Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 2343)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The Board of Directors (the "Broad") of Pacific Basin Shipping Limited ("Pacific Basin" or the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 as follows:

Highlights

US$ million	**Six months ended 30 June** **2010**	2009
Revenue	**616.5**	425.9
Gross Profit	**79.7**	83.8
Underlying Profit	**65.6**	56.8
Profit Attributable to Shareholders	**51.9**	74.8
Basic Earnings per share (US cents)	**2.7**	4.2
Basic Earnings per share (HK cents)	***21***	*32*

Results Highlights

Group

- **Group profit was US$52 million** (2009: US$75 million) in the first half of 2010
- **Underlying profit was US$66 million** (2009: US$57 million) increasing 16% in a much improved half year for dry bulk shipping relative to first half 2009 due to growth in global industrial production and Chinese commodities imports
- Results were reduced by a net US$14 million non-cash derivative expense (2009: US$15 million non-cash derivative income) mainly due to a fall in bunker prices
- **Basic earnings per share were HK$0.21** (2009: HK$0.32), return on average equity was 7% and return on average assets was 4%
- **Operating cash flow was US$83 million** (2009: US$60 million)
- **Issued in April US$230 million of new 1.75% convertible bonds** in part to refinance a portion of our existing 3.3% convertible bonds
- **Balance sheet remains robust with US$970 million cash** and US$96 million net cash
- **Fully funded vessel capital commitments** of US$119 million in dry bulk vessels and US$235 million in RoRo vessels
- **Interim dividend of HK 5 cents per share** (2009: HK 8 cents)

Fleet

- **Contract cover in place for 89% of our combined handysize and handymax revenue days in 2010** and 33% of our combined revenue days in 2011. 86% of our contracted 25,810 handysize revenue days in 2010 are covered at US$16,260 per day net
- **Purchased 9 dry bulk vessels and long term chartered another 5** since reviving our fleet expansion activity in December 2009

- **Fleet now totals 171 vessels** (including newbuildings) comprising 125 dry bulk vessels, 39 tugs and barges, 1 bunker tanker and 6 RoRos

Divisions

- **Pacific Basin Dry Bulk** made a profit of US$79 million (2009: US$64 million) and remains primed to further expand its fleet and business
- **Core fleet remains cost competitive** despite handysize fleet daily breakeven costs increasing 25% year on year at a time when average short term charter rates increased over 100%
- **PB Energy & Infrastructure Services** made a profit of US$4 million (2009: US$6.6 million) in a quieter and weaker market than we expected thus impacting the utilisation of our tug capacity
- **PB RoRo** made a profit of US$0.5 million (2009: loss of US$0.4 million) with its first vessel operating satisfactorily. 5 remaining RoRo newbuildings are scheduled to deliver in late 2010 and 2011

Outlook

- **Our dry bulk market outlook for the remainder of 2010 remains neutral** as we expect a reversal of recent weakness since June to be driven by a seasonal demand rebound and resumed buying and restocking in China later in the year. This should result in a half year that is on balance somewhat weaker than the first half
- **Less than satisfactory outlook for energy and infrastructure services** in expectation of continued weak towage and infrastructure markets in Australasia and the Middle East with limited scope for improvement in 2010
- **RoRo market is expected to remain depressed** and, despite recent marginal improvement, should not see any measurable recovery until later in 2011 or 2012 assuming the slow resurgence in European trade continues. Fundamentals continue to look positive for the long term
- **Our strategic goals remain unchanged as we seek to expand further our dry bulk fleet and business**, a programme which we embarked on in December 2009

INTERIM REPORT OF THE DIRECTORS

Overview

In line with our March 2010 outlook, handysize and handymax bulk carriers enjoyed a much improved half year outperforming all other dry bulk segments relative to the preceding six months. Average handysize spot rates for the period more than doubled year on year and increased 39% compared to the second half of 2009.

Pacific Basin's unaudited net profit for the six months ended 30 June 2010 was US$52 million (2009: US$75 million) with basic earnings per share of HK$0.21. Annualised return on average shareholders' equity during the period was 7%.

However, before the negative impact of unrealised non-cash adjustments mainly due to a fall in bunker prices, our underlying profit for the period was US$66 million. This represented a 16% improvement over our underlying profit of US$57 million in the first half of 2009 when results benefitted from US$15 million non-cash derivative income:

	Six months ended 30 June		
US$ Million	**2010**	2009	Change
Underlying profit[1]	**65.6**	56.8	+16%
Non-cash derivative (expense)/income	**(13.7)**[2]	15.0	
Provision write-backs	**–**	5.5	
Vessel disposal losses	**–**	(2.5)	
Net profit	**51.9**	74.8	-31%

[1] for an explanation of underlying profit, please see page 20

[2] analysed on page 28

Our improved underlying earnings and strong operating cash flow of US$83 million (2009: US$60.5 million) reflect an increase in Pacific Basin's average handysize daily earnings to US$16,840 per day (2009: US$13,610). Due to the increased cost of short term chartered ships, our handysize breakeven cost has risen to US$11,750 per day for the half year (2009: US$9,380). However, we continue to be mindful of not inflating our core fleet breakeven cost which remains competitive.

As at 30 June 2010, we have cash and bank balances of US$970 million and net cash of US$96 million following various payments in respect of ship acquisition commitments. These include new dry bulk commitments of US$210 million since embarking on our fleet expansion efforts in December 2009. We remain committed to our strategy of directing new investment predominantly towards our cornerstone dry bulk activity.

We continue to specialise in three core areas:

Pacific Basin Dry Bulk

In line with our expectations, commodity transport demand, especially for handysize and handymax capacity, generally kept pace with significant dry bulk fleet growth in the first half of 2010, as manifested in the firm freight market over the period. This buoyancy was largely a result of growth in world industrial production and restocking, continued strengthening in Chinese commodities imports, increased Chinese domestic bulk transportation, and reduced efficiency of global fleet utilisation as importers sourced commodities from further afield.

However, the dry bulk market has fallen significantly since the end of May primarily because of seasonally reduced activity in June and into the third quarter. The market has also been considerably undermined by a fall in Chinese commodities imports due to reduced government-backed stimulus commitments, measures taken to cool the Chinese property market (the largest user of steel in China) and reduced margins for steel producers, at a time of unprecedented dry bulk fleet expansion especially in the capesize segment.

Pacific Basin's dry bulk focus in the period was on the strategic expansion, at reasonable cost, of our fleet of handysize and handymax ships. Since December, we have purchased nine vessels and chartered in on a long term basis another five, of which only eight will have delivered and contributed to our earnings in 2010. Driven by the relatively strong freight market, ship values increased strongly to US$28 million for a benchmark five year old handysize vessel at the end of June. Values have since fallen to US$26 million in the wake of the third-quarter freight market slump, though this still represents an increase of approximately 18% over December 2009 values, which supports significantly increased asset values for our existing fleet, including our recent acquisitions.

In line with our policy to secure future earnings, we have increased our forward cargo cover for our expanded handysize and handymax fleet which, as at 26 July 2010, stood at 89% for 2010 and 33% for 2011 in terms of handysize-equivalent days. We expect the majority of our current uncovered 2010 revenue days will generate revenue from the spot market, though we are building further our cover for 2011 and beyond.

PB Energy & Infrastructure Services

The towage and infrastructure markets in Australia and the Middle East remained weaker than we had expected thus impacting the utilisation of our offshore towage fleet over the second quarter, particularly in the Middle East, which saw reduced construction activity in the wake of the Dubai debt crisis. Meanwhile, our Fujairah Bulk Shipping joint venture has adjusted the pace of production on the 54 million tonne Fujairah Northern Land Reclamation project to complete approximately three months ahead of schedule, and we are exploring new infrastructure and offshore opportunities to pursue when this project is concluded in 2011. Our harbour towage business in Australia continues to be negatively impacted by rationalisation in containership operations into Australia (using larger but fewer vessels) resulting in fewer jobs and therefore lower utilisation of our harbour tugs.

PB RoRo

Our one delivered RoRo vessel is operating satisfactorily in the North Sea. Our five remaining RoRo newbuildings are scheduled to deliver in late 2010 and 2011, and we continue to expect a challenging trading environment for them in the immediate future as sluggish trade in Europe continues to undermine the RoRo market. However, we anticipate a slow recovery over the next few years once the resumption of underlying demand growth in the European freight forwarding and road haulage sectors combines with a tightening of supply after the current orderbook has delivered. In the meantime, we are actively exploring a wide range of employment opportunities for our fleet both within and outside Europe. We have entered into a commercial management joint venture with our existing ship management partner, who controls several additional ferries, in order to enhance our marketing capability and offer our customers a wider choice of RoRo tonnage.

Financing

As reported in our first quarter 2010 trading update, on 12 April 2010 we issued US$230 million of new convertible bonds (due in 2016) to refinance a portion of our outstanding convertible bonds (due in 2013) of US$314 million as at 31 December 2009. In the first half of 2010, we repurchased an aggregate of US$194 million of our 2013 convertible bonds at or below face value, leaving only US$120 million remaining. This amount is fully covered by our recent 2016 convertible bonds at a lower coupon of 1.75% with the additional cash available for future dry bulk investments.

Fleet Development

As at 31 July 2010, the Group's fleet (including newbuildings) numbered 171 vessels comprising 125 dry bulk ships, 39 tugs and barges, one bunker tanker and six RoRos. In the year to date, our core fleet on the water expanded by four bulk carriers and 11 tugs, and we still await 12 bulk carriers and five RoRos delivering in the second half of 2010, 2011 and 2012. Our dry bulk core fleet on the water has an average vessel age of less than seven years.

Dividend

The Board has declared an interim dividend of HK 5 cents per share, representing a payout ratio of 24% at the interim, and for the full year remains committed to our existing dividend policy of paying out a minimum of 50% of profits excluding disposal gains.

Outlook

Our view remains neutral for the dry bulk market in the second half of 2010. We expect to see a relatively weak third quarter due to seasonally quieter activity and currently reduced Chinese demand for commodity imports. However, we believe the market will improve later in the year on the back of a seasonal demand rebound and resumed buying and restocking in China. Much rides on the degree to which demand factors – some of which have been exceptional in nature during the financial crisis – will absorb expanded supply. Hopes pivot on China where questions remain over the impact on demand of reduced steel production margins and economic stimulus. Nevertheless, we expect a half-year period that is on balance somewhat weaker than the first half, though still generating profitable rates for our ships and thus supporting our aim to grow our fleet further while maintaining a competitive cost base.

We see continued challenges in 2010 for PB Energy & Infrastructure Services due to hesitant new demand for towage and infrastructure support services in Australasia and the Middle East and sluggish container-related demand for our harbour towage. However, we consider this division to be well positioned to grow on the back of increasing activity and new opportunities in our target regions in the medium to longer term.

Assuming the slow recovery in European trade continues, we expect the challenging trading environment for RoRos to persist throughout 2010 and into 2011, with any measurable recovery deferred until later in 2011 or 2012. However, we remain positive for the more distant future with the revival of European economic and trade growth, continued political and social pressure to move freight from road to sea, and the development of new trades in the Mediterranean and Asia, combined with potentially tightening supply.

Strategically our focus remains unchanged as we press on with efforts to expand our core dry bulk fleet. Pacific Basin is in a unique position to leverage its business model with a robust balance sheet that will allow us to further increase the scale of our cornerstone dry bulk business as appropriate opportunities arise.

Pacific Basin Dry Bulk

Market Review

- The market for handysize and handymax bulk carriers in first half of 2010 was largely characterised by consistent strong earnings. Handysize spot rates trended upwards between approximately US$15,000 at the start of the year to US$21,000 per day net, though they fell steadily over the month of June to close the half year at approximately US$16,000, and they have since fallen further to approximately US$14,000. Average handysize spot rates for the period were up by over 100% year on year and 39% compared to the second half of 2009.

- In contrast to the relative resilience and stability of the handysize and handymax markets, freight rates for the largest bulk carriers were far more volatile with the vacillating capesize market trending downwards until mid April when capesize vessels generated lower spot earnings than handymax ships. They then surged 150% by the end of June due to short term buoyancy on the back of increased imports to China.

- Significantly influenced by capesize fortunes, the Baltic Dry Index ("BDI") traded from a low of 2,566 points in mid February to a high of 4,209 points at the end of May since which time it has fallen 53% to 1,967 points due primarily to the onset of the low season for grain exports and due to lower steel and higher commodity prices impacting the profitability of steel production and in turn curbing growth in raw material imports.

- A comparison of the first half 2010 performance of the various dry bulk segments relative to their average earnings in the second half of 2009 shows that handysize has again outperformed all other dry bulk segments. This strengthening was accompanied by reduced volatility across the sector with the BDI trading within a narrower band than it did in both halves of last year.

- While the general trend for the various segments remains similar, we are beginning to see differing supply and demand characteristics across the sector:

  o smaller ship segments – smaller orderbooks, older age profiles, higher scrapping potential and a diverse range of commodities carried

  o larger ship segments – larger orderbooks, younger age profiles and lower scrapping potential

- Remarkably, this positive dry bulk market trend took place at a time of increased vessel deliveries and very limited scrapping (although some scrapping continued in the handysize segment) driving a doubling in the rate of dry bulk net fleet growth year on year.

- We attribute the positive supply/demand balance and the overall improved freight rates in the first half 2010 to the following main factors:

  o growth in Chinese import of raw materials, though not at the same unprecedented pace as in 2009;

  o increased Chinese domestic coastal transportation in bulk carriers – especially of iron ore and coal;

  o growth in industrial production driving gradual recovery in demand from the rest of the world following the financial crisis; and

  o widening East-West trade imbalance.

- R.S. Platou estimate demand to have grown 23% and 14% year on year in the first and second quarters respectively, reflecting the significantly improved trading conditions compared to the dysfunctional market at the start of 2009. We expect year on year demand growth will moderate to a more normal level in the second half of this year as demand growth aligns with that of an improved second half of 2009.

- The East-West trade imbalance has widened causing the deployment of the global dry bulk fleet to become increasingly inefficient. It is driven by accelerated Chinese import growth and the resultant widening gap between China's dry bulk commodity imports and exports. Net imports rose gradually over much of the past decade before increasing dramatically in 2009 when they represented 28% of global dry bulk trade. Clarksons estimates that figure will increase to 29% for full year 2010. The imbalance has had the effect of attracting more laden vessels (loaded with cargo) into an area where there are fewer opportunities to load a return cargo. This causes more of the dry bulk fleet to steam out of the area in ballast (empty) to load new cargoes in loading areas further afield. As a result, utilisation of the global dry bulk fleet is less efficient, thus further tilting the supply-demand balance in favour of a stronger freight market.

- As at the end of June, the dry bulk fleet was approximately 14% larger than a year before, representing a degree of fleet expansion not seen since the early 1970s. Newbuilding deliveries in the first half of 2010 were 26% greater than in the previous half year (and more than double that of the first half of 2009) with only very limited scrapping. Much of the dry bulk fleet growth is attributable to the capesize fleet (+22% net year on year) whereas the handysize fleet has by comparison remained relatively unchanged with net fleet expansion of 5% year on year following a year of contraction in 2009 when handysize scrapping exceeded new ship deliveries.

- While newbuilding deliveries have accelerated, recorded deliveries in the first half of 2010 fell short of the scheduled orderbook at the start of the year by over 40% – similar to the amount we predicted and in line with that observed last year. We expect a similarly large shortfall in deliveries for the full year.

- In the longer term, we expect handysize and handymax vessels to fare better than other dry bulk segments as the orderbook for large dry bulk ships is significantly larger. However, dry bulk vessel contracting in the first half of 2010 increased 61% over the previous half year thus partly replenishing the decreasing orderbook.

- Driven by the relatively strong freight market and improved outlook, ship values also increased strongly. Clarksons currently estimates the value of a benchmark five year old handysize at US$26 million following a recent decline from US28 million in June. This still represents an improvement of approximately 18% over December 2009 values, which supports significantly increased asset values for our existing fleet, including our recent acquisitions.

Business Review

Our cornerstone Pacific Basin Dry Bulk division continues to operate one of the world's largest and most modern fleets of uniform handysize and handymax ships and year to date has performed well in an improved dry bulk market.

	Handysize		Handymax	
	1H 2010	1H 2009	**1H 2010**	1H 2009
Average number of ships	**78**	69	**31**	29
Net profit (US$)	**69.7 million**	52.1 million	**8.8 million**	11.5 million
Daily charter rates earned (US$)	**16,840**	13,610	**23,680**	19,840
Daily vessel operating costs (US$)	**11,750**	9,380	**22,050**	17,580
Indices (US$ net, average BHSI/BSI)	**17,892**	8,637	**25,082**	13,005
Cargo volume (Million tonnes)	**9.6**	8.5	**6.0**	5.0
Main cargoes	**logs & forest products, metal concentrates, grain & agriculture products**	logs & forest products, metal concentrates, cement, steel & scrap	**grain & agriculture products, coal/coke, ore**	coal/coke, ore, grain & agriculture products

- Pacific Basin Dry Bulk generated first half 2010 net profits of US$78.5 million (2009: US$63.6 million) and annualised return on net assets of 27% (2009: 30%).

- We operated an average of 109 dry bulk ships during the period (2009: 98 ships).

- We have purchased nine vessels and chartered in on a long term basis a further five since December 2009.

- We carried 67% more logs than in the first half of 2009 due to increased Chinese demand for seaborne log imports – especially from New Zealand, the United States and Canada – which are cost competitive against logs imported from Russia by land.

- We are also transporting more copper concentrates from South America and Indonesia to North Asia, trades which are complemented by our growing cargo volumes in the opposite direction which allow for a more efficient utilisation of our fleet.

- In line with our strategy to secure forward cargo cover, we have covered 89% of our 2010 contracted combined dry bulk ship revenue days as at 26 July 2010, and we expect the majority of our current uncovered 2010 capacity will generate revenue from the spot market. We are also focused on building our forward cargo book for 2011 and beyond.

Vessel Activity Summary
(as at 26 July 2010)

	Unit	Handysize FY 2010	Handysize FY 2011	Handymax FY 2010	Handymax FY 2011
Cargo Commitments					
Revenue days	days	21,520	5,700	8,630	1,030
Net paper contracts	days	720	–	130	370
Equivalent revenue days	days	22,240	5,700	8,760	1,400
Daily TCE	US$	16,260	14,300	23,520	18,370
Ship Commitments					
Vessel days	days	25,810	18,940	9,170	1,770
Net Position					
Cargo as % of ship commitments	%	86%	30%	96%	79%
FFA Activity Summary					
FFA paper sold	days	1,590	–	3,170	730
FFA paper bought	days	(140)	–	(3,070)	(360)
Net realised paper exposure	days	(730)	–	30	–
Net FFA paper sold/(bought)	days	720	–	130	370

Outlook

The following market-related factors are expected to most influence the dry bulk sector in the remainder of 2010:

Positive Factors

- Seasonal demand recovery in the fourth quarter as the grain market activity returns
- Revival in Chinese raw material imports and restocking in the fourth quarter largely driven by new quarterly iron ore pricing mechanism which will see fourth quarter prices decline as determined by lower third quarter spot prices
- Continued global economic recovery, albeit slow and variable, leading to increased commodity demand
- Strong growth in developing countries, especially the BRICs, resulting in increased infrastructure building and therefore increased steel demand and commodity consumption
- China's increasing dependence on imported commodities compounded by growth in its domestic and international trade
- Continued slippage and non-realisation of scheduled 2010 newbuilding deliveries leading to less than scheduled new ship supply (over 40% shortfall to date)

Negative Factors

- Heightened risk of unprecedented vessel supply growth
- Unwinding of economic stimulus, especially in China where cooling measures impact on the property market (the largest driver of commodity demand in China)
- Reduced Chinese demand for imported iron ore due to high ore prices and low steel prices causing margins squeeze
- Flatter than expected recovery in USA and slow, hesitant growth in developed countries, especially in Europe where austerity measures are stifling demand

Weighing these factors, our view remains neutral for the dry bulk market in the second half of 2010. Whilst we expect to see a relatively weak third quarter, we believe the market will improve later in the year on the back of a seasonal demand rebound and resumed buying and restocking in China. On balance, we expect a half-year period that is somewhat weaker than the first half, though still generating profitable rates for our ships and with the handysize segment continuing to outperform other dry bulk segments at least until the year end. Strategically our focus remains unchanged as we press on with our measured expansion of our dry bulk fleet whilst being mindful to maintain our competitive breakeven cost when evaluating acquisition opportunities.

PB Energy & Infrastructure Services

PB Energy & Infrastructure Services encompasses:

- PB Towage – our towage logistics business which engages in:
    - o offshore support services for construction and energy projects, mainly through our PB Sea-Tow brand and our activities in the Middle East
    - o harbour towage under the banner of PB Towage Australia

- Fujairah Bulk Shipping LLC (“FBSL”) – our infrastructure joint venture in the United Arab Emirates

- PacMarine Services – our marine surveying and consultancy business

Market Review

The segments of the highly fragmented towage sector and infrastructure services business in which we are engaged have seen the difficulties of 2009 continue throughout the first half of 2010.

Offshore Towage and Infrastructure Support:

- Despite some recovery in oil price and demand for large platform supply vessels, demand for offshore exploration and production support services remained sluggish relative to the market peak of 2008 particularly in the Middle East. This weakness in demand combined with excessive supply of sophisticated offshore support vessels following high levels of newbuilding ordering activity pre-2008 has resulted in a continued low charter market in 2010.

- Our main market in Australia remained weaker than we had expected. Despite a number of long term energy projects in the region, some recent slowdown in demand for offshore services compounded by increased competition from operators placed additional downward pressure on earnings.

Harbour Towage:

- Container shipping improved in the second quarter, with volumes recovering to pre-crisis levels in the areas in which we operate. This would normally have lead to increased ship movements and therefore increased demand for harbour towage services. However, rationalisation of services by the container lines such as through the deployment of larger ships has resulted in fewer port calls despite improved trade volumes. Towage activity in bulk ports was less affected than in container ports due to continued strong commodity exports over the period, mainly to China.

Business Review

The PB Energy & Infrastructure Services division made a net profit in the first half of 2010 of US$4.0 million (2009: US$6.6 million) and an annualised return on net assets of 4% (2009: 10%), which we consider less than satisfactory due to a poor result for our towage sub-division.

PB Towage

- PB Towage continued to expand its profile and market position in the first half of the year, particularly in Australasia following the commencement of our harbour towage service in the Port of Townsville. Although results were disappointing due to challenging trading conditions, the division is better placed to benefit from future upswings in the market. Expansion of the PB Towage fleet and business continued over the period, and we now operate a modern fleet of 33 tugs, six barges and one bunker tanker.

- PB Towage’s joint venture in Perth continues to profitably provide towage logistics services to support the Gorgon Project which is the largest ever infrastructure project in Australia.

- Elsewhere, our offshore towage businesses continue to engage in energy and construction logistics work in Western Australia and the Arabian Gulf, though demand and supply challenges in Australasia in particular have impacted on the utilisation and profitability of our fleet of offshore tugs that are not deployed on the Gorgon Project.

- Our Australian harbour towage business PB Towage Australia maintained its market share in container ports and commenced new services under long term exclusive service licenses at three bulk ports. We expect these to provide our harbour towage business with greater resilience in view of the sluggish demand in container ports.

Fujairah Bulk Shipping

- Due to the much reduced demand for infrastructure services in the region in 2009 and the first half of 2010, FBSL has adjusted the pace of production on the Fujairah Northern Land Reclamation to originally budgeted levels to complete this project approximately three months ahead of schedule when regional economic conditions will more likely enable FBSL to secure new projects.

- With the construction of the Abu Dhabi Crude Oil Pipeline to Fujairah and a number of other upcoming infrastructure projects in the region, FBSL remains well positioned for growth.

PacMarine Services

- Our marine surveying and consultancy business has recently expanded its network to South America and North East United States. It now operates from 16 locations around the world, reinforcing its position as a leader in the field of marine services provided primarily to oil majors, P&I clubs, underwriters, lawyers, loss adjusters, etc.

Outlook

The following market-related factors are expected to have most influence on the energy and infrastructure services sectors in the remainder of 2010:

Positive Factors

- Noticeable, albeit slow, global economic recovery to sustain trade growth and therefore drive vessel movements in Australian ports
- Increasing oil and energy prices gradually leading to more offshore projects and related infrastructure development activities
- Resumption of infrastructure and offshore projects in the Middle East following recovery from the Dubai debt crisis
- Perseverance leading to better recognition of brand and quality of service

Negative Factors

- Rationalisation of containership tonnage indicates increased volumes on larger ships leading to slower than desired recovery rate in port calls
- US moratorium on deep-water drilling exerting downward pressure on rates
- Lower rates due to newbuilding deliveries driving net fleet expansion at a time of reduced activity in the oil and gas market.
- Cessation in the export of aggregates in the Middle East due to much reduced demand for construction materials

Our outlook for PB Energy & Infrastructure Services in 2010 is less than satisfactory overall due to an expected weaker contribution from our towage division and only a budgeted contribution from FBSL.

PacMarine is well placed to continue to expand regular survey and consultancy services to its established and growing customer base. However, we anticipate hesitant new demand for offshore towage support services in Australia and the Middle East in the short term, and only marginal improvement in Australian harbour towage demand in the balance of 2010. Given the slowdown in the Middle East and the uncertainty of the speed of recovery in its infrastructure market, we also take a cautious view for FBSL in the remainder of the year.

Weighing these factors, we see continued challenges in 2010 for PB Energy & Infrastructure Services. However, with potential new oil, gas and infrastructure development projects on the horizon in Australasia and the Middle East, and gradually increasing vessel movements in Australian ports, we consider the division to be well positioned to grow on the back of a recovery in activity and new opportunities in the longer term. We remain open to the possibility of expanding the business and acquiring further assets against specific, high-return projects.

PB RoRo

Market Review

- The RoRo sector remains weak with the effects of the financial crisis and the economic recession still apparent in the lack of charter demand for freight RoRo vessels. Operators have surplus capacity and, as a consequence, time charter rates continue to trend downwards. Maersk Broker data shows the one year moving average time charter rate for large RoRo vessels to have fallen by approximately 35% to 40% since the onset of the recession.

- However underlying freight demand within the core European market is now showing signs of recovery. The European Freight Forwarding Index produced by Danske Bank from a regular survey of European forwarders has shown increased volumes since the start of 2010 and forecasts continued recovery in trade over the next few months. The number of trailers carried on the main North European RoRo routes have increased significantly since the beginning of the year although they are still running some 10% to 15% below pre-recession levels. The development of new trades, notably from Turkey to the Western Mediterranean, offers the prospect of greater demand for tonnage in the future.

- Supply side statistics for the RoRo sector remain favourable. The orderbook is relatively small at 15% of the current fleet and the high average age of the fleet (20 years) combined with the weak market is now leading to a significant level of scrapping with some 53,100 lane meters of capacity (5.9% of the fleet) removed in the year to date – almost three times the rate seen in 2009. With an almost complete lack of newbuilding orders since the end of 2008, Maersk Broker project a declining world fleet from 2010 onwards, although the significant number of newbuildings yet to be delivered will delay the start of any fleet contraction in our large freight RoRo sector until 2011.

Business Review

- The RoRo division made a net profit of US$0.5 million in the first half of the year (2009: loss of US$ 0.4 million), broadly in line with budget. Annualised return on net assets was 1%.

- Since her delivery in September last year, the “Humber Viking” – our first newbuilding from Odense Steel Shipyard in Denmark – has been trading successfully between ports in Holland and the United Kingdom under a three-year time charter to Norfolk Line.

- Our two chartered-in Korean-built RoRo newbuildings (for which we hold purchase options exercisable 30 days after delivery) are currently scheduled to deliver into our chartered fleet in September and November 2010. As announced last year, delivery of our remaining three Odense newbuildings has been deferred until 2011 and so we have a relatively limited exposure to the current weak market in 2010.

- Our aim remains to become a leading supplier of high quality, fuel efficient and operationally attractive freight RoRo to major operators. We are confident that in the longer term, as the freight market recovers, this will prove to be a profitable strategy. In the meanwhile, we are exploring a wider range of employment opportunities within and outside Europe for our next vessel delivering in September. Although there remains a risk that the ship may not be immediately deployed on delivery, this would have only limited effect on our 2010 results given the timing of her delivery so late in the year.

- In order to enhance our marketing efforts and offer charterers an improved service, we have expanded our RoRo ship management joint venture to include a new commercial management capability comprising the combined ferry expertise of the joint venture partners. In view of the current market conditions, we consider this to be a timely arrangement which, supported by an experienced in-house technical management team, will enable us to offer our customers a wider choice of high-quality, reliable ships of uniform and environmentally-friendly design and meet their frequent requirement for multiple sister vessels suitable for trading in tandem on the same route.

Outlook

The following market-related factors are expected to have most influence on the large RoRo sector during the rest of 2010:

Positive Factors

- Global and in particular European economic recovery is expected to support modest growth in trailer volumes and short-sea RoRo trades
- Significant benefit of a weaker Euro to the European export sector
- Some scrapping is expected to limit the degree of overcapacity, though net contraction of the global fleet of large RoRos is expected to take effect later in 2011 following delivery of the majority of the current orderbook

Negative Factors

- A significant number of large RoRo newbuildings remain scheduled to deliver in 2010 and 2011
- RoRo operators in the core European market still have overcapacity and so are reluctant to charter new vessels
- Implementation of austerity measures in Europe, and fall-out from the sovereign debt crisis
- Sluggish recovery in USA impacting global trade and slow, hesitant growth in developed countries
- Slow take-up of RoRo trades in regions outside of Europe

Despite recent marginal improvement in volumes, we expect the challenging trading environment for RoRos to persist throughout 2010 and into 2011, with any measurable recovery deferred until later in 2011 or 2012 assuming the slow recovery in European trade continues. However, we remain positive for the more distant future with the revival of European economic and trade growth, continued political and social pressure to move freight from road to sea, and the development of new trades in the Mediterranean and Asia, combined with potentially tightening supply. We are confident that our fuel efficient, high quality vessels will prove increasingly attractive to charterers.

Klaus Nyborg
Chief Executive Officer

Hong Kong, 3 August 2010

Shareholders and investors are reminded that this announcement of interim results for the six months ended 30 June 2010 is based on the Group's internal records and management accounts. Shareholders and investors are cautioned not to rely unduly on this announcement of interim results and are advised to exercise caution when dealing in the shares of the Company.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2010	2009
	Note	***US$'000***	*US$'000*
Revenue	*3*	**616,486**	425,913
Direct costs		**(536,811)**	(342,147)
Gross profit		**79,675**	83,766
General and administrative expenses		**(10,544)**	(4,487)
Other income		**20,856**	55,848
Other expenses		**(28,022)**	(47,544)
Losses on disposal of property, plant and equipment		**–**	(2,532)
Finance costs, net		**(14,494)**	(9,568)
Share of profits less losses of jointly controlled entities		**6,417**	1,414
Share of profits/(losses) of associates		**73**	(119)
Profit before taxation	*4*	**53,961**	76,778
Taxation	*5*	**(2,068)**	(1,949)
Profit attributable to shareholders	*3*	**51,893**	74,829
Dividends	*6*	**12,428**	19,912
Earnings per share for profit attributable to shareholders			
Basic	*7(a)*	**US 2.69 cents**	US 4.19 cents
Diluted	*7(b)*	**US 2.69 cents**	US 4.19 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2010	2009
	US$'000	*US$'000*
Profit for the period	**51,893**	74,829
Other comprehensive income, net of tax:		
Currency translation differences	**(31,181)**	11,441
Cash flow hedges:		
– fair value (losses)/gains	**(6,215)**	4,741
– transferred to property, plant and equipment	**1,687**	(433)
– transferred to finance costs in consolidated income statement	**(1,913)**	810
Fair value (losses)/gains on available-for-sale financial assets	**(3,722)**	15,967
Gains on repurchase and cancellation of convertible bonds	**5,907**	325
Total comprehensive income for the period	**16,456**	107,680

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2010 US$'000	31 December 2009 US$'000
Non-current assets			
Property, plant and equipment		**1,121,749**	997,961
Investment properties		**2,628**	2,600
Land use rights		**3,784**	3,864
Goodwill		**25,256**	25,256
Interests in jointly controlled entities		**69,674**	49,615
Investment in associates		**3,321**	3,249
Available-for-sale financial assets		**57,454**	62,016
Derivative assets		**2,766**	6,879
Trade and other receivables	8	**7,539**	8,232
Restricted bank deposits		**4,934**	40,084
Other non-current assets		**52,353**	59,887
		1,351,458	1,259,643
Current assets			
Inventories		**40,170**	33,858
Derivative assets		**10,898**	20,336
Trade and other receivables	8	**103,492**	90,478
Restricted bank deposits		**5,504**	16,483
Cash and deposits		**959,320**	1,049,095
		1,119,384	1,210,250
Current liabilities			
Derivative liabilities		**8,355**	10,505
Trade and other payables	9	**112,691**	111,740
Current portion of long term borrowings		**57,799**	54,728
Taxation payable		**4,864**	3,737
Provision for onerous contracts		**1,831**	–
		185,540	180,710
Net current assets		**933,844**	1,029,540
Total assets less current liabilities		**2,285,302**	2,289,183
Non-current liabilities			
Derivative liabilities		**18,494**	9,735
Long term borrowings		**815,645**	821,850
Provision for onerous contracts		**200**	2,031
		834,339	833,616
Net assets		**1,450,963**	1,455,567
Equity			
Capital and reserves attributable to shareholders			
Share capital		**193,110**	192,708
Retained profits		**680,189**	659,339
Other reserves		**577,664**	603,520
Total equity		**1,450,963**	1,455,567

Note:

1. **General information and basis of preparation**

   The Company was incorporated in Bermuda on 10 March 2004 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

   The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

   These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. **Accounting policies**

   The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009.

   Certain new standards, amendments and interpretations to the published standards (collectively "New Standards") are mandatory for the accounting period beginning 1 January 2010. The New Standards relevant to the Group are as follows:

   - HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combination for which the acquisition date is on or after the beginning of the first annual reporting period starting on or after 1 July 2009.

     The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination is achieved in stages, the acquirer should measure its previously held interest in the acquiree at its fair value at the date control is obtained, recognising a gain/loss in the income statement. All acquisition-related costs are expensed.

     As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised) at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost; any remaining interest in the entity is re-measured at fair value, and a gain or loss is recognised in the income statement.

   - HKFRS 2 (Amendment), "Group cash-settled share-based payment transaction". The amendment incorporates HK(IFRIC)-Int 8, "Scope of HKFRS 2", and HK(IFRIC) – Int 11, "HKFRS 2 – Group and treasury share transactions". The amendment clarifies that an entity that receives goods or services in a share-based payment arrangement must recognise, in its separate financial statements, an expense for those goods or services regardless of which entity in the group settles the transaction and the form of settlement (ie, in shares or in cash).

3. **Segment information**

   The Group manages its businesses by divisions. Reports are presented to the division heads as well as the Board for the purpose of making strategic decisions, allocation of resources and assessing performance. The reportable operating segments below are consistent with the way in which information is presented to the division heads and the Board, which in 2010 has changed slightly from previous year to better reflect how the Group's businesses are managed.

   The Group's revenue is primarily derived from the provision of dry bulk and RoRo shipping services, and services to the energy and infrastructure sectors.

Although closely monitored, the results of the port projects and maritime services activities are included in the "all other segments" column as they do not meet the quantitative thresholds suggested by HKFRS.

Treasury manages the Group's cash and borrowings which are not considered to be an operating segment. As such, related finance income and expenses are allocated under treasury.

The Directors consider that the nature of the provision of shipping services, which are carried out internationally, and the way in which costs are allocated, preclude a meaningful allocation of operating profit to specific geographical segments. Accordingly, geographical segment information is not presented.

An analysis of the Group's reportable segment information for the period ended 30 June 2010 is as follows:

	Pacific Basin Dry Bulk	PB Energy & Infrastructure Services	PB RoRo	All Other Segments	Total Segments	Unallocated Treasury	Unallocated Others	Total	Reclass-ification	Per Financial Statements	Note
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	
For the period ended 30 June 2010											
Revenue	572,432	32,483	5,816	1,225	611,956	–	(1,228)	610,728	5,758	616,486	
Freight and charter-hire	572,432	19,351	5,721	–	597,504	–	(1,228)	596,276	5,758	602,034	a
Maritime management services	–	13,132	95	1,225	14,452	–	–	14,452	–	14,452	
Bunker & port disbursements	(202,659)	–	–	–	(202,659)	–	(11,104)	(213,763)	213,763	–	b
Time charter equivalent earnings	369,773										
Direct costs	(284,588)	(32,632)	(4,016)	(1,812)	(323,048)	–	–	(323,048)	(213,763)	(536,811)	
Bunker & port disbursements	–	–	–	–	–	–	–	–	(213,763)	(213,763)	b
Charter-hire expenses for vessels	(229,014)	(454)	–	–	(229,468)	–	–	(229,468)	–	(229,468)	
Vessel operating costs	(24,422)	(14,583)	(1,506)	–	(40,511)	–	–	(40,511)	–	(40,511)	
Depreciation of vessels	(18,897)	(7,190)	(1,565)	–	(27,652)	–	–	(27,652)	–	(27,652)	
Direct overheads	(12,255)	(10,405)	(945)	(1,812)	(25,417)	–	–	(25,417)	–	(25,417)	
Gross profit	85,185	(149)	1,800	(587)	86,249	–	(12,332)	73,917	5,758	79,675	
General and administrative expenses	–	–	–	–	–	(6,847)	(3,697)	(10,544)	–	(10,544)	c
Other income and expenses	–	169	–	(1,000)	(831)	(577)	–	(1,408)	(5,758)	(7,166)	a, d
Finance costs, net	(6,667)	(1,346)	(1,302)	529	(8,786)	(4,322)	(1,386)	(14,494)	–	(14,494)	f
Share of profits less losses of jointly controlled entities	–	6,650	–	(233)	6,417	–	–	6,417	–	6,417	
Share of gains of associates	–	73	–	–	73	–	–	73	–	73	
Profit before taxation	78,518	5,397	498	(1,291)	83,122	(11,746)	(17,415)	53,961	–	53,961	
Taxation	–	(1,352)	–	(716)	(2,068)	–	–	(2,068)	–	(2,068)	
Profit for the period	78,518	4,045	498	(2,007)	81,054	(11,746)	(17,415)	51,893	–	51,893	
At 30 June 2010											
Total assets	874,053	264,159	241,431	127,216	1,506,859	950,319	13,664	2,470,842	–	2,470,842	a, b
Total assets include:											
Property, plant and equipment *	724,881	176,761	193,784	26,323	1,121,749	–	–	1,121,749	–	1,121,749	
Interests in jointly controlled entities	–	40,485	–	29,189	69,674	–	–	69,674	–	69,674	
Investment in associates	–	3,321	–	–	3,321	–	–	3,321	–	3,321	
Total liabilities	291,008	45,406	55,039	6,267	397,720	596,917	25,242	1,019,879	–	1,019,879	a, b
Total liabilities include:											
Long term borrowings	192,031	34,960	52,508	–	279,499	593,945	–	873,444	–	873,444	
* Include additions to property, plant and equipment	119,310	32,256	23,879	11,217	186,662	–	–	186,662	–	186,662	

	Pacific Basin Dry Bulk US$'000	PB Energy & Infrastructure Services US$'000	PB RoRo US$'000	All Other Segments US$'000	Total Segments US$'000	Unallocated Treasury US$'000	Unallocated Others US$'000	Total US$'000	Reclass-ification US$'000	Per Financial Statements US$'000	Note
For the period ended 30 June 2009											
Revenue	411,561	32,223	–	1,062	444,846	–	(31,272)	413,574	12,339	425,913	
Freight and charter-hire	411,561	24,087	–	–	435,648	–	(31,272)	404,376	12,339	416,715	a
Maritime management services	–	8,136	–	1,062	9,198	–	–	9,198	–	9,198	
Bunker & port disbursements	(136,595)	–	–	–	(136,595)	–	43,357	(93,238)	93,238	–	b
Time charter equivalent earnings	274,966										
Direct costs	(204,253)	(25,297)	(420)	(2,424)	(232,394)	–	5,523	(226,871)	(115,276)	(342,147)	
Bunker & port disbursements	–	–	–	–	–	–	–	–	(93,238)	(93,238)	b
Charter-hire expenses for vessels	(156,189)	(1,023)	–	–	(157,212)	–	5,523	(151,689)	(22,038)	(173,727)	
Vessel operating costs	(21,907)	(12,804)	–	–	(34,711)	–	–	(34,711)	–	(34,711)	
Depreciation of vessels	(14,850)	(3,000)	–	–	(17,850)	–	–	(17,850)	–	(17,850)	
Direct overheads	(11,307)	(8,470)	(420)	(2,424)	(22,621)	–	–	(22,621)	–	(22,621)	
Gross profit	70,713	6,926	(420)	(1,362)	75,857	–	17,608	93,465	(9,699)	83,766	
General and administrative expenses	–	–	–	–	–	–	(4,487)	(4,487)	–	(4,487)	c
Other income and expenses	–	(341)	–	(2,613)	(2,954)	1,559	–	(1,395)	9,699	8,304	a, d
Losses on disposal of PP&E	–	–	–	–	–	–	(2,532)	(2,532)	–	(2,532)	e
Finance costs, net	(7,149)	(47)	–	634	(6,562)	(5,945)	2,939	(9,568)	–	(9,568)	f
Share of profits less losses of jointly controlled entities	–	1,422	–	(8)	1,414	–	–	1,414	–	1,414	
Share of losses of associates	–	(119)	–	–	(119)	–	–	(119)	–	(119)	
Profit before taxation	63,564	7,841	(420)	(3,349)	67,636	(4,386)	13,528	76,778	–	76,778	
Taxation	–	(1,229)	–	(720)	(1,949)	–	–	(1,949)	–	(1,949)	
Profit for the period	63,564	6,612	(420)	(4,069)	65,687	(4,386)	13,528	74,829	–	74,829	
At 31 December 2009											
Total assets	767,123	271,006	258,569	110,220	1,406,918	1,036,035	26,940	2,469,893	–	2,469,893	a, b
Total assets include:											
Property, plant and equipment *	610,588	160,147	211,318	15,908	997,961	–	–	997,961	–	997,961	
Interests in jointly controlled entities	–	33,382	–	16,233	49,615	–	–	49,615	–	49,615	
Investment in associates	–	3,249	–	–	3,249	–	–	3,249	–	3,249	
Total liabilities	294,881	57,007	66,467	5,255	423,610	572,164	18,552	1,014,326	–	1,014,326	a, b
Total liabilities include:											
Long term borrowings	199,386	40,773	64,589	–	304,748	571,830	–	876,578	–	876,578	
* Include additions to property, plant and equipment	64,674	63,139	144,235	2,843	274,891	–	–	274,891	–	274,891	

Note (related to both 2009 and 2010):

a. Net unrealised forward freight agreements benefits and expenses are under unallocated others. Net realised benefits and expenses are allocated under Pacific Basin Dry Bulk. For the presentation of the financial statements, net realised and unrealised forward freight agreements benefits and expenses are reclassified to other income and other expenses. The related derivative assets and liabilities are also allocated under unallocated others.

b. Net unrealised bunker swap contracts benefits and expenses are under unallocated others. Net realised benefits and expenses are allocated under Pacific Basin Dry Bulk. For the presentation of the financial statements, bunkers & port disbursements are reclassified to direct costs. The related derivative assets and liabilities are also allocated under unallocated others.

c. Others represent corporate overheads.

d. Treasury represents the gains and losses on repurchase and cancellation of the Group's convertible bonds during the period.

e. Others represent the Group's gains and losses on disposal of property, plant and equipment which are not considered to be an operating segment.

f. Others represent net unrealised interest rate swap contracts benefits and expenses.

4. Profit before taxation

Profit before taxation is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2010	2009
	US$'000	*US$'000*
Amortisation of land use rights	**54**	21
Bunkers consumed	**128,154**	77,004
Depreciation		
– owned vessels	**22,030**	12,068
– leased vessels	**5,622**	5,782
– investment properties	**30**	28
– other owned property, plant and equipment	**676**	698
Lubricating oil consumed	**2,371**	2,057
Net losses/(gains) on bunker swap contracts	**8,393**	(32,972)
Net losses on forward freight agreements	**5,758**	12,339
Net losses/(gains) on interest rate swap contracts	**4,213**	(1,478)
Interest on borrowings		
– bank loans	**4,566**	3,209
– finance leases	**6,667**	7,149
– convertible bonds	**8,712**	8,098

5. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the unaudited condensed consolidated income statement represents:

	Six months ended 30 June	
	2010	2009
	US$'000	*US$'000*
Current taxation		
Hong Kong profits tax	**563**	368
Overseas tax	**1,599**	1,581
Over-provision of prior year	**(94)**	–
	2,068	1,949

6. Dividends

	Six months ended 30 June	
	2010	2009
	US$'000	*US$'000*
Interim dividend of HK 5 cents or US 0.6 cents per share (2009: HK 8 cents or US 1.0 cents per share)	**12,428**	19,912

An interim dividend in respect of the year ending 31 December 2010 of HK 5 cents or US 0.6 cents per share, amounting to a total dividend of US$12,428,000 was declared on 3 August 2010. These condensed consolidated interim financial statements do not reflect this dividend payable. A 2009 final dividend of HK 15 cents or US 1.9 cents per share, totalling US$37,272,000 was paid during the period ended 30 June 2010.

7. Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, excluding the shares held by the trustee of the Company's Long Term Incentive Scheme ("LTIS").

	Six months ended 30 June	
	2010	2009
Profit attributable to shareholders (US$'000)	**51,893**	74,829
Weighted average number of ordinary shares in issue ('000)	**1,927,742**	1,785,864
Basic earnings per share	**US 2.69 cents**	US 4.19 cents
Equivalent to	**HK 21 cents**	HK 32 cents

(b) **Diluted earnings per share**

Diluted earnings per share are calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares after adjusting for the number of potential dilutive ordinary shares granted under the Company's LTIS but excluding the shares held by the trustee of the Company's LTIS.

	Six months ended 30 June	
	2010	2009
Profit attributable to shareholders (US$'000)	**51,893**	74,829
Weighted average number of ordinary shares in issue ('000)	**1,927,742**	1,785,864
Adjustment for share options ('000)	**574**	493
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,928,316**	1,786,357
Diluted earnings per share	**US 2.69 cents**	US 4.19 cents
Equivalent to	**HK 21 cents**	HK 32 cents

8. Trade and other receivables

Included in trade and other receivables are net trade receivables and their ageing analysis is as follows:

	30 June 2010 ***US$'000***	31 December 2009 *US$'000*
Less than 30 days	**18,300**	20,258
31-60 days	**3,616**	3,395
61-90 days	**1,224**	623
Over 90 days	**1,464**	2,453
	24,604	26,729

Trade receivables consist principally of voyage-related trade receivables. It is industry practice that 95% to 100% of freight is paid upon completion of loading, with the balance paid after completion of discharge and the finalisation of port disbursements, demurrage claims or other voyage-related charges. The Group normally will not grant any credit terms to its customers and trade receivables at the balance sheet date are all past due.

9. Trade and other payables

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	30 June 2010 ***US$'000***	31 December 2009 *US$'000*
Less than 30 days	**19,908**	22,806
31-60 days	**1,900**	2,024
61-90 days	**639**	314
Over 90 days	**4,222**	4,805
	26,669	29,949

FINANCIAL REVIEW

Consolidated Group Performance

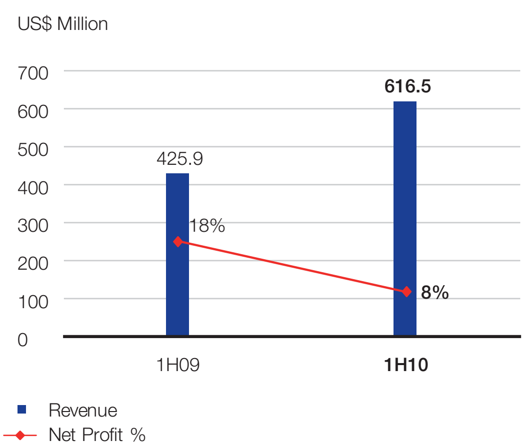
The key drivers that management focuses on to assess the performance of the Group's businesses are revenue growth, direct costs controls, segment net profit, profit attributable to shareholders and return on average equity.

US$ Million	Six months ended 30 June 2010	2009	Change
Revenue	**616.5**	425.9	+45%
Direct costs	**(536.8)**	(342.1)	+57%
Gross profit	**79.7**	83.8	-5%
Segment net profit	**81.1**	65.7	+23%
Underlying profit	**65.6**	56.8	+16%
Profit attributable to shareholders	**51.9**	74.8	-31%
Net profit margin (%)	**8%**	18%	-10%
Return on average equity employed (%)	**7%**	12%	-5%

Management considers "underlying profit" to include segment results, treasury results and non direct general and administrative expenses. It excludes disposal gains and losses, impairment charges or their reversal, onerous contract provisions and the unrealised non-cash portion of results from derivative instruments relating to future reporting periods. The identification of items excluded from underlying profit requires judgement by management.

Underlying profit was up mainly due to an increase in daily charter rates of the dry bulk vessels, balanced only in part by higher blended vessel daily operating costs. However, profit attributable to shareholders was down mainly due to the unrealised derivative expense of US$13.7 million (2009: income of US$15.0 million) which arose from a reduction in oil prices for our forward bunker commitments.

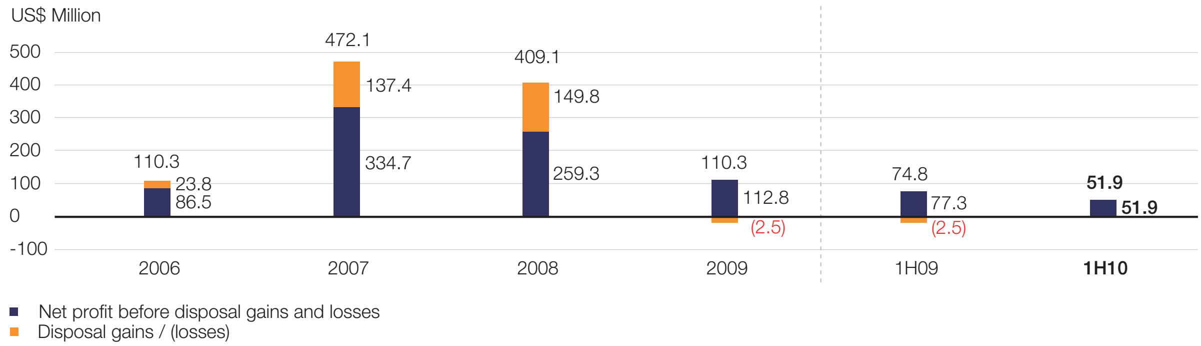
Group Revenue versus Net Profit Margin



Segment net profit and underlying profit can be reconciled to profit attributable to shareholders as follows:

US$ Million	Six months ended 30 June 2010	2009
Segment net profit	**81.1**	65.7
Treasury	**(11.8)**	(4.4)
Non direct general and administrative expenses	**(3.7)**	(4.5)
Underlying profit	**65.6**	56.8
Unrealised derivative (expense) / income	**(13.7)**	15.0
Future onerous contracts – net provision write-back	**–**	5.5
Net dry bulk vessel disposal losses	**–**	(2.5)
Profit attributable to shareholders	**51.9**	74.8

Group Net Profit



Segments Review

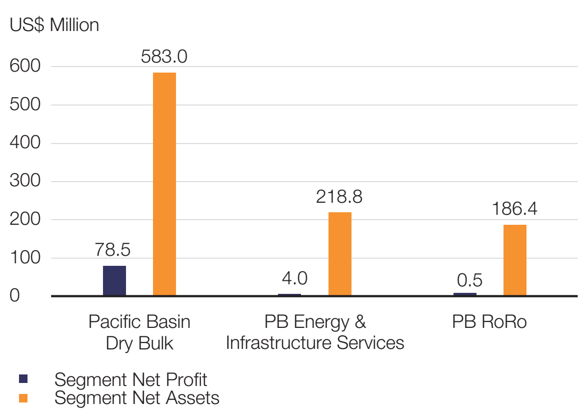
The Group derives its revenue primarily from the provision of shipping related services which management analyses under the three reporting segments of:

i) Pacific Basin Dry Bulk;
ii) PB Energy & Infrastructure Services; and
iii) PB RoRo.

Other non segment activities mainly comprise Treasury.

Pacific Basin Dry Bulk continues to dominate the Group's activities. The following sections provide further analysis of the Group results and net assets.

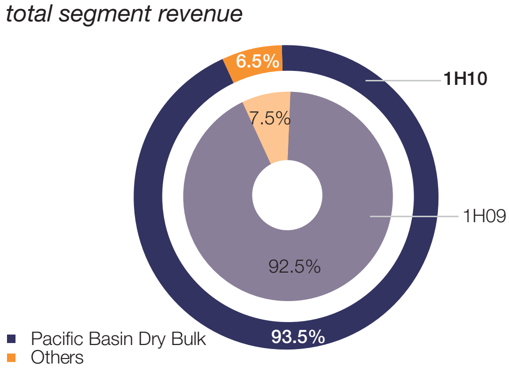
Segment Net Profit versus Net Assets



Pacific Basin Dry Bulk Segment Net Profit

Income

Pacific Basin Dry Bulk revenue as a percentage of total segment revenue



The Group's dry bulk fleet generated US$572.4 million (2009: US$411.6 million) or 93.5% (2009: 92.5%) of total segment revenue.

The table below outlines the Pacific Basin Dry Bulk segment operating performance during the period, split between handysize and handymax vessels:

	Six months ended 30 June		
	2010	2009	Change
Handysize			
Revenue days	**13,940**	12,460	+12%
Daily charter rates (US$)	**16,840**	13,610	+24%
Daily vessel operating costs (US$)	**11,750**	9,380	+25%
Segment net profit (US$ Million)	**69.7**	52.1	+34%
Segment net assets (US$ Million)	**528.1**	397.8	+33%
Return on net assets (annualised %)	**26%**	26%	–
Handymax			
Revenue days	**5,570**	5,150	+8%
Daily charter rates (US$)	**23,680**	19,840	+19%
Daily vessel operating costs (US$)	**22,050**	17,580	+25%
Segment net profit (US$ Million)	**8.8**	11.5	-23%
Segment net assets (US$ Million)	**54.9**	22.5	+144%
Return on net assets (annualised %)	**32%**	102%	-70%

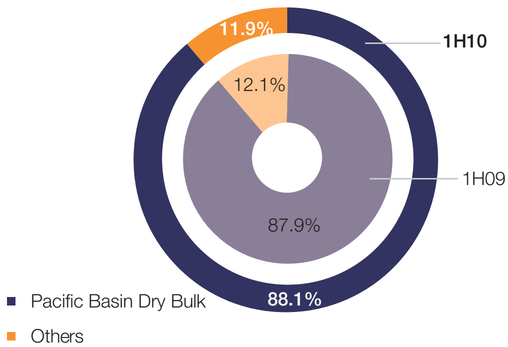
Note: The above handymax revenue days and daily rates exclude two vessels which are on long term charter at a daily rate of US$8,460 and for which the daily vessel cost is US$8,530.

Revenue and vessel days of our dry bulk vessels are analysed in the following table. The fleet of owned vessels experienced average off-hire of 1.7 days (2009: 1.9 days) per vessel in the period ended 30 June 2010.

	Six months ended 30 June					
	2010			2009		
	Owned & Finance leased	**Chartered**	**Total**	Owned & Finance leased	Chartered	Total
Handysize						
Vessel days	**6,320**	**7,740**	**14,060**	5,490	7,040	12,530
Drydocking	**(90)**	**–**	**(90)**	(50)	–	(50)
Off-hire	**(30)**	**–**	**(30)**	(20)	–	(20)
Revenue days	**6,200**	**7,740**	**13,940**	5,420	7,040	12,460
Handymax						
Vessel days	**80**	**5,490**	**5,570**	110	5,050	5,160
Drydocking	**–**	**–**	**–**	–	–	–
Off-hire	**–**	**–**	**–**	(10)	–	(10)
Revenue days	**80**	**5,490**	**5,570**	100	5,050	5,150

Direct Costs

Pacific Basin Dry Bulk direct costs as a percentage of total segment direct costs



The Group's dry bulk fleet incurred US$284.6 million (2009: US$204.3 million) or 88.1% (2009: 87.9%) of total segment direct costs.

Breakdown of Direct Costs

	Six months ended 30 June		
US$ Million	**2010**	2009	Change
Charter-hire expenses for vessels	**229.0**	156.2	+47%
Vessel operating costs	**24.4**	21.9	+11%
Depreciation of vessels	**18.9**	14.9	+27%
Direct overheads	**12.3**	11.3	+8%
Total	**284.6**	204.3	+39%

Vessel operating costs include costs related to crew, spares, lubricating oil and insurance.

Increases in vessel operating costs and depreciation of vessels is mainly due to the increase in the average number of owned and finance leased vessels from 31 to 35.

Direct overheads represent shore based staff, office and related expenses directly attributable to the management of the Pacific Basin Dry Bulk segment.

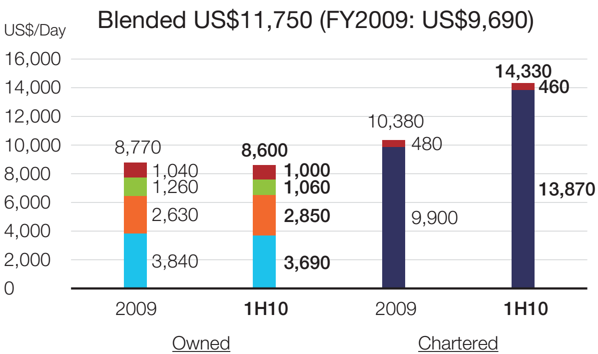
The majority of the increase was represented by charter-hire expenses for vessels under operating leases which increased to US$229.0 million (2009: US$156.2 million), reflecting:

a) a 34.6% increase in the average daily charter rate of vessels chartered by the Group under operating leases; and

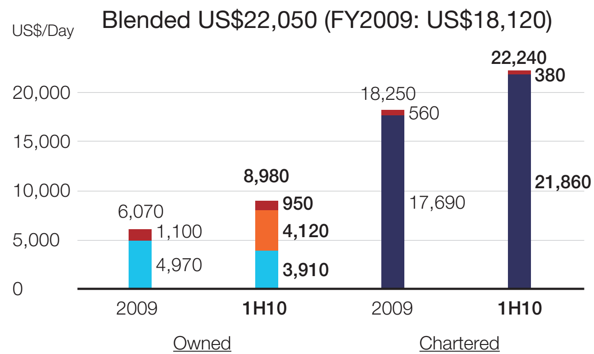
b) a 9.4% rise in the average number of vessel days chartered by the Group under operating leases.

Blended vessel daily operating cost for handysize increased 25.3% from the same period last year mainly due to higher charter-hire costs of vessels sourced from the market. The equivalent daily cost for handymax increased 25.4% from the same period last year for the same reason. Blended vessel daily operating costs include direct overheads and can be analysed between owned and chartered costs as follows:

Handysize Vessel Daily Operating Costs



Handymax Vessel Daily Operating Costs



Note 1: 2009 and 1H10 daily operating costs of owned handymax vessel relate to only one vessel.

Note 2: 2009 depreciation was nil as vessel was sold in the period. 2010 depreciation relates to one newly acquired vessel.

■ Opex ■ Depreciation ■ Finance Cost ■ Charter-hire ■ Direct overhead

PB Energy & Infrastructure Services Segment Net Profit

The Group's PB Energy & Infrastructure Services segment continues to seek growth opportunities in offshore and project supply, harbour towage, rock aggregate production and transportation and ship survey and inspection services.

	Six months ended 30 June		
US$ Million	**2010**	2009	Change
PB Towage (offshore and project supply and harbour towage services)	**(1.2)**	1.6	–
Fujairah Bulk Shipping (rock aggregate production and transportation)	**4.5**	4.1	+10%
PacMarine Services (ship survey and inspection services)	**0.7**	0.9	-22%
Segment net profit	**4.0**	6.6	-39%
Segment net assets	**218.8**	136.5	+60%
Return on net assets (annualised %)	**4%**	10%	-6%

PB Towage's results were affected by the low number of liner port calls in the harbour towage sector compounded by fewer offshore and project supply jobs.

Fujairah Bulk Shipping is a joint venture with the Government of Fujairah in the Middle East. Results improved mainly due to higher rates of rock movement than budgeted in the reclamation project.

PacMarine Services' results decreased mainly due to the increase in ship inspection-related costs.

PB RoRo Segment Net Profit

The Group's first RoRo vessel began generating revenue from mid-September 2009.

	Six months ended 30 June		
US$ Million	**2010**	2009	Change
Segment revenue	**5.8**	–	–
Segment operating costs	**(5.3)**	(0.4)	–
Segment net profit	**0.5**	(0.4)	–
Segment net assets	**186.4**	222.0	-16%
Return on net assets (annualised %)	**1%**	0%	–

Other Income Statement Items

Other Income

Movements in the fair value of receipts from forward freight agreements amounted to US$19.5 million (2009: US$32.3 million).

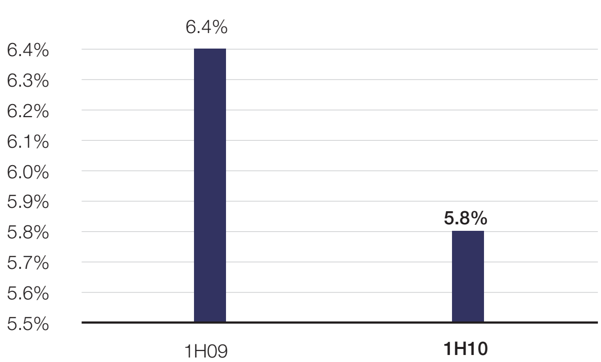
Other Expenses

Movements in the fair value of payments for forward freight agreements amounted to US$25.3 million (2009: US$44.6 million). Taking into account the movements in fair value of receipts of US$19.5 million included in other income above, the net movement in the fair value of forward freight agreements was an expense of US$5.8 million (2009: US$12.3 million).

General and Administrative Expenses

The Group's total administrative expenses of US$36.0 million (2009: US$27.1 million) include an unrealised US$6.8 million (2009: nil) expense arising mainly from the revaluation of Euros held by treasury at the period end. Total administrative expenses are split into direct overheads of US$25.4 million (2009: US$22.6 million) and general and administrative expenses of US$10.6 million (2009: US$4.5 million).

Administrative Expenses as a Percentage of Revenue



Share of Profits Less Losses of Jointly Controlled Entities

In addition to the jointly controlled entities included in the segment results of PB Energy & Infrastructure Services, the Group's share of profits less losses of jointly controlled entities also included the share of losses of US$0.3 million (2009: US$1.3 million losses) in Nanjing Longtan Tianyu Terminal Co. Ltd.

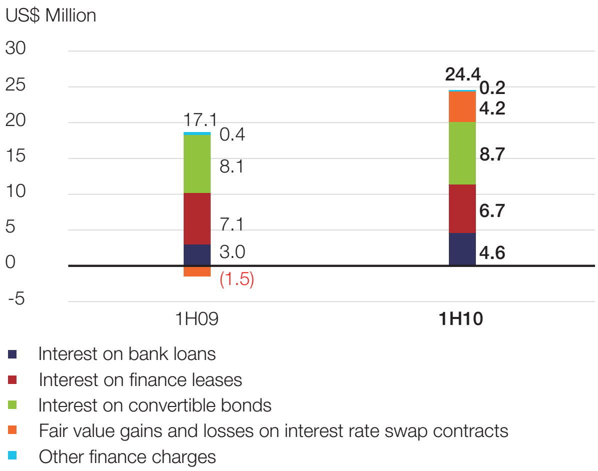
Finance Income

Finance income of US$9.9 million (2009: US$7.5 million) represented primarily US$9.3 million (2009: US$7.0 million) of bank interest income.

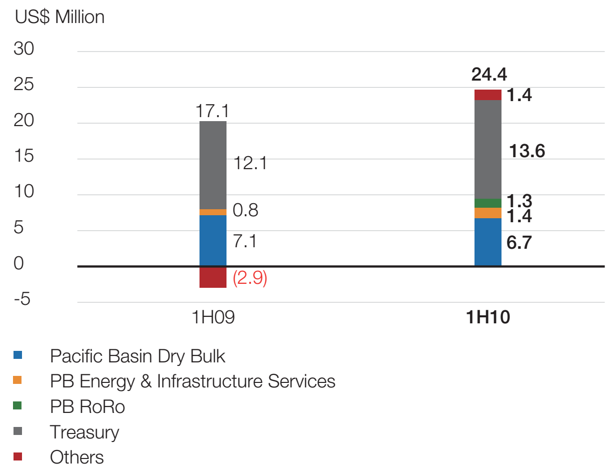
Financing

Finance costs of US$24.4 million (2009: US$17.1 million) can be analysed as follows:

By Source



By Segment



- The increase of US$1.6 million in interest on bank borrowings was primarily due to the increase in the average bank borrowings outstanding to US$368.5 million (2009: US$333.9 million). Bank borrowings are subject to floating interest rates but the Group manages these exposures by way of interest rate swap contracts.

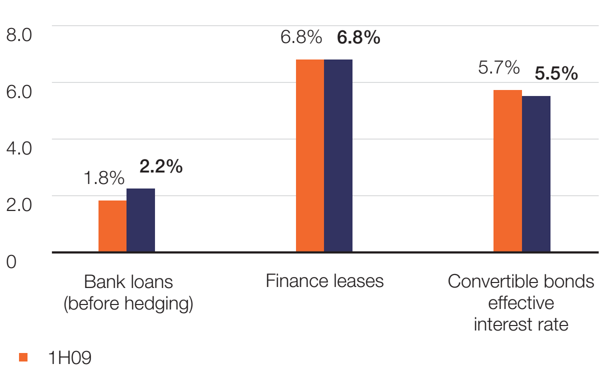
- Finance charges of US$6.7 million (2009: US$7.1 million) represented interest payments on the Group's finance leased vessels. Aggregate current and long term finance lease liabilities at 30 June 2010 were US$192.0 million. The fixed equal quarterly charter-hire payments are accounted for as a combination of repayments of finance lease liabilities in the balance sheet and finance charges in the income statement. Finance charges can be expressed as interest rates, fixed for the period of the leases.

- In December 2007, the Group issued US$390 million, 3.3% per annum coupon, guaranteed convertible bonds maturing in 2013, which can be redeemed by bondholders in February 2011. During the period, the Group repurchased convertible bonds with an aggregate face value of US$193.9 million, in addition to the repurchases made in 2008 and 2009 with face value of US$65.7 million and US$10.4 million. After these transactions, convertible bonds with a face value of US$120.0 million remained outstanding at 30 June 2010.

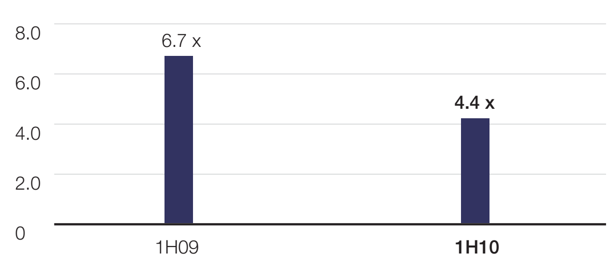
- In April 2010, the Group issued US$230 million, 1.75% per annum coupon, guaranteed convertible bonds due 2016. Part of the proceeds have been used to repurchase the convertible bonds maturing in 2013. The new bonds are convertible into ordinary shares of the Company at a current conversion price of HK$7.79. However, between 12 January 2011 and 11 January 2014, conversion can only take place if the closing price of the Company shares is at least at a 20% premium to the conversion price then in effect for five consecutive trading days.

- The increase of US$0.6 million in interest on convertible bonds was due to the higher outstanding amount of convertible bonds during the period.

Average Interest Rates on Borrowings



Group Interest Coverage



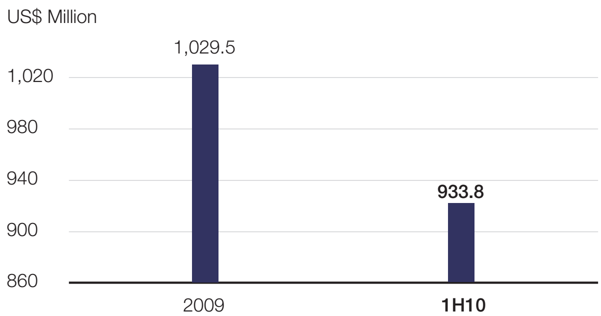
Tax

Shipping income from international trade is either not subject to or exempt from taxation according to the tax regulations prevailing in the countries in which the Group operates. Shipping income from towage and non-shipping income is subject to tax at prevailing rates in the countries in which these businesses operate.

Cash flow

The primary sources of liquidity comprised cash and bank balances of US$969.7 million, principally denominated in US dollar, and unutilised committed and secured bank borrowing facilities of US$38.7 million. The Group's primary liquidity needs are to fund general working capital requirements (including lease and other short term financing commitments), fleet expansion and other capital expenditure. Dividends are funded from net cash generated from operating activities.

Net Working Capital



US$ million	**Six months ended 30 June 2010**	2009
Net cash from operating activities	**83.0**	60.5
– Purchase of property, plant and equipment and assets held for sale	**(186.7)**	(171.4)
– Disposal of property, plant and equipment and assets held for sale	**–**	105.2
– Investments in jointly controlled entities	**(14.2)**	–
– Net repayment of loans to jointly controlled entities	**1.4**	25.0
– Dividends received from jointly controlled entities	**–**	15.2
– Net receipts from forward foreign exchange contracts	**–**	17.3
– Decrease in restricted and pledged bank deposits	**45.3**	13.3
– Others	**11.8**	8.8
Net cash (used in)/from investing activities	**(142.4)**	13.4
– Proceeds from issuance of convertible bonds	**227.4**	–
– Payment for repurchase and cancellation of convertible bonds	**(194.0)**	(8.6)
– Net drawdown/(repayment) of borrowings	**2.3**	(6.9)
– Repayment of finance lease payables capital element	**(7.4)**	(6.9)
– Interest and other finance charges paid	**(20.9)**	(16.9)
– Proceeds from shares issued upon placing of new shares	**–**	97.1
– Dividends paid to shareholders of the Company	**(37.3)**	–
– Others	**(1.2)**	(1.3)
Net cash (used in)/from financing activities	**(31.1)**	56.5
Cash and deposits at 30 June	**969.7**	1,140.8

Financial Instruments

The Group is exposed to fluctuations in freight rates, bunker prices, interest rates and currency exchange rates. The Group manages these exposures by way of:

- forward freight agreements ("FFA");
- bunker swap contracts;
- interest rate swap contracts; and
- forward foreign exchange contracts.

The treatment of these financial instruments in the financial statements depends on whether they qualify for hedge accounting.

Qualifying for hedge accounting

At 30 June 2010, the forward foreign exchange contracts and all except one of the interest rate swap contracts qualified as cash flow hedges. Accordingly, the change in the fair value of these instruments during the period was recognised directly in the hedging reserve.

Not qualifying for hedge accounting

Bunker swap contracts and forward freight agreements do not qualify for hedge accounting mainly because the contract periods, which are in calendar months, do not exactly coincide with the periods of the physical contracts. The terms of one of the interest rate swap contracts also did not qualify for hedge accounting.

During the period ended 30 June 2010, the Group recognised net derivative expense of US$18.4 million, as follows:

			Six months ended 30 June	
US$ Million	**Realised**	**Unrealised**	**2010**	2009
Income				
Forward freight agreements	**11.9**	**7.6**	**19.5**	32.3
Bunker swap contracts	**6.0**	**0.3**	**6.3**	43.7
Interest rate swap contracts	**–**	**–**	**–**	2.9
	17.9	**7.9**	**25.8**	78.9
Expenses				
Forward freight agreements	**(16.5)**	**(8.8)**	**(25.3)**	(44.6)
Bunker swap contracts	**(3.3)**	**(11.4)**	**(14.7)**	(10.7)
Interest rate swap contracts	**(2.8)**	**(1.4)**	**(4.2)**	(1.5)
	(22.6)	**(21.6)**	**(44.2)**	(56.8)
Net				
Forward freight agreements	**(4.6)**	**(1.2)**	**(5.8)**	(12.3)
Bunker swap contracts	**2.7**	**(11.1)**	**(8.4)**	33.0
Interest rate swap contracts	**(2.8)**	**(1.4)**	**(4.2)**	1.4
	(4.7)	**(13.7)**	**(18.4)**	22.1

Presentation in the Segment Information

Revenue
Bunker & port disbursements
Direct costs
Other income
Other expenses
Finance costs

Profit for the period

Presentation in the Financial Statements

Revenue
Bunker & port disbursements
Direct costs
Other income
Other expenses
Finance costs

Profit for the period

Realised:
- Cash settlement of contracts completed in the period
- Included in segment results

Unrealised:
- Contracts to be settled in future periods
- Accounting reversal of earlier period contracts now completed
- Not part of segment results

The application of HKAS 39 "Financial Instruments Recognition and Measurement" has the effect of shifting to this period the estimated results of these derivative contracts that expire in future periods. In 2010 this created a net unrealised non-cash expense of US$13.7 million. The cash flows of these contracts will occur in future reporting periods.

Balance Sheet Segment Analysis

The following table seeks to link the balance sheet segment disclosure information to the different elements of our business.

Total Assets

US$ Million	Total	Pacific Basin Dry Bulk	PB Energy & Infrastructure Services	PB RoRo	All other segments	Treasury	Unallocated Others
Total assets	2,470.8	874.0	264.2	241.4	127.2	950.3	13.7
Includes:							
Property, plant and equipment	1,121.7	724.9	176.8	193.8	26.2	–	–
Interests in jointly controlled entities	69.7	–	40.5	–	29.2	–	–
Investment in associates	3.3	–	3.3	–	–	–	–

Pacific Basin Dry Bulk (874.0):
- Vessels delivered & under construction
- Goodwill
- Restricted cash for asset maintenance

PB RoRo (241.4):
- Delivered (1)
- Under construction (4)
- Purchase options (2)

Treasury (950.3):
- Group unallocated cash

Unallocated Others (13.7):
- Derivative assets

All other segments (127.2):
- Includes shares in Green Dragon Gas

PB Energy & Infrastructure Services, investment in associates (3.3):
- Gold River Marine Terminal, Canada

PB Energy & Infrastructure Services, interests in jointly controlled entities (40.5):
- Bunker tanker, N.Z.
- Fujairah Bulk Shipping

All other segments, interests in jointly controlled entities (29.2):
- Longtan Tianyu Terminal

All other segments, property, plant and equipment (26.2):
- Post Panamax
- Properties

Total Liabilities

US$ Million	Total	Pacific Basin Dry Bulk	PB Energy & Infrastructure Services	PB RoRo	All other segments	Treasury	Unallocated Others
Total liabilities	1,020.0	291.0	45.4	55.0	6.4	597.0	25.2
Includes:							
Long term borrowings	873.4	192.0	35.0	52.5	–	593.9	–

Unallocated Others (25.2):
- Derivative liabilities

Pacific Basin Dry Bulk (192.0):
- Finance lease liabilities

PB Energy & Infrastructure Services (35.0):
- Specific bank loans for tugs and barges

PB RoRo (52.5):
- Specific bank loans for RoRos

Treasury (593.9):

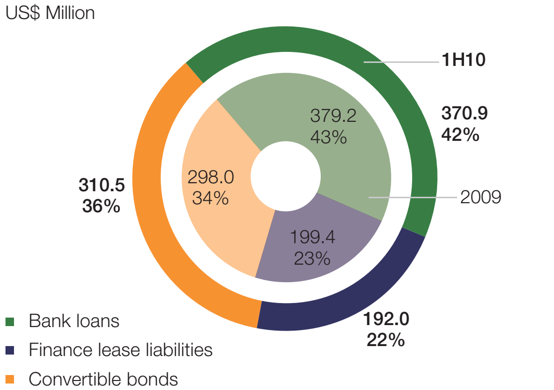
Group general facilities includes:
- Convertible bonds
- Loans secured on dry bulk ships for future expansion

Indebtedness

The indebtedness of the Group amounted to US$873.4 million (31 December 2009: US$876.6 million).

By Source

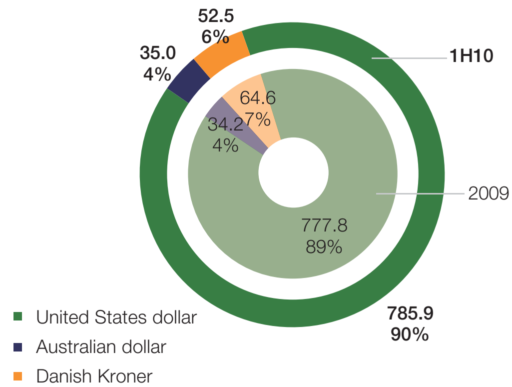
US$ Million



Note: The convertible bonds are the aggregate of the liability components as opposed to the face value

By Currency

US$ Million



Bank borrowings (net of deferred loan arrangement fees) decreased as a result of repayments during the period. The Group's bank borrowings were secured by mortgages over 34 vessels with a total net book value of US$533.0 million and an assignment of earnings and insurances in respect of these vessels.

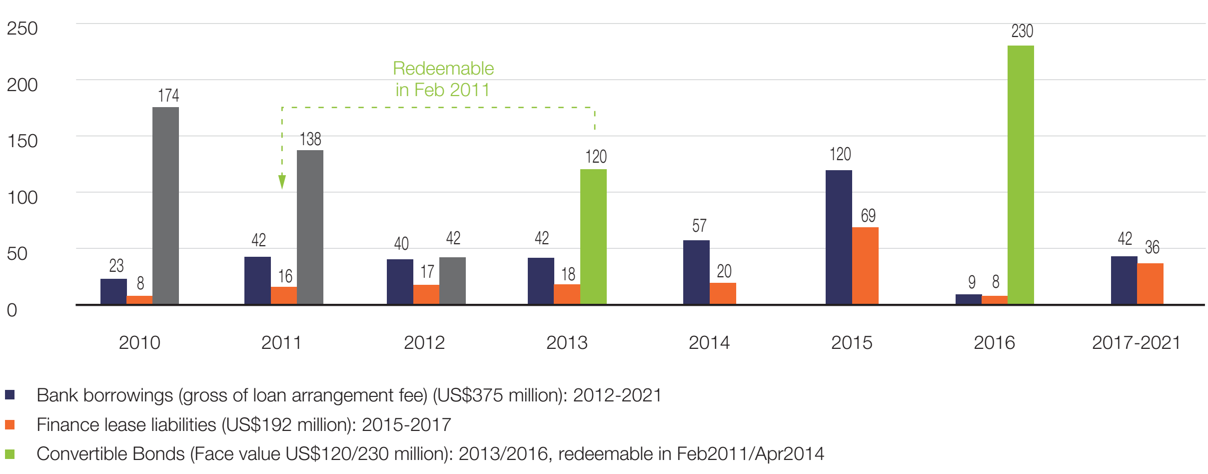
Bank borrowings are in the functional currency of the business segment to which they relate.

Finance lease liabilities decreased as a result of repayments during the period.

The debt component of the Group's convertible bonds increased primarily as a result of the debt component of the new convertible bonds, partially offset by the repurchase and cancellation of a portion of the old convertible bonds during the period.

Borrowings and Vessel Capital Commitments

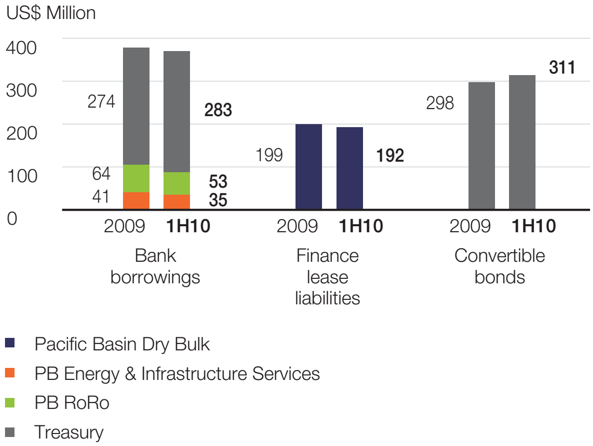
US$ Million



In addition to the cash generated from the Group's operations, existing cash and additional long term borrowings to be arranged as required, the Group had unutilised committed and secured bank borrowing facilities of US$38.7 million available to finance the Group's existing vessel and other capital commitments and other vessel acquisitions.

The Group, through its treasury function, procures financing by leveraging the Group's balance sheet so as to optimise the availability of cash resources to the Group. Finance lease liabilities are allocated to the segment where the asset is owned.

By Source & Segment



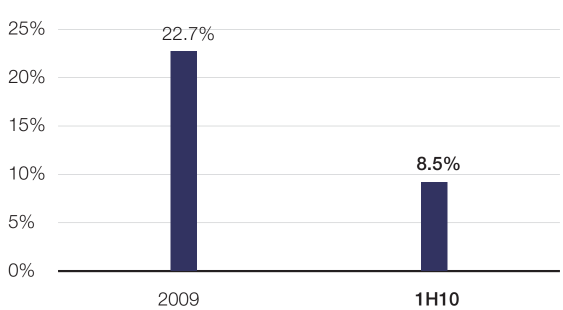
Net Cash

As part of the Group's ordinary activities, the treasury function seeks to enhance the income from the Group's cash resources through a mix of financial products, based on the perceived balance of risk, return and liquidity. These products include overnight and term deposits; money market funds; liquidity funds; structured notes; and currency linked deposits.

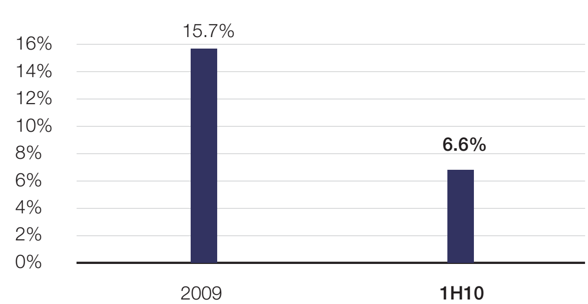
US$ Million	30 June 2010	31 December 2009	Change
Cash and deposits	**969.7**	1,105.7	-12%
Borrowings	**(873.4)**	(876.6)	–
Net cash	**96.3**	229.1	-58%

Cash and deposits decreased as a result of payments for the purchase of vessels and the repurchase and cancellation of a portion of the convertible bonds expiring in 2013, partially offset by the issuance of the new convertible bonds expiring in 2016.

Net Cash to Book Value of Property, Plant and Equipment



Net Cash to Shareholders' Equity



Lease Commitments

Vessel operating lease commitments stood at US$447.7 million (31 December 2009: US$424.8 million). These commitments exclude vessels under finance leases which are included as part of property, plant and equipment. The increase in lease commitments was mainly due to the higher number of dry bulk chartered days.

The Group has commitments of 26,410 vessel days under handysize finance leases and 28,740 vessel days under handysize and handymax operating leases. The following table shows the average contracted daily charter rates and total number of vessel days of our handysize and handymax vessels under operating leases and finance leases in each year of the lease term, assuming the purchase options will not be exercised until the expiry of the charter-hire agreements.

Handysize and handymax vessel lease commitments

Year	Handysize Operating leases Average daily rate *(US$)*	Handysize Operating leases Vessel days	Handysize Finance leases Average daily rate *(US$)*	Handysize Finance leases Vessel days	Handymax Operating leases Average daily rate *(US$)*	Handymax Operating leases Vessel days
2H10	13,830	5,080	5,960	2,370	22,010	2,820
2011	10,720	3,870	5,920	4,760	22,280	590
2012	10,910	3,920	5,960	4,750	–	–
2013	11,270	2,980	5,950	4,750	–	–
2014	11,500	2,560	5,940	4,750	–	–
2015	11,530	2,480	5,910	2,590	–	–
2016	11,280	1,800	5,970	1,830	–	–
2017	11,000	1,120	5,840	610	–	–
2018	11,000	1,090	–	–	–	–
2019	13,000	370	–	–	–	–
2020	13,000	60	–	–	–	–
Total		25,330		26,410		3,410

At 30 June 2010, a provision of US$2.0 million has been made against the handymax time charter contracts expiring in 2010 and 2011. The above average yearly charter rates reflect this provision.

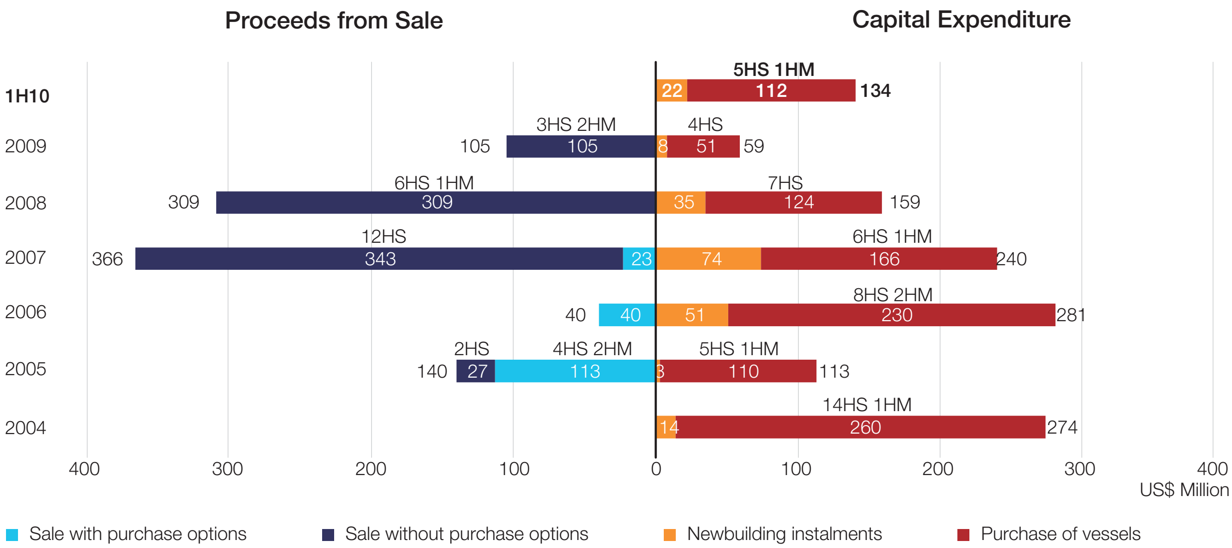
Certain lease agreements provide the Group with options to purchase the related vessels at predetermined times and prices during the lease periods. The average prices of the existing purchase options for the Group's dry bulk vessels in the earliest years in which these options may be exercised, along with the number of vessels and the average age of such vessels in those years, are as follows:

Earliest year in which options may be exercised	Vessel type	Number of vessels at 30 June 2010 Finance lease	Number of vessels at 30 June 2010 Operating lease	Average age of vessels *(years)*	Average purchase option exercise price *(US$ Million)*
2010	Handysize	13	8	8	17.6
	Handymax	–	1	5	17.3
	Tug	–	1	1	2.9
	RoRo	–	1	0	86.8
2011	RoRo	–	1	0	86.8
2012	Tug	–	1	4	3.1
2016	Handysize	–	2	5	38.8
	Handymax	–	1	5	30.0
	Post Panamax	–	1	5	66.8
2017	Handysize	–	1	5	32.6
Total		13	18		

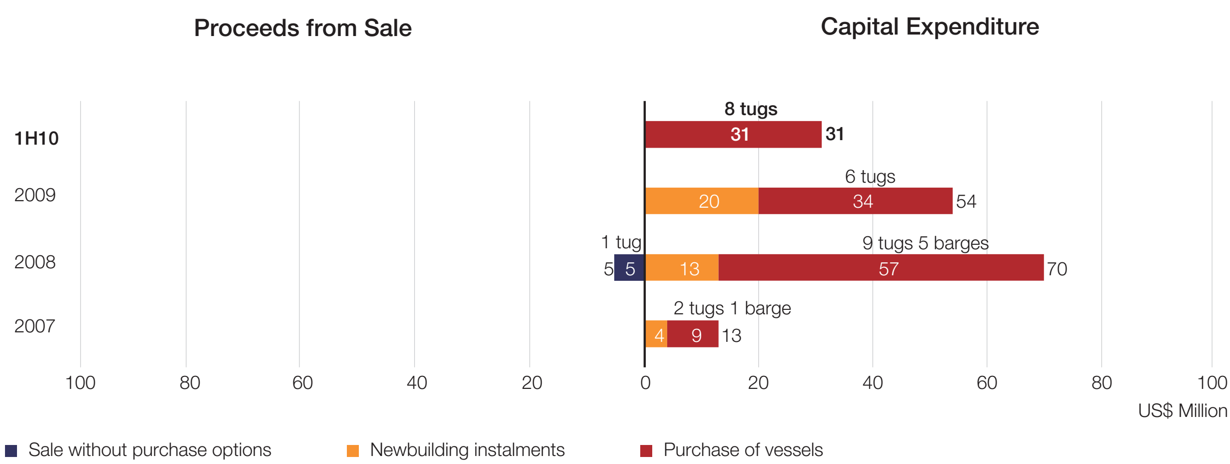
Capital Expenditure and Property, Plant and Equipment

During the period ended 30 June 2010, capital expenditure amounted to US$186.7 million resulting from the addition of five handysize vessels, one handymax vessel and eight tugs as well as instalment payments on four vessels, including handysize, handymax, post panamax and RoRo vessels. Cash used for the purchase of vessels and proceeds from the sale of vessels are illustrated below.

Dry Bulk Vessels



Tugs & Barges



At 30 June 2010, the Group had property, plant and equipment with net book value of US$1,121.7 million, of which US$966.3 million related to 37 delivered handysize vessels with an average net book value of US$18.2 million, two handymax vessels with an average net book value of US$20.6 million, 35 tugs and barges with an average net book value of US$5.0 million and one RoRo vessel with net book value of US$76.7 million. Tugs, barges and RoRo vessels are denominated in their functional currencies such as Australian dollar and Euro. As such, their United States dollar carrying values and commitments are subject to exchange rate fluctuation.

Vessel Commitments

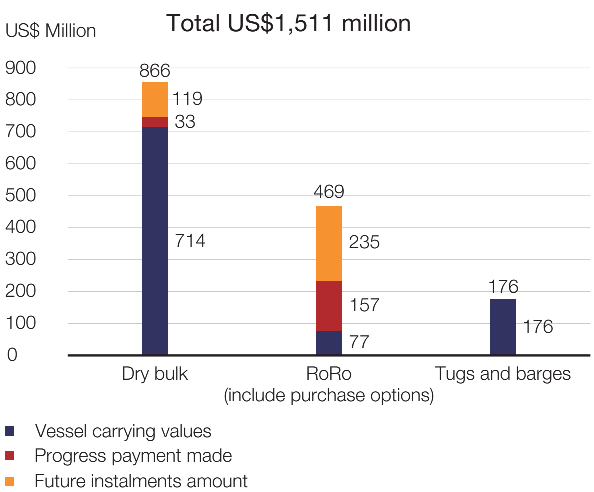
At 30 June 2010, the Group had non-cancellable vessel commitments of US$179.2 million and a further US$133.6 million payable under purchase options. The vessels are for delivery to the Group between October 2010 and October 2012.

US$ Million	**Number**	**2010**	**2011**	**2012**	**Total**
Handysize vessel	1	18.9	–	–	18.9
Handymax vessel	1	–	3.3	22.6	25.9
Post panamax vessel	1	10.9	22.1	–	33.0
RoRo vessels	3	58.1	43.3	–	101.4
Commitments at 30 June 2010	6	87.9	68.7	22.6	179.2
Handysize commitments after period end	2	19.5	2.4	19.2	41.1
	8	107.4	71.1	41.8	220.3
If options to purchase are being exercised, capital expenditure would be as follows:					
RoRo vessels	2	66.8	66.8	–	133.6
	10	174.2	137.9	41.8	353.9

These commitments will be financed by cash generated from the Group's operations, existing cash and additional long term borrowings to be arranged as required. Where the commitments are in currencies other than the functional currencies of the underlying assets, the Group has entered into forward foreign exchange contracts to purchase the currencies at predetermined rates.

A combined view of the carrying value of owned vessels, vessels under construction and committed vessel expenditure (including purchase option) is shown below:

A Combined View of Vessel Carrying Values and Commitments



Staff

At 30 June 2010, the Group employed a total of 362 full time shore based staff (31 December 2009: 356) in offices in Hong Kong, Shanghai, Beijing, Dalian, Nanjing, Manila, Tokyo, Seoul, Singapore, Auckland, Sydney, Melbourne, Fremantle, Fujairah, Dubai, Bad Essen, London, Liverpool, Houston, Santiago and Vancouver.

The Group incurred total staff costs (included in direct overheads and general and administrative expenses as described earlier) of approximately US$17.7 million (2009: US$17.1 million), representing 2.9% of the Group's revenue (2009: 4.0%). Please see the paragraph headed "General and Administration Expenses" for more details.

Remuneration of the Group's employees includes fixed basic salaries, discretionary cash bonuses (based on both the Group's and individual's performance for the year) and long term incentives through the Company's Long Term Incentive Scheme ("LTIS"). The LTIS allows the Company to award eligible participants with restricted shares and share options.

The Group's principal retirement benefit scheme is the Mandatory Provident Fund Scheme, a defined contribution scheme provided under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those staff employed under the jurisdiction of the Hong Kong Employment Ordinance.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Group purchased a total of 19,392 units of the Group's convertible bonds at face value of US$10,000 between April and June 2010 at an average price of US$10,005 per unit (includes related cost). The purchase involved a total cash outlay of US$194,021,070 excluding accrued interest of US$1,878,466 and was for the purpose of saving related coupon payments on the convertible bonds in the period before maturity. The repurchase has resulted in a reduction of long term liabilities from the cancellation of the convertible bonds repurchased and a loss in the income statement.

Saved as disclosed above and other than for satisfying restricted share awards granted under the LTIS as disclosed earlier, neither the Company nor any of its subsidiaries has, during the period, purchased, sold or redeemed any of the securities of the Company.

COMPLIANCE WITH THE CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code''), as set out in Appendix 10 of the Rules Governing the Listing of the Securities on the Stock Exchange (the "Listing Rules").

The Board confirms that, having made specific enquiry, the Directors have complied in full with the required standard set out in the Model Code and its code of conduct, except that a Director traded in the Company's securities during a period when no trading restrictions were in place but without written approval from the Company. The Board has formally reminded all Directors that the Model Code stipulates written approval must be received before such transactions can proceed.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has complied with all code provisions of the Code on Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2010.

REVIEW OF AUDIT COMMITTEE

The audit committee of the Company has reviewed this interim results announcement and the 2010 Interim Report of the Company for the six months ended 30 June 2010.

INTERIM DIVIDEND AND BOOK CLOSURE

The Board has declared an interim dividend for the year ending 31 December 2010 of HK 5 cents per share, which will be paid on 27 August 2010 to those shareholders whose names appear on the Company's register of members on 19 August 2010.

The register of members will be closed from 18 to 19 August 2010 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 August 2010. The ex-dividend date for the interim dividend will be on 16 August 2010.

INTERIM REPORT AND DISCLOSURE OF INFORMATION ON STOCK EXCHANGE'S WEBSITE

This announcement of interim results containing all the information required by paragraphs 46(1) to 46(9) of Appendix 16 of the Listing Rules has been published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.pacificbasin.com.

The Company's 2010 Interim Report will be available on the Company's website at www.pacificbasin.com no later than the date on which it is sent to the shareholders who have elected to receive a printed copy, which is on or around 19 August 2010.

DIRECTORS

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

Note: The English text of this announcement shall prevail over the Chinese text in case of any inconsistency.