Pacific Basin Shipping Limited

Press Release
Pacific Basin Announces 2012 Interim 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 has been hard hit by severe weakness in Europe
We expect dry bulk freight rates will be weaker overall in 2012 than in 2011

Hong Kong, 1 August 2012 – 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 results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2012.

HIGHLIGHTS	Six months ended 30 June	
US$ million	**2012**	2011
Revenue	**703**	610
Underlying Profit	**3**	19
(Loss)/Profit Attributable to Shareholders	**(196)**	3
Operating Cash Flow	**48**	69
Basic Earnings per share (HK cents)	**(79)**	1
Dividend per share (HK cents)	**-**	5

Group

- The Group produced a net loss of US$196 million (2011: US$3 million profit) in the first half of 2012
- Results were impacted by i) a US$190 million impairment of our RoRo investment, ii) a weaker dry bulk spot market and iii) a strong US$14 million contribution from PB Towage
- Balance sheet retains substantial buying power with cash and deposits of US$657 million and net borrowings of US$196 million
- We have fully funded vessel capital commitments of US$262 million, all for dry bulk vessels

Fleet

- Contract cover is in place for 85% of our contracted 33,060 Handysize revenue days in 2012 at US$10,910 per day net (54% of 28,240 days at US$11,480 as at 27 February 2012)
- Two dry bulk vessels have been chartered in on a long-term basis so far this year, with no vessel purchases
- Our fleet currently numbers 232 vessels (including newbuildings) comprising 182 dry bulk ships, 44 towage vessels and 6 RoRos

Outlook

- Handysize freight rates are expected to remain range-bound over the second half, and weaker overall in 2012 than 2011 due to capacity expansion, slower Chinese growth and uncertainty in global trade
- Towage outlook remains positive, while RoRo earnings outlook is downgraded
- Protracted dry bulk market weakness and significant contraction in funding are expected to generate opportunities for cash-rich ship owners
- We will selectively capitalise on dry bulk fleet expansion opportunities at the right time and price
- We remain committed to our towage business, but no longer regard RoRo as a core activity

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

"Our core dry bulk shipping business has again delivered a respectable performance in the context of the on-going poor market which we outperformed. PB Towage has delivered increasingly profitable results giving rise to the largest segment contribution to our Group results during the period. Our RoRo performance and future prospects have been hard hit by the severe weakness in Europe.

As a consequence of our reassessment of the prospects for our RoRo business, we no longer regard RoRo shipping as a core activity of the Pacific Basin group. We remain committed to our towage business which is performing well and in line with our expectations. We reaffirm that the majority of our future investments will be in the dry bulk shipping sector where our long-standing expertise lies and where we are most confident of delivering a world-class service and sustainable growth and shareholder value over the long term.

In closing, I am delighted to be a part of the Pacific Basin team and I embrace the challenges and the opportunities that the current market environment present for our Company."

COMMENTARY

The Group produced an unaudited net loss of US$196 million (2011: US$3 million profit) for the six months ended 30 June 2012 from an underlying profit of US$3 million (2011: US$19 million).

Our results for the period were impacted by:

- a US$190 million non-cash impairment of our RoRo investment;
- a weaker dry bulk spot market; and
- a strong US$14 million contribution from PB Towage.

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

Pacific Basin Dry Bulk

Our core Pacific Basin Dry Bulk division generated a net profit of US$7.5 million, a 2% annualised return on net assets and a positive operating cash flow of US$38.1 million.

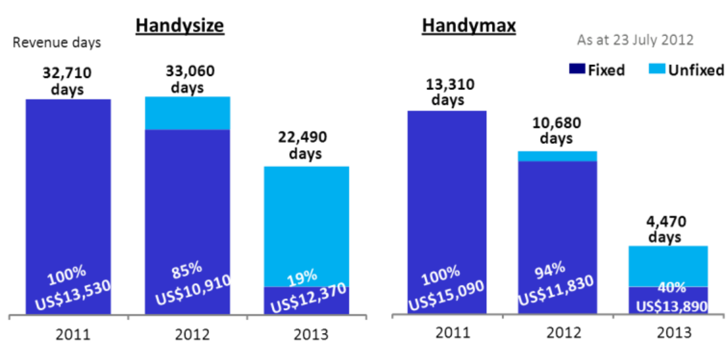
This significantly weaker performance year on year mainly reflected:

- Handymax losses due to our reliance on relatively expensive medium-term chartered ships chartered in last year for which our cargo book was unable to provide adequate cover leaving us exposed to the weaker market, especially in the first quarter of the year; and
- a 23% year on year decrease in our average Handysize daily earnings and corresponding squeeze in operating margins.

We consider this to be a relatively sound performance in the context of a significantly weaker Handysize spot market which we outperformed by 38% in the period, reflecting the value of our industrial and customer-focused business model and the cargo book that it affords us, backed by one of the largest, most competitive Handysize fleets in the world.

We operated an average of 107 Handysize and 39 Handymax ships, resulting in a 31% and 9% increase in our Handysize and Handymax ship revenue days respectively year on year.

We have covered 85% of our Handysize revenue days and 94% of our Handymax revenue days currently contracted for 2012 This 2012 cover has been secured at average rates of US$10,910 and US$11,830 respectively.



PB Towage

PB Towage generated a net profit of US$14.1 million, a 12% annualised return on net assets and an operating cash flow of US$18.9 million, reflecting our increasingly competitive position in the improving offshore support and harbour towage markets in Australasia.

We deployed an additional chartered-in vessel in Western Australia, increasing to 42 the average number of towage vessels we operated during the period (up from 41 in the previous half year). Deployment of PB Towage's tugs increased from 91% in 2011 to 99% in the first half of 2012 while barge deployment increased from 68% to 86%.

PB RoRo

PB RoRo generated a net loss of US$8.5 million in the first half of the year (2011: US$5.3 million loss), a 12% annualised negative return on net assets and an operating cash flow of negative US$0.8 million. This poor result reflects the increasingly severe weakness in the Euro-centric RoRo sector and its impact on the earnings performance of our RoRo fleet.

Our RoRo fleet recorded 55% utilisation in the first half of 2012 generating average daily charter rates of US$19,450 in a very weak charter market. Earnings cover is currently in place for 46% of our RoRo capacity in 2012 at an average rate of US$18,140 per day. If all optional charter periods are exercised, earnings cover would increase to 50% at an average rate of US$17,810 per day.

Fleet Development

As at 23 July 2012, the Group's fleet numbered 232 vessels (including newbuildings) comprising 182 dry bulk ships, 42 tugs and barges, 1 passenger/supply vessel, 1 bunker tanker and 6 RoRos. We still await 22 bulk carriers newbuildings delivering into our owned and chartered fleet between 2012 and 2015.

Outlook

We expect the Handysize and Handymax spot markets to remain range-bound over the second half of the year. Rates could be impacted by reduced US grain exports if the current drought in the US Midwest persists and if Chinese demand for minor bulks slows further. There also remains scope for seasonal demand improvements to lift freight rates temporarily later in the year.

We still expect dry bulk freight rates will be weaker overall in 2012 than in 2011 due mainly to the impact of on-going capacity expansion at a time of slowing Chinese growth and uncertainty in global trade, and we expect 2012 to be a tough year for our dry bulk business.

We expect Australian towage market activity to be maintained over the rest of the year and to improve further in the medium term. We consider PB Towage to be well placed to participate in that improvement. PB Towage will benefit from recently secured additional business commencing in the second half of 2012 in the form of the Australia Pacific LNG project in Gladstone and expanded requirements of the Gorgon Project.

The outlook for the RoRo charter market remains very poor through 2012 and 2013. We do not have our own route network to fall back on for employment of our RoRos and we are therefore fully exposed to the current period of severe weakness in this sector. In view of the immediate and mounting RoRo market challenges, we have downgraded our outlook for the short and long-term earnings of our fleet of larger, specialised RoRos and consequently our RoRo business.

The balance sheet retains substantial buying power at a time when we expect the protracted dry bulk market weakness and significant contraction in funding to generate opportunities for cash-rich ship owners. We will selectively capitalise on expansion opportunities at the right time and price.

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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 operates in three main maritime sectors under the banners of Pacific Basin Dry Bulk, PB Towage and PB RoRo. Our fleet (including newbuildings on order) comprises over 230 vessels directly servicing blue chip industrial customers. With approximately 2,000 seafarers and 300 shore-based staff in 19 offices in key locations around the world, Pacific Basin provides a comprehensive quality service to a wide range of customers.

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Unaudited Condensed Consolidated Income Statement

	Six months ended 30 June	
	2012	2011
	US$'000	*US$'000*
Revenue	**703,156**	610,159
Direct costs	**(691,976)**	(558,433)
Gross profit	**11,180**	51,726
General and administrative expenses	**(5,588)**	(4,204)
Other income and gains	**1,298**	63,254
Other expenses	**(191,752)**	(85,443)
Finance costs, net	**(9,395)**	(15,256)
Share of profits less losses of jointly controlled entities	**412**	(3,404)
Share of profits less losses of associates	**216**	(4,150)
(Loss)/profit before taxation	**(193,629)**	2,523
Taxation	**(2,303)**	428
(Loss)/profit attributable to shareholders	**(195,932)**	2,951
Dividends	**-**	12,416
Earnings per share for (loss)/profit attributable to shareholders		
Basic	**US(10.15) cents**	US 0.15 cents
Diluted	**US(10.15) cents**	US 0.15 cents

Unaudited Condensed Consolidated Balance Sheet

	30 June 2012	31 December 2011
	US$'000	*US$'000*
Non-current assets		
Property, plant and equipment	**1,360,015**	1,525,185
Investment properties	**2,691**	2,734
Land use rights	**3,804**	3,874
Goodwill	**25,256**	25,256
Interests in jointly controlled entities	**44,284**	44,403
Investments in associates	**4,677**	4,411
Available-for-sale financial assets	**10,052**	11,533
Derivative assets	**1,000**	361
Trade and other receivables	**-**	5,175
Restricted bank deposits	**51,369**	8,566
Other non-current assets	**-**	4,400
	1,503,148	1,635,898
Current assets		
Inventories	**78,060**	66,873
Derivative assets	**2,261**	5,303
Structured notes	**-**	12,913
Trade and other receivables	**116,695**	101,110
Restricted bank deposits	**4,972**	11,154
Cash and deposits	**600,458**	598,501
	802,446	795,854
Current liabilities		
Derivative liabilities	**5,884**	1,298
Trade and other payables	**162,554**	144,798
Current portion of long term borrowings	**75,367**	65,323
Taxation payable	**3,682**	2,139
	247,487	213,558
Net current assets	**554,959**	582,296
Total assets less current liabilities	**2,058,107**	2,218,194
Non-current liabilities		
Derivative liabilities	**21,105**	19,563
Long term borrowings	**777,403**	713,716
	798,508	733,279
Net assets	**1,259,599**	1,484,915
Equity		
Capital and reserves attributable to shareholders		
Share capital	**193,448**	193,658
Retained profits	**499,996**	708,463
Other reserves	**566,155**	582,794
Total equity	**1,259,599**	1,484,915