

Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

Q1 2008 TRADING ACTIVITIES UPDATE

Healthy but volatile dry bulk market; favourable outlook for the rest of 2008.

- The dry bulk freight market continues to produce very healthy profits for shipowners. The Baltic Handysize Index, the index most relevant for our business, averaged US\$33,390 per day net during the first quarter, some 57% higher than the same period in 2007. The index has, however, had a choppy start to the year, opening at US\$40,400 net, reaching a low of US\$26,030 net on 8 February and ending the quarter at US\$33,660 net. On 23 April the index stood at US\$35,640 per day net.
- We expect strong tonne-mile growth in 2008, led by unabated demand for coal imports to China, Japan, and Korea. Demand growth should absorb the relatively modest number of scheduled ship deliveries.
- Pacific Basin has made a positive start to the year. Since the announcement of our 2007 Annual Results on 3 March 2008, we have increased our 2008 handysize cover from 57% to 67% and our average rate on locked in cover from US\$27,360 to US\$28,500. This rate is 23% above our 2007 full year average. We have already covered 31% of our 2009 revenue days, and we are building a solid book of cover for 2010.
- 2008 anticipated handysize days now number 22,800, some 13% higher than the total for 2007.
- We now have 78% of our 5,260 handymax days in 2008 covered at a rate of US\$42,710 per day.¹
- Handysize vessel values held firm during the first quarter and have strengthened over the past month. Clarkson estimates that a 5 year old 28,000 deadweight tonne handysize bulk carrier is now worth US\$50.5 million, an increase of almost 17% since their estimated value at the beginning of 2008. The average age of our owned and long term chartered handysize fleet is now 6.5 years.
- During the first half we will generate gains of about US\$83 million from the disposal of four ships, one of which was committed for sale in 2007, and two of which will be time chartered back.
- Our dry bulk fleet now comprises a total of 117 vessels, including 104 on the water and 13 newbuildings on order. The operating fleet includes 21 owned, 62 long term chartered and 21 short term chartered ships.
- We believe that the dry bulk market is set for another very robust year.

¹ Excludes 2 handymax vessels on long term charter.

Market Review

Substantial volatility has characterized the freight market so far this year. The Baltic Dry Index stood at 8891 points on 1 January 2008 and touched a low of 5615 points on 21 January 2008 before finishing the quarter at 8081 points. As of 23 April 2008, the index stood at 8862 points.

A seasonal slowdown in December and January was compounded by short term iron ore and coal supply disruptions in Australia and Brazil, creating a sudden over-supply of prompt ships in the market and a sharp drop in freight rates. However, the market rebounded quickly in February as iron ore supply bottlenecks eased and adverse winter weather combined with very low coal stockpiles in China caused coal export cargoes to be diverted to the domestic market. Many Chinese flagged ships were absorbed from the international market in order to carry coastal coal cargoes, forcing Japan and South Korea to switch to suppliers in Australia and Indonesia for their coal imports, leading to increased tonne-mile demand.

Iron ore contract price negotiations between Chinese steel producers and the Australian mining majors have continued beyond the 1 April deadline. The 65% contract ore price increase agreed between Baosteel of China and Vale of Brazil in February has set a strong benchmark.

During the first three months of the year, supply of new tonnage has produced an annualised fleet growth of 2.7% for the handysize segment² and 4.4% for dry bulk overall. Demand for tonnage has been more than sufficient to absorb these deliveries. The handysize² orderbook has continued to rise, from 35% in January to 39% at the end of March, the majority of which is set to deliver in 2009 and 2010. This is much lower than the overall dry bulk orderbook, which now stands at 60%. Fears of tonnage over-supply from 2010 should be tempered by the questionable ability of some shipyards to perform their contracts, faced with a shortage of component parts and a financing shortfall resulting from a global tightening in the availability of bank credit.

The turmoil afflicting the financial system since the end of 2007 does not seem to have had a noticeable effect on the demand for sea transportation of dry bulk commodities. The most obvious threat to the freight market this year is a potential reduction in demand due to a declining US economy – although US dry bulk imports account for less than 5% of estimated world seaborne trade whereas China's dry bulk imports account for around 20%³. The US slowdown may have more indirect negative effects on the bulk trades; nevertheless we expect that China's continued industrialization and surging global commodity markets will underpin healthy dry bulk demand growth for some time to come. We continue to monitor the principal global economic indicators carefully.

² 25,000-35,000 deadweight tonne sector. All figures from Clarkson.

³ Source: SSY

Fleet Development

Since the start of the year, we have sold 4 vessels (including the Crescent Harbour whose sale was agreed in 2007 and completed in March), two of which will be chartered back upon completion. All 4 committed vessel sales are scheduled to be completed within the first half of this year. Following these sales, the ratio of owned to chartered handysize vessels will be 49:51 in respect of our expected 22,800 revenue days for 2008.

As announced in our 2007 Annual Report, we have in the first quarter acquired four Roll on Roll off newbuilding vessels for delivery between 2009 and 2011. We have also, so far this year, ordered a further 5 tug newbuildings for our growing PB Towage unit.

Fleet Development (excluding short term charters)⁴

	Number of vessels						Total fleet incl. new buildings
	Delivered fleet			Newbuildings on Order			
	Owned	Chartered ¹	Total	Owned	Chartered ¹	Total	
Handysize Fleet							
As at 1 March 2008 ²	17	47	64	10	1	11	75
Newbuildings delivered	2	–	2	(2)	–	(2)	–
Sale and time charter back	(1)	1	–	–	–	–	–
As at 24 April 2008	18	48	66	8	1	9	75
Handymax Fleet							
As at 1 March 2008 ²	3	13	16	1	–	1	17
New charter	–	1	1	–	–	–	1
As at 24 April 2008	3	14	17	1	–	1	18
Post Panamax Vessels							
As at 1 March 2008 and 24 April 2008 ³	–	–	–	2	1	3	3
Total dry bulk fleet as at 24 April 2008	21	62	83	11	2	13	96
Roll on Roll off Vessels							
As at 1 March 2008 and 24 April 2008	–	–	–	4	–	4	4
Tugs							
As at 1 March 2008	2	6	8	6	–	6	14
New order	–	–	–	1	–	1	1
As at 24 April 2008	2	6	8	7	–	7	15
Barge							
As at 1 March 2008 and 24 April 2008	1	–	1	–	–	–	1
Total other vessel type as at 24 April 2008	3	6	9	11	–	11	20

¹ Includes 26 handysize, 1 handymax and 1 post panamax vessels, and 6 tugs with purchase options

² Includes 1 vessel which is expected to join our chartered fleet in the second quarter of 2008

³ The Group has a 50% interest in one of the owned newbuildings and the chartered newbuilding through a 50/50 joint venture

⁴ Excludes purely managed vessels

Dividend Policy

In March, the Board reaffirmed that it will continue its policy of paying out a minimum of 50% of distributable profits for at least the first half of 2008. Thereafter the percentage payout will depend principally on the Group's investment plans – although in any case a generous dividend policy will be maintained.

By Order of the Board

Richard Hext

Chief Executive Officer

Hong Kong, 24 April 2008

As at the date of this announcement, the executive directors of the Company are Christopher Richard Buttery, Richard Maurice Hext, Klaus Nyborg, Wang Chunlin, and Jan Rindbo, the non-executive directors of the Company are Dr. Lee Kwok Yin, Simon and Daniel Rochfort Bradshaw, and the independent non-executive directors of the Company are David Muir Turnbull, Robert Charles Nicholson, Patrick Blackwell Paul and Alasdair George Morrison.

Shareholders and investors are reminded that this trading activities update for the period ended 21 April 2008 is based on the Group's internal records and management accounts, and has not been reviewed or audited by external auditors. Shareholders and investors are cautioned not to rely unduly on this trading activities update and are advised to exercise caution when dealing in the shares of the Company.