Pacific Basin Shipping Limited

Press Release

Pacific Basin Shipping Limited Announces 2007 Annual Results

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Record Results and Highest Dividend Since Listing

Hong Kong, 3 March, 2008 – 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 2007.

Highlights

	Year Ended 31 December	
US$ million	**2007**	**2006**
Revenue	**1,177.3**	620.4
Time Charter Equivalent Earnings	**700.5**	344.8
Profit Attributable to Shareholders	**472.1**	110.3
Basic Earnings per Share (US cents)	**30.1**	8.3
Basic Earnings per Share (HK cents)	**234**	65

- Group profits for the year rose by 328% to US$472.1 million (2006: US$110.3 million) as a result of increased revenue days and strong dry bulk market conditions, and which include disposal gains of US$137.4 million (2006: US$23.8 million). Basic earnings per share were HK$2.34 (2006: HK64.69 cents)
- Highest ever full year dividend of HK$1.20 per share, up 182% on 2006 (HK42.5 cents), including a proposed final dividend of HK75 cents
- Cash position of US$649.5 million and net debt to equity ratio of 1.2%
- Handysize revenue days increased by 22% to 20,100 (2006: 16,420) due to expanded owned and long term chartered fleet. Handysize daily rate increased by 50% to US$23,200 (2006: US$15,420). Growth in handysize revenue days expected to be 16% in 2008, based on commitments to date
- Contract cover is in place for 57% of current 23,310 handysize revenue days in 2008 at an expected yield of about US$27,360 per day. 25% of 2009 handysize revenue days are covered
- Core dry bulk fleet, including newbuildings, now totals 95 ships (February 2007: 77), of which 33 are owned or on finance lease and 62 are chartered (including 12 with purchase options)
- Continued development of businesses in related areas, including bulk ports, towage, and roll on roll off vessels
- Positive dry bulk market outlook for 2008 despite risk of US recession, based on continued industrial growth of developing countries, altered trading patterns and modest net fleet growth

Commentary

The Baltic Dry Index ("BDI") rose to record highs in 2007 due mainly to relentless growth in demand for raw materials from China and other large developing nations, a relatively small increase in new ship deliveries, port congestion and widespread inland transport and infrastructure failures. Pacific Basin benefited from the resultant favourable market conditions and delivered its best results since listing in 2004. Revenue of the Group increased by 90% to US$1.18 billion, with Group profits up by 328% to US$472 million and basic earnings per share by 262% to HK$ 2.34.

The Board has recommended a final dividend of HK 75 cents per share, bringing the total for 2007 to HK$1.20 per share (2006: HK 42.5 cents), which represents a 52% payout ratio.

The dry bulk market soared in 2007. The BDI averaged 7070 points against an average of 2100 points during the previous ten years. The dry bulk market strength reflected ship supply growth of 6.5% in a year when the effective demand for shipments of raw materials, driven by the rapid industrialisation of China, India and other developing economies, grew by an estimated 13%[1]. Pacific Basin's results benefited from the rising market in respect of the 42% of its total revenue days which were unfixed at the beginning of the year.

The Group's handysize activities under the "Pacific Basin-IHC" brand continued to grow in 2007, expanding the core fleet of owned and long term chartered tonnage with a revenue day growth of 22% to 20,100 days. Pacific Basin-IHC achieved a contribution of US$260.5 million in 2007 on net earnings of US$23,200 per day over 20,100 handysize revenue days in 2007. Revenue days are anticipated to grow by a further 16% to 23,310 days in 2008, based on current commitments.

The Group's handymax business – "Pacific Basin-IHX" – expanded aggressively during 2007, building customer relationships, its book of cargo contracts, and its controlled tonnage, achieving a contribution of US$34.0 million in 2007 (2006: loss of US$4.1 million) on net earnings of US$30,040 per day over 4,870 handymax revenue days.

In 2007 the Group sold thirteen handysize vessels, generating disposal gains of US$137.4 million. Twelve of these vessels were chartered back allowing the Group to maintain fleet scale and to continue enjoying the rising freight market. The core bulk fleet now comprises 95 vessels including 15 newbuildings on order, of which 3 are post panamax vessels targeted at China's international coal trades. Including an additional 25 short term charter ships, our total controlled dry bulk fleet numbers 120.

Leveraging its experience in the dry bulk market, Pacific Basin has made a number of important investments in related maritime areas. The Group has been careful to select projects where there is potential for significant scale and future contribution to its results.

In January 2008, Asia Pacific Maritime & Infrastructure Group ("APMIG"), a wholly owned subsidiary of Pacific Basin, injected capital of US$17 million into its Nanjing Longtan Tianyu Terminal joint venture company. The terminal's business license was issued in February 2008, after which commercial activities were formally allowed to commence. In November 2007, Pacific Basin announced the acquisition

[1] Source: R.S. Platou

of Australian Maritime Services ("AMS"), a harbour towage business which owns and operates seven modern tugs based in Brisbane, Port Botany (Sydney) Melbourne and Western Australia. The Company has already ordered an additional six tugs and is seeking to grow its fleet further.

In the post balance sheet period, Pacific Basin agreed to take over resale contracts for two roll on roll off vessels ("RoRo") to be built at A.P. Moller - Maersk's Odense Steel Shipyard and contracted for two more such vessels direct from the same yard. The total consideration for all four vessels, which deliver between 2009 and 2011, is approximately US$375 million. This will allow the Group to capture opportunities arising from "short-sea" and coastal trades, for which demand is projected to grow in Asia Minor, Europe, and, eventually, East Asia over the coming years.

Since March 2007, the Group has taken a limited number of long positions in listed shipping equities, following a Board mandate to invest up to US$50 million in this activity. The Group reduced its positions significantly during the fourth quarter of 2007, and closed out all remaining investments in January 2008, booking an absolute return of 113% (US$25.2 million) on average funds invested of US$22.3 million since inception.

The Group believes 2008 will be another good year for the dry bulk market. Industrial production growth in the developing Asian nations powered ahead in 2007 and most forecasters anticipate continued robust growth. Despite uncertainties permeating the financial markets and the BDI retreat since November, current freight rates are still very healthy by any historical standards, exceeding the 2007 full year average. Pacific Basin's recent investments in ports, port services and in the RoRo business will also lessen any adverse impact on earnings from a weaker dry bulk market.

Mr. Richard Hext, CEO of Pacific Basin, said, "We look forward with confidence. We have a strong balance sheet and a talented team working for the Company. Our core bulk shipping activity is currently enjoying robust market conditions. We anticipate a growing contribution from our new businesses."

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About Pacific Basin

Pacific Basin Shipping Limited (www.pacbasin.com) is one of the world's leading commercial dry bulk shipping companies.

The Company specialises in providing high quality shipping services to its customers through a global network of offices. Pacific Basin is headquartered in Hong Kong and has offices in Shanghai, Beijing, Nanjing, Dalian, Tokyo, Seoul, Singapore, Mumbai, Karachi, Dubai, Fujairah, London, Bad Essen, Houston, Vancouver, Auckland, Melbourne and Santiago.

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For further information, please contact:
Hill & Knowlton Asia Ltd

Sharis Siu
Tel: +852 2894 6322
Mobile: +852 9316 8576
E-mail: sharis.siu@hillandknowlton.com.hk

Ellen Chan
Tel: +852 2894 6213
Mobile: +852 6370 4060
E-mail: ellen.chan@hillandknowlton.com.hk

Consolidated Income Statement
For the year ended 31 December 2007

	2007 **US$'000**	2006 US$'000
Revenue	**1,177,292**	620,444
Bunkers, port disbursements, other charges and amounts payable to other pool members	**(476,819)**	(275,668)
Time charter equivalent earnings	**700,473**	344,776
Direct costs	**(315,951)**	(215,807)
General and administrative expenses	**(17,798)**	(12,291)
Other operating income	**87,907**	13,699
Other operating expenses	**(103,228)**	(18,930)
Gain on disposal of property, plant and equipment	**137,437**	23,787
Operating profit	**488,840**	135,234
Finance costs	**(24,103)**	(26,831)
Share of profits less losses of jointly controlled entities	**8,284**	3,024
Profit before taxation	**473,021**	111,427
Taxation	**(889)**	(1,135)
Profit for the year	**472,132**	110,292
Attributable to		
Shareholders	**472,125**	110,292
Minority interest	**7**	-
	472,132	110,292
Dividends	**243,571**	78,407
Earnings per share for profit attributable to shareholders		
Basic	**US 30.05 cents**	US 8.33 cents
Diluted	**US 30.00 cents**	US 8.28 cents

Consolidated Balance Sheet
As at 31 December 2007

	2007 US$'000	2006 US$'000
Non-current assets		
Property, plant and equipment	**755,865**	741,014
Land use rights	**419**	427
Goodwill	**36,426**	25,256
Interests in jointly controlled entities	**19,543**	15,299
Derivative assets	**10,885**	11
Trade and other receivables	**10,662**	11,968
	833,800	793,975
Current assets		
Inventories	**27,312**	15,643
Derivative assets	**25,327**	1,481
Financial assets at fair value through profit or loss	**20,046**	-
Trade and other receivables	**98,316**	45,554
Cash and cash equivalents	**649,535**	63,242
	820,536	125,920
Current liabilities		
Derivative liabilities	**28,582**	11,209
Trade and other payables	**96,374**	69,894
Current portion of long term borrowings	**23,627**	23,881
Taxation payable	**1,548**	1,698
	150,131	106,682
Net current assets	**670,405**	19,238
Total assets less current liabilities	**1,504,205**	813,213
Non-current liabilities		
Derivative liabilities	**-**	1,636
Long term borrowings	**636,638**	326,584
	636,638	328,220
Net assets	**867,567**	484,993
Equity		
Capital and reserves attributable to shareholders		
Share capital	**158,403**	155,785
Retained profits	**480,907**	145,048
Other reserves	**227,826**	184,160
	867,136	484,993
Minority interest	**431**	-
Total equity	**867,567**	484,993