Pacific Basin Shipping Limited
太平洋航運集團有限公司*

Press Release

Pacific Basin Shipping Limited Announces 2006 Interim Results

***

Declares Interim Dividend of 20 HK Cents per Share

Key Highlights

US$ millions	**2006**	2005 (restated)
	For the Six Months Ended 30 June, unaudited	
Time Charter Equivalent Earnings	**140.4**	140.9
Profit Attributable to Shareholders	**36.4**	85.5
Basic Earnings per share (US cents)	**2.83**	6.75
Basic Earnings per share (HK cents)	***21.95***	*52.30*

- Declared **an interim dividend of 20 HK cents** per share. Full year dividend is expected to be at least 40 HK cents per share in total. The payout ratio of 91% reflects the strength of the Group's balance sheet following last year's successful sale and charterback programme and the Group's positive outlook on the dry bulk market.

- **Group profits for the period were US$36.4 million** mainly as a result of the weakest first quarter in the dry bulk markets for three years and the absence of disposal gains in 2006 (US$12.2 million in 2005). Return on Equity was 25% and net profit margin was 26%.

- **Net revenues amounted to US$140.4 million**, almost equalling 2005 and despite lower rates during the period, because of the growth in business volume by almost 40%. Total volume of cargo carried for customers increased from 6.1 million tonnes to 8.5 million tonnes year on year.

- **The Group continues to strengthen its fleet with 10 additional handy bulkers,** including five handysize and two handymax second hand vessels, and three handysize newbuildings contracted in the first half. Total fleet (including newbuilding commitments) increased to 71 vessels in August 2006 from 60 vessels at the end of 2005.

- **Group profit is now increasing** as a result of rising freight rates and more vessel days. Handysize revenue days in full year 2006 are expected to be 16,190 days and in 2007 18,550 days. The Group is looking to cover 2007 at increasingly favourable rates given the recent market upswing. The Group's handymax operations, which began in January this year, are now in profit.

Hong Kong, August 22, 2006 – Pacific Basin Shipping Limited ("Pacific Basin" or "the Company"; SEHK: 2343), one of the world's leading dry bulk shipping companies, today announced the unaudited financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2006.

Group profits for the period were US$36.4 million (2005: US$85.5 million) on net revenues of US$140.4 million (2005: US$140.9 million). Basic earnings per share were 2.83 US cents, equivalent to 21.95 HK cents (2005: 6.75 US cents or 52.30 HK cents).

The Board of Directors has declared an interim dividend of 20 HK cents per share (2005: 30 HK cents per share) and has reaffirmed that the full year dividend is expected to be at least 40 HK cents per share. This high level of dividend payout reflects the confidence of the Board in the Company's prospects and in the dry bulk markets.

Profits, which are now increasing, were down due to the weakest first quarter in the dry bulk markets for three years, the absence of any disposal gains (2005: US$12.2 million) and the cost (part real, part timing) of the Company's entry into the handymax sector without the benefit of any owned tonnage. Turnover was maintained because of the growth in cargo volumes of almost 40%.

The freight market produced daily handysize time charter equivalent earnings in the period of US$14,400 (2005: US$18,600), a drop of US$4,200 per day on first half 2005's handysize revenue days which amounted to a reduction of some US$28.4 million in the Company's result. The newly formed handymax operations produced a realised loss in the period of US$2.3 million but are now profitable and prospects are good.

Results were further reduced by accounting rules whereby movements in the mark to market values of forward freight contracts (which the Company uses exclusively for hedging future vessels and cargoes) are reflected in the current period. Despite having more handymax ships than cargoes in total through this year and thereafter, on a market that is now rising, we have had to book an unrealised but locked-in US$3.5 million paper loss for the period. At current market rates the Company's future results will increase by more than this amount as it executes the counterbalancing physical positions during the remainder of 2006 and 2007.

What looks like a cyclical recovery in the dry bulk freight market began in May and is now showing unseasonal strength. July produced the Company's best daily handysize revenues this year, and the handymax 2007 freight futures index is now up by almost 100% against the first quarter of the year. All of this augurs very well for the Company's rapidly expanding business: the volume of cargo carried for the customers of IHC (handysize) and IHX (handymax) increased by almost 40% from 6.1 million tonnes to 8.5 million tonnes year on year.

The initially weak market gave the Company an opportunity to invest some of the proceeds of last year's sale and charter-back programme in expanding its fleet, paying prices well below 2005 levels. In the first half of 2006 the Company committed to acquiring an additional five handysize and two handymax second hand vessels (which will all contribute to this year's result), and three handysize newbuildings (of which one will deliver in 2007 and two in 2009). Whereas the Company's core fleet (including newbuilding commitments) stood at 60 vessels at the end of 2005, this reached 71 vessels in August 2006.

The Group continued to strengthen its network of regional offices to ensure that it offers customers direct and local access to its chartering and operations teams. The Group has further increased its presence in Melbourne, Vancouver and Tokyo, and has established new offices in Dubai and Fujairah to complement those already existing in Hong Kong, Shanghai, Beijing and London. This network of offices has allowed the Group to continue adding to its book of forward cargo cover which is critical in helping it optimise its fleet utilisation.

The Group intends to continue expanding its business, spearheaded by the IHC and IHX pools. It believes strongly in the merits of being able to provide handymax as well as handysize services.

Mr. Richard Hext, CEO of Pacific Basin, concluded "We are encouraged by the support we have received from our customers which, we believe, reflects our large, modern fleet; our very dedicated staff, ashore and afloat, around the world; and our strong publicly visible balance sheet. We must keep striving to improve our service levels to justify and reward our customers' confidence. Having our Group headquarters and largest office in Hong Kong allows us to take advantage of the many shipping opportunities both to and from China, and in the other expanding economies of the region including Japan, South Korea and India. We are the only company specialized in the provision of handy bulk services that combines all these attributes."

####

About Pacific Basin

Pacific Basin Shipping Limited is one of the world's leading commercial dry bulk shipping companies with an owned, chartered and managed fleet under the name of Pacific Basin (www.pacbasin.com) and International Handybulk Carriers ("IHC") (www.handybulkpool.com). It commenced its handymax activity in January 2006 under the name of International Handymax Carriers ("IHX") (www.handymaxpool.com).

The company specializes in shipping a broad range of dry bulk commodities which include forestry products, cement, minerals, grains and fertilizers and scrap steel from resource-rich regions such as Australia, New Zealand, West Coast North America and South East Asia to high commodity consumption countries such as Japan, China, and Korea.

Pacific Basin has a global presence with its headquarters in Hong Kong and operating offices in London, Tokyo, Melbourne, Shanghai, Dalian, Beijing, Vancouver, Dubai, Fujairah, Seoul and Singapore.

-End-

For further information, please contact:

Hill & Knowlton Asia Ltd

Gary Li	Ellen Chan
Tel: +852 2894 6239	Tel: +852 2894 6213
Mobile: +852 9652 9002	Mobile: +852 6370 4060
E-mail: gary.li@hillandknowlton.com.hk	E-mail: ellen.chan@hillandknowlton.com.hk

Unaudited Condensed Consolidated Income Statement

	For the Six Months Ended 30 June	
	2006	(restated) 2005
	US$'000	US$'000
Turnover	**239,440**	228,918
Bunkers, port disbursements and amounts payable to other pool members	**(99,043)**	(88,003)
Time charter equivalent earnings	**140,397**	140,915
Direct costs	**(84,874)**	(53,399)
General and administrative expenses	**(6,241)**	(6,443)
Other operating income	**6,518**	107
Other operating expenses	**(8,757)**	-
Gain on disposal of property, plant and equipment	**-**	12,221
Operating profit	**47,043**	93,401
Finance costs	**(11,625)**	(7,793)
Share of profits less losses of jointly controlled entities	**1,463**	415
Profit before taxation	**36,881**	86,023
Taxation	**(496)**	(520)
Profit attributable to shareholders	**36,385**	85,503
Dividends	**91,339**	75,472
Basic earnings per share	**US 2.83 cents**	US 6.75 cents
Diluted earnings per share	**US 2.81 cents**	US 6.66 cents

Unaudited Condensed Consolidated Balance Sheet
As at 30 June 2006

	2006	(restated) 2005
	US$'000	US$'000
Non-current assets		
Property, plant and equipment	**590,189**	504,309
Goodwill	**25,256**	25,256
Interests in jointly controlled entities	**9,976**	8,138
Derivative assets	**1,570**	3,382-
Trade and other receivables	**12,658**	13,333
Restricted bank deposits	**-**	1,200
	639,649	555,618
Current assets		
Available-for-sale financial assets	**-**	200
Inventories	**14,694**	9,138
Derivative assets	**8,158**	1,607
Trade and other receivables	**27,960**	25,043
Bank balances and cash		
- pledged/restricted	**130**	430
- unpledged	**42,462**	82,081
	93,404	118,499
Current liabilities		
Derivative liabilities	**6,684**	180
Trade and other payables	**52,604**	44,567
Current portion of long term borrowings	**25,077**	14,912
Taxation payable	**1,742**	1,851
	86,107	61,510
Net current assets	**7,297**	56,989
Total assets less current liabilities	**646,946**	612,607
Non-current liabilities		
Derivative liabilities	**2,110**	1,360
Long-term borrowings	**355,249**	301,973
	357,359	303,333
Net assets	**289,587**	309,274
Equity		
Share capital	**128,780**	128,184
Retained profits	**104,584**	126,308
Other reserves	**56,223**	54,782
Total equity	**289,587**	309,274