Pacific Basin Shipping Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 2343)

FIRST QUARTER 2012 TRADING UPDATE

HIGHLIGHTS

A weak quarter for dry bulk due to a surge in newbuilding deliveries

Handysize and Handymax rates declined to 3-year lows before partially recovering

Freight rates in 2012 are expected to be weaker overall than 2011

PB Towage continues to improve, whereas challenges remain for PB RoRo

Pacific Basin Dry Bulk

- Market freight rates for Handysize and Handymax bulk carriers declined by 34% and 49% respectively in the first six weeks of 2012 before partially recovering
- By contrast, freight rates for much larger Capesize bulk carriers fell over 80% in the opening weeks, with no significant recovery to date, driving the Baltic Dry Index (BDI) to a 26-year low in early February
- We expect seasonally stronger activity to temporarily support recently improved Handysize and Handymax rate levels in the second quarter, though we still believe freight rates in 2012 will be weaker overall than 2011 due to the continued influx of new capacity
- Global Handysize capacity expanded by only 1% net during the first quarter with significant newbuilding deliveries largely offset by record high scrapping
- Five year old Handysize ship values have decreased 20% year to date to US$18 million
- 66% of our 2012 Handysize revenue days are covered at US$10,840 per day net
- The on-going dry bulk market crisis should present acquisition opportunities for well-capitalised owners like us
- Pacific Basin operated an average of 103 Handysize and 39 Handymax ships during the period; our dry bulk fleet currently comprises 167 ships including 23 bulk carriers scheduled to deliver in 2012-2014

PB Towage

- The outlook for the towage market and our towage business in Australasia remains promising for the year

PB RoRo

- The RoRo charter market remains depressed; we are still seeking charters for two ships, and PB RoRo's priority is to secure the best possible employment and utilisation for its fleet in what is another very challenging year

Other Company Developments

- Klaus Nyborg has now left us, and Mats Berglund has been appointed as our new Chief Executive Officer to join no later than 3 July 2012; Richard Hext resigned as a Non-executive Director on 9 March 2012
- We concluded the sale of PacMarine Services with effect from 1 January 2012 and have changed the name of our "PB Energy & Infrastructure Services" division to "PB Towage"

MARKET AND BUSINESS REVIEW

Pacific Basin Dry Bulk

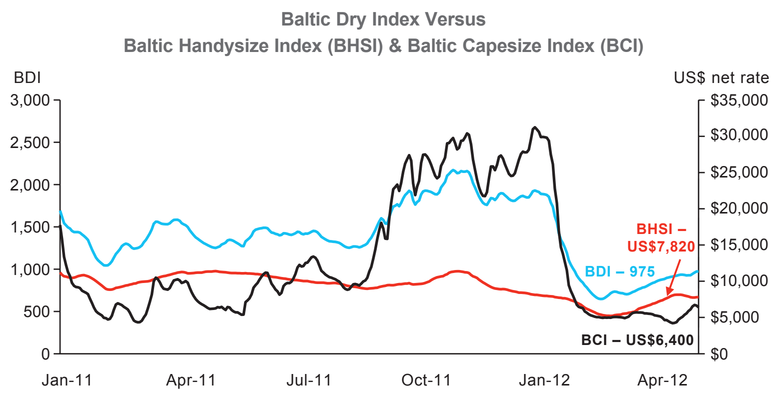
Dry Bulk Market Review

Freight Market Summary

Market freight rates for Handysize and Handymax bulk carriers in which we specialise declined by 34% and 49% respectively in the first six weeks of 2012 to three-year lows before partially recovering to US$7,820 and US$8,240 per day net (see graph A), making this a challenging period for our dry bulk business.

By contrast, freight rates for much larger Capesize bulk carriers fell over 80% in the opening weeks – driving the Baltic Dry Index (BDI) to a 26-year low – and have since remained depressed at around US$4,200 to US$6,700 per day net. So, once again, Capesize ships have dropped to the bottom of the dry bulk earnings table highlighting the significantly greater volatility in the major bulks segment and the low correlation between large and small bulk carrier earnings.

Graph A



Source: The Baltic Exchange, date as at 16 April 2012

Key Demand & Supply Developments

The initial sharp decline was attributable to a surge of newbuilding deliveries in the New Year, and the magnified impact on the market of seasonal cargo disruptions in increasingly influential dry bulk trade areas: the Indo-Australian Monsoon affecting Southeast Asia and Australia, heavy rainfall in Brazil, and winter and the Lunar New Year in China.

The partial recovery we have seen in our minor bulks market since mid-February is largely due to the revival in cargo flows – particularly in the Pacific where coal, bauxite and nickel ore shipments increased dramatically – on improved weather conditions and the return to normal Chinese trading following the Lunar New Year holiday.

The Atlantic market was weaker for longer with the protracted St. Lawrence, Baltic and Black Sea winter stifling demand. However, the improved conditions in the Pacific, combined with surging fuel prices, deterred additional empty capacity from ballasting into the Atlantic and, by the end of March, the market was more positive.

Global Fleet Developments

The global fleet of 25,000-40,000 dwt Handysize vessels in which we specialise expanded by only 1% net during the first quarter (data source: Clarksons) and by 6.5% net year-on-year, which remains significantly below the 12-19% year-on-year net fleet expansion in other dry bulk segments.

Dry bulk capacity overall expanded by 3.4% net during the quarter, or 18.0 million deadweight tonnes. This was driven by the delivery of 26 million out of an estimated 52 million tonnes of scheduled new capacity. There was a record high removal of 8 million tonnes of old capacity scrapped which, on an annualised basis, is approximately 38% higher than recorded scrapping in 2011. The growing number of ships being offered for scrap in the current challenging market is placing downward pressure on scrap prices.

1.7 million tonnes – or 21% – of all dry bulk scrapping was attributable to the Handysize segment which saw one of its highest quarterly levels of scrapping ever.

We expect the pace of newbuilding deliveries to soften later in the year while scrapping will continue at a high rate as long as the freight market remains challenging.

Orderbook

The current published orderbook for Handysize vessels stands at 24% – down by approximately one third year on year while the orderbook for dry bulk overall stands at 30%.

As at 1 January, 139 million tonnes of new dry bulk capacity (more than two thirds of the outstanding orderbook) was scheduled to deliver in 2012 alone. We expect actual deliveries for the full year to fall short of this mark by 30-35%.

Ship Values

Clarksons estimates the value of their benchmark five year old Handysize (now defined as 32,000 dwt) to be US$18 million – down 20% in the year to date.

Ship values continue to be under pressure, in part due to the financial difficulties facing a number of ship owners pressed to raise cash and reduce debt.

Pacific Basin Dry Bulk Activity

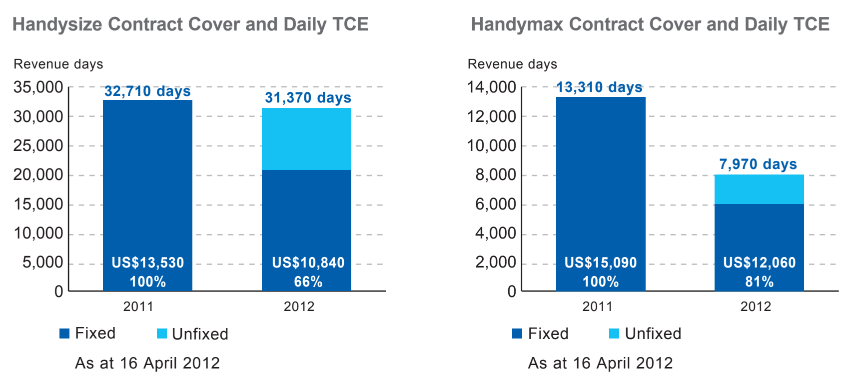
During the period, we operated an average of 103 Handysize and 39 Handymax ships.

23 newbuildings comprising 14 owned and nine chartered ships are currently scheduled to join our core fleet in 2012-2014.

As at 16 April, 66% of our 2012 Handysize revenue days were covered at US$10,840 per day net (see graph B) with incremental Handysize cover added at around US$9,000 per day since our 2011 Annual Report.

In view of our strong cash position, current market conditions and our view of the market ahead (see "Outlook"), Pacific Basin Dry Bulk's key strategic objectives for 2012 are to:

Graph B



- grow our owned and chartered fleet of dry bulk ships, patiently awaiting attractive acquisition and charter opportunities to arise; and
- grow our dry bulk customers and cargo contract portfolio in tandem with expansion of our core fleet in order to manage our market exposure.

PB Towage

Australasian oil and gas project activity continues to grow and drive the demand for our offshore project towage services, and container line and dry bulk export activity continues to impact positively on demand for our harbour towage services. We expect these market improvements to continue in 2012.

We consider ourselves well positioned and equipped to participate in the increasingly active offshore projects market, and so PB Towage's key strategic objectives are to:

- invest further in our towage business and fleet as specific projects materialise; and
- enhance our towage organisation with the aim of improving the execution efficiency of our project towage business.

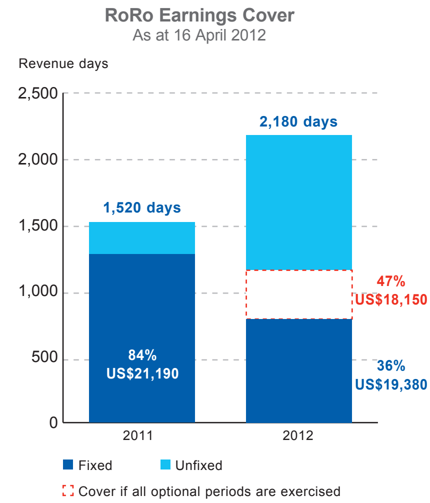
PB RoRo

The charter market for RoRo ships remains depressed, though very limited newbuilding orders combined with the prospect of further scrapping of older ships provides for a more positive longer term outlook.

The last of our six RoRo newbuildings delivered in January 2012. Four are currently on charter albeit mainly at low rates reflecting the on-going weak market. We are still actively seeking charters for our final two ships and renewal of charters for three of our other RoRo's expiring this year. PB RoRo's priority for 2012 is to secure the best possible employment and utilisation for our RoRo fleet in what is another very challenging year.

Earnings cover is currently in place for 36% of our RoRo capacity in 2012 at an average rate of US$19,380 per day. If all optional charter periods are exercised, earnings cover would increase to 47% at an average rate of US$18,150 per day (see Graph C).

Graph C



Note: Charter rates earned in Euros are translated to US$ at an indicative rate of EUR1.00 to US$1.3

OTHER COMPANY DEVELOPMENTS

Klaus Nyborg left us on 15 March, in line with our announcement of 5 September 2011 when he indicated his intention to resign as an Executive Director and the Chief Executive Officer of the Company.

We announced on 22 March the appointment of Mats Berglund as our new Chief Executive Officer. The Board considers Mats to be an excellent match for Pacific Basin and the CEO position, and looks forward to welcoming him to the Group. Mats will join us no later than 3 July 2012 and his actual commencement date will be announced in due course.

As announced on 9 March, Richard Hext resigned from the position of Non-executive Director of the Company due to his other personal and business objectives.

During the quarter, we concluded the sale of our marine consultancy subsidiary PacMarine Services with effect from 1 January 2012, and changed the name of our "PB Energy & Infrastructure Services" division to "PB Towage". This division is now able to direct its undivided attention to its offshore project and harbour towage activities.

OUTLOOK

Market Outlook

Following the weather disruptions in key loading areas earlier in the year and a poor first quarter overall, we expect seasonally stronger activity to temporarily support recently improved Handysize and Handymax rate levels in the second quarter.

However, we still expect freight rates in 2012 will be weaker overall than 2011 due to the continued influx of new capacity at a time of slower – though still strong – Chinese growth and uncertainty in world trade. We still consider dry bulk shipping generally to be in crisis, with excess ship supply and a lack of traditional ship financing for second hand vessel acquisitions.

The outlook for the towage market and our PB Towage business in Australasia remains promising for the year, but demand and supply side challenges are expected to drive continued severe weakness in the RoRo charter market.

Business Outlook & Strategy

The on-going dry bulk market crisis should present acquisition opportunities for well-capitalised owners like us.

We continue to be confident in our business model, strong balance sheet and framework to expand our dry bulk fleet through ship or fleet acquisitions at the right time and price, and in our ability to deliver a world-class service and sustainable growth and shareholder value over the long term.

We therefore remain committed to our key strategic objectives as published in our 2011 Annual Report, principally directing new investment towards expansion of our fleet of dry bulk ships, patiently awaiting acquisition opportunities to arise.

FLEET

As at 16 April 2012, the Group's fleet (including newbuildings) numbered 216 vessels. Our dry bulk core fleet on the water has an average vessel age of 6.6 years. Our fleet commitments are currently as follows:

	Delivered		Newbuildings on order		
	Owned	Chartered1[1]	Owned	Chartered	Total
Dry Bulk Fleet					
Handysize	30	74	8	7	119
Handymax	3	35	6	2	46
Post Panamax	1	1	–	–	2
Total Dry Bulk Vessels	**34**	**110**	**14**	**9**	**167**
Towage					
Tugs	33	2	–	–	35
Barges	6	1	–	–	7
Bunker Tanker	1[2]	–	–	–	1
Total Towage Vessels	**40**	**3**	**–**	**–**	**43**
Roll-on Roll-off	**6**	**–**	**–**	**–**	**6**
Grand Total	**80**	**113**	**14**	**9**	**216**

Note:

1. Delivered dry bulk chartered fleet comprises 13 vessels under finance leases and 97 vessels under operating leases, including non-core vessels chartered in for shorter term periods

2. The Group has a 50% interest in the bunker tanker

A table detailing our fleet development in the period since 31 December 2011 can be found in the Fleet section of our website at www.pacificbasin.com.

By Order of the Board
Andrew T. Broomhead
Executive Director and Company Secretary

Hong Kong, 18 April 2012

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

Shareholders and investors are reminded that this trading update for the period ended 18 April 2012 is based on the Group's internal records and management accounts, and has not been reviewed or audited by external auditors. Shareholders and investors are cautioned not to rely unduly on this trading activities update and are advised to exercise caution when dealing in the shares of the Company.