Pacific Basin Shipping Limited

Press Release

Pacific Basin Announces Results for First Half 2008

Net Profit Up by 107% and Record Interim Dividend

Hong Kong, August 4, 2008– 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 condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2008.

Highlights

	Six Months Ended 30 June	
US$ million	**2008**	2007
Revenue	**909.9**	455.4
Time Charter Equivalent Earnings	**586.4**	269.2
Profit Attributable to Shareholders	**337.6**	162.9
Basic Earnings Per Share (HK$)	**1.62**	0.81

- Group profits for the period increased by 107% to US$337.6 million (2007: US$162.9 million) mainly as a result of our larger fleet and a stronger dry bulk market
- Basic earnings per share were HK$1.62 (2007: HK$0.81)
- Return on average equity was 68% (2007:63%)
- Interim dividend of HK$0.76 per share, representing a payout ratio of 50% (2007: 55%). Future dividend policy is to continue to pay out a minimum of 50% of profits excluding vessel disposal gains
- Strong balance sheet with net cash of US$192 million, total assets of US$2.1 billion and shareholders' equity of US$1.33 billion
- Handysize revenue days increased by 20% to 11,540 (2007: 9,590) and handymax revenue days by 28% to 2,900 (2007: 2,260) due to the expansion of our chartered-in fleet
- Handysize daily rate increased by 64% to US$32,460 (2007: US$19,750) and handymax daily rate by 83% to US$46,100 (2007: US$25,180)

- Core dry bulk fleet now totals 93 ships (2007: 83), of which 29 are owned and 64 are chartered. This total comprises 63 handysize and 17 handymax vessels on the water, and 13 newbuildings on order

- Contract cover is in place for 83% of anticipated 22,730 handysize revenue days in 2008 at about US$31,000 per day net. Cover for 2009 is in place for 37% of anticipated 21,970 revenue days at US$24,200 per day net. On 28 July the Baltic Handysize spot index stood at US$36,330 per day net

- Continued development of business model into sectors complementary to core business in roll on roll off shipping, ports and port services

- Positive dry bulk market outlook for the next 12 months due to continued strong demand despite a weaker global economy. Continued volatility in freight rates is expected as dry bulk fleet utilisation remains high

Commentary

A strong dry bulk market, driven by robust demand for commodities and limited supply of new vessels, helped Pacific Basin achieve a net profit of US$337.6 million during the first half of 2008, up 107% on the same period last year. There are, at present, few signs of any slowdown in the demand for dry bulk shipping services although freight rates are volatile, reflecting the tight balance between demand and supply.

The Board has announced an interim dividend of HK$0.76 per share, representing a payout ratio of 50% for the first half of 2008. The Board will maintain its policy of paying generous dividends and in future will continue to pay out a minimum of 50% of earnings but excluding vessel disposal gains.

During the first half of 2008, the average Baltic Dry Index level was 8,557 points, up 61% over the same period in 2007 and on 28 July 2008 the index stood at 8,513 points. Annualised year-to-date dry bulk fleet growth was about 6% whilst cargo demand is estimated by RS Platou to have grown by an annualised 7.5% reflecting higher cargo volumes and longer average voyage distances. Increased iron ore imports by China were the single largest contributor to freight market strength in the first half of 2008.

Under these very favourable market conditions, Pacific Basin continued to raise its cover for 2008, which presently stands at 83% of handysize revenue days for the full year at an average rate of US$31,000, about 34% above our 2007 full year average rate. Current 2008 handysize revenue days now total 22,730, 13% more than in 2007. For 2009, the Group has covered 37% of its handysize revenue days at an average rate of US$24,200 per day.

During the period, the Group continued developing its core dry bulk business. It took delivery of four newbuildings and completed the sale of one vessel and the sale and charter back of another vessel. Five further vessel sales, including two sale and charter backs, are scheduled to complete in the second half of 2008.

The Group has also invested in roll on roll off (“RoRo”) shipping, ports and port services, businesses which exhibit favourable supply/demand characteristics and fit well with our core dry bulk business.

In February 2008, Pacific Basin agreed to purchase four 3,663 lane metre RoRo freight vessels to be built at Odense Steel Shipyard and in July agreed purchase option contracts with Grimaldi Group for two 3,810 lane metre newbuildings to be built at Hyundai Mipo shipyard in Korea. Assuming these options are exercised, as the Company intends, these six vessels will deliver to Pacific Basin between 2009 and 2011 and will involve a total capital commitment of US$577 million.

The Group is actively developing its port and port services operations in China, Australia and the Middle East.

Asia Pacific Maritime & Infrastructure Group holds a 45% stake in the newly established Longtan Tianyu Terminal in Nanjing which handled over 600,000 tonnes of general cargo in the first half of the year.

PB Towage is also expanding its operations with activities principally in Australia carrying out harbour work for major shipping lines. Acquisition opportunities are now being developed to expand PB Towage’s project and offshore towage presence in Australia and South East Asia. In the Middle East, Fujairah Bulk Shipping Limited continues to build a strong export market for rocks and aggregates, utilising a fleet of tugs, barges and handysize ships.

In March, the group established a new division, PB Maritime Services, which is engaged in the provision of third party ship management and associated services. The managed fleet encompasses a broad range of vessel types. This business builds upon our existing marine services activities, including PacMarine.

With environmental protection becoming increasingly vital, Pacific Basin has set ambitious fleet emission reduction targets which surpass existing regulatory requirements. The Company has also commenced preparations for the (possible) day when our operations are required by law to be carbon neutral.

Commenting on the results, Mr. Richard Hext, CEO, said, “Pacific Basin’s profit in the first half of 2008 was up 107%, mainly as a result of our larger fleet and a stronger dry bulk market, enabling us to pay a record interim dividend. The outlook for the dry bulk market over the next 12 months is positive.”

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About Pacific Basin

Pacific Basin Shipping Limited is one of the world's leading commercial dry bulk shipping companies (www.pacificbasin.com).

The Group specialises in providing high quality services for a broad range of dry bulk commodities which include forestry products, cement, minerals, grains and fertilisers and scrap steel from resource-rich regions such as Australia, New Zealand, West Coast North America and South East Asia to high commodity consumption countries such as Japan, China, and South Korea.

In addition the Group is building businesses in roll on roll off shipping, ports and in port services.

Pacific Basin has a global presence with its headquarters in Hong Kong and 29 offices worldwide. Key offices include Auckland, Bad Essen, Beijing, Dalian, Dubai, Fujairah, London, Melbourne, Nanjing, Santiago, Shanghai, Singapore, Sydney, Tokyo and Vancouver.

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Unaudited Condensed Consolidated Income Statement

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
Revenue	**909,872**	455,361
Bunkers, port disbursements, other charges and amounts payable to other pool members	**(323,442)**	(186,132)
Time charter equivalent earnings	**586,430**	269,229
Direct costs	**(257,850)**	(135,579)
General and administrative expenses	**(11,149)**	(6,369)
Other operating income	**21,628**	25,554
Other operating expenses	**(34,642)**	(35,336)
Gains on disposal of property, plant and equipment	**38,610**	50,247
Operating profit	**343,027**	167,746
Finance costs, net	**(6,914)**	(8,461)
Share of profits less losses of jointly controlled entities	**2,927**	3,552
Share of loss of an associate	**(11)**	-
Profit before taxation	**339,029**	162,837
Taxation	**(1,417)**	97
Profit for the period	**337,612**	162,934
Attributable to		
Shareholders	**337,587**	162,934
Minority interests	**25**	-
	337,612	162,934
Dividends	**170,000**	91,302
Earnings per share for profit attributable to shareholders		
Basic	**US$ 0.21**	US$0.10
Diluted	**US$ 0.21**	US$0.10

Unaudited Condensed Consolidated Balance Sheet

	30 June 2008 *US$'000*	31 December 2007 *US$'000*
Non-current assets		
Property, plant and equipment	**898,552**	755,865
Land use rights	**415**	419
Goodwill	**31,475**	36,426
Interests in jointly controlled entities	**49,374**	19,543
Investment in an associate	**6,956**	-
Derivative assets	**999**	329
Trade and other receivables	**10,111**	10,662
Restricted bank deposits	**2,916**	-
Other non-current assets	**13,417**	-
	1,014,215	823,244
Current assets		
Inventories	**34,364**	27,312
Derivative assets	**75,390**	35,883
Financial assets at fair value through profit or loss	**17,973**	20,046
Available-for-sale financial assets	**38,470**	-
Trade and other receivables	**119,930**	98,316
Cash and cash equivalents	**770,246**	649,535
Restricted bank deposits	**31,147**	-
	1,087,520	831,092
Current liabilities		
Derivative liabilities	**23,375**	28,582
Trade and other payables	**129,217**	96,374
Current portion of long term borrowings	**20,687**	23,627
Taxation payable	**2,782**	1,548
	176,061	150,131
Net current assets	**911,459**	680,961
Total assets less current liabilities	**1,925,674**	1,504,205
Non-current liabilities		
Derivative liabilities	**839**	-
Long term borrowings	**591,626**	636,638
	592,465	636,638
Net assets	**1,333,209**	867,567
Equity		
Capital and reserves attributable to shareholders		
Share capital	**173,612**	158,403
Retained profits	**665,669**	480,907
Other reserves	**493,372**	227,826
	1,332,653	867,136
Minority interests	**556**	431
Total equity	**1,333,209**	867,567