Pacific Basin Shipping Limited

Press Release

Pacific Basin Shipping Limited Announces Results for First Half 2007

Hong Kong, August 7, 2007 – 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 condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007.

Highlights

	Six Months Ended 30 June	
US$ million	**2007**	2006
Turnover	**455.4**	239.4
Time Charter Equivalent Earnings	**269.2**	140.4
Profit Attributable to Shareholders	**162.9**	36.4
Basic Earnings per Share (US cents)	**10.4**	2.8

- Group profits for the period were US$162.9 million (2006: US$36.4 million) as a result of increased revenue days and strong dry bulk market conditions, including disposal gains of US$50.2 million (2006: Nil). Basic earnings per share were HK 81.39 cents (2006: HK 21.95 cents)

- Interim dividend of HK 45.0 cents per share, representing a payout ratio of 55% (2006: 92%)

- Handysize revenue days increased by 27% to 9,590 (2006: 7,570) in the first half of 2007 due to an expanded owned and long term chartered fleet. The handysize daily rate increased by 37% to US$19,750 (2006: US$14,400)

- Core fleet now totals 83 ships (1 January 2007: 72), of which 33 are owned and 50 are chartered. This total includes 58 handysize and 10 handymax ships afloat, and 13 handysize and 2 handymax newbuildings. In addition, 30 ships are currently short term chartered in

- Contract cover is in place for 83% of current 20,040 handysize revenue days in 2007 at an expected yield of about US$20,000 per day upon execution of voyages. For 2008, cover for 28% of 21,920 handysize revenue days is expected to yield about US$18,710 per day. Baltic Handysize spot index on 2 August 2007 stood at US$32,441 per day net

- Active development of business model into complementary areas. Particular China focus including co-investments with Nanjing Port Group and with the shipping arm of China's largest power company

- Positive dry bulk market outlook for the rest of 2007 based on continued global industrial growth, supply chain infrastructure bottlenecks and lower net fleet growth

Commentary

Increasing demand for handysize and handymax dry bulk ships fuelled by strong global industrial growth, and a supply squeeze aggravated by infrastructure failings have pushed freight rates to all time highs and helped Pacific Basin achieve a net profit of US$162.9 million with basic earnings per share of US 10.4 cents.

The Board declared an interim dividend of HK 45.0 cents per share, representing a payout ratio of 55%.

The first half of 2007 was a record breaking period for the dry bulk market. This period saw the highest ever Baltic Dry Index ("BDI") January-June average of 5309 points, 19% above the previous first half high in 2004. As of 2 August, the BDI stood at 7000 points, another all time high. The large number of newbuilding deliveries has been absorbed by the ongoing commodity boom, catalysed by economic growth in China and other industrialising Asian economies. There now exists the largest ever pool of old bulk carriers eligible for demolition, especially in the handysize sector, thanks to an extended period of high rates which has kept vessels in service beyond their long term historic average scrapping age of around 28 years. Second hand and newbuilding ships have been bought and sold at prices never seen before, reflecting shipowners' confidence in a strong forward market. These trends have continued into July and early August.

Pacific Basin has taken advantage of very buoyant asset prices by selling seven older vessels, six with charter backs, all in private "off-market" transactions. In addition, in June, the Company sold "Matariki Forest", a newly delivered handysize, for US$45 million with delivery to buyers in September 2007. This price set a new all time high for handysize bulk carriers and was soon followed by the sale of "Crescent Harbour" a newbuilding resale for delivery at the end of 2007, for US$45 million. At the same time, Pacific Basin has expanded its delivered handysize fleet through one second hand purchase, two long term charters and the delivery of three newbuildings. The delivered handymax fleet has been expanded by four new long term charters. Also during the period, four newbuildings were ordered, of which three are handysize and one is handymax.

Pacific Basin continues to develop its business beyond the provision of port to port shipping. On 18 July 2007, it signed an agreement with the Nanjing Port Group to co-invest in and jointly operate a three berth port facility at the highest navigable point for oceangoing vessels on the Yangtze River. The Company expects this facility for handysize and handymax vessels to become operational in August 2007. This is an important development for the Company and it intends to develop further bulk port sites in China that are complementary with its main business. On another front in China, the Company has recently agreed to incorporate a joint venture with the shipping arm of China's largest power producer to procure long term tonnage for China's international coal trade and this joint venture is already actively acquiring new tonnage. The Company's joint venture in the aggregate trades out of Fujairah has also continued to develop and now has a small fleet of tugs and barges to complement its handysize and handymax services.

During March 2007, the Board approved the investment of up to US$50 million in a limited number of publicly traded shipping equities, to take advantage of the Company's access to shipping market information through its network of offices and relationships within the industry. The largest single investment to date has been in Thoresen Thai Agencies, a dry bulk owner and operator based in Bangkok, in which Pacific Basin now holds a 5.06% stake.

Sentiment in the dry bulk markets has seen a marked improvement since the end of 2006, with seemingly healthy economic conditions in both developed and emerging economies. Nevertheless, recognising the volatile nature of the shipping market, Pacific Basin will continue to set a prudent balance in locking in forward earnings cover for its fleet.

Mr. Richard Hext, CEO, said, "We expect demand for dry bulk tonnage to continue growing strongly over the next few years, with a positive effect on Pacific Basin. Our business model, executed by a talented staff, is well tested but continually evolving to meet the changing needs of our customers, including the world's largest commodities companies. Our efforts to broaden our range of services are now beginning to show encouraging results, helping to strengthen Pacific Basin for the benefit of our shareholders."

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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 December 2005 under the name of International Handymax Carriers ("IHX") (www.handymaxpool.com).

The company specialises in shipping a broad range of dry bulk commodities which include forestry products, cement, minerals, grains and fertilisers 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 South Korea.

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

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Unaudited Condensed Consolidated Income Statement
For the six months ended 30 June

	2007 US$'000	2006 US$'000
Turnover	**455,361**	239,440
Bunkers, port disbursements, other charges and amounts payable to other pool members	**(186,132)**	(99,043)
Time charter equivalent earnings	**269,229**	140,397
Direct costs	**(135,579)**	(84,874)
General and administrative expenses	**(6,369)**	(6,241)
Other operating income	**27,337**	6,518
Other operating expenses	**(35,336)**	(8,757)
Gain on disposal of property, plant and equipment	**50,247**	-
Operating profit	**169,529**	47,043
Finance costs	**(10,244)**	(11,625)
Share of profits less losses of jointly controlled entities	**3,552**	1,463
Profit before taxation	**162,837**	36,881
Taxation	**97**	(496)
Profit attributable to shareholders	**162,934**	36,385
Dividends	**90,334**	33,443
Basic earnings per share	**US 10.43 cents**	US 2.83 cents
Diluted earnings per share	**US 10.36 cents**	US 2.81 cents

Unaudited Condensed Consolidated Balance Sheet

	30 June 2007 US$'000	31 December 2006 US$'000
Non-current assets		
Property, plant and equipment	**763,548**	741,014
Land use rights	**423**	427
Goodwill	**25,256**	25,256
Interests in jointly controlled entities	**20,143**	15,299
Derivative assets	**731**	11
Trade and other receivables	**11,303**	11,968
	821,404	793,975
Current assets		
Inventories	**19,144**	15,643
Derivative assets	**15,757**	1,481
Financial assets at fair value through profit or loss	**45,658**	-
Trade and other receivables	**51,021**	45,554
Bank balances and cash	**83,251**	63,242
	214,831	125,920
Current liabilities		
Derivative liabilities	**34,853**	11,209
Trade and other payables	**77,554**	69,894
Current portion of long term borrowings	**38,790**	23,881
Taxation payable	**1,357**	1,698
	152,554	106,682
Net current assets	**62,277**	19,238
Total assets less current liabilities	**883,681**	813,213
Non-current liabilities		
Derivative liabilities	**3,375**	1,636
Long term borrowings	**280,776**	326,584
	284,151	328,220
Net assets	**599,530**	484,993
Equity		
Share capital	**156,908**	155,785
Retained profits	**263,018**	145,048
Other reserves	**179,604**	184,160
Total equity	**599,530**	484,993