Pacific Basin Shipping Limited

Press Release
Pacific Basin Announces 2012 Annual Results

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Our core dry bulk business again outperformed in a significantly poorer market
PB Towage has delivered increasingly profitable results
PB RoRo was hard hit by the weak RoRo market
Dry bulk market weakness is expected to continue through 2013

Hong Kong, 28 February 2013 – Pacific Basin Shipping Limited ("Pacific Basin" or the "Company"; SEHK: 2343), one of the world's leading dry bulk shipping companies, today announced the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012.

HIGHLIGHTS

Key Numbers	Year ended 31 December	
US$ million	**2012**	2011
Revenue *	**1,443.1**	1,312.8
Underlying Profit	**47.8**	57.8
(Loss)/Profit Attributable to Shareholders	**(158.5)**	32.0
Operating Cash Flow	**148.7**	159.4
Basic Earnings per share (HK cents)	**(64)**	13
Proposed final (and full year) dividend per share (HK cents)	**5 (5)**	5 (10)

* *relates to continuing operations (2011 figure restated)*

Group

- The Group produced a net loss of US$158 million (2011: US$32 million profit)
- Our positive underlying result and healthy cash flow represent a respectable performance in the weakest dry bulk market since 1987
- Results were impacted by i) a US$199 million write-off for our RoRo business, ii) very weak dry bulk market spot rates, and iii) a strong US$38 million contribution from PB Towage
- Our balance sheet retains substantial buying power with total cash and deposits of US$753 million and net borrowings of US$178 million
- We currently have fully funded capital commitments of US$236 million relating to 16 dry bulk vessels
- The Board has recommended a final dividend of HK 5 cents per share (2011: HK 5 cents final, HK 10 cents full year) in view of the Group's strong operating cash flow

Fleet

- Contract cover is in place for 55% of our contracted 29,760 Handysize revenue days in 2013 at US$9,340 per day net (54% of 28,240 days at US$11,480 as at 27 February 2012)
- We have acquired eight dry bulk vessels since September 2012
- Our fleet currently numbers 239 vessels (including newbuildings) comprising 189 dry bulk ships, 44 towage vessels and 6 RoRos

Outlook

- Dry bulk market weakness is expected to continue through 2013 though healthier fundamentals should limit further downside in Handysize
- Dry bulk market conditions overall are likely to remain challenging and generate further vessel acquisition opportunities
- Towage outlook remains positive and we aim to grow our towage businesses in 2013
- Our RoRo charter market exposure has been eliminated and our RoRo business is discontinued

Mr. Mats Berglund, CEO of Pacific Basin, said:

"2012 was an important year in Pacific Basin's evolution towards becoming a more focused business and I am delighted with the way the team responded to the Board's call to consolidate and distil our activities down to what we do best. We secured the forward sale of all six of our RoRo ships in September and exited two other non-core activities in 2012, and substantially all our resources are now directed towards our dry bulk and towage businesses.

Our dry bulk business continued to significantly outperform the freight market indices in the weakest dry bulk market since 1987, benefiting from the value of an effective business model and the right people and tools to realise economies of scale for the benefit of our customers and other stakeholders. We have acquired eight dry bulk ships since returning to the acquisitions market in September. PB Towage made a strong contribution to our Group results reflecting our increasingly competitive position in the active offshore support and harbour towage markets in Australasia."

BUSINESS COMMENTARY

Pacific Basin Dry Bulk

Dry Bulk net profit	US$39.3m
Operating cash flow	US$114.1m
Return on net assets	5%

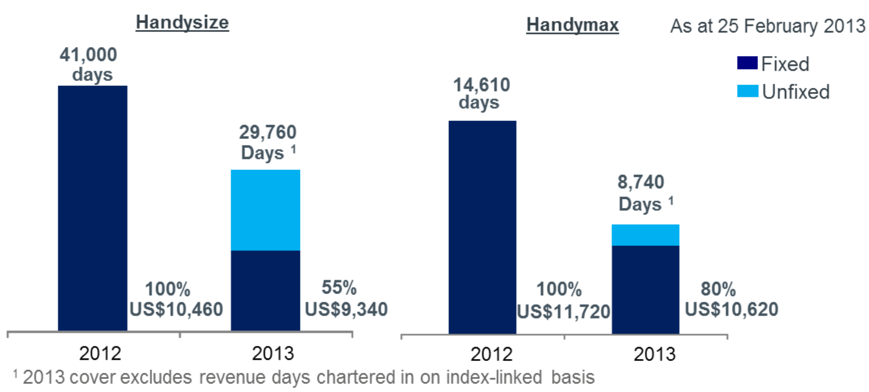
Positive underlying results and a healthy cash flow were partly attributable to the significant outperformance of our dry bulk business during the weakest dry bulk market since 1987.

Our average Handysize daily earnings fell 23% year on year to US$10,460 per day, still beating the market index earnings of US$7,245 by 44% in 2012 and continuing to demonstrate the value of our industrial and customer-focused business model and the cargo book this brings.

Our Handymax earnings outperformed the market by 31%, but our reliance on relatively expensive medium-term chartered ships in the depressed market resulted in a modest albeit positive Handymax contribution overall.

We operated an average of 113 Handysize and 40 Handymax ships, resulting in a 25% and 10% increase in our Handysize and Handymax ship revenue days respectively year on year.

We have covered at profitable rates 55% and 80% of our Handysize and Handymax revenue days currently contracted for 2013 at average rates of US$9,340 and US$10,620 respectively.



PB Towage

PB Towage net profit	US$37.7m
Operating cash flow	US$52.1m
Return on net assets	17%

Group results also benefited from the robust performance of our PB Towage business centred in the active Australian market. A strong financial performance reflected our increasingly competitive position in the offshore support and harbour towage markets in Australasia.

We deployed additional chartered-in vessels in projects in Western Australia and Queensland, increasing to 45 the average number of towage vessels we operated in 2012. Deployment of PB Towage's tugs increased from 91% in 2011 to 97% in 2012 while barge deployment increased from 56% to 76%.

We have recently finalised plans to open a harbour towage operation in the port of Newcastle in the middle of 2013.

PB RoRo

As we had expected, our RoRo business had another loss-making year due to the protracted weak RoRo charter market.

PB RoRo net loss	US$(12.1)m
Operating cash flow	US$3.1m

In September, following the significant impairment of our RoRo investment at the interim and our decision to exit the sector over the medium term, we secured the forward sale of all six of our RoRo ships to the Grimaldi Group who are taking the ships on bareboat charter in the intervening period, thus eliminating our exposure to the RoRo spot charter market. Our PB RoRo business is now a discontinued operation.

Divestment of Non-Core Businesses

In line with our strategic objective of considered divestment of non-core businesses, we disposed of our minority interest in a cargo terminal in Nanjing, cancelled our undrawn commitment to a clean-tech fund and, as announced in March, sold our marine surveying company PacMarine Services, all of which allows us to concentrate more of our resources on our core activities.

Further Investment in Dry Bulk

The protracted dry bulk market weakness further impacted ship values over 2012 as we had anticipated. After a one year pause, we returned to the ship acquisitions market in September, at which time vessel prices had softened to pre-boom levels. In the past six months we have acquired eight vessels, including six secondhand Handysize ships, one Handysize newbuilding resale and one secondhand Handymax ship.

We believe the timing is right to acquire our preferred types of Handysize and Handymax ships and, as a priority, we are initially focused on secondhand ships which currently offer us better value than newbuildings at today's 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 few months have shown.

In October we raised US$124 million through a convertible bond issue on terms that represent an attractive cost of additional funding to further enhance our ability to grow our Handysize and Handymax fleet and to partly refinance our existing convertible bond.

As at 31 December 2012, we had total cash and deposits of US$753 million and net borrowings of US$178 million. Our vessel capital expenditure obligations currently amount to US$236 million payable in the next two years relating to 16 dry bulk vessels, leaving substantial buying power on our balance sheet for further fleet expansion.

Outlook

We expect the dry bulk market weakness of 2012 to continue through 2013 and that it will take some time before a sustained recovery becomes apparent. While supply-side fundamentals are improving, the market needs longer to absorb the over-supply of mainly larger ships generated by newbuilding deliveries of recent years. More restrained ordering of Handysize newbuildings has resulted in a healthier balance in our market segment, and 2013 deliveries are expected to be substantially offset by scrapping which should limit further downside in the Handysize spot freight market.

Dry bulk demand in 2012 grew by 7% year on year and the Handysize segment should continue to be reasonably well supported in 2013, particularly by healthy growth in Chinese imports of raw materials. However, conditions overall are likely to remain challenging and to generate further vessel acquisition opportunities.

The outlook for the towage market and our PB Towage business in Australasia remains positive for 2013. Our harbour towage job numbers are still on the rise, the offshore construction market remains active, and currently contracted business indicates a continued high degree of utilisation of our tug fleet during the year.

Our focus in 2013 will be on five key strategic objectives, which are to:

1. continue to purchase Handysize and Handymax ships at attractive prices thereby growing further our fleet of high-quality, owned bulk carriers, selectively capitalising on opportunities that have recently started to emerge;
2. expand our dry bulk customer and cargo portfolio in tandem with our core fleet expansion;
3. enhance the customer experience through decentralised operational support;
4. grow our towage businesses; and
5. consider opportunities for divestment of our remaining non-core activities.

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About Pacific Basin

Pacific Basin Shipping Limited (www.pacificbasin.com) is one of the world's leading owners and operators of modern Handysize and Handymax dry bulk vessels. The Company is listed and headquartered in Hong Kong, and currently operates in two main maritime sectors under the banners of Pacific Basin Dry Bulk and PB Towage. We also own six specialised Roll-on Roll-off (RoRo) ships which have been sold with forward delivery by the end of 2015. Our fleet (including newbuildings on order) comprises over 230 vessels directly servicing blue chip industrial customers. With approximately 2,100 seafarers and 320 shore-based staff in 17 offices in key locations around the world, Pacific Basin provides a comprehensive quality service to a wide range of customers.

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Consolidated Income Statement

For the year ended 31 December

	2012	2011(restated)
Continuing operations	**US$'000**	US$'000
Revenue	**1,443,086**	1,312,789
Direct costs	**(1,361,219)**	(1,204,352)
Gross profit	**81,867**	108,437
General and administrative expenses	**(10,838)**	(10,754)
Other income and gains	**2,644**	67,173
Other expenses	**(4,095)**	(11,070)
Finance costs, net	**(18,474)**	(28,785)
Share of profits less losses of jointly controlled entities	**5,508**	225
Share of profits less losses of associates	**(2,767)**	(2,468)
Profit before taxation	**53,845**	122,758
Taxation	**(1,624)**	(178)
Profit for the year	**52,221**	122,580
Discontinued operations		
Loss for the year	**(210,693)**	(90,598)
(Loss)/profit attributable to shareholders	**(158,472)**	31,982
Dividends	**12,482**	24,895
Earnings per share for (loss)/profit attributable to shareholders (in US cents)		
Basic earnings per share		
From continuing operations	**2.70**	6.33
From discontinued operations	**(10.90)**	(4.68)
From (loss)/profit attributable to shareholders	**(8.20)**	1.65
Diluted earnings per share		
From continuing operations	**2.70**	6.33
From discontinued operations	**(10.69)**	(4.68)
From (loss)/profit attributable to shareholders	**(7.99)**	1.65

Consolidated Balance Sheet

As at 31 December

	2012 US$'000	2011 US$'000
Asset		
Non-current asset		
Property, plant and equipment	**1,270,202**	1,525,185
Investment properties	**2,675**	2,734
Land use rights	**3,767**	3,874
Goodwill	**25,256**	25,256
Interests in jointly controlled entities	**22,118**	44,403
Investments in associates	**1,332**	4,411
Available-for-sale financial assets	**4,729**	11,533
Derivative assets	**5,075**	361
Trade and other receivables	**58,039**	5,175
Restricted bank deposits	**50,192**	8,566
Other non-current assets	**5,322**	4,400
	1,448,707	1,635,898
Current assets		
Inventories	**79,102**	66,873
Derivative assets	**1,747**	5,303
Structured notes	**-**	12,913
Trade and other receivables	**106,044**	101,110
Restricted bank deposits	**70,148**	11,154
Cash and deposits	**633,118**	598,501
	890,159	795,854
Assets of discontinued operations classified as held for sale	**131,409**	-
	1,021,568	795,854
Total assets	**2,470,275**	2,431,752
Equity		
Capital and reserves attributable to shareholders		
Share capital	**193,605**	193,658
Retained profits	**537,456**	708,463
Other reserves	**600,960**	582,794
Total equity	**1,332,021**	1,484,915
Liabilities		
Non-current liabilities		
Derivative liabilities	**22,684**	19,563
Long term borrowings	**853,651**	713,716
	876,335	733,279
Current liabilities		
Derivative liabilities	**2,449**	1,298
Trade and other payables	**174,884**	144,798
Current portion of long term borrowings	**77,820**	65,323
Taxation payable	**2,509**	2,139
	257,662	213,558
Liabilities of discontinued operations classified as held for sale	**4,257**	-
	261,919	213,558
Total liabilities	**1,138,254**	946,837
Net current assets	**759,649**	582,296
Total assets less current liabilities	**2,208,356**	2,218,194