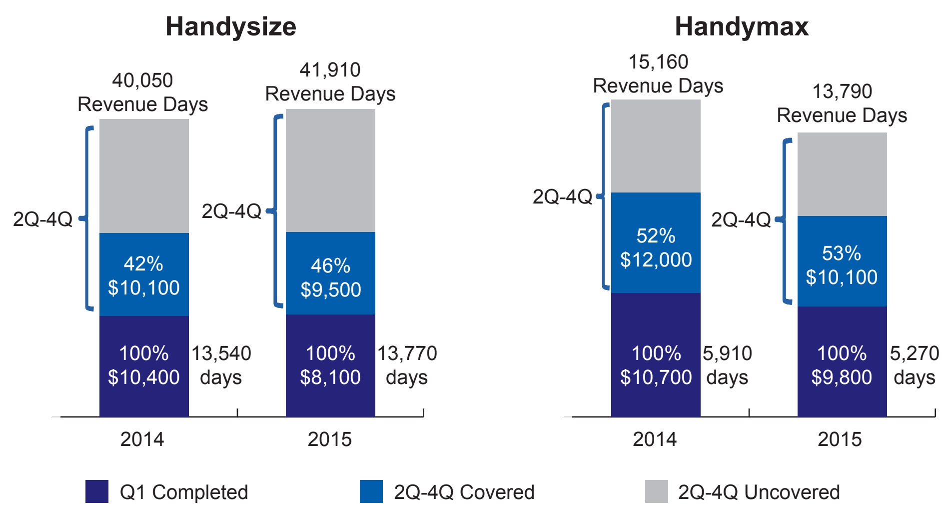
Pacific Basin Shipping Limited

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

FIRST QUARTER 2015 TRADING UPDATE

Concise first and third quarter trading updates with detailed TCE earnings and forward cargo cover data will now be published shortly after the end of the first and third quarters to make our TCE earnings and cover numbers available to the public sooner.

DRY BULK TRADING ACTIVITY SUMMARY



Currency US$
Comparative data shows cargo cover secured as at 27 March 2015 vs 7 April 2014
Uncovered days excludes capacity chartered in on a variable rate, index-linked basis

Our first quarter Handysize and Handymax average daily earnings of US$8,100 and US$9,800 respectively both outperformed the market by about 60%. This is due to our proven, strong business model with fixed-rate cargo contracts and high vessel utilisation enabling outperformance of average rates especially in weak markets.

As at 27 March, we had covered 46% of our 28,100 contracted Handysize revenue days in the remaining three quarters of 2015 at around US$9,500 per day net. 53% of our 8,500 Handymax revenue days in the remaining three quarters of 2015 were covered at around US$10,100 per day net. The towage sale plus cost savings and organisational changes we made in recent months mean that total administrative expenses in the first quarter were around US$14 million, down from about US$19 million (prorated) in the same period in 2014 despite more than doubling the size of our owned dry bulk fleet in the past few years.

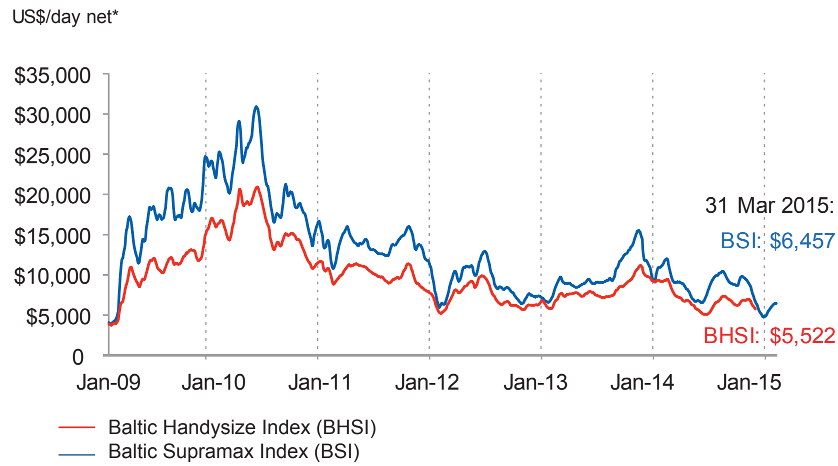
We are managing our business for a continued weak market in the medium term and are focused on safeguarding our strong cash and balance sheet position. While we are currently neither buying nor taking ships on long term charters, we continue to supplement our core fleet with low-rate, short-term inward chartered ships, which contribute to our service and our results even in this weak market. The Company is well structured, out of almost all non-core business, and fully focused on our core dry bulk business.

DRY BULK MARKET COMMENTARY & OUTLOOK

Handysize and Handymax market spot rates averaged US$5,070 and US$6,110 per day net respectively in the first quarter of 2015, representing a 45% reduction in average rates compared to the same period last year.

Newbuilding deliveries deferred from 2014 into January and February coincided with the lunar new year holidays seasonal demand slowdown in China and seasonal export disruptions in key trade areas. Together, these pulled the Baltic Dry Index (BDI) to its lowest since indices began in 1985. However, spot market rates for Handysize and Handymax vessels have gradually improved since lunar new year, albeit from a very low base.

Baltic Dry Bulk Earnings Indices



* US$ freight rates are net of 5% commission

Source: The Baltic Exchange

In the first two months of 2015, Chinese imports of seven key minor bulks reduced 33% mainly due to the impact of the Indonesian ban on unprocessed bauxite and nickel ore exports. Iron ore imports reduced marginally by 1% and coal imports fell 45% compared to the same period last year.

While moderately improved, the dry bulk freight market going into the second quarter continues to be weak as sluggish demand fails to fully absorb the oversupply of ships built up in 2010-2012. China has been drawing down its bauxite, nickel and iron ore stockpiles, the government still targets an economic growth rate of about 7%, and any potential Chinese economic stimulus to support this target could benefit the dry bulk sector. Demand for many of the minor bulk commodities that we carry – in particular agricultural products – is expected to remain robust in the long term. Furthermore, US economic growth is stimulating demand for construction material which represents our second largest cargo group.

On the vessel supply side, scrapping in the year to date has significantly increased to an annualised 5% of the existing dry bulk fleet (from 2% in 2014), which is what we would expect in such a weak freight market. Many ship owners are negotiating with shipyards to delay, cancel and convert their dry bulk newbuilding orders. Consequently, there has been no net growth in the global dry bulk fleet since the end of January. Annualised dry bulk new ship ordering in the first two months of the year fell to the lowest on record at about 0.4% of existing capacity.

Newbuilding deliveries across all ship types in 2014 are reported by Clarksons to have reduced to 5% of global capacity – the lowest rate in 15 years – and it is also encouraging to see that the number of Chinese shipyards delivering dry bulk ships shrunk by 43% between 2012 and 2014. The number of Chinese yards delivering Handysize ships reduced by 61% in the same period.

Benchmark five year old 32,000 dwt Handysize bulk carriers are currently valued by Clarksons at US$13.5 million representing a 36% decrease since March 2014. The drop in secondhand values marks a significantly wider gap between secondhand and newbuilding ship values, which discourages new ship ordering and favours buying secondhand ships. There are early signs that secondhand values are bottoming out with several shipowners withdrawing their for-sale ships from the market.

We continue to take a cautious view on the freight earnings outlook in the medium term.

TOWAGE

Following the sale of most of our towage business, our remaining towage assets are primarily positioned in the Middle East. Only a few assets remain on charter in Australia and New Zealand with the remaining Australian tugs and barges idle and marketed for sale. Our consolidated towage operations were marginally profitable in the first quarter.

FLEET

Our core business currently operates 209 dry bulk ships of which 80 are owned, 40 are long-term chartered and 89 are on index-linked or short-term charters. A further 18 owned and 10 chartered newbuildings are scheduled to join our core fleet over the next two years.

The following table summarises the size and composition of our overall fleet on the water and our current newbuilding commitments.

	Vessels in operation[1]			Newbuildings on order			
	Owned	**Chartered**	**Total**	**Owned**	**Chartered**	**Total**	**Total**
Dry Bulk Fleet							
Handysize	64	85	149	12	8	20	**169**
Handymax	15	43	58	6	2	8	**66**
Post Panamax	1	1	2	–	–	–	**2**
Total Dry Bulk Vessels	**80**	**129**	**209**[2]	**18**	**10**	**28**	**237**
Towage							
Tugs	13	1	14	–	–	–	**14**
Barges	6	–	6	–	–	–	**6**
Other PB Towage Vessels	1	1	2	–	–	–	**2**
Total Towage Vessels	**20**	**2**	**22**[3]	**–**	**–**	**–**	**22**
Roll-on Roll-off	**2**	**–**	**2**[4]	–	–	–	**2**
Grand Total	**102**	**131**	**233**	**18**	**10**	**28**	**261**

Notes:

1 Vessels in operation as at 1 March 2015

2 Dry bulk fleet in operation defined as:
number of owned ships at latest practicable date + average number of chartered ships in latest calender month

3 Towage fleet comprising 14 tugs, 6 barges, 1 passenger/supply vessel and 1 bunker tanker

4 RoRo vessels sold with forward delivery

By Order of the Board
Mok Kit Ting, Kitty
Company Secretary

Hong Kong, 2 April 2015

As at the date of this announcement, the executive Directors of the Company are David Muir Turnbull, Mats Henrik Berglund, Andrew Thomas Broomhead and Chanakya Kocherla, and the independent non-executive Directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul, Alasdair George Morrison, Daniel Rochfort Bradshaw and Irene Waage Basili.

Shareholders and investors are reminded that this trading update for the period ended 2 April 2015 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.