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Pacific Basin Shipping Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 2343)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The Board of Directors (the "Board") of Pacific Basin Shipping Limited ("Pacific Basin" or the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011 as follows:

Highlights

	Six Months Ended 30 June	
US$ million	**2011**	2010
Revenue	**610.2**	616.5
Underlying Profit	**18.8**	65.6
Profit Attributable to Shareholders	**3.0**	51.9
Operating Cash Flow	**69.4**	83.0
Basic Earnings per share *(US cents)*	**0.2**	2.7
Basic Earnings per share *(HK cents)*	**1**	21

Results Highlights

Group

- **Group profit was US$3 million** (2010: US$52 million) in a lacklustre market environment in the first half of 2011
- **Results were impacted** by i) an US$80 million impairment of our RoRo investment; ii) a US$56 million profit on the sale of a non-core asset and iii) US$8 million unrealised mark-to-market non-cash net derivative income
- **Underlying profit was US$19 million** (2010: US$66 million)
- **Operating cash flow remained strong at US$69 million** (2010: US$83 million)
- **Balance sheet retains substantial cash and deposits of US$631 million** with net borrowings of US$214 million
- **Fully funded vessel capital commitments** of US$285 million in dry bulk vessels and US$34 million in RoRo vessels
- **Basic earnings per share were HK$0.01** (2010: HK$0.21)
- **Interim dividend of HK 5 cents per share** (2010: HK 5 cents)

Fleet

- **Contract cover in place for 83% of our contracted 27,080 handysize revenue days in 2011 at US$13,520 per day net** (47% of 22,950 days at US$13,340 as at 17 February 2011)
- **Purchased 4 and long term chartered another 4 dry bulk vessels** year to date
- **Fleet now numbers 212 vessels** (including newbuildings) comprising 163 dry bulk ships, 42 tugs and barges, 1 bunker tanker and 6 RoRos

Outlook

- **We expect dry bulk to remain lacklustre for the rest of the year**, with near term weakness giving way to a seasonal uptick in activity in the fourth quarter, resulting in an unsatisfactory and overall weaker freight market this year than in 2010

- **Our dry bulk core fleet remains cost competitive** and, from end 2012 onwards, will benefit from 23 newbuildings on order

- **Positive outlook for energy and infrastructure services** due to continued improvement in the Australian offshore and harbour towage markets and the closure of FBSL in June 2011

- **Charter market for RoRo ships is expected to remain weak and challenging for longer** resulting in increased losses through 2012 for PB RoRo

- **We anticipate an improved dry bulk supply/demand balance next year due mainly to reduced capacity growth**, although such improvement may be hindered by a potentially weaker global economy

- **Continuing pressure on ship values in the meantime are expected to generate further opportunities** to acquire modern dry bulk ships at reasonable cost

- **Our strategic goals remain unchanged** as we seek to expand further our dry bulk fleet

Note on RoRo impairment decision

In view of the recent market developments since June which indicated the increasingly limited prospects for employment of our two RoRo ships delivering in August and November this year, and for a breakthrough in cargo support that our Nafta Gulf Bridge joint venture urgently needs, the Board has made the decision at its meeting on 3 August 2011 to adopt a prudent approach and recognise an impairment charge against our RoRo assets.

BUSINESS REVIEW

Group Overview

The market for bulk carriers got off to a weak start in 2011 with demand and supply respectively impacted by weather-related commodity export bottlenecks and excessive newbuilding deliveries. Despite some recovery in the second quarter on strong Chinese imports, the market has remained largely flat and uninspiring over the first half of the year. Even so, our dry bulk business has performed comparatively well due partly to the relative strength of our cargo book coming into the year and record high Chinese demand for a number of minor bulks and other key commodities.

Our Australasia-focused towage business has experienced a turning point having achieved increased rates, activity and market share during the period. However, our energy and infrastructure services division as a whole generated disappointing results due to losses of our Middle East infrastructure business, FBSL, which was operationally closed in June 2011.

The charter market for RoRo ships continued to be depressed despite the on-going though very gradual increase in freight volumes. Our four delivered RoRo's are employed albeit at generally disappointing rates reflecting the weak market.

Financial Results Summary

In this lacklustre market environment, Pacific Basin's unaudited net profit for the six months ended 30 June 2011 was US$3 million (2010: US$52 million) with an underlying profit of US$19 million (2010: US$66 million).

Our results for the period were impacted by:

1. a 41% year on year drop in average handysize market spot rates in the period driving a 19% decrease in our average handysize daily earnings to US$13,660 per day (2010: US$16,840) and operating cash flow to US$69 million (2010: US$83 million);

2. a significant US$80 million non-cash impairment of our RoRo investment; and

3. a partially offsetting net profit of US$56 million on the sale of a non-core asset and US$8 million unrealised mark-to-market non-cash net derivative income mainly due to increased bunker prices.

Due to the decreased cost of chartered ships, our handysize breakeven cost reduced to US$10,640 per day for the half year (2010: US$11,750). We continue to add short and long term ships to our fleet, mindful not to inflate our core fleet cost which remains competitive.

As at 30 June 2011, we had cash and deposits of US$631 million and net borrowings of US$214 million following payments relating to ship acquisitions, including four new dry bulk commitments made in the year to date. Our remaining vessel capital expenditure obligations currently amount to US$319 million payable in the next three years in respect of 13 dry bulk and two RoRo ships.

RoRo Impairment & Non-Core Assets Disposal

We currently see limited prospects for employment of our last two RoRo ships delivering in August and November this year, and for a breakthrough in cargo support that our Nafta Gulf Bridge joint venture urgently needs. These immediate challenges mean we now expect PB RoRo to be loss-making this year and next, leading us to reassess the prospects for the RoRo sector, resulting in what we now see as a much weaker outlook for the RoRo charter market and consequently our RoRo business. This conclusion has resulted in the above-mentioned impairment charge of US$80 million to our Group results.

Our readiness to dispose of certain mainly non-core assets resulted in the profitable sale of our entire remaining holding in Green Dragon Gas Limited in April generating gross proceeds of US$81 million and a net gain of US$56 million. Aggregated with shares we sold in December 2010, our disposals of Green Dragon Gas shares have generated a combined net gain of US$72 million. We are considering opportunities for further divestment of non-core businesses.

In view of the limited prospects for profitable new projects in the Middle East, Fujairah Bulk Shipping closed its operations in June and has sold substantially all its assets. Whilst a regrettable outcome, we have largely eliminated our risk exposure to the Middle East infrastructure sector, and can focus the resources of our PB Energy & Infrastructure Services division on its main towage businesses in Australasia.

Dividend

The Board has declared an interim dividend of HK 5 cents per share and, for the full year, remains committed to our existing dividend policy of paying out a minimum of 50% of profits excluding vessel disposal gains.

Group Outlook

We expect the dry bulk market to remain generally lacklustre for the rest of this year, and for 2011 to be weaker overall than 2010. Our view reflects the continued influx of newbuilding deliveries and the impact on demand of a hesitant global recovery and mildly reduced though still healthy economic growth in China. Generally better supply and demand dynamics in our minor bulk segments are unlikely to measurably boost handysize rates, and this unsatisfactory market will to a large extent dictate our full year performance. However, we should benefit meaningfully from the value of our dry bulk cargo book and the earnings leverage generated by the scale and flexibility of our fleet.

Clearly our Group's biggest challenge in the second half of the year will be Nafta Gulf Bridge and the employment of our two remaining RoRo newbuildings and the broader effort to stem our RoRo division's operating losses this year and in 2012.

We anticipate the current adjustment of ship values to generate opportunities for us to further expand our fleet at a reasonable cost. We therefore remain committed to our strategy of directing new investment predominantly towards our cornerstone dry bulk activity as appropriate opportunities arise, making use of the substantial buying power remaining on our balance sheet.

Pacific Basin Dry Bulk

Market Review

Freight market

The market for handysize and handymax bulk carriers got off to a weak start in 2011 with demand and supply respectively impacted by weather-related commodity export bottlenecks and excessive newbuilding deliveries. Despite some recovery in the second quarter on strong Chinese demand for imported minor bulk commodities, the market has remained largely flat and uninspiring over the first half of the year. Even so, for the first time, these smaller ship types outperformed much larger bulk carriers for a protracted period, once again demonstrating their relative resilience and the much diminished correlation between large and small bulk carrier earnings.

Handysize spot rates traded between US$8,900 and US$11,400 per day, averaging US$10,530 per day over the period representing a 41% decrease year on year. By contrast, rates for much larger capesize ships averaged only US$8,120 per day (down 76% year on year) reflecting the greater sensitivity of larger bulk carriers – and resilience of smaller vessels – to surges in dry bulk supply and reduced major bulk exports.

Demand development

R.S. Platou's analysis of dry bulk transportation demand in the first half of 2011 was not available for this report, but their full year estimate of 9% growth this year compared to 14% in 2010 reflects the relative weakness that characterised the year to date and is expected in the remainder of the year.

Global steel production in the period expanded 7% year on year with over half of the increase attributable to China, although Chinese steel has relied more on domestic raw material resources this year, thus reducing growth in seaborne iron ore and coal imports from the highs of 2009 and 2010. Weather-related disruptions impacted Australian coal and Brazilian iron ore exports early in the year, which also affected dry bulk freight rates for large bulk carriers in particular.

Trade in a number of minor bulk and other key commodities increased in the first half of the year to lend some buoyancy to handysize and handymax rates. In particular:

- Chinese import of some ores such as bauxite and nickel grew as much as 70% year on year; and

- increased Chinese demand for logs combined with reduced domestic supply and unchanged import volumes from Russia – mainly over land – drove Chinese seaborne log imports to record highs, particularly from New Zealand and North America.

However, the effect of tightening policy in China became apparent in our business towards the end of the period as Chinese demand for raw materials and other commodities softened, albeit relatively slightly, to what remains a high level.

Supply development

The global fleet of 25,000-40,000 dwt handysize ships in which we specialise expanded by 4% net in the first half of 2011. Dry bulk capacity overall saw the delivery of 44 million deadweight tonnes of new capacity – 40% below the scheduled orderbook, but 15% more than the record deliveries in the same period last year. The heavy influx of newbuildings was moderated by much increased scrapping of 13 million tonnes in the half-year of which 10% (1.3 million tonnes) was attributable to the handysize segment. Overall dry bulk capacity expanded by 15% net in the first half of 2011.

Orderbook

Discouraged by weak market conditions, ship owners ordered over 60% less new dry bulk capacity than in the same period last year and, as at 1 July 2011, the orderbook for handysize vessels stood at 34% as compared with 45% for capesize vessels and 43% for dry bulk overall.

Ship values

Clarksons estimates the value of a benchmark five year old handysize to have fallen to US$23 million, albeit based on little recent transaction volume. Newbuilding prices are also under pressure although are better supported by high steel prices and a general strengthening of currencies against the US Dollar in the main shipbuilding nations of China, Japan and Korea.

Business Review

Our Pacific Basin Dry Bulk division generated a net profit of US$35.7 million (2010: US$78.5 million), return on net assets of 10% (2010: 27%) and operating cash flow of US$61.5 million (2010: US$97.5 million) mainly reflecting a 19% decrease in Pacific Basin's average handysize daily earnings#.

	Handysize		Handymax	
	1H 2011	1H 2010	**1H 2011**	1H 2010
Average number of ships operated	**81**	78	**35**	31
Cargo volume (Million tonnes)	**9.3**	9.6	**5.2**	6.0
Market indices (US$ net, average BHSI/BSI)	**10,530**	17,890	**13,750**	25,080
Daily charter rates earned (US$)	**13,660**	16,840	**15,130**	23,680
Daily vessel operating costs (US$)	**10,640**	11,750	**16,190**	22,050
Net profit (US$ Million)	**42.9**	69.7	**(7.5)**	8.8
Operating cash flow (US$ Million)	**67.0**	88.2	**(5.6)**	9.3
Return on net assets (annualised)	**13%**	26%	**-19%**	32%

\# Pacific Basin Dry Bulk segment results include contributions from a long term chartered 95,000 dwt bulk carrier which delivered on 13 May and has been relet for the full 10-year charter period

At US$13,660 per day net, our handysize daily earnings in the first half of the year compared favourably to the spot market (US$10,530), and were positively impacted by:

- Our cargo book

  As announced in our 2011 outlook, by 17 February we had secured 47% cargo cover for our handysize fleet in 2011 at a daily rate that was over 25% higher than the average spot rate in the first half of the year, reflecting the benefit of a comparatively strong cargo book going into a challenging market. We have since increased our daily rates by US$180 per day.

- The scale and quality of our fleet

  We operated an average of 116 dry bulk ships during the period (2010: 109 ships) when three owned and five long term chartered ships delivered into our core fleet on the water.

  Our dry bulk core fleet has a young average ship age of 6.8 years. In the year to date, we committed to purchase four and long term charter another four dry bulk ships, and we await 23 owned or chartered newbuilding bulk carriers delivering between 2012 to 2014.

- Our strong customer relationships

  We have further expanded our global network of offices with chartering staff now also based in Stamford, Connecticut to position ourselves even closer to our US customers as we seek to expand our fleet and presence in the Atlantic region as we have previously in the Pacific.

  Our cargo contracts performed as expected with no counterparty defaults, reflecting the strength of our counterparties and the minimal exposure we have to long term outward time charters.

- Other cost saving and efficiency initiatives

  We have pursued a range of other cost-saving initiatives such as negotiating block agreements with dry docks and the more economic purchase of stores. After a detailed review of our systems and processes, we have decided on and commenced the roll-out of a new maritime operating system allowing for more efficient internal processes and an appropriately advanced IT platform to support our continued future growth.

- Healthy minor bulk demand

  The growth in minor bulk trade volumes in the period directly benefited handysize spot earnings.

Our handymax results in the first half were less positive due to the relatively expensive cost of some vessels which completed their charters to Pacific Basin during the period, heavy flooding in one of our key markets in Australia leading to force majeure events and cargo rescheduling, and our decision to bear the cost of repositioning a number of our vessels into more favourable locations. We anticipate we will be less affected by these factors in the second half of this year.

We are in the process of growing our core fleet of handymax ships adopting the same successful business model as we already have in handysize, though to a smaller scale, thus becoming less reliant on short term chartered ships. Having started that process at a relatively low cost, we expect to significantly improve our handymax margins in the future when our newbuildings deliver from 2013 onwards.

Our 115,000 dwt post-panamax newbuilding delivered in July and promptly commenced her 15-year charter to China Huaneng Group, China's largest power producer. A 95,000 dwt post-panamax bulk carrier delivered into our long term chartered fleet in May and has been relet on a largely back-to-back basis for the full 10-year charter period.

We have covered 86% of our contracted combined dry bulk ship revenue days in 2011, and we currently expect the majority of our uncovered 2011 revenue days will generate revenue from the spot market. We continue to build our forward cargo book for 2012 and beyond.

		Handysize		Handymax	
As at 25 July 2011	**Unit**	**FY 2011**	FY 2012	**FY 2011**	FY 2012
Cargo Commitments					
Revenue days	days	**22,680**	6,820	**9,330**	1,490
Net paper contracts	days	**(270)**	–	**(130)**	–
Equivalent revenue days	days	**22,410**	6,820	**9,200**	1,490
Daily TCE	US$	**13,520#**	14,010	**15,480**	14,580
Ship Commitments					
Revenue days	days	**27,080**	22,880	**9,840**	1,530
Net Position					
Cargo as % of ship commitments	%	**83%#**	30%	**93%**	97%
FFA Activity Summary					
FFA paper sold	days	**330**	–	**1,170**	360
FFA paper bought	days	**(720)**	–	**(1,480)**	(360)
Net realised paper exposure	days	**120**	–	**180**	–
Net FFA paper sold/(bought)	days	**(270)**	–	**(130)**	–

\# By comparison, our Annual Report 2010 reported 47% of 22,950 handysize revenue days in 2011 had been covered at US$13,340 per day net as at 17 February 2011

Outlook

Market-related factors we expect to have most influence on the dry bulk sector in the remainder of 2011:

Positive

- China's continued dependence on imported minor bulks, impacting volumes, trade imbalance and capacity utilisation efficiency
- High fuel prices and weak market leading to increased slow steaming
- Increased levels of scrapping of older dry bulk capacity
- Revival of Japan industrial production requiring increased import of raw materials

Negative

- Continued excessive newbuilding deliveries
- Faltering global economic recovery and stimulus withdrawal
- Tightening policy in China impacting the pace of commodity imports
- High commodity prices favour China switching to domestic production at the expense of imports
- Dry bulk shipping demand stifled by mining capacity shortfall and commodity supply bottlenecks

Outlook for Pacific Basin Dry Bulk

We expect the end of the second round of quantitative easing by central banks (QE2), Euro-zone troubles and the mild Chinese slowdown to cause hesitant commodity trading and a weaker dry bulk market in the third quarter. A seasonal uptick in trade volumes provides potential for improvement in the final quarter, and so we expect the dry bulk market to remain generally lacklustre in the rest of 2011 resulting in an unsatisfactory and overall weaker freight market this year than in 2010.

We believe new ship deliveries are now peaking, high scrapping levels will continue, and high commodity prices support our view that underlying cargo demand remains generally strong. The consequent reduction in dry bulk capacity growth should result in an improved supply/demand balance next year, although such improvement may be hindered by a potentially weaker global economy.

We expect continued greater resilience in the market for smaller bulk carriers and we anticipate benefitting from the value of our cargo book and the earnings leverage generated by the scale and flexibility of our fleet.

Continuing pressure on ship values in the meantime is expected to generate opportunities to acquire modern ships at reasonable cost. We therefore remain committed to our strategy of directing new investment towards the further expansion of our dry bulk fleet.

PB Energy & Infrastructure Services

Market Review

The challenging market for both offshore and harbour towage services in 2010 has given way to markedly improved conditions in the first half of 2011.

Offshore and infrastructure support

A revival in Australian energy and resources development activity has increased demand for offshore tug and barge activity. New gas infrastructure projects are commencing and existing projects, such as the Gorgon Project in which we are engaged, are expanding and buoying requirements for marine logistics resources. The Middle East markets remain difficult primarily due to excess supply of tonnage and the severe impact that regional economic conditions and political instability have had on the prospects for profitable provision of infrastructure development services.

Harbour Towage

Improved container line activity and therefore more containership calls have impacted positively on harbour towage business at Australian container ports. Continued strong Chinese demand for resources sustained exports through dry bulk ports generally although throughput in Queensland ports was impacted by the floods early in the year.

Business Review

The PB Energy & Infrastructure Services division generated a net loss in the first half of 2011 of US$1.2 million (2010: US$4.0 million profit) and an annualised return on net assets of negative 1% (2010: positive 4%) – a less than satisfactory result due to the operating loss generated by our FBSL joint-venture in the Middle East.

Offshore and infrastructure support

PB Towage has continued to position itself as a leading sub-contractor to the Australasian offshore construction markets, drawing on Pacific Basin strengths in the areas of customer relations, effective operations, efficient technical and marine support and a robust health, safety and environment culture.

In February, we began servicing the Queensland Curtis Island LNG project in Gladstone with the deployment of four tugs and three further vessels.

We have increased from six to eight our vessels committed to the Gorgon Project to satisfy the expanded requirements of this large offshore gas development. Our involvement in Gorgon has recently been extended for a further two years from completion of the base contract in April 2012.

Utilisation of our six tugs and two barges in the Middle East has improved in 2011, though this market continued to be difficult with charter rates depressed by surplus tonnage in the region.

Our FBSL joint venture successfully completed the Northern Project in the first half of this year and, in view of the severely limited prospects for profitable new projects, the company closed its operations in June and has sold substantially all its assets, allowing us to focus the resources of our PB Energy & Infrastructure Services division on our main towage businesses in Australasia.

Our PacMarine Services subsidiary continued to cement its position as a leader in the field of marine surveying and consultancy. With inspections and consultancy offered from new locations such as Panama, Argentina and Norway, PacMarine now provides services from 15 countries and 22 locations across four continents.

Harbour Towage

After taking delivery of a number of new, state-of-the-art harbour tugs in 2010, our focus this year has been to optimise the deployment of our vessels and increase our market share in ports around Australia, which we have achieved despite strong competition.

Improved performance from our core container port towage operations in Sydney, Brisbane and Melbourne was partially offset by weaker than anticipated activity in Townsville following the Queensland floods.

Outlook

Market-related factors we expect to have most influence on the towage and infrastructure services sectors in the remainder of 2011:

Positive

- High oil prices buoying demand for new fuel sources
- Demand for cleaner, safer fuels
- Australia striving to become a major LNG exporter
- Continued commodity supply recovery in Queensland

Negative

- Faltering global economic recovery
- Tightening policy in China negatively impacting growth in Australian commodity exports and port activity
- High commodity prices impacting especially Chinese imports
- Expanding competition especially in the Middle East
- Economic and political instability impacting offshore projects in the Middle East

Outlook for PB Energy & Infrastructure Services

We expect to see continued growth in the Australian offshore construction sector in the near to medium term and have tendered for a number of new LNG and minerals development projects off the North West Shelf of Western Australia, Gladstone in South Australia and Papua New Guinea which commence between 2012 to 2014. We aim to build on our initial investments and efforts in offshore and harbour towage to share in that further growth, leveraging our local expertise and growing reputation in the sector.

PB RoRo

Market Review

The European-centric RoRo freight market has shown limited improvement in the year to date with increased trade in the core European economy largely offset by continued weakness in a number of peripheral European countries. Seaborne trailer volumes are still below pre-recession levels and this underlying demand for capacity remains insufficient for most major RoRo operators in Northern Europe to require additional chartered ships.

Fortunes in peripheral markets have differed over the period. For example, trade in the Baltic is recovering whilst Irish Sea trades have been particularly weak due to the deeply depressed Irish economy and severe over-capacity, resulting in some consolidation activity among major Northern European operators and the termination of routes. A number of services in the Mediterranean remain fragile.

On the supply side, a heavy influx of newbuilding deliveries continued with some 28,400 lane metres of new capacity (3%) joining the global RoRo fleet in the first half of the year alone. Scrapping also continued, albeit at a lower rate than in 2010, with 27,300 lane metres of old capacity (3%) removed in the half year compared to 107,000 lane metres over the whole of last year.

No RoRo newbuildings were ordered in the six months to June continuing the pattern of very limited RoRo ordering activity since January 2009. The orderbook as at the end of June amounted to 100,400 lane metres, about 12% of the existing fleet, but it is due to decline rapidly over the next 18 months as these new ships deliver.

Business Review

The PB RoRo division generated a net loss in the first half of 2011 of US$5.3 million (2010: US$0.5 million profit) and an annualised return on net assets of negative 3% (2010: positive 1%).

Four of our large freight RoRos have delivered and are for now employed on time charters despite the challenging market. The first continues to operate in the North Sea while her sistership which delivered from Odense Steel Shipyard in March is trading satisfactorily in the Mediterranean under a one year time charter, albeit at a disappointing rate reflecting the weak market. Our two Hyundai-built vessels are employed in the Nafta Gulf Bridge RoRo service – between Veracruz and Mobile in the US Gulf – in which Pacific Basin holds a minority shareholding.

While the Nafta Gulf Bridge service was positively received on its launch, cargo volumes have been disappointingly weak despite the fast growth in land-based cargo movements between Mexico and the United States, and take-up by potential customers remains uncertain.

We currently see limited prospects for employment at acceptable rates of our last two RoRo ships delivering in August and November this year but continue to work on securing employment as a matter of urgency.

Outlook

Market-related factors we expect to have most influence on the RoRo sector in the remainder of 2011:

Positive

- Growth, albeit slow, in European exports and intra-European trade overall
- Gradual growth in trailer volumes, albeit modest
- Scrapping of older ships to reduce overcapacity
- Higher fuel prices making modern vessels more attractive

Negative

- Significant RoRo newbuilding deliveries scheduled in the remainder of the year
- Most European RoRo operators still have excess capacity and are not chartering new vessels
- Short to medium term prospects of some European economies remain uncertain
- Increased austerity in Europe
- Hesitant global economic recovery and reduced stimulus
- Weak support for RoRo services in US Gulf

Outlook for PB RoRo

We expect the charter market for RoRo ships to remain weak and challenging throughout the rest of 2011 and into 2012 due to the further influx of newbuilding deliveries, overall muted growth in freight volumes and a potentially weaker European economy.

Our biggest challenge in the second half of the year will be securing employment for our two remaining newbuildings and generating the breakthrough in cargo support that our Nafta Gulf Bridge joint venture urgently needs. An unsatisfactory outcome in these two areas would lead to increased operating losses for PB RoRo this year and in 2012.

These immediate challenges and a poor medium term outlook have led us to reassess the prospects for the RoRo sector. This exercise resulted in what we now see as a much weaker outlook for the RoRo charter market and consequently our RoRo business, and an impairment charge of US$80 million to our Group results.

As at 25 July 2011	Unit	**FY 2011**	FY 2012
Revenue days	days	**1,570**	2,200
Daily charter rates	US$	**20,580**	28,980
% days covered	%	**77%**	16%

Charter rates earned in Euros is translated to US Dollars at an indicative rate of EUR1.00 to US$1.43

Klaus Nyborg
Chief Executive Officer

Hong Kong, 3 August 2011

Shareholders and investors are reminded that this announcement of interim results for the six months ended 30 June 2011 is based on the Group's internal records and management accounts. Shareholders and investors are cautioned not to rely unduly on this announcement of interim results and are advised to exercise caution when dealing in the shares of the Company.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2011	2010
	Note	***US$'000***	*US$'000*
Revenue	*3*	**610,159**	616,486
Direct costs		**(558,433)**	(536,811)
Gross profit		**51,726**	79,675
General and administrative expenses		**(4,204)**	(10,544)
Other income and gains		**63,254**	20,856
Other expenses		**(85,443)**	(28,022)
Finance costs, net		**(15,256)**	(14,494)
Share of profits less losses of jointly controlled entities		**(3,404)**	6,417
Share of profits less losses of associates		**(4,150)**	73
Profit before taxation	*4*	**2,523**	53,961
Taxation	*5*	**428**	(2,068)
Profit attributable to shareholders		**2,951**	51,893
Dividends	*6*	**12,433**	12,422
Earnings per share for profit attributable to shareholders			
Basic	*7(a)*	**US 0.15 cents**	US 2.69 cents
Diluted	*7(b)*	**US 0.15 cents**	US 2.69 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
Profit attributable to shareholders	**2,951**	51,893
Other comprehensive income		
Currency translation differences	**35,104**	(31,181)
Cash flow hedges:		
– fair value losses	**(3,549)**	(6,215)
– transferred to property, plant and equipment	**–**	1,687
– transferred to finance costs in consolidated income statement	**1,813**	(1,913)
Release of investment valuation reserve upon disposal of available-for-sale financial assets	**(60,502)**	–
Fair value gains/(losses) on available-for-sale financial assets	**29,475**	(3,722)
Total comprehensive income attributable to shareholders	**5,292**	10,549

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2011 US$'000	31 December 2010 US$'000
Non-current assets			
Property, plant and equipment		**1,548,476**	1,518,632
Investment properties		**2,689**	2,664
Land use rights		**3,834**	3,815
Goodwill		**25,256**	25,256
Interests in jointly controlled entities		**43,439**	56,125
Investments in associates		**3,598**	4,098
Available-for-sale financial assets		**18,779**	74,476
Derivative assets		**2,852**	1,672
Trade and other receivables	*8*	**6,011**	6,792
Restricted bank deposits		**6,418**	10,280
		1,661,352	1,703,810
Current assets			
Inventories		**65,264**	39,911
Derivative assets		**12,848**	7,066
Structured notes		**45,544**	–
Trade and other receivables	*8*	**115,131**	111,444
Restricted bank deposits		**5,636**	3,421
Cash and deposits		**618,455**	689,736
		862,878	851,578
Current liabilities			
Derivative liabilities		**2,994**	3,972
Trade and other payables	*9*	**148,229**	127,248
Current portion of long term borrowings		**69,290**	165,696
Taxation payable		**2,280**	3,059
Provision for onerous contracts		**–**	2,031
		222,793	302,006
Net current assets		**640,085**	549,572
Total assets less current liabilities		**2,301,437**	2,253,382
Non-current liabilities			
Derivative liabilities		**16,090**	14,721
Long term borrowings		**775,645**	693,770
		791,735	708,491
Net assets		**1,509,702**	1,544,891
Equity			
Capital and reserves attributable to shareholders			
Share capital		**193,644**	193,164
Retained profits		**691,848**	720,809
Other reserves		**624,210**	630,918
Total equity		**1,509,702**	1,544,891

Note:

1. General information and basis of preparation

The Company was incorporated in Bermuda on 10 March 2004 as an exempted company with limited liability under the Companies Act 1981 of Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. Adoption of revised/amended accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010.

The following revised standard, amendments and improvements to standard are mandatory for the accounting period beginning 1 January 2011 and are relevant to the Group's operation.

HKAS 1 (Amendment)	Clarification of statement of changes in equity
HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Amendment)	Consolidated and separate financial statements
HKAS 34 (Amendment)	Interim financial reporting
HKFRS 3 (Amendment)	Business combination
HKFRS 7 (Amendment)	Financial instruments: Disclosures

3. Segment information

The Group manages its businesses by divisions. Reports are presented to the division heads as well as the Board for the purpose of making strategic decisions, allocation of resources and assessing performance. The reportable operating segments below are consistent with the way in which information is presented to the division heads and the Board.

The Group's revenue is primarily derived from the provision of dry bulk and RoRo shipping services, and services to the energy and infrastructure sectors.

Although closely monitored, the results of the port projects and maritime services activities are included in the "All Other Segments" column as they do not meet the quantitative thresholds suggested by HKFRS.

Treasury manages the Group's cash and borrowings which are not considered to be an operating segment. As such, related finance income and expenses are allocated under "Treasury".

The Directors consider that the nature of the provision of shipping services, which are carried out internationally, and the way in which costs are allocated, preclude a meaningful allocation of operating profit to specific geographical segments. Accordingly, geographical segment information is not presented.

3. Segment information (continued)

	Pacific Basin Dry Bulk US$'000	PB Energy & Infrastructure Services US$'000	PB RoRo US$'000	All Other Segments US$'000	Total Segments US$'000	Unallocated Treasury US$'000	Unallocated Others US$'000	Total US$'000	Reclass-ification US$'000	Per Financial Statements US$'000	Note
For the period ended 30 June 2011											
Revenue	544,573	50,477	13,943	513	609,506	–	920	610,426	(267)	610,159	
Freight and charter-hire	544,573	37,617	13,870	–	596,060	–	920	596,980	(267)	596,713	1
Maritime management services	–	12,860	73	513	13,446	–	–	13,446	–	13,446	
Bunkers & port disbursements	(244,026)	(1,732)	(806)	–	(246,564)	–	7,845	(238,719)	238,719	–	2
Time charter equivalent earnings	300,547										
Direct costs	(258,669)	(45,145)	(12,581)	(1,289)	(317,684)	–	–	(317,684)	(240,749)	(558,433)	
Bunkers & port disbursements	–	–	–	–	–	–	–	–	(238,719)	(238,719)	2
Charter-hire expenses for vessels	(190,518)	(824)	–	–	(191,342)	–	–	(191,342)	(2,030)	(193,372)	
Vessel operating costs	(31,098)	(22,058)	(6,462)	–	(59,618)	–	–	(59,618)	–	(59,618)	
Depreciation of vessels	(21,986)	(8,200)	(5,249)	–	(35,435)	–	–	(35,435)	–	(35,435)	
Direct overheads	(15,067)	(14,063)	(870)	(1,289)	(31,289)	–	–	(31,289)	–	(31,289)	
Gross profit	41,878	3,600	556	(776)	45,258	–	8,765	54,023	(2,297)	51,726	
General and administrative expenses	–	–	–	–	–	–	(4,204)	(4,204)	–	(4,204)	3
Other income and expenses	–	(84)	–	–	(84)	(203)	(24,199)	(24,486)	2,297	(22,189)	1, 4
Finance costs, net	(6,151)	(1,576)	(1,936)	453	(9,210)	(5,589)	(457)	(15,256)	–	(15,256)	5
Share of profits less losses of jointly controlled entities	–	(3,050)	248	(602)	(3,404)	–	–	(3,404)	–	(3,404)	
Share of profits less losses of associates	–	18	(4,168)	–	(4,150)	–	–	(4,150)	–	(4,150)	
Profit before taxation	35,727	(1,092)	(5,300)	(925)	28,410	(5,792)	(20,095)	2,523	–	2,523	
Taxation	–	(110)	–	538	428	–	–	428	–	428	
Profit attributable to shareholders	35,727	(1,202)	(5,300)	(387)	28,838	(5,792)	(20,095)	2,951	–	2,951	
At 30 June 2011											
Total assets	1,095,544	286,927	407,805	65,260	1,855,536	653,470	15,224	2,524,230	–	2,524,230	1, 2
Total assets include:											
Property, plant and equipment	925,813	221,834	395,117	5,712	1,548,476	–	–	1,548,476	–	1,548,476	
– Include additions to property, plant and equipment	86,099	4,598	18,482	2,167	111,346	–	–	111,346	–	111,346	
Interests in jointly controlled entities	–	13,435	909	29,571	43,915	–	(476)	43,439	–	43,439	
Investments in associates	–	3,494	104	–	3,598	–	–	3,598	–	3,598	
– Include additions to investments in associates	–	–	1,200	–	1,200	–	–	1,200	–	1,200	
Total liabilities	305,877	52,944	60,178	6,063	425,062	575,627	13,839	1,014,528	–	1,014,528	1, 2
Total liabilities include:											
Long term borrowings	176,576	37,526	56,146	–	270,248	574,687	–	844,935	–	844,935	

3. Segment information (continued)

	Pacific Basin Dry Bulk US$'000	PB Energy & Infrastructure Services US$'000	PB RoRo US$'000	All Other Segments US$'000	Total Segments US$'000	Unallocated Treasury US$'000	Unallocated Others US$'000	Total US$'000	Reclass-ification US$'000	Per Financial Statements US$'000	Note
For the period ended 30 June 2010											
Revenue	572,432	32,483	5,816	1,225	611,956	–	(1,228)	610,728	5,758	616,486	
Freight and charter-hire	572,432	19,351	5,721	–	597,504	–	(1,228)	596,276	5,758	602,034	1
Maritime management services	–	13,132	95	1,225	14,452	–	–	14,452	–	14,452	
Bunkers & port disbursements	(202,659)	–	–	–	(202,659)	–	(11,104)	(213,763)	213,763	–	2
Time charter equivalent earnings	369,773										
Direct costs	(284,588)	(32,632)	(4,016)	(1,812)	(323,048)	–	–	(323,048)	(213,763)	(536,811)	
Bunkers & port disbursements	–	–	–	–	–	–	–	–	(213,763)	(213,763)	2
Charter-hire expenses for vessels	(229,014)	(454)	–	–	(229,468)	–	–	(229,468)	–	(229,468)	
Vessel operating costs	(24,422)	(14,583)	(1,506)	–	(40,511)	–	–	(40,511)	–	(40,511)	
Depreciation of vessels	(18,897)	(7,190)	(1,565)	–	(27,652)	–	–	(27,652)	–	(27,652)	
Direct overheads	(12,255)	(10,405)	(945)	(1,812)	(25,417)	–	–	(25,417)	–	(25,417)	
Gross profit	85,185	(149)	1,800	(587)	86,249	–	(12,332)	73,917	5,758	79,675	
General and administrative expenses	–	–	–	–	–	(6,847)	(3,697)	(10,544)	–	(10,544)	3
Other income and expenses	–	169	–	(1,000)	(831)	(577)	–	(1,408)	(5,758)	(7,166)	1
Finance costs, net	(6,667)	(1,346)	(1,302)	529	(8,786)	(4,322)	(1,386)	(14,494)	–	(14,494)	5
Share of profits less losses of jointly controlled entities	–	6,650	–	(233)	6,417	–	–	6,417	–	6,417	
Share of profits of associates	–	73	–	–	73	–	–	73	–	73	
Profit before taxation	78,518	5,397	498	(1,291)	83,122	(11,746)	(17,415)	53,961	–	53,961	
Taxation	–	(1,352)	–	(716)	(2,068)	–	–	(2,068)	–	(2,068)	
Profit attributable to shareholders	78,518	4,045	498	(2,007)	81,054	(11,746)	(17,415)	51,893	–	51,893	
At 31 December 2010											
Total assets	978,462	291,421	443,669	153,634	1,867,186	679,940	8,262	2,555,388	–	2,555,388	1, 2
Total assets include:											
Property, plant and equipment	828,667	223,633	429,148	37,184	1,518,632	–	–	1,518,632	–	1,518,632	
– Include additions to property, plant and equipment	250,998	55,308	195,339	21,851	523,496	–	642	524,138	–	524,138	
Interests in jointly controlled entities	–	26,360	641	29,600	56,601	–	(476)	56,125	–	56,125	
– Include additions to interests in jointly controlled entities	–	–	1,000	13,189	14,189	–	–	14,189	–	14,189	
Investments in associates	–	3,442	656	–	4,098	–	–	4,098	–	4,098	
Total liabilities	288,372	62,009	59,237	6,360	415,978	575,826	18,693	1,010,497	–	1,010,497	1, 2
Total liabilities include:											
Long term borrowings	184,458	44,975	54,718	–	284,151	575,315	–	859,466	–	859,466	

Note 1. Net unrealised forward freight agreements benefits and expenses are under "Unallocated Others". Net realised benefits and expenses are under "Pacific Basin Dry Bulk". For the presentation of the financial statements, net realised and unrealised forward freight agreement benefits and expenses are reclassified to other income and other expenses. The related derivative assets and liabilities are also under "Unallocated Others".

Note 2. Net unrealised bunker swap contract benefits and expenses are under "Unallocated Others". Net realised benefits and expenses are under "Pacific Basin Dry Bulk". For the presentation of the financial statements, bunkers & port disbursements are reclassified to direct costs. The related derivative assets and liabilities are also under "Unallocated Others".

Note 3. "Others" represents corporate overheads.

Note 4. "Others" represents the impairment charge of US$80 million of the RoRo vessels, net of the gains on disposal of investment in Green Dragon Gas Limited of US$55.8 million.

Note 5. "Others" represents net unrealised interest rate swap contract benefits and expenses.

4. **Profit before taxation**

Profit before taxation is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
Amortisation of land use rights	**56**	54
Bunkers consumed	**168,536**	128,154
Depreciation		
– owned vessels	**29,749**	22,030
– leased vessels	**5,686**	5,622
– investment properties	**32**	30
– other owned property, plant and equipment	**700**	676
Fair value losses on structured notes	**203**	–
Gains on disposal of available-for-sale financial assets	**(55,801)**	–
Lubricating oil consumed	**3,011**	2,371
Net (gains)/losses on bunker swap contracts	**(14,662)**	8,393
Net (gains)/losses on forward freight agreements	**(267)**	5,758
Net losses on interest rate swap contracts	**3,195**	4,213
Provision for impairment of property, plant and equipment	**80,000**	–
Interest on borrowings		
– bank loans	**6,226**	4,566
– finance leases	**6,152**	6,667
– convertible bonds	**5,294**	8,712

5. **Taxation**

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the unaudited condensed consolidated income statement represents:

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
Current taxation		
Hong Kong profits tax	**361**	563
Overseas tax	**324**	1,599
Over-provision of prior year	**(1,113)**	(94)
Tax (credits)/charges	**(428)**	2,068

6. Dividends

	Six months ended 30 June	
	2011	2010
	US$'000	*US$'000*
Interim dividend of HK 5 cents or US 0.6 cents per share (2010: 5 cents or US 0.6 cents per share)	**12,433**	12,422

An interim dividend in respect of the year ending 31 December 2011 of HK 5 cents or US 0.6 cents per share, amounting to a total dividend of US$12,433,000 was declared on 3 August 2011. These condensed consolidated interim financial statements do not reflect this dividend payable. A 2010 final dividend of HK 16.5 cents or US 2.1 cents per share, totalling US$41,019,000 was paid during the period ended 30 June 2011.

7. Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, excluding the shares held by the trustee of the Company's Long Term Incentive Scheme ("LTIS").

	Six months ended 30 June	
	2011	2010
Profit attributable to shareholders (US$'000)	**2,951**	51,893
Weighted average number of ordinary shares in issue ('000)	**1,931,674**	1,927,742
Basic earnings per share	**US 0.15 cents**	US 2.69 cents
Equivalent to	**HK 1 cents**	HK 21 cents

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares after adjusting for the number of potential dilutive ordinary shares granted under the Company's LTIS but excluding the shares held by the trustee of the Company's LTIS.

	Six months ended 30 June	
	2011	2010
Profit attributable to shareholders (US$'000)	**2,951**	51,893
Weighted average number of ordinary shares in issue ('000)	**1,931,674**	1,927,742
Adjustment for share options ('000)	**192**	574
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,931,866**	1,928,316
Diluted earnings per share	**US 0.15 cents**	US 2.69 cents
Equivalent to	**HK 1 cents**	HK 21 cents

8. Trade and other receivables

Included in trade and other receivables are net trade receivables and their ageing analysis is as follows:

	30 June 2011 *US$'000*	31 December 2010 *US$'000*
Less than 30 days	**33,126**	19,536
31-60 days	**6,569**	4,280
61-90 days	**509**	1,164
Over 90 days	**3,877**	3,069
	44,081	28,049

Trade receivables consist principally of voyage-related trade receivables. It is industry practice that 95% to 100% of freight is paid upon completion of loading, with the balance paid after completion of discharge and the finalisation of port disbursements, demurrage claims or other voyage-related charges. The Group normally will not grant any credit terms to its customers and trade receivables at the balance sheet date are all past due.

9. Trade and other payables

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	30 June 2011 *US$'000*	31 December 2010 *US$'000*
Less than 30 days	**31,194**	27,414
31-60 days	**1,161**	859
61-90 days	**1,108**	272
Over 90 days	**6,063**	5,131
	39,526	33,676

FINANCIAL REVIEW

Consolidated Group Performance

The key drivers that management focuses on to assess the performance of the Group's businesses are: revenue growth, direct costs control, segment net profit, underlying profit, profit attributable to shareholders, operating cash flow and return on average equity.

US$ Million	Six months ended 30 June **2011**	2010	Change
Revenue	**610.2**	616.5	-1%
Direct costs	**(558.5)**	(536.8)	+4%
Gross profit	**51.7**	79.7	-35%
Segment net profit	**28.8**	81.1	-64%
Underlying profit	**18.8**	65.6	-71%
Profit attributable to shareholders	**3.0**	51.9	-94%
Operating cash inflow	**69.4**	83.0	-16%
Net profit margin	**0%**	8%	-8%
Return on average equity employed	**0%**	7%	-7%

Management considers underlying profit to include segment results, treasury results and indirect general and administrative expenses. It excludes disposal gains and losses and the unrealised non-cash portion of results from derivative instruments relating to future reporting periods. The exclusion of items from underlying profit requires management judgement.

- Revenue decreased 1% mainly due to a decrease in daily charter rates of our dry bulk vessels.
- Underlying profit was down for the same reason, only partly offset by lower blended daily vessel operating costs.
- Profit attributable to shareholders was down mainly due to:

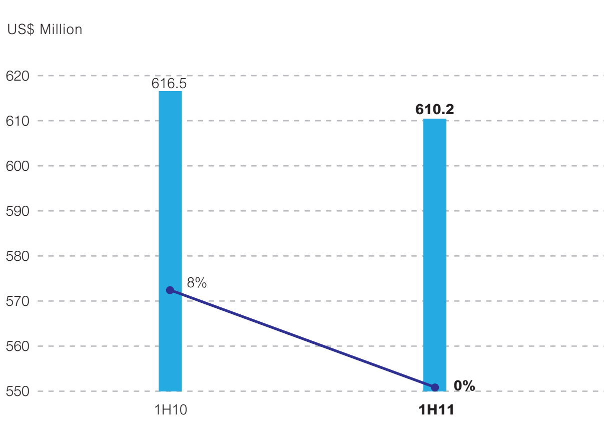
  i) the impairment on our RoRo vessels of US$80.0 million; offset by

  ii) a gain of US$55.8 million from the sale of our remaining shares in Green Dragon Gas Limited; and

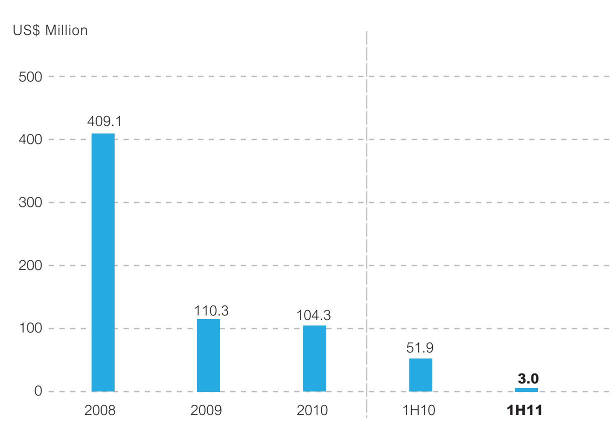
  iii) the unrealised derivative income of US$8.4 million (2010: expense of US$13.7 million) from an increase in average oil prices for our forward bunker commitments.

- Operating cash flow was US$69.4 million (2010: US$83.0 million). The Group used a net US$118.7 million (2010: US$173.5 million) of cash after funding capex and net debt flows, leaving US$630.5 million (31 December 2010: US$703.4 million) of cash and deposits at mid year.

GROUP REVENUE AND NET PROFIT MARGIN



GROUP NET PROFIT



Segment net profit and underlying profit can be reconciled to profit attributable to shareholders as follows:

US$ Million	Six months ended 30 June **2011**	2010
Segment net profit	**28.8**	81.1
Treasury	**(5.8)**	(11.8)
Non direct general and administrative expenses	**(4.2)**	(3.7)
Underlying profit	**18.8**	65.6
Unrealised derivative income/(expenses) (note)	**8.4**	(13.7)
Gain from sale of shares in Green Dragon Gas	**55.8**	–
RoRo vessels impairment charge	**(80.0)**	–
Profit attributable to shareholders	**3.0**	51.9

Note: Details are set out in the "Financial Instruments" section of this Financial Review.

Segments Review

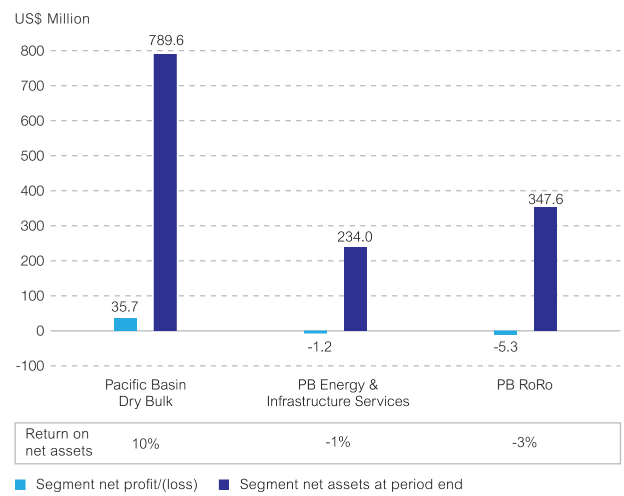
The Group derives its revenue primarily from the provision of shipping related services which are analysed by management under three reporting segments:

i) Pacific Basin Dry Bulk
ii) PB Energy & Infrastructure Services
iii) PB RoRo

Other non segment activities mainly comprise Treasury.

Pacific Basin Dry Bulk continues to dominate the Group's activities. The following sections provide further analysis of the Group's results and net assets.

SEGMENT NET PFOFIT/(LOSS) AND NET ASSETS



Pacific Basin Dry Bulk Segment

The Group's dry bulk fleet generated US$35.7 million (2010: US$78.5 million) of segment net profit, down 55%.

Income

The Group's dry bulk fleet generated US$544.6 million (2010: US$572.4 million) or 89.3% (2010: 93.5%) of total segment revenue.

The table below outlines the segment's operating performance during the period, split between handysize and handymax vessels:

	Six months ended 30 June 2011	2010	Change
Handysize			
Revenue days	**14,620**	13,940	+5%
Daily charter rates (US$)	**13,660**	16,840	-19%
Daily vessel operating costs (US$)	**10,640**	11,750	-9%
Segment net profit (US$ Million)	**42.9**	69.7	-38%
Segment net assets (US$ Million)	**655.9**	528.1	+24%
Return on net assets (annualised %)	**13%**	26%	-13%
Handymax			
Revenue days	**6,390**	5,570	+15%
Daily charter rates (US$)	**15,130**	23,680	-36%
Daily vessel operating costs (US$)	**16,190**	22,050	-27%
Segment net (loss)/profit (US$ Million)	**(7.5)**	8.8	-185%
Segment net assets (US$ Million)	**78.8**	54.9	+44%
Return on net assets (annualised %)	**-19%**	32%	-51%

Note: The above handymax revenue days and daily rates exclude two vessels which are on long term charter at a daily rate of US$8,460 and have a daily vessel cost of US$8,530.

Revenue and vessel days of our dry bulk vessels are analysed in the following table. The fleet of owned and finance leased vessels experienced average annualised off-hire of 1.9 days (2010: 1.7 days) per vessel in the six months ended 30 June 2011.

	Six months ended 30 June 2011			2010		
	Owned & Finance leased	**Chartered**	**Total**	Owned & Finance leased	Chartered	Total
Handysize						
Vessel days	**7,350**	**7,370**	**14,720**	6,320	7,740	14,060
Drydocking	**(60)**	**–**	**(60)**	(90)	–	(90)
Off-hire	**(40)**	**–**	**(40)**	(30)	–	(30)
Revenue days	**7,250**	**7,370**	**14,620**	6,200	7,740	13,940
Handymax						
Vessel days	**180**	**6,210**	**6,390**	80	5,490	5,570
Drydocking	**–**	**–**	**–**	–	–	–
Off-hire	**–**	**–**	**–**	–	–	–
Revenue days	**180**	**6,210**	**6,390**	80	5,490	5,570

Direct Costs

The Group's dry bulk fleet incurred US$258.7 million (2010: US$284.6 million) or 81.4% (2010: 88.1%) of total segment direct costs.

Breakdown of Direct Costs

US$ Million	Six months ended 30 June 2011	2010	Change
Charter-hire expenses for vessels	**190.5**	229.0	-17%
Vessel operating costs	**31.1**	24.4	+27%
Depreciation of vessels	**22.0**	18.9	+16%
Direct overheads	**15.1**	12.3	+23%
Total	**258.7**	284.6	-9%

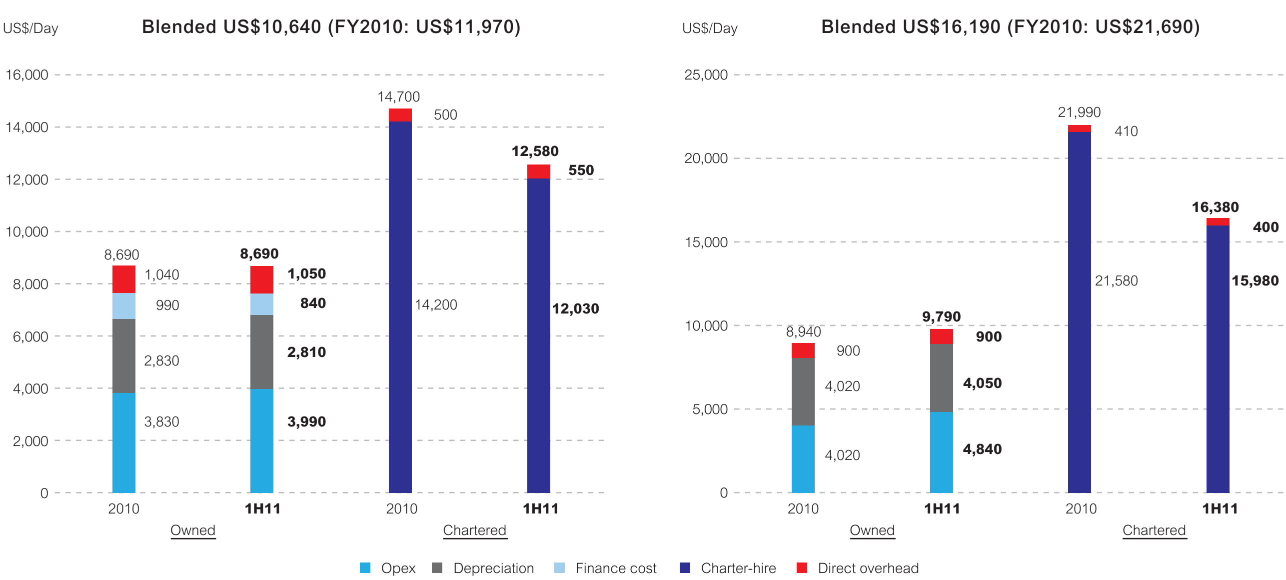
- Owned vessel operating costs include costs related to crew, spares, lubricating oil and insurance.
- Increases in owned vessel operating costs and depreciation are mainly due to the increase in the average number of owned and finance leased vessels from 35 to 42.
- Increases in direct overheads are mainly due to changes to shore based staff, office and related expenses directly attributable to the management of the Pacific Basin Dry Bulk segment.

The majority of the decrease in direct costs was attributable to charter-hire expenses for operating lease vessels which decreased to US$190.5 million (2010: US$229.0 million), reflecting a 19.5% decrease in the average daily charter rate of handysize and handymax vessels chartered by the Group under operating leases.

Blended daily vessel operating costs for our handysize fleet decreased 11.1% from last year mainly due to lower charter-hire cost of vessels sourced from the market. The equivalent daily cost for our handymax fleet decreased 25.4% from last year for the same reason. Blended daily vessel operating costs include direct overheads and can be analysed between owned and chartered vessels as follows:

HANDYSIZE VESSEL DAILY OPERATING COSTS

HANDYMAX VESSEL DAILY OPERATING COSTS



PB Energy & Infrastructure Services Segment

The Group's PB Energy & Infrastructure Services segment continues to seek growth opportunities in offshore and project supply, harbour towage and ship survey and inspection services.

US$ Million	Six months ended 30 June 2011	2010	Change
PB Towage			
(offshore and project supply and harbour towage services)	**3.5**	(1.2)	+392%
PacMarine Services			
(ship survey and inspection services)	**0.5**	0.7	-29%
Fujairah Bulk Shipping			
(rock aggregate production and transportation)	**(5.2)**	4.5	-216%
Segment net (loss)/profit	**(1.2)**	4.0	-130%
Segment net assets	**234.0**	218.8	+7%
Return on net assets	**-1%**	4%	-5%

PB Towage's results improved mainly due to the increase in liner port calls in the harbour towage sector and offshore and project supply jobs.

PacMarine Services' results decreased mainly due to decrease in the number of ship inspections.

Fujairah Bulk Shipping is a joint venture with the Government of Fujairah in the Middle East. Due to continuing difficult market conditions, the board of Fujairah Bulk Shipping took a decision to close its operations and substantially all the assets have now been sold.

PB RoRo Segment

The Group's first RoRo vessel began generating revenue in mid-September 2009. Our second and third RoRo vessels delivered in the fourth quarter of 2010 and have been deployed in the new Nafta Gulf Bridge RoRo service between the US Gulf and Mexico. Our fourth RoRo vessel delivered in March and is trading in the Mediterranean albeit at a disappointing rate reflecting the weak market. The vessel impairment is estimated to reduce daily depreciation on all six vessels by approximately EUR850 or US$1,200 in 2012.

	Six months ended 30 June 2011	2010	Change
Revenue days	**620**	180	+244%
Vessel days	**660**	180	+267%
Daily charter rates (US$)	**21,240**	32,220	-34%
Daily vessel operating costs (US$)	**22,080**	29,440	-25%
(US$ Million)			
Vessel operating (loss)/profit	**(1.4)**	0.5	-380%
Share of loss of associate	**(4.1)**	–	–
Share of profit of jointly controlled entity	**0.2**	–	–
Segment net (loss)/profit	**(5.3)**	0.5	–
Segment net assets	**347.6**	186.4	+86%
Return on net assets	**-3%**	1%	-4%

Other Income Statement Items

Other Income

Movements in the fair value and receipts from forward freight agreements amounted to US$5.4 million (2010: US$19.5 million).

During the period, the Group sold its remaining shareholdings in Green Dragon Gas Limited realising a gain of US$55.8 million.

Other Expenses

An impairment of US$80.0 million for the Group's RoRo vessels has been provided for in other expenses. The much weaker outlook for the RoRo charter market has given us concern about the ability to deploy our RoRo vessels profitably. This has reduced the value-in-use of our RoRo vessels to below their carrying values. This impairment is not allocated to the PB RoRo segment results as this does not relate to the underlying operations of the segment. The impairment reduces the carrying value of the PB RoRo segment assets.

Movements in the fair value and payments for forward freight agreements amounted to US$5.2 million (2010: US$25.3 million). Taking into account the movements in fair value and receipts of US$5.4 million included in other income above, the net movement in the fair value and payments for forward freight agreements resulted in an income of US$0.2 million (2010: expense of US$5.8 million).

General and Administrative Expenses

The Group's total administrative expenses of US$35.5 million (2010: US$36.0 million) were similar to the same period last year. Total administrative expenses comprised direct overheads of US$31.3 million (2010: US$25.4 million) and general and administrative expenses of US$4.2 million (2010: US$10.6 million). The increase of US$5.9 million in direct overheads was primarily due to a profit share with management in a subsidiary and additional employees employed in our towage services. The decrease of US$6.4 million in general and administrative expenses was primarily due to a US$4.9 million expense arising from the revaluation of Euros held by treasury in the same period last year.

Share of Profits Less Losses of Jointly Controlled Entities

This represents the Group's share of losses of US$0.6 million (2010: US$0.3 million) in Nanjing Longtan Tianyu Terminal Co. Ltd. In addition, there are jointly controlled entities included in the segment results for PB Energy & Infrastructure Services and PB RoRo.

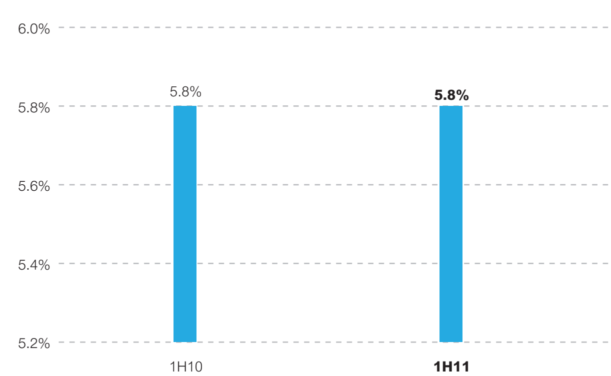
Finance Income

Finance income of US$6.1 million (2010: US$9.9 million) represents primarily US$5.7 million (2010: US$9.3 million) of interest income.

Financing

Finance costs of US$21.4 million (2010: US$24.4 million) can be analysed as follows:

ADMINISTRATIVE EXPENSES AS A PERCENTAGE OF REVENUE

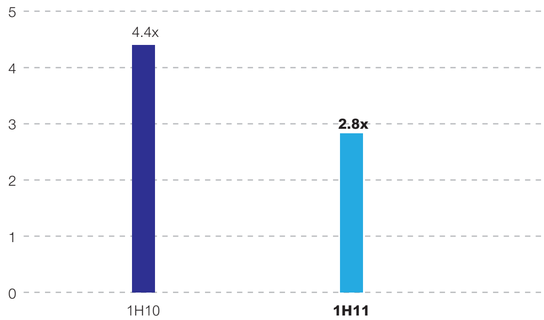


- The increase of US$1.6 million in interest on bank borrowings was primarily due to the increase in the average bank borrowings outstanding to US$430.1 million (2010: US$368.5 million). Bank borrowings are subject to floating interest rates but the Group manages these exposures by way of interest rate swap contracts.

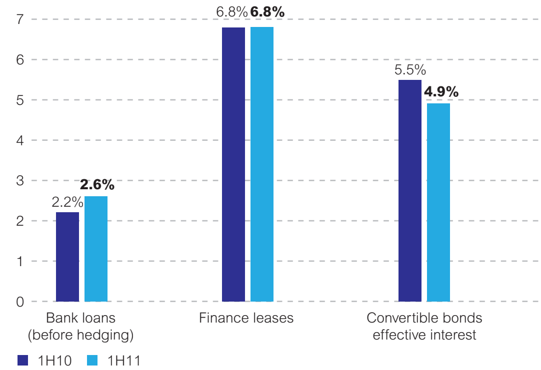
- Finance charges of US$6.2 million (2010: US$6.7 million) represent interest payments on the Group's finance leased vessels. Aggregate current and long term finance lease liabilities at 30 June 2011 were US$176.6 million. The fixed, equal, quarterly charter-hire payments are accounted for as a combination of repayments of finance lease liabilities on the balance sheet and finance charges in the income statement. Finance charges can be expressed as interest rates, fixed for the period of the leases.

- The decrease of US$3.4 million in interest on convertible bonds was due to the lower outstanding amount of convertible bonds during the period.

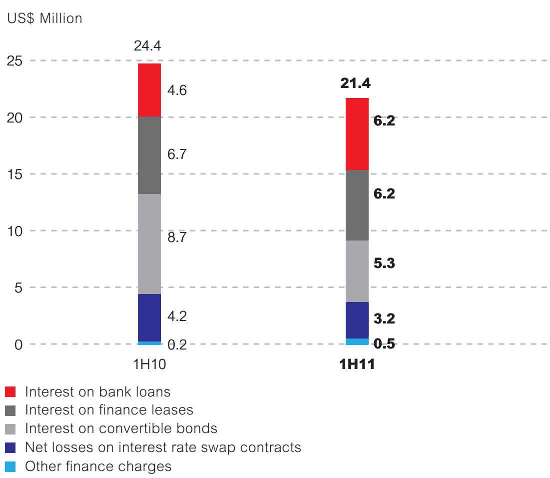
GROUP INTEREST COVERAGE



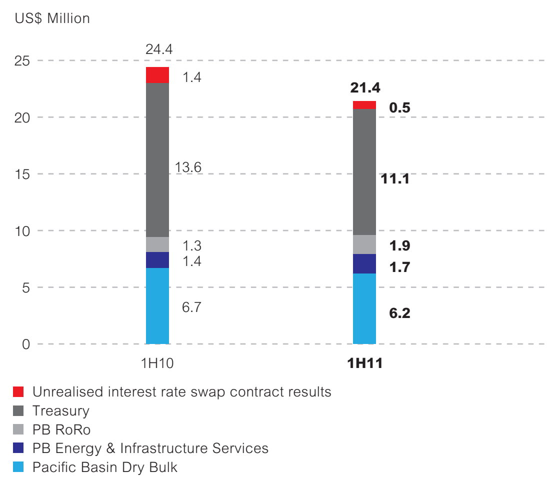
AVERAGE INTEREST RATES ON BORROWINGS



FINANCE COSTS BY SOURCE



FINANCE COSTS BY SEGMENT



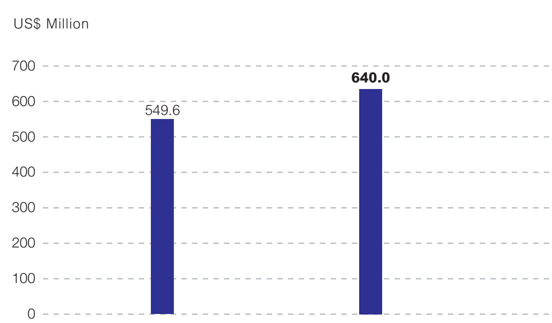
Tax

Shipping income from international trade is either not subject to or exempt from taxation according to the tax regulations prevailing in the countries in which the Group operates. Shipping income from towage and non-shipping income is subject to tax at prevailing rates in the countries in which these businesses operate.

Cash flow

The primary sources of liquidity comprised cash and deposits of US$630.5 million, principally denominated in US dollar, and unutilised bank borrowing facilities of US$193.2 million. The Group's primary liquidity needs are to fund general working capital requirements (including lease and other short term financing commitments), fleet expansion and other capital expenditure. Dividends are funded from net cash generated from operating activities.

NET WORKING CAPITAL



US$ Million	Six months ended 30 June 2011	2010
Net cash from operating activities	**69.4**	83.0
Purchases of property, plant and equipment	**(111.3)**	(186.7)
Disposal of available-for-sale financial assets	**80.5**	–
Investments in jointly controlled entities	**–**	(14.2)
Dividends received from jointly controlled entities	**8.7**	1.4
Decrease in restricted and pledged bank deposits	**2.0**	45.3
Net increase in structured notes and notes receivable	**(20.8)**	–
Others	**7.5**	11.8
Net cash used in investing activities	**(33.4)**	(142.4)
Proceeds from issuance of convertible bonds	**–**	227.4
Payment for repurchase and cancellation of convertible bonds	**(105.2)**	(194.0)
Net drawdown of borrowings	**89.0**	2.3
Repayment of finance lease payables capital element	**(7.9)**	(7.4)
Interest and other finance charges paid	**(18.9)**	(20.9)
Dividends paid to shareholders of the Company	**(41.0)**	(37.3)
Others	**(1.3)**	(1.2)
Net cash used in financing activities	**(85.3)**	(31.1)
Cash and deposits at 30 June	**630.5**	969.7

Financial Instruments

The Group is exposed to fluctuations in freight rates, bunker prices, interest rates and currency exchange rates. The Group manages these exposures by way of:

- forward freight agreements ("FFA");
- bunker swap contracts;
- interest rate swap contracts; and
- forward foreign exchange contracts.

The treatment of these financial instruments in the financial statements depends on whether they qualify for hedge accounting.

Qualifying for hedge accounting

At 30 June 2011, the forward foreign exchange contracts and all except one of the interest rate swap contracts qualified as cash flow hedges. Accordingly, the change in the fair value of these instruments during the period was recognised directly in the hedging reserve.

Not qualifying for hedge accounting

Bunker swap contracts and forward freight agreements do not qualify for hedge accounting mainly because the contract periods, which are in calendar months, do not coincide with the periods of the physical contracts. The terms of one of the interest rate swap contracts also did not qualify for hedge accounting.

During the six months ended 30 June 2011, the Group recognised net derivative income of US$11.6 million, as follows:

			Six months ended 30 June	
US$ Million	Realised	Unrealised	2011	2010
Income				
Forward freight agreements	2.3	3.1	5.4	19.5
Bunker swap contracts	8.4	8.6	17.0	6.3
Interest rate swap contracts	–	–	–	–
	10.7	11.7	22.4	25.8
Expenses				
Forward freight agreements	(3.0)	(2.2)	(5.2)	(25.3)
Bunker swap contracts	(1.7)	(0.7)	(2.4)	(14.7)
Interest rate swap contracts	(2.8)	(0.4)	(3.2)	(4.2)
	(7.5)	(3.3)	(10.8)	(44.2)
Net				
Forward freight agreements	(0.7)	0.9	0.2	(5.8)
Bunker swap contracts	6.7	7.9	14.6	(8.4)
Interest rate swap contracts	(2.8)	(0.4)	(3.2)	(4.2)
	3.2	8.4	11.6	(18.4)

Presentation in the Segment Information

Revenue
Bunkers & port disbursements
Direct costs
Other income
Other expenses
Finance costs
Profit for the period

Presentation in the Financial Statements

Revenue
Bunkers & port disbursements
Direct costs
Other income
Other expenses
Finance costs
Profit for the period

Realised:

- *Cash settlement of contracts completed in the period*
- *Included in segment results*

Unrealised:

- *Contracts to be settled in future periods*
- *Accounting reversal of earlier period contracts now completed*
- *Not part of segment results*

The application of HKAS 39 "Financial Instruments: Recognition and Measurement" has the effect of shifting to this period the estimated results of these derivative contracts that expire in future periods. In 2011 this created a net unrealised non-cash income of US$8.4 million. The cash flows of these contracts will occur in future reporting periods.

Balance Sheet Segment Analysis

The following table seeks to connect the balance sheet segment disclosure information to the different elements of our business.

- *Vessels delivered & under construction*
- *Goodwill*

- *Vessels delivered & under construction*

- *Group unallocated cash*

- *Derivative assets*

US$ Million	Total	PB Dry Bulk	PB EIS	PB RoRo	All Other Segments	Treasury	Unallocated Others
Total assets	**2,524.2**	1,095.5	286.9	407.8	65.3	653.5	15.2
Includes:							
Property, plant and equipment	**1,548.5**	925.8	221.8	395.1	5.8	–	–
Interests in jointly controlled entities	**43.4**	–	13.4	0.9	29.6	–	(0.5)
Investments in associates	**3.6**	–	3.5	0.1	–	–	–
Total liabilities	**1,014.5**	305.9	52.9	60.2	6.0	575.6	13.9
Includes:							
Long term borrowings	**844.9**	176.6	37.5	56.1	–	574.7	–

- *Gold River Marine Terminal, Canada*

- *Bunker tanker, N.Z.*

- *Longtan Tianyu Terminal*

- *Finance lease liabilities*

- *Bank loans*

- *Bank loans*

Group general facilities includes:
- *Convertible bonds*
- *Loans secured on vessels for future expansion*

- *Derivative liabilities*

Note: PB Dry Bulk = Pacific Basin Dry Bulk
PB EIS = PB Energy & Infrastructure Services

Borrowings

The indebtedness of the Group amounted to US$844.9 million (31 December 2010: US$859.5 million).

- Bank borrowings (net of deferred loan arrangement fees) increased as a result of drawdown during the period. The Group's bank borrowings were secured by mortgages over 32 vessels with a total net book value of US$626.3 million and an assignment of earnings and insurances in respect of these vessels.

- Bank borrowings are in the functional currency of the business segment to which they relate.

- Finance lease liabilities decreased following repayments during the period.

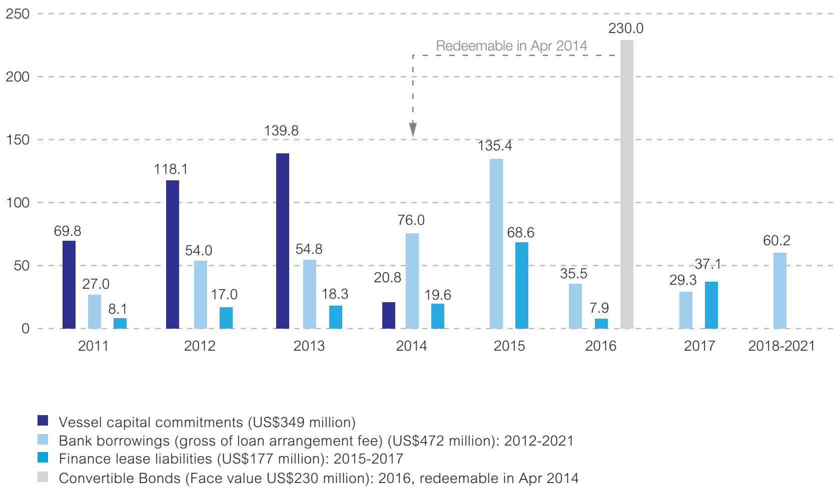
- The debt component of the Group's convertible bonds decreased as a result of the repurchase and cancellation of the old convertible bonds maturing in 2013 during the period.

In addition to the cash generated from the Group's operations, existing cash, and additional long term borrowings that may be arranged when required, the Group had unutilised bank borrowing facilities of US$193.2 million available to finance the Group's existing vessel and other capital commitments, along with other potential vessel acquisitions.

The Group, through its treasury function, arranges financing by leveraging the Group's balance sheet so as to optimise the availability of cash resources to the Group. Finance lease liabilities are allocated to the segment where the asset is owned.

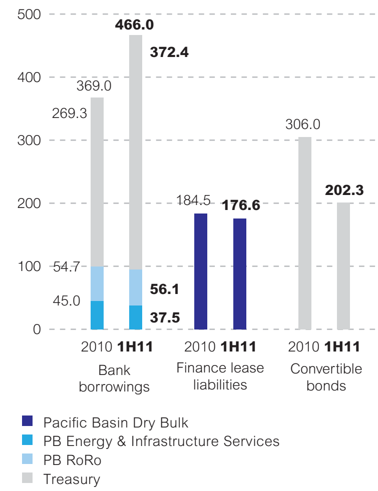
REPAYMENTS AND VESSEL CAPITAL COMMITMENTS SCHEDULE

US$ Million



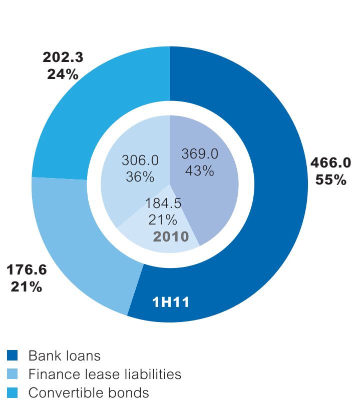
BY SOURCE & SEGMENT

US$ Million



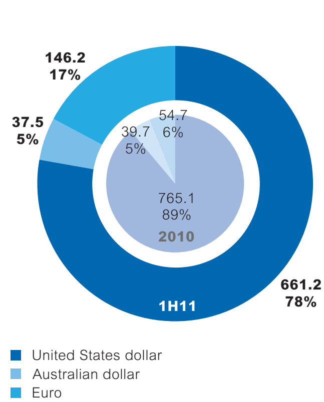
BY SOURCE

US$ Million



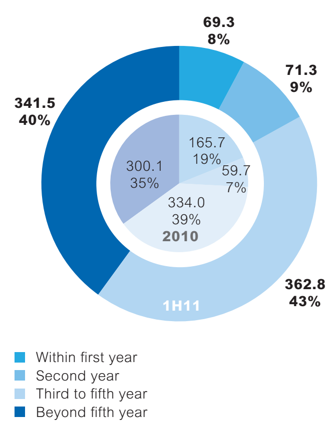
BY CURRENCY

US$ Million



BY MATURITY

US$ Million



Cash and Deposits

As part of the Group's ordinary activities, the treasury function seeks to enhance the income from the Group's cash resources through a mix of financial products, based on the perceived balance of risk, return and liquidity in accordance with the Group's treasury policy. These products include overnight and term deposits, money market funds, liquidity funds, structured notes and currency linked deposits and shown in the balance sheet as cash and deposits, and structured notes.

US$ Million	**30 June 2011**	31 December 2010	Change
Restricted bank deposits – non-current assets	**6.4**	10.3	
Restricted bank deposits – current assets	**5.6**	3.4	
Cash and deposits	**618.5**	689.7	
Total cash and deposits	**630.5**	703.4	–10%
Current portion of long term borrowings	**(69.3)**	(165.7)	
Long term borrowings	**(775.6)**	(693.8)	
Total borrowings	**(844.9)**	(859.5)	–2%
Net borrowings	**(214.4)**	(156.1)	+37%
Net borrowings to book value of property, plant and equipment	**14%**	10%	
Net borrowings to shareholders' equity	**14%**	10%	

Cash and deposits decreased as a result of payments for the purchase of vessels.

Lease Commitments

Vessel operating lease commitments stood at US$358.5 million (31 December 2010: US$362.0 million). These commitments exclude vessels under finance leases which are included as part of property, plant and equipment. The decrease in lease commitments was mainly due to lower average contracted daily charter rates.

The Group has commitments of 21,660 vessel days under handysize finance leases and 27,040 vessel days under handysize and handymax operating leases. The following table shows the average contracted daily charter rates and total number of vessel days of our handysize and handymax vessels under operating leases and finance leases in each year of the lease term, assuming the purchase options will not be exercised until the expiry of the charter-hire agreements.

Handysize and Handymax Vessel Lease Commitments

Year	Handysize Operating leases Average daily rate *(US$)*	Handysize Operating leases Vessel days	Handysize Finance leases Average daily rate *(US$)*	Handysize Finance leases Vessel days	Handymax Operating leases Average daily rate *(US$)*	Handymax Operating leases Vessel days
2H11	11,690	4,560	5,920	2,380	13,980	2,820
2012	11,350	5,140	5,960	4,750	13,930	620
2013	11,400	2,940	5,950	4,750	13,830	370
2014	12,020	2,190	5,940	4,750	13,830	370
2015	11,930	2,190	5,910	2,590	13,830	370
2016	11,010	1,560	5,970	1,830	13,860	370
2017	11,380	1,460	5,840	610	13,830	370
2018	11,040	1,120	–	–	13,830	160
2019	13,000	370	–	–	–	–
2020	13,000	60	–	–	–	–
Total		21,590		21,660		5,450

Certain lease agreements provide the Group with options to purchase the related vessels at predetermined times and prices during the lease periods. The average price (includes certain purchase options priced in currencies other than US dollars) of the existing purchase options for the Group's dry bulk vessels in the earliest years in which these options may be exercised, along with the number of vessels and the average age of such vessels in those years, are as follows:

Earliest year in which options may be exercised	Vessel type	Number of vessels at 30 June 2011 Finance lease	Number of vessels at 30 June 2011 Operating lease	Average age of vessels *(years)*	Average purchase option exercise price *(US$ Million)*
2011	Handysize	13	4	9	16.0
	Handymax	–	1	6	14.6
	Tug	–	1	2	3.1
2012	Tug & barge	–	2	5	2.3
2016	Handysize	–	2	5	42.8
	Handymax	–	1	5	30.0
	Post Panamax	–	1	5	73.6
2017	Handysize	–	1	5	36.4
2020	Handysize	–	1	7	40.2
2021	Handysize	–	1	7	41.3
Total		13	15		

Capital Expenditure and Property, Plant and Equipment

During the six months ended 30 June 2011, vessel capital expenditure amounted to US$109.2 million resulting from the addition of three handysize vessels, one post panamax vessel, two tugs and one RoRo vessels.

At 30 June 2011, the Group had property, plant and equipment with net book value after RoRo impairment of US$1,548.5 million, of which US$1,345.8 million related to 42 delivered handysize vessels, two handymax vessels, one post panamax vessel, 38 tugs and barges and four RoRo vessels. Handysize vessels continued to dominate the Group's assets with an average net book value of US$17.7 million. Tugs, barges and RoRo vessels are denominated in their functional currencies such as Australian dollar and Euro. As such, their United States dollar carrying values and commitments are subject to exchange rate fluctuation.

Vessel Commitments

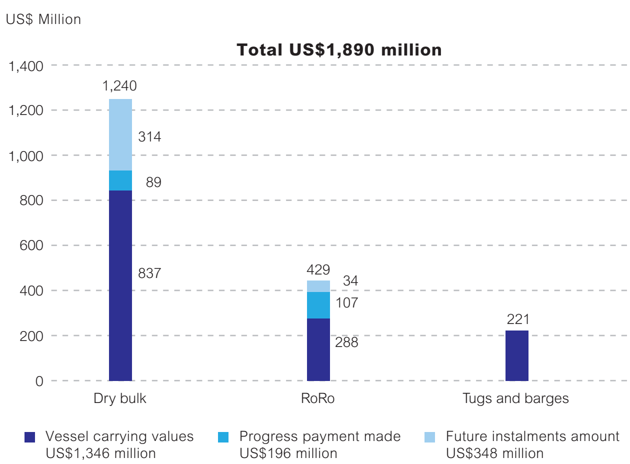
At 30 June 2011, the Group had non-cancellable vessel commitments of US$286.3 million and authorised commitments of US$62.2 million. The vessels are for delivery to the Group between August 2011 and January 2014.

US$ Million	Number	2011	2012	2013	2014	Total
Handysize	7	22.8	79.1	19.1	–	121.0
Handymax	5	3.2	32.5	95.3	–	131.0
RoRo	2	34.3	–	–	–	34.3
Commitments at 30 June 2011	14	60.3	111.6	114.4	–	286.3
Authorised commitments						
Handysize	1	3.0	–	5.9	20.8	29.7
Handymax	1	6.5	6.5	19.5	–	32.5
	2	9.5	6.5	25.4	20.8	62.2
	16	69.8	118.1	139.8	20.8	348.5

These commitments will be financed by cash generated from the Group's operations, existing cash and additional long term borrowings to be arranged as required. Where the commitments are in currencies other than the functional currencies of the underlying assets, the Group has entered into forward foreign exchange contracts to purchase the currencies at predetermined rates.

A combined view of the carrying value of owned vessels, vessels under construction and committed vessel expenditure is shown below:

A COMBINED VIEW OF VESSEL CARRYING VALUES AND COMMITMENTS



Staff

- At 30 June 2011, the Group employed a total of 380 full time shore based staff (30 June 2010: 360).

- The Group incurred total staff costs (included in direct overheads and general and administrative expenses as described earlier) of approximately US$24.3 million (2010: US$17.7 million), representing 4.0% of the Group's revenue (2010: 2.9%). Please see the paragraph headed "General and Administration Expenses" for more details.

- Remuneration of the Group's employees includes fixed basic salaries, discretionary cash bonuses (based on both the Group's and individuals' performance for the year) and long term incentives through the Company's Long Term Incentive Scheme ("LTIS"). The LTIS allows the Company to award eligible participants with restricted shares and share options.

- The Group's principal retirement benefit scheme is the Mandatory Provident Fund Scheme, a defined contribution scheme provided under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those staff employed under the jurisdiction of the Hong Kong Employment Ordinance.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

At 31 December 2010, bondholders holding an aggregate of 8,092 units of the Group's convertible bonds due 2013 at face value of US$10,000 each have exercised put option for redemption of their convertible bonds. On 1 February 2011, these convertible bonds with total principal value of US$80.9 million were redeemed and cancelled. On the same day, the Group exercised the option to redeem all the Group's remaining 2,428 units of convertible bonds due 2013 at face value of US$10,000 each. The redemption and cancellation of these remaining 2,428 units were completed on 4 March 2011.

Saved as disclosed above and other than for satisfying restricted share awards granted under the LTIS, neither the Company nor any of its subsidiaries has, during the period, purchased, sold or redeemed any of the securities of the Company.

COMPLIANCE WITH THE CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Board of Directors has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code").

The Board confirms that, having made specific enquiry, the Directors have complied in full with the required standards set out in the Model Code and its code of conduct during the six months ended 30 June 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has complied with all code provisions of the Code on Corporate Governance Practices as contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011.

REVIEW OF AUDIT COMMITTEE

The Audit Committee of the Company has reviewed this interim results announcement and the 2011 Interim Report of the Company for the six months ended 30 June 2011.

INTERIM DIVIDEND AND BOOK CLOSURE

The Board has declared an interim dividend for the six months ended 30 June 2011 of HK 5 cents per share, which will be paid on or about 29 August 2011 to those shareholders whose names appear on the Company's register of members on 19 August 2011.

The register of members will be closed from 18 to 19 August 2011 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 August 2011. The ex-dividend date for the interim dividend will be on 16 August 2011.

INTERIM REPORT AND DISCLOSURE OF INFORMATION ON STOCK EXCHANGE'S WEBSITE

This announcement of interim results containing all the information required by paragraphs 46(1) to 46(9) of Appendix 16 of the Listing Rules has been published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.pacificbasin.com.

The Company's 2011 Interim Report will be available on the Company's website at www.pacificbasin.com no later than the date on which it is sent to those shareholders who have elected to receive a printed copy on or around 19 August 2011.

DIRECTORS

As at the date of this announcement, the executive Directors of the Company are David Muir Turnbull, Klaus Nyborg, Jan Rindbo, Andrew Thomas Broomhead and Wang Chunlin, the non-executive Director of the Company is Richard Maurice Hext, and the independent non-executive Directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul and Alasdair George Morrison and Daniel Rochfort Bradshaw.

Note: The English text of this announcement shall prevail over the Chinese text in case of any inconsistency.