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# **P Pacific Basin Shipping Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 2343)**

## **TERMINATION OF DISPOSAL DISCUSSION AND PROFIT WARNING DUE TO REASSESSED PROSPECTS FOR PB TOWAGE**

This announcement is made by Pacific Basin Shipping Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571).

### **Termination of Disposal Discussion**

Reference is made to the Company’s announcements dated 15 October 2013 and 10 March 2014, in which the board of directors of the Company (the “**Board**”) announced that it had entered into an exclusive discussion with a third party regarding a possible sale of the Company’s harbour towage business (the “**Disposal Discussion**”) after the Board had approved the sounding out of acquisition interest in the Company’s entire harbour towage and offshore towage businesses (“**PB Towage**”) in October 2013.

The Board wishes to inform the Company’s shareholders and potential investors that the Disposal Discussion has not produced any offer and the Company will therefore maintain its ownership of PB Towage. This outcome was influenced by the increasingly competitive landscape in the Australasian harbour and offshore towage and infrastructure support markets, which has led the Board to reassess the prospects for PB Towage, with a particular focus on its likely future cash flows, and to downgrade the outlook for its long-term earnings capability.

### **Profit Warning due to reassessed prospects for PB Towage**

The Board also wishes to inform that, following the abovementioned reassessment of the prospects for PB Towage, a non-cash impairment charge of approximately US\$58.5 million for vessels and related investments and a further provision of approximately US\$2.5 million are expected to be reflected in the Company’s consolidated results for the six months ended 30 June 2014 (the “**Period**”). The Group is also expected to record a net loss for the Period, as compared to a profit of US\$0.3 million for the six months ended 30 June 2013. The Group’s consolidated total assets were US\$2,537 million at 31 December 2013.

The expected impairment of approximately US\$58.5 million is non-cash in nature and will reduce the annual depreciation of the fleet of tugs and barges by approximately US\$2.5 million. The depreciation of PB Towage for the year ended 31 December 2013 was US\$12.7 million. The impairment will not impact the operating cash flows or operations of the Group, which will continue to benefit from a robust balance sheet.

We remain committed to providing a secure and reliable service to both our harbour and offshore towage customers. We are currently engaged in tenders for potential new business and are committed to continuing to support these initiatives and to grow our businesses.

## **General**

This announcement is only prepared based on the Company's preliminary review of the Group's internal records and management accounts, and has not been reviewed or audited by external auditors. The unaudited consolidated results of the Company for the six months ended 30 June 2014 are scheduled to be announced on 31 July 2014.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Pacific Basin Shipping Limited**  
**Mok Kit Ting Kitty**  
**Company Secretary**

Hong Kong, 25 June, 2014

*As at the date of this announcement, the Directors of the Company are:*

*Executive Directors: David Muir Turnbull, Mats Henrik Berglund, Jan Rindbo, Andrew Thomas Broomhead and Chanakya Kocherla*

*Independent non-executive Directors: Patrick Blackwell Paul, Robert Charles Nicholson, Alasdair George Morrison, Daniel Rochfort Bradshaw and Irene Waage Basili*