Pacific Basin Shipping Limited

Press Release
Pacific Basin Announces 2015 Interim Results

Net profit of US$5.8 million and EBITDA of US$41.5 million
Record low half-year dry bulk market rates
Our Handysize earnings outperformed market rates by 60%
Significant turnaround in our Handymax performance
Cash position increased to US$392 million, net gearing down to 34%

Hong Kong, 30 July 2015 – Pacific Basin Shipping Limited ("Pacific Basin" or the "Company"; SEHK: 2343), one of the world's leading dry bulk shipping companies, today announced the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015.

	1H15	1H14
Net Profit / (Loss)	US$5.8m	US$(90.7)m
EBITDA*	US$41.5m	US$46.9m
Cash Position	US$392m	US$320m
Net Gearing	34%	39%

* *EBITDA (earnings before interest, tax, depreciation and amortisation) is calculated as gross profit less general and administrative expenses, excluding: depreciation and amortisation, net unrealised bunker swap contract income and expense and utilisation of provisions for onerous contracts*

RESULTS HIGHLIGHTS

Group

- Our results were influenced by:
  - one of the weakest ever half-year periods for the dry bulk freight market
  - daily TCE earnings that outperformed the Handysize market index by 60%
  - a significant turnaround in our Handymax performance
  - our intensified efforts to reduce costs
- Our core dry bulk business drove the Group's positive US$41.5 million EBITDA, and our significantly reduced towage business was profitable
- We issued a new US$125 million convertible bond repayable in 2021
- Towage sale proceeds of US$73 million were received in first half 2015
- Our cash position increased to US$392 million with net gearing down to 34%
- Almost US$500 million of undrawn committed loan facilities exceed our US$353 million remaining dry bulk newbuilding capital commitments

Fleet

- We are now fully focused on dry bulk with substantially all US$2 billion of long-term assets (including newbuilding commitments) invested in our core Handy dry bulk business (compared to US$1.6 billion across four business areas in 2012)
- We are operating more owned vessels and redelivering expiring medium and long-term chartered ships to further reduce our daily vessel costs while enabling greater control and service quality
- At mid-year we operated 197 dry bulk ships of which 81 were owned
- 17 owned and 8 chartered newbuildings join our core fleet over next two years
- 58% of our contracted 19,980 Handysize revenue days in second half 2015 is covered at US$8,740/day net
- Remaining towage assets have net book value of US$39 million
- Our last RoRo vessel will transfer to Grimaldi in August generating cash proceeds of around US$31 million

Market

- Negative sentiment has driven increased scrapping, newbuilding cancellations/postponements and very little new ordering, but it will take more time for oversupply to be fully absorbed
- Bottoming out commodity prices and restocking are positive for trade
- The inflection point is difficult to forecast and will likely be triggered by unexpected demand side events
- We anticipate weak market rates in the medium term and continue to manage our business accordingly, prioritising safety and staying power over additional long-term charter commitments
- All efforts are going into making the most of our strong dry bulk platform, reducing our costs and delivering maximum contributions in the weak market while safeguarding our positive EBITDA generation and cash position

Mr. Mats Berglund, CEO of Pacific Basin, said:

"The first half of 2015 was a record low half-year for dry bulk market rates, undermined by reduced Chinese dry bulk demand and the cumulative oversupply of ships. We delivered a profit and positive EBITDA despite this challenging environment, benefiting from a significant turnaround in our Handymax performance, our intensified efforts to reduce costs, and Handysize and Handymax earnings that outperformed spot market rates by 60% and 49% respectively. Our ability to outperform market rates is Pacific Basin's greatest value.

Since 2012, we have transformed the Company from an organisation with four business units to one in which capital and management are now fully focused on our core, world-leading Handy dry bulk business where our strengths lie. Over that period we have also reduced our G&A by 25% despite increased assets overall. We are well positioned to navigate this very weak market and to benefit from a cyclical upturn when it comes."

BUSINESS COMMENTARY

Pacific Basin Dry Bulk

Our core dry bulk business generated a net loss of US$15.4 million (2014: net loss US$11.4 million) in what was among the weakest ever half-year periods on record for dry bulk market rates. Our positive EBITDA of US$39.3 million in this challenging market was again driven by our ability to generate daily earnings that outperformed the market and our continued good control of our owned vessel operating costs.

Our average Handysize and Handymax daily earnings of US$7,940 and US$9,350 per day outperformed BHSI and BSI spot market indices by 60% and 49% respectively, reflecting the value of our fleet scale and cargo book, and our ability to optimise cargo combinations and match the right ships with the right cargoes.

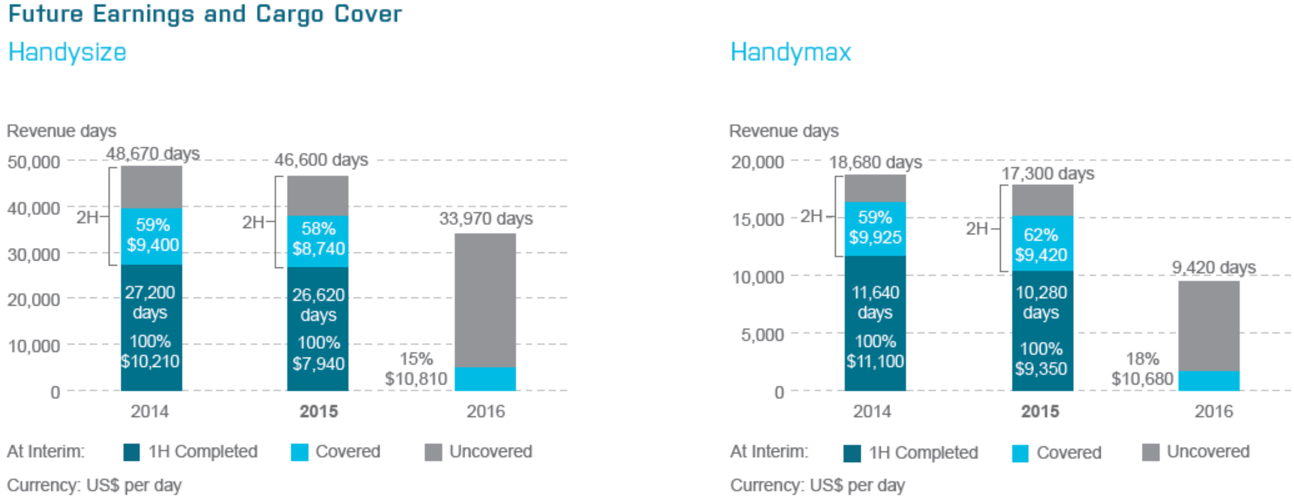
We achieved a significant turnaround in our Handymax performance by focusing on key routes to generate a positive US$10.4 million Handymax contribution in the first half of 2015 (despite the much weaker market) from a US$10.7 million loss in the first half of 2014.

Our Handysize results were under pressure in the weak market resulting in a small negative Handysize contribution despite our strong premium.

We operated an average of 149 Handysize and 57 Handymax ships resulting in 2% and 12% year-on-year reductions in our Handysize and Handymax revenue days. Our capacity reduced as we are redelivering expiring medium and long-term chartered vessels to gradually lower our charter-in costs, relying instead on our growing fleet of owned ships and low-cost shorter-term and index-linked charters.

We have covered 58% and 62% of our 19,980 Handysize and 7,020 Handymax revenue days currently contracted for the second half of 2015 at US$8,740 and US$9,420 per day respectively.

Future Earnings and Cargo Cover



PB Towage & RoRo

We sold our 50% share in a New Zealand-based bunker tanker in June and, following the sale of most of our towage business, our remaining towage assets are primarily operating in the Middle East in both the oil and gas and construction sectors.

Only two chartered-in assets remain employed in Australasia. Our remaining owned small tugs and barges in Australia (which are unsuitable for repositioning to the Middle East) are idle and being considered for sale.

Our consolidated towage operations generated a profit of US$1.4 million in the first half and our remaining towage assets have a net book value of US$39 million.

Our exit from the RoRo sector remains on schedule following the delivery of our fifth RoRo vessel into Grimaldi's ownership in May. This leaves just one vessel which is due to transfer to Grimaldi in August 2015 generating cash proceeds of around US$31 million and no significant impact on our results.

Balance Sheet

Planning for known and potential convertible bond repayments coming up next year, we issued a new US$125 million convertible bond repayable in 2021 effectively extending the maturity of our US$124 million convertible bond repayable in 2018. Our cash position increased to US$392 million as at 30 June 2015 from US$363 million at the end of 2014. We also have almost US$500 million of committed but undrawn loan facilities – including US$350 million in Japanese export credit agency financing we secured in 2014 – which exceeds the US$353 million of remaining payments due on our 17 Japanese newbuildings still to deliver.

Outlook & Strategy

We anticipate weak market rates in the medium term and we continue to manage our business accordingly.

The health of dry bulk shipping is undermined by an oversupplied global fleet and reduced growth in dry bulk commodity demand – especially coal into China. While traditionally improved seasonal cargo flows in the second half may benefit from China's need for some restocking, we expect it will take longer for a healthier market to be restored.

We remain focused on the Handy segments of the dry bulk sector which is where our strengths lie and where we are global leaders.

We will continue our efforts to reduce costs and to optimise our teams and our fleet and cargo combinations in order to:

- generate daily earnings that outperform the market;
- deliver positive contributions even in weak market conditions; and
- generate strong EBITDA and safeguard our cash position.

We are redelivering long and medium-term chartered-in ships to further reduce our costs, relying instead on our growing fleet of owned ships which we supplement with low-cost shorter-term and index-linked chartered ships.

We will continue to nurture our customer base and develop deeper relationships with existing and new customers, seeking to optimise our cargo volumes on all our core routes and striving always to provide market-leading service reliability and customer care.

PACIFIC BASIN BENEFITS

- Fully focused on our core world-leading Handy dry bulk business – now well structured and out of non-core
- Business model is consistently delivering a vessel earnings premium over market rates
- Large, high-quality fleet of predominantly Japanese-built ships
- Depth and experience of staff and offices around the world
- Large portfolio of customer relationships and contracts
- Hong Kong listing and transparent reporting facilitating access to capital

➡ Well positioned in a cyclical business

####

About Pacific Basin

Pacific Basin Shipping Limited (www.pacificbasin.com) is one of the world's leading owners and operators of modern Handysize and Handymax dry bulk vessels. The Company is listed and headquartered in Hong Kong, and operates in the dry bulk shipping sector while maintaining a much smaller towage operation. Our dry bulk fleet (including newbuildings on order) comprises over 220 vessels directly servicing blue chip industrial customers. Following the recent completion of the sale of our harbour towage business, our remaining towage fleet comprises 21 vessels. Pacific Basin provides a quality service to a wide range of customers, with approximately 3,000 seafarers and 340 shore-based staff in 12 offices in key locations around the world.

-End-

For further information, please contact:

Pacific Basin Shipping Limited:

Andrew Broomhead
Chief Financial Officer
Tel: +852 2233 7000
E-mail: abroomhead@pacificbasin.com

Emily Lau
Corporate Communications & Investor Relations Manager
Tel: +852 2233 7054
Mobile: +852 9843 6557
E-mail: elau@pacificbasin.com

Unaudited Condensed Consolidated Income Statement

	Six months ended 30 June	
	2015	2014
Continuing operations	**US$'000**	US$'000
Revenue	**634,556**	909,970
Cost of services	**(623,616)**	(908,132)
Gross profit	**10,940**	1,838
General and administrative expenses	**(3,320)**	(4,927)
Vessel impairment and provision	**-**	(53,784)
Other income and gains	**16,153**	3,880
Other expenses	**(1,196)**	(7,848)
Finance income	**2,960**	6,081
Finance cost	**(19,461)**	(21,684)
Share of profits less losses / impairment of joint ventures	**178**	(8,032)
Profit/(loss) before taxation	**6,254**	(84,476)
Taxation	**(499)**	(703)
Profit/(loss) of the period	**5,755**	(85,179)
Discontinued operations		
Loss for the period	**-**	(5,484)
Profit/(loss) attributable to shareholders	**5,755**	(90,663)
Dividends	**-**	-
Basic and diluted earnings per share for profit/(loss) attributable to shareholders (in US cents)		
From continuing operations	**0.30**	(4.47)
From discontinued operations	**-**	(0.29)
From profit/(loss) attributable to shareholders	**0.30**	(4.76)

Unaudited Condensed Consolidated Balance Sheet

	30 June 2015 US$'000	31 December 2014 US$'000
Asset		
Non-current assets		
Property, plant and equipment	**1,578,046**	1,584,924
Investment properties	**2,542**	2,605
Land use rights	**2,829**	2,894
Goodwill	**25,256**	25,256
Interests in a jointly venture	**-**	682
Available-for-sale financial assets	**2,687**	4,126
Derivative assets	**232**	46
Trade and other receivables	**8,993**	8,936
Restricted bank deposits	**59**	89
	1,620,644	1,629,558
Current assets		
Inventories	**68,265**	79,524
Derivative assets	**5,797**	3,670
Assets held for sale	**-**	5,749
Trade and other receivables	**107,278**	225,679
Restricted bank deposits	**12,436**	1,605
Cash and deposits	**379,717**	361,731
	573,493	677,958
Total assets	**2,194,137**	2,307,516
Equity		
Capital and reserves attributable to shareholders		
Share capital	**194,599**	191,781
Retained profits	**227,756**	231,086
Other reserves	**572,574**	578,879
Total equity	**994,929**	1,001,746
Liabilities		
Non-current liabilities		
Derivative liabilities	**31,272**	22,326
Long-term borrowings	**671,433**	820,645
Provision for onerous contracts	**66,466**	79,582
	769,171	922,553
Current liabilities		
Derivative liabilities	**12,256**	23,524
Trade and other payables	**133,945**	157,698
Current portion of long term borrowings	**258,549**	179,099
Taxation payable	**1,860**	1,572
Provision for onerous contracts	**23,427**	21,324
	430,037	383,217
Total liabilities	**1,199,208**	1,305,770
Net current assets	**143,456**	294,741
Total assets less current liabilities	**1,764,100**	1,924,299