrowings were secured by mortgages over 49 (31 December 2012: 45) vessels with a total net book value of US$816.1 million (31 December 2012: US$695.6 million) and an assignment of earnings and insurances in respect of these vessels. The Group had 50 (31 December 2012: 42) unmortgaged vessels with a total net book value of US$506.4 million (31 December 2012: US$383.2 million) split into 23 dry bulk ships with a net book value of US$374.9 million and 27 Towage tugs and barges with a net book value of US$131.5 million.

ii) The Group was in compliance with all its loans to asset value requirements.

iii) The Group had unutilised bank borrowing facilities of US$72.4 million (31 December 2012: US$6.9 million) including US$66.8 million from a Japanese export credit loan arranged in the period.

P/L impact:	Interest on bank borrowings (after capitalisation) remained at US$4.8 million (2012: US$4.7 million). Bank borrowings are subject to floating interest rates but the Group manages these exposures by way of entering into interest rate swap contracts.

Borrowings By Source And Segment



Finance Lease Liabilities

Finance lease liabilities decreased following the exercise in June 2013 of purchase options on five finance leases for five Handysize vessels, and scheduled repayments during the period. Subsequent to the reporting period, a further five purchase options were exercised in July 2013, which further eliminated US$62.6 million of finance lease liabilities at 30 June 2013.

Finance lease liabilities are allocated to the segment in which the assets are owned.

Aggregate current and long term finance lease liabilities at 30 June 2013 were US$87.8 million (31 December 2012: US$151.4 million) relating to 8 (31 December 2012: 13) Handysize vessels whose bareboat charters expire between 2015 and 2017. The fixed, equal, quarterly charter-hire payments are accounted for as a combination of repayments of finance lease liabilities on the balance sheet and finance charges in the income statement. Finance charges can be expressed as interest rates, fixed for the period of the leases.

P/L impact:	Finance charges of US$4.7 million (2012: US$5.6 million) represent interest payments on the Handysize vessels under finance leases.

Convertible Bonds

The debt components of the 1.75% p.a. coupon April 2016 convertible bonds and 1.875% p.a. coupon October 2018 convertible bonds were US$319.4 million (31 December 2012: US$315.0 million) at 30 June 2013.

P/L impact:	The US$7.6 million (2012: US$4.8 million) interest expense of the convertible bonds is calculated at an effective interest rate of 4.9%.

FINANCE COSTS

Total finance costs of US$24.9 million resulted from the dry bulk and towage operations and no finance costs were attributable to our discontinued RoRo operations. Total finance costs for the same period last year of US$19.0 million comprised finance costs from continued operations of US$17.9 million and finance costs from the discontinued RoRo operations of US$1.1 million. Exercising the five purchase options on finance leased vessels during the period ended 30 June 2013 resulted in the embedded fixed interest rate swap contract being terminated at a cost of US$6.1 million. Exercising a further five purchase options after the reporting period resulted in an additional expense of US$9.8 million to be reflected in the results of the second half of 2013.

The key indicators on which management focuses to assess the cost of borrowings are:

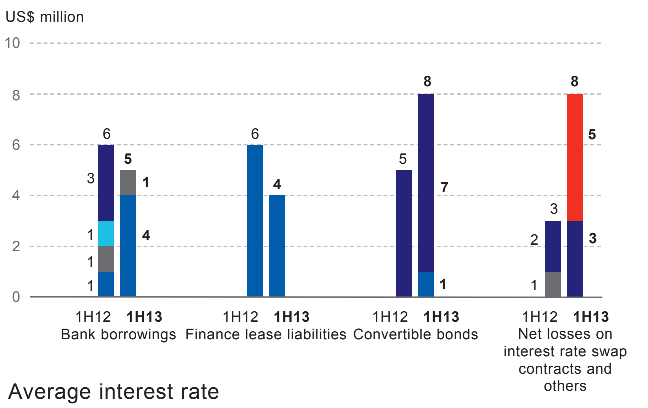
- Average interest rates for the sources of borrowings (see "Finance Costs by Source and Segment" below)

	1H13	1H12
• Group Interest Coverage	**2.4x**	2.8x

Group Interest Coverage is calculated as EBITDA divided by total gross finance costs

The Group aims to achieve a balance between floating and fixed interest rates on its long term borrowings, using interest rate swap contracts where appropriate. US$2.9 million of interest rate swap contract costs were realised and US$1.4 million of unrealised gains arose resulting in a net US$1.5 million swap contract charge in the first half of the year. As at 30 June 2013, 9% of the Group's long term borrowings were subject to floating rates. The Group monitors this to maintain an appropriate floating to fixed interest rate ratio which is adjusted from time to time depending on the shipping and interest rate cycles.

Finance Costs By Source And Segment



Average interest rate

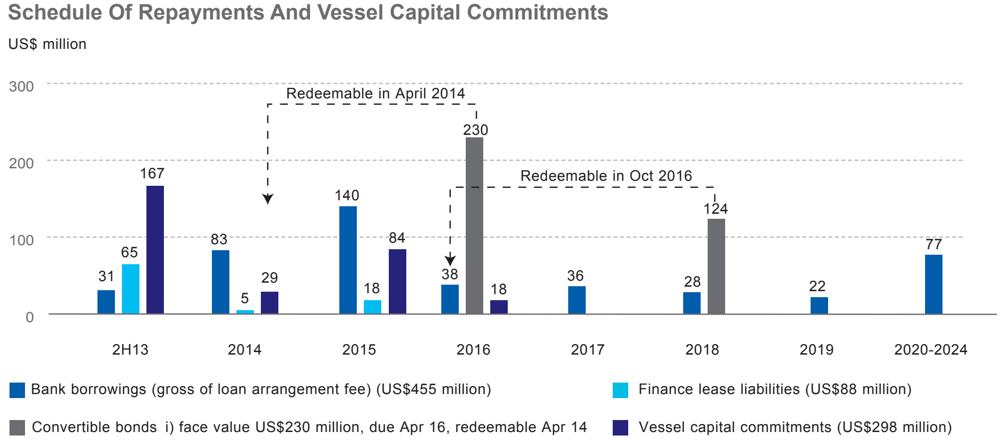
	Bank borrowings 1H12	1H13	Finance lease liabilities 1H12	1H13	Convertible bonds 1H12	1H13
P/L	2.5%	**2.0%**	6.8%	**6.8%**	4.7%	**4.9%**
Cash	2.5%	**2.0%**	6.8%	**6.8%**	1.8%	**1.8%**

■ Pacific Basin Dry Bulk ■ PB Towage ■ PB RoRo ■ Treasury ■ Unallocated

Finance Costs By Nature

(US$ Million)	Average interest rate P/L	Cash	Finance Costs
Bank borrowings including realised interest rate swap	3.2%	3.2%	8.0
Finance lease liabilities	6.8%	6.8%	4.6
Convertible bonds	4.9%	1.8%	7.6
	4.4%	3.4%	20.2
Finance leases purchase option termination expenses			6.1
Unrealised interest rate swap income			(1.4)
Total finance costs			24.9

Schedule Of Repayments And Vessel Capital Commitments



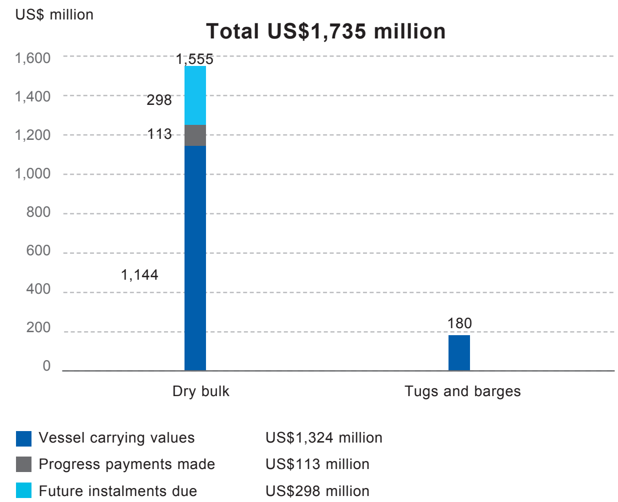
DELIVERED VESSELS

As at 30 June 2013, the Group had property, plant and equipment with a net book value of US$1,435.5 million, related to the following delivered vessels:

		Number	Average net book value (US$ Million)
Dry Bulk	Handysize	52	16.7
Dry Bulk	Handymax	9	24.8
Dry Bulk	Post-Panamax	1	52.3
Towage	Tugs & Barges	37	4.8

Handysize vessels continued to dominate the Group's assets with an average age of 8 years for the delivered owned vessels, whilst Handymax had an average age of 5 years. Tugs and barges are denominated in their functional currencies of the Australian Dollar, and hence their US Dollar carrying values and commitments are subject to exchange rate fluctuations.

A Combined View Of Vessel Carrying Values And Vessel Commitments



VESSEL COMMITMENTS

As at 30 June 2013, the Group had vessel commitments of US$235.8 million. Subsequent to the period end, the Group further committed to four Handysize vessel purchases of US$62.0 million. The vessels are scheduled to deliver to the Group between July 2013 and May 2016.

	Number of vessels	US$ Million 2013	2014	2015	2016	Total
Contracted and authorised commitments						
Handysize vessels	11	53.1	26.1	63.8	17.9	160.9
Handymax vessels	4	51.9	2.6	20.4	–	74.9
	15	105.0	28.7	84.2	17.9	235.8
Commitments after the period end						
Handysize vessels	4	62.0	–	–	–	62.0
Total commitments at 31 July 2013	**19**	**167.0**	**28.7**	**84.2**	**17.9**	**297.8**

These commitments, along with other potential vessel acquisitions, will be financed by a combination of cash generated by the Group's operations, existing cash and additional long term borrowings to be arranged as required. Where commitments are in currencies other than the functional currencies of the underlying assets (there were no such commitments as at 30 June 2013), the Group would enter into forward foreign exchange contracts to purchase the currencies at predetermined rates.

VESSEL PURCHASE OPTIONS

Certain lease agreements provide the Group with options to purchase the related vessels at predetermined times and prices during the lease periods. The average price of the existing purchase options for the Group's vessels in the earliest years in which these options may be exercised, along with the number of vessels and the average age of such vessels in those years, are as follows:

Earliest year in which options may be exercised	Vessel type	Number of vessels at 30 June 2013 Finance lease	Operating lease	Average age of vessels (years)	Average purchase option exercise price[1] (US$ Million)
2013	Handysize (exercised in July '13)	5	–	11	12.9
	Handysize	3	3	12	14.4
	Tug & barge	–	5	4	4.1
2016	Handysize	–	2	5	31.0
	Handymax	–	1	5	30.0
	Post-Panamax	–	1	5	53.7
2017	Handysize	–	2	9	19.6
2021	Handysize	–	1	7	30.2
2022	Handysize	–	1	7	31.3
Total		8	16		

Note 1: Includes certain purchase options priced in Japanese Yen.

Estimated fair market values published by Clarksons are US$18.0 million and US$21.5 million for 5 year old 32,000 dwt Handysize and 56,000 dwt Handymax vessels respectively.

VESSEL LEASE COMMITMENTS

The following table shows the average contracted daily charter rates and the annual total number of vessel days for our chartered-in Handysize and Handymax vessels during their remaining lease terms under operating leases and finance leases in each year of the lease term, assuming the purchase options will not be exercised until the expiry of the charter-hire agreements.

Handysize And Handymax Vessel Lease Commitments

Year	Handysize Operating leases		Handysize Finance leases		Handymax Operating leases	
	Average daily rate (US$)	Vessel days	Average daily rate (US$)	Vessel days	Average daily rate (US$)	Vessel days
2H13	8,990	8,110	5,670	700	10,190	5,030
2014	10,080	7,800	5,580	1,100	12,880	2,170
2015	10,520	6,720	5,570	1,030	13,720	1,490
2016	10,390	5,410	–	–	13,750	1,460
2017	10,420	5,030	–	–	13,750	1,460
2018	10,490	4,360	–	–	13,810	1,460
2019	10,740	3,700	–	–	13,820	1,460
2020	12,560	1,420	–	–	13,860	1,270
2021	14,000	310	–	–	11,940	260
Total		42,860		2,830		16,060
Aggregate operating lease commitments		US$438.6m				US$200.9m

Vessel operating lease commitments stood at US$702.8 million (31 December 2012: US$573.2 million), comprising: US$438.6 million for Handysize; US$200.9 million for Handymax; US$52.5 million for Post-Panamax vessels; and US$10.8 million for tugs. Our Handysize operating lease committed days increased 15.9% to 42,860 days (31 December 2012: 36,980 days) while our Handymax operating lease committed days increased 72.5% to 16,060 days (31 December 2012: 9,310 days). The increases were mainly due to the increased volume of cargoes carried by the Group.

The carrying value of the vessels under finance lease are included as part of property, plant and equipment.

In addition to the above, there are vessel operating lease commitments that are on variable charter rates, linked to the Baltic Handysize Index for Handysize vessels and the Baltic Supramax Index for Handymax vessels.

Handysize And Handymax Index-Linked Vessel Lease Commitments

Year	Handysize Vessel days	Handymax Vessel days
2H13	5,810	890
2014	6,790	440
2015	2,480	–
2016	120	–
Total	15,200	1,330

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2013 US$'000	2012 US$'000 (restated)
Continuing operations			
Revenue		766,793	690,998
Direct costs		(741,126)	(673,744)
Gross profit		25,667	17,254
General and administrative expenses		(9,495)	(5,588)
Other income and gains		5,581	1,298
Other expenses		(320)	(1,752)
Finance costs, net		(16,322)	(8,278)
Share of profits less losses of jointly controlled entities		2,785	1,672
Share of profits less losses of associates		2,226	216
Profit before taxation	4	10,122	4,822
Taxation	5	(710)	(2,300)
Profit for the period		9,412	2,522
Discontinued operations			
Loss for the period		(9,147)	(198,454)
Profit/(loss) attributable to shareholders		265	(195,932)
Dividends	6	–	–
Earnings per share for profit/(loss) attributable to shareholders (in US cents)			
Basic earnings per share	7(a)		
From continuing operations		0.48	0.13
From discontinued operations		(0.47)	(10.28)
From profit/(loss) attributable to shareholders		0.01	(10.15)
Diluted earnings per share	7(b)		
From continuing operations		0.48	0.13
From discontinued operations		(0.47)	(10.28)
From profit/(loss) attributable to shareholders		0.01	(10.15)

See Note 3(a) for more on income statement segment information. Comparatives on income statement are restated due to the discontinued RoRo operations classified as held for sale.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2013 US$'000	2012 US$'000
Profit/(loss) attributable to shareholders	265	(195,932)
Other comprehensive income		
Currency translation differences	(25,177)	(11,348)
Release of exchange loss from upon disposal of property, plant and equipment	8,331	–
Release of exchange gain from upon repayment of shareholder loans	(4,559)	–
Cash flow hedges:		
– fair value losses	(3,147)	(1,075)
– transferred to finance costs in income statement	2,982	1,720
Fair value gains/(losses) on available-for-sale financial assets	1,525	(1,061)
Total comprehensive income attributable to shareholders	(19,780)	(207,696)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2013 US$'000	31 December 2012 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,435,520**	1,270,202
Investment properties		**2,688**	2,675
Land use rights		**3,767**	3,767
Goodwill		**25,256**	25,256
Interests in jointly controlled entities		**38,277**	22,118
Investments in associates		**1,332**	1,332
Available-for-sale financial assets		**6,254**	4,729
Derivative assets		**972**	5,075
Trade and other receivables	8	**59,735**	58,039
Restricted bank deposits		**1,302**	50,192
Other non-current assets		**7,217**	5,322
		1,582,320	1,448,707
Current assets			
Inventories		**106,132**	79,102
Derivative assets		**423**	1,747
Structured notes		**15,058**	–
Trade and other receivables	8	**170,271**	106,044
Restricted bank deposits		**47,881**	70,148
Cash and deposits		**393,086**	633,118
		732,851	890,159
Assets of discontinued operations classified as held for sale		**32,178**	131,409
		765,029	1,021,568
Total assets		**2,347,349**	2,470,275
EQUITY			
Capital and reserves attributable to shareholders			
Share capital		**193,523**	193,605
Retained profits		**525,324**	537,456
Other reserves		**577,336**	600,960
Total equity		**1,296,183**	1,332,021
LIABILITIES			
Non-current liabilities			
Derivative liabilities		**17,421**	22,684
Long term borrowings		**728,556**	853,651
		745,977	876,335
Current liabilities			
Derivative liabilities		**3,942**	2,449
Trade and other payables	9	**167,282**	174,884
Current portion of long term borrowings		**128,347**	77,820
Taxation payable		**2,540**	2,509
		302,111	257,662
Liabilities of discontinued operations classified as held for sale		**3,078**	4,257
		305,189	261,919
Total liabilities		**1,051,166**	1,138,254
Net current assets		**459,840**	759,649
Total assets less current liabilities		**2,042,160**	2,208,356

See Note 3(b) for more on balance sheet segment information.

NOTE:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in Bermuda on 10 March 2004 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. ADOPTION OF NEW/REVISED HKAS

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2012.

The following new standards and amendments to standards are mandatory for the accounting period beginning 1 January 2013 and are relevant to the Group's operation.

HKAS 1 (Amendments)	Presentation of financial statements
HKAS 27 (Amendments)	Separate financial statements
HKAS 28 (Revised 2011)	Associates and joint ventures
HKFRS 7 (Amendments)	Financial instruments: Disclosures
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interest in other entities
HKFRS 13	Fair value measurement
HKFRS 10, 11 and 12 (Amendments)	Transition guidance

The adoption of these new standards and amendments to standards has not resulted in any substantial change to the Group's accounting policies.

3. SEGMENT INFORMATION

The Group manages its businesses by division. Reports are presented to the heads of divisions as well as the Board for the purpose of making strategic decisions, allocation of resources and assessing performance. The reportable operating segments in this note are consistent with how information is presented to the heads of divisions and the Board.

The Group's revenue is primarily derived from the provision of dry bulk shipping services internationally, and towage services to the harbour and offshore sectors in Australia and New Zealand.

The results of the port projects and maritime services activities are included in the "All Other Segments" column as they do not meet the quantitative thresholds suggested by HKFRS.

"Treasury" manages the Group's cash and borrowings. As such, the related finance income and expenses are allocated under "Treasury".

Geographical segment information is not presented as the Directors consider that the nature of the provision of shipping services, which are carried out internationally, precludes a meaningful allocation of operating profit to specific geographical segments.

3. SEGMENT INFORMATION (CONTINUED)

(A) INCOME STATEMENT SEGMENT INFORMATION

For the period ended 30 June 2013 US$'000	Pacific Basin Dry Bulk	PB Towage	All Other Segments	Total Segments	Unallocated Treasury	Unallocated PB RoRo	Unallocated Others	Total	Reclass-ification	Per Financial Statements
Continuing operations										
Revenue	704,099	62,239	261	766,599	–	–	150	766,749	44	766,793
Freight and charter-hire	704,099 [1]	57,795	–	761,894	–	–	150 [1]	762,044	44 [1]	762,088
Maritime management services	–	4,444	261	4,705	–	–	–	4,705	–	4,705
Bunkers & port disbursements	(382,348) [2]	(1,478)	–	(383,826)	–	–	(5,032) [2]	(388,858)	388,858 [2]	–
Time charter equivalent earnings	321,751									
Direct costs	(301,190)	(51,078)	–	(352,268)	–	–	–	(352,268)	(388,858)	(741,126)
Bunkers & port disbursements	–	–	–	–	–	–	–	–	(388,858) [2]	(388,858)
Charter-hire expenses for vessels	(211,389)	(4,443)	–	(215,832)	–	–	–	(215,832)	–	(215,832)
Vessel operating costs	(41,273)	(30,274)	–	(71,547)	–	–	–	(71,547)	–	(71,547)
Depreciation of vessels	(30,186)	(6,667)	–	(36,853)	–	–	–	(36,853)	–	(36,853)
Direct overheads	(18,342)	(9,694)	–	(28,036)	–	–	–	(28,036)	–	(28,036)
Gross profit	20,561	9,683	261	30,505	–	–	(4,882)	25,623	44	25,667
General and administrative expenses	–	–	–	–	(2,406)	–	(7,089) [3]	(9,495)	–	(9,495)
Other income and expenses, net	–	688	–	688	58	–	4,559 [4]	5,305	(44) [1]	5,261
Finance costs, net	(9,309)	(350)	–	(9,659)	(1,988)	–	(4,675) [5]	(16,322)	–	(16,322)
Share of profits less losses of jointly controlled entities	–	2,785	–	2,785	–	–	–	2,785	–	2,785
Share of profits less losses of associates	–	–	2,226	2,226	–	–	–	2,226	–	2,226
Profit/(loss) before taxation	11,252	12,806	2,487	26,545	(4,336)	–	(12,087)	10,122	–	10,122
Taxation	–	(168)	(542)	(710)	–	–	–	(710)	–	(710)
Profit/(loss) for the period	11,252	12,638	1,945	25,835	(4,336)	–	(12,087)	9,412	–	9,412
Discontinued operations										
Loss for the period	–	–	–	–	–	(816) [6]	(8,331) [6]	(9,147)	–	(9,147)
Profit/(loss) attributable to shareholders	11,252	12,638	1,945	25,835	(4,336)	(816)	(20,418)	265	–	265

(1) Net unrealised forward freight agreement benefits and expenses are under "Unallocated Others". Net realised benefits and expenses are under "Pacific Basin Dry Bulk". For the presentation of the financial statements, realised and unrealised benefits and expenses are reclassified to other income and other expenses. The related derivative assets and liabilities are under "Unallocated Others".

(2) Net unrealised bunker swap contract benefits and expenses are under "Unallocated Others". Net realised benefits and expenses are under "Pacific Basin Dry Bulk". For the presentation of the financial statements, bunkers & port disbursements are reclassified to direct costs. The related derivative assets and liabilities are under "Unallocated Others".

(3) "Others" represents corporate overheads.

(4) "Others" represents the exchange gain arising from the repayment of shareholder loans by PB Towage amounting to US$4.6 million (2012: Nil).

(5) "Others" represents net unrealised interest rate swap contract benefits of US$1.4 million (2012: US$0.1 million) and the expenses relating to the repayment of the finance leases liabilities upon the exercise of five purchase options under finance leases amounting to US$6.1 million (2012: Nil).

(6) Comparatives are restated due to the discontinued operations of PB RoRo classified as held for sale. "Others" in 2013 represents the release from foreign exchange reserve amounting to US$8.3 million (2012: Nil) in relation to three RoRo vessels whose bareboat charters to the purchaser commenced in 2013. The amount for 2012 represents the impairment charge of US$190.0 million of the RoRo vessels.

3. SEGMENT INFORMATION (CONTINUED)

(A) INCOME STATEMENT SEGMENT INFORMATION (CONTINUED)

For the period ended 30 June 2012 (restated) US$'000	Pacific Basin Dry Bulk	PB Towage	All Other Segments	Total Segments	Unallocated Treasury	Unallocated PB RoRo	Unallocated Others	Total	Reclass-ification	Per Financial Statements
Continuing operations										
Revenue	625,345	64,913	481	690,739	–	–	246	690,985	13	690,998
Freight and charter-hire	625,345 [1]	60,712	–	686,057	–	–	246 [1]	686,303	13 [1]	686,316
Maritime management services	–	4,201	481	4,682	–	–	–	4,682	–	4,682
Bunkers & port disbursements	(335,600) [2]	(2,017)	–	(337,617)	–	–	(9,494) [2]	(347,111)	347,111 [2]	–
Time charter equivalent earnings	289,745									
Direct costs	(275,031)	(49,160)	(2,442)	(326,633)	–	–	–	(326,633)	(347,111)	(673,744)
Bunkers & port disbursements	–	–	–	–	–	–	–	–	(347,111) [2]	(347,111)
Charter-hire expenses for vessels	(197,505)	(4,599)	–	(202,104)	–	–	–	(202,104)	–	(202,104)
Vessel operating costs	(36,389)	(29,858)	–	(66,247)	–	–	–	(66,247)	–	(66,247)
Depreciation of vessels	(24,390)	(6,695)	–	(31,085)	–	–	–	(31,085)	–	(31,085)
Direct overheads	(16,747)	(8,008)	(2,442)	(27,197)	–	–	–	(27,197)	–	(27,197)
Gross profit	14,714	13,736	(1,961)	26,489	–	–	(9,248)	17,241	13	17,254
General and administrative expenses	–	–	–	–	–	–	(5,588) [3]	(5,588)	–	(5,588)
Other income and expenses, net	–	–	(473)	(473)	32	–	–	(441)	(13) [1]	(454)
Finance costs, net	(7,201)	(614)	390	(7,425)	(926)	–	73 [5]	(8,278)	–	(8,278)
Share of profits less losses of jointly controlled entities	–	2,515	(843)	1,672	–	–	–	1,672	–	1,672
Share of profits less losses of associates	–	216	–	216	–	–	–	216	–	216
Profit/(loss) before taxation	7,513	15,853	(2,887)	20,479	(894)	–	(14,763)	4,822	–	4,822
Taxation	–	(1,753)	(547)	(2,300)	–	–	–	(2,300)	–	(2,300)
Profit/(loss) for the period	7,513	14,100	(3,434)	18,179	(894)	–	(14,763)	2,522	–	2,522
Discontinued operations										
Loss for the period	–	–	–	–	–	(8,454) [6]	(190,000) [6]	(198,454)	–	(198,454)
Profit/(loss) attributable to shareholders	7,513	14,100	(3,434)	18,179	(894)	(8,454)	(204,763)	(195,932)	–	(195,932)

3. SEGMENT INFORMATION (CONTINUED)

(B) BALANCE SHEET SEGMENT INFORMATION

At 30 June 2013 US$'000	Pacific Basin Dry Bulk	PB Towage	All Other Segments	Total Segments	Unallocated Treasury	 PB RoRo	 Others	Per Financial Statements
Total assets	1,501,068	249,474	16,231	1,766,773	543,662	32,178	4,736[1,2]	2,347,349
Including:								
Property, plant and equipment	1,250,005	180,654	4,861	1,435,520	–	–	–	1,435,520
– Include additions to PP&E	225,105	915	652	226,672	–	–	–	226,672
Interests in jointly controlled entities	–	34,936	–	34,936	–	–	3,341	38,277
– Include additions to interests in JCE	–	17,999	–	17,999	–	–	–	17,999
Investments in associates	–	–	1,332	1,332	–	–	–	1,332
Total cash and deposits	26,357	15,477	112	41,946	400,323	–	–	442,269
Total liabilities	616,009	38,863	754	655,626	373,122	3,078	19,340[1,2]	1,051,166
Including:								
Long term borrowings	466,136	24,755	–	490,891	366,012	–	–	856,903

Pacific Basin Dry Bulk total assets:
- *Vessels delivered & under construction*
- *Goodwill*

All Other Segments total assets:
- *Properties*

Treasury total assets:
- *Group cash unallocated*
- *RoRo receivables*

Others total assets:
- *Derivative assets*

PB Towage interests in jointly controlled entities:
- *OMSA, Australia*
- *Bunker tanker, N.Z.*

All Other Segments investments in associates:
- *Gold River Marine Terminal, Canada*

Pacific Basin Dry Bulk long term borrowings:
- *Bank loans*
- *Finance lease liabilities*

PB Towage long term borrowings:
- *Bank loans*

Treasury long term borrowings:
Group general facilities includes:
- *Convertible bonds*
- *Loans secured on vessels for future expansion*

Others total liabilities:
- *Derivative liabilities*

At 31 December 2012 US$'000	Pacific Basin Dry Bulk	PB Towage	All Other Segments	Total Segments	Unallocated Treasury	 PB RoRo	 Others	Per Financial Statements
Total assets	1,292,280	273,161	18,677	1,584,118	744,585	131,409	10,163[1,2]	2,470,275
Including:								
Property, plant and equipment	1,056,981	207,777	5,444	1,270,202	–	–	–	1,270,202
– Include additions to PP&E	170,677	3,574	1,733	175,984	–	19,366	–	195,350
Interests in jointly controlled entities	–	18,777	–	18,777	–	–	3,341	22,118
Investments in associates	–	1,332	–	1,332	–	–	–	1,332
Total cash and deposits	50,088	23,500	109	73,697	679,761	–	–	753,458
Total liabilities	437,013	55,276	1,597	493,886	617,827	4,257	22,284[1,2]	1,138,254
Including:								
Long term borrowings	301,272	31,079	–	332,351	599,120	–	–	931,471

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following:

US$'000	Six months ended 30 June 2013	2012 (restated)
Bunkers consumed	243,640	225,340
Depreciation		
– owned vessels	29,658	25,060
– finance leased vessels	7,195	6,025
– other owned property, plant and equipment	847	781
– investment properties	33	33
Amortisation of land use rights	58	58
Lubricating oil consumed	3,123	3,022
Gain on disposal of PP&E	688	–
Provision for/(write-back of) impairment losses		
– Trade receivables	88	(1,408)
– Available-for-sale financial assets	–	600
Fair value gains on structured notes	(58)	(32)
Gains on disposal of subsidiaries	–	(126)
Interest on borrowings		
– bank loans	7,262	5,918
– finance leases	4,662	5,633
– convertible bonds	7,561	4,779
Net losses on bunker swap contracts	4,519	3,640
Net losses on interest rate swap contracts	1,540	2,541
Net gains on forward foreign exchange contracts	(481)	–
Net losses on forward freight agreements	44	13

5. TAXATION

The amount of taxation charged to the consolidated income statement represents:

US$'000	Six months ended 30 June 2013	2012 (restated)
Current taxation		
Hong Kong profits tax, provided at the rate of 16.5% (2012:16.5%)	310	407
Overseas tax, provided at the rates of taxation prevailing in the countries	422	2,003
Overprovision of prior year	(22)	(110)
Tax charges	710	2,300

6. DIVIDENDS

No interim dividends in respect of the periods ended 30 June 2013 and 2012 were declared. The 2012 final dividend of HK 5 cents or US 0.6 cents per share, totaling US$12,397,000 was paid during the period.

7. EARNINGS PER SHARE

(A) BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, excluding the shares held by the trustee of the Company's Long Term Incentive Scheme ("LTIS") and 2013 Share Award Scheme ("SAS").

		Six months ended 30 June	
		2013	2012 (restated)
Profit from continuing operations	(US$'000)	**9,412**	2,522
Loss from discontinued operations	(US$'000)	**(9,147)**	(198,454)
Profit/(loss) attributable to shareholders	(US$'000)	**265**	(195,932)
Weighted average number of ordinary shares in issue	('000)	**1,935,722**	1,930,262
Basic earnings per share			
– continuing operations	(US cents)	**0.48**	0.13
– discontinued operations	(US cents)	**(0.47)**	(10.28)
	(US cents)	**0.01**	(10.15)
Equivalent to			
– continuing operations	(HK cents)	**3.78**	1.02
– discontinued operations	(HK cents)	**(3.67)**	(79.80)
	(HK cents)	**0.11**	(78.78)

(B) DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period after adjusting for the number of potential dilutive ordinary shares granted under the Company's LTIS and SAS but excluding the shares held by the trustee of the Company's LTIS and SAS.

		Six months ended 30 June	
		2013	2012 (restated)
Profit from continuing operations used to determine diluted earnings per share	(US$'000)	**9,412**	2,522
Loss from discontinued operations	(US$'000)	**(9,147)**	(198,454)
Profit/(loss) attributable to shareholders	(US$'000)	**265**	(195,932)
Weighted average number of ordinary shares in issue	('000)	**1,935,722**	1,930,262
Adjustment for share options	('000)	**179**	137
Weighted average number of ordinary shares for diluted earnings per share	('000)	**1,935,901**	1,930,399
Diluted earnings per share			
– continuing operations	(US cents)	**0.48**	0.13
– discontinued operations	(US cents)	**(0.47)**	(10.28)
	(US cents)	**0.01**	(10.15)
Equivalent to			
– continuing operations	(HK cents)	**3.78**	1.01
– discontinued operations	(HK cents)	**(3.67)**	(79.79)
	(HK cents)	**0.11**	(78.78)

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are net trade receivables and their ageing analysis is as follows:

US$'000	30 June 2013	31 December 2012
< 30 days	**29,666**	27,468
31-60 days	**4,890**	5,257
61-90 days	**2,934**	1,547
> 90 days	**3,781**	5,162
	41,271	39,434

Trade receivables consist principally of voyage-related trade receivables. It is industry practice that 95% to 100% of freight is paid upon completion of loading, with any balance paid after completion of discharge and the finalisation of port disbursements, demurrage claims or other voyage-related charges. The Group will not normally grant any credit terms to its customers and trade receivables at the balance sheet date are all past due.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and their ageing analysis is as follows:

US$'000	30 June 2013	31 December 2012
< 30 days	**77,774**	61,970
31-60 days	**441**	213
61-90 days	**160**	829
> 90 days	**2,732**	4,185
	81,107	67,197

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Other than for satisfying restricted awards granted under the Company's 2013 Share Award Scheme, neither the Company nor any of its subsidiaries has, during the period, purchased, sold or redeemed any of the share capital or convertible bonds of the Company.

COMPLIANCE WITH THE CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Board of Directors has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 of the Listing Rules (the "Model Code").

The Board confirms that, having made specific enquiry, the Directors have complied in full with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions during the six months ended 30 June 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2013, the Group has complied with all code provisions of the Code as set out in Appendix 14 of the Rules Governing the Listing of the Securities on the Stock Exchange (the "Listing Rules"). Furthermore, on 1 August 2013 the Board has adopted the Board Diversity Policy, details of which can be found on the Company's website.

REVIEW OF AUDIT COMMITTEE

The Audit Committee of the Company has reviewed this interim results announcement and the 2013 Interim Report of the Company for the six months ended 30 June 2013.

INTERIM DIVIDEND AND BOOK CLOSURE

As the Board has not declared an interim dividend, the register of members will not be closed for this purpose.

INTERIM REPORT AND DISCLOSURE OF INFORMATION ON STOCK EXCHANGE'S WEBSITE

The announcement of interim results containing all the information required by paragraphs 46(1) to 46(9) of Appendix 16 of the Listing Rules has been published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.pacificbasin.com.

The Company's 2013 Interim Report is printed in English and Chinese languages, and will be available on the Company's website on or around 20 August 2013 when it is sent to those shareholders who have elected to receive a printed copy.

DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
David Muir Turnbull, Mats Henrik Berglund, Jan Rindbo, Andrew Thomas Broomhead and Chanakya Kocherla.

Independent Non-executive Directors:
Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison and Daniel Rochfort Bradshaw.

Note: The English text of this announcement shall prevail over the Chinese text in case of any inconsistency.