Pacific Basin Shipping Limited

Press Release

Pacific Basin Shipping Limited Announces 2009 Interim Results

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A solid performance in difficult market circumstances

Hong Kong, 11 August, 2009 – 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 2009.

Highlights

	Six months ended 30 June	
US$ million	**2009**	2008
Revenue	**425.9**	909.9
Profit Attributable to Shareholders	**74.8**	337.6
Basic Earnings per share (HK cents)	**32**	162
Dividend (HK cents)	**8**	76

- Group profits were US$74.8 million in another volatile half year for dry bulk shipping
- Underlying profit for the period was US$56.8 million before a US$5.5 million write-back of onerous contracts for future periods, US$15 million of unrealised derivative net income and US$2.5 million of vessel disposal losses
- Group average handysize daily earnings of US$13,610 in the period were 57% above average Baltic Handysize Index spot rates of US$8,638 per day net, demonstrating the value of our significant forward cover
- Interim dividend of HK 8 cents per share, representing a payout ratio of 26%. For the full year, the Board remains committed to our existing dividend policy of paying out a minimum of 50% of profits excluding disposal gains
- Robust balance sheet with cash position of US$1,141 million and net cash of US$314 million
- Fully funded vessel capital commitments of US$229 million in non-dry bulk vessels and US$76 million in dry bulk vessels
- Cautious view as to the outlook for dry bulk shipping during remainder of 2009 and 2010 due to increasing vessel deliveries and anticipated volatility of China's raw material demands
- Resilient business model and robust balance sheet position us well to take advantage of opportunities in the expected challenging market ahead

Commentary

Dry bulk markets were choppy but surprisingly buoyant in the first half of 2009 as a result of a surge in Chinese iron ore demand. The Baltic Dry Index ("BDI") recovered dramatically through the period from just above its 22 year low of last December to exceed its pre-2003 highs, albeit not reaching the extraordinary peaks of 2003-8. At a time when dry bulk shipping demand around much of the world remained subdued due to the economic crisis, Chinese activity was the overriding freight market driver.

Despite these volatile market circumstances, Pacific Basin Group's unaudited net profit for the six months ended 30 June 2009 was US$75 million with basic earnings per share of HK$0.32. The Group's underlying profit for the period was US$57 million before accounting for a US$5.5 million write-back of onerous contracts for future periods, US$15 million of unrealised derivative net income and US$2.5 million of vessel disposal losses.

The Board has declared an interim dividend of HK 8 cents per share, representing a payout ratio of 26% at the interim and, for the full year, remains committed to our existing dividend policy of paying out a minimum of 50% of profits excluding disposal gains.

Notwithstanding the difficult trading and financial environment, we have experienced no counterparty default and, in the first half of 2009, took four key measures to further strengthen our position. First, we significantly increased our cargo cover (as detailed below) and chartered ships in for shorter periods so as to further reduce our near term market exposure. Second, we continued our efforts to save costs across the Group and achieved our targeted overhead cost reductions. Third, we have continued to develop our non-dry bulk business segments so as to provide additional stability to the Group's future earnings. Fourth, aided by an issue of new shares in May 2009, we further improved our already strong cash position.

Our handysize and handymax coverage and average daily rates as at 27 July are summarised as follows:

	FY2009	FY2010
Combined Coverage (in terms of handysize-equivalent days)	93%	53%
Handysize	89% (US$14,280)	45%
Handymax	100% (US$20,290)	116%

In our other core business segments, we have made good progress:

PB Towage continues to expand its operations in both the harbour and offshore sectors. In May 2009, we entered into a joint venture to provide a consortium of oil majors with towage logistics services for their “Gorgon Project”, the development of a major new gas field offshore Western Australia.

In view of the current weakness in the RoRo market, we have postponed the delivery dates of three of our five unfixed RoRo newbuildings until 2011 with no change in the total consideration payable. We are actively examining employment opportunities for these vessels both within and outside Europe.

Fujairah Bulk Shipping is performing well and is ahead of schedule on its significant land reclamation project in Fujairah, requiring the quarrying and transport of 54 million tonnes of aggregates.

As at 31 July 2009, the Group’s fleet (including newbuildings) numbered 150 vessels comprising 109 dry bulk ships, 34 tugs and barges, one bunker tanker and six RoRos. Our dry bulk core fleet has an average vessel age of 6.9 years.

Outlook: The freight market is expected to remain volatile due, in part, to continued fluctuation in Chinese demand for raw materials and highly uncertain vessel delivery schedules. Newbuildings from greenfield Chinese shipyards and, to a lesser extent, from Korean shipyards delivered at a much slower pace than expected during the first six months of the year. However, the pace of vessel deliveries has stepped up in recent weeks and is expected to accelerate, unfavourably influencing the demand/supply balance and placing considerable downward pressure on freight rates.

Mr. Richard Hext, CEO of Pacific Basin, said: “We remain cautious as to the outlook for the bulk shipping market in 2009-10. However our business model has proven its resilience in the volatile environment of the last twelve months and, as a result, we are confident of being able to ride through the challenging market and to take full advantage of the opportunities that will arise.”

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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 and a global provider of diversified shipping services. The Company is listed and headquartered in Hong Kong, and operates in three main maritime segments: dry bulk, towage, and RoRo shipping. Our fleet (including newbuildings on order) comprises 150 vessels directly servicing blue chip industrial customers. With over 1,700 seafarers and 350 shore-based staff in 22 offices in key locations around the world, Pacific Basin provides a comprehensive quality service to its customers.

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Unaudited Condensed Consolidated Income Statement
For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Revenue	**425,913**	909,872
Direct costs	**(340,011)**	(581,292)
Gross profit	**85,902**	328,580
General and administrative expenses	**(6,623)**	(11,149)
Other income	**55,848**	21,628
Other expenses	**(47,544)**	(34,642)
(Losses)/gains on disposal of property, plant and equipment	**(2,532)**	38,610
Finance costs, net	**(9,568)**	(6,914)
Share of profits less losses of jointly controlled entities	**1,414**	2,927
Share of losses of associates	**(119)**	(11)
Profit before taxation	**76,778**	339,029
Taxation	**(1,949)**	(1,417)
Profit for the period	**74,829**	337,612
Attributable to:		
Shareholders	**74,829**	337,587
Minority interests	**-**	25
	74,829	337,612
Dividends	**19,911**	170,142
Earnings per share for profit attributable to shareholders		
Basic	**US 4.19 cents**	US 20.83 cents
Diluted	**US 4.19 cents**	US 20.82 cents

Unaudited Condensed Consolidated Balance Sheet
As at 30 June 2009

	30 June 2009	31 December 2008
	US$'000	*US$'000*
Non-current assets		
Property, plant and equipment	**911,956**	794,622
Investment properties	**4,984**	-
Land use rights	**1,285**	3,035
Goodwill	**25,256**	25,256
Interests in jointly controlled entities	**44,333**	50,806
Investments in associates	**2,739**	2,864
Available-for-sale financial assets	**59,604**	43,454
Derivative assets	**11,315**	23,800
Trade and other receivables	**8,898**	9,517
Restricted bank deposits	**2,988**	4,757
Other non-current assets	**54,510**	56,238
	1,127,868	1,014,349
Current assets		
Inventories	**25,643**	24,291
Derivative assets	**35,677**	55,797
Assets held for sale	**-**	65,891
Trade and other receivables	**79,109**	151,193
Restricted bank deposits	**32,569**	44,108
Cash and deposits	**1,105,221**	974,876
	1,278,219	1,316,156
Current liabilities		
Derivative liabilities	**15,139**	43,660
Trade and other payables	**101,736**	154,691
Current portion of long term borrowings	**48,704**	58,679
Taxation payable	**5,549**	3,553
Provision for onerous contracts	**19,038**	28,179
	190,166	288,762
Net current assets	**1,088,053**	1,027,394
Total assets less current liabilities	**2,215,921**	2,041,743
Non-current liabilities		
Derivative liabilities	**1,250**	8,155
Long term borrowings	**778,206**	789,133
Provision for onerous contracts	**12,857**	25,753
	792,313	823,041
Net assets	**1,423,608**	1,218,702
Equity		
Capital and reserves attributable to shareholders		
Share capital	**192,885**	174,714
Retained profits	**643,802**	568,648
Other reserves	**586,921**	475,340
Total equity	**1,423,608**	1,218,702