Pacific Basin Shipping Limited
太平洋航運集團有限公司*

Press Release

Pacific Basin Shipping Limited Announces 2004 Interim Results

Hong Kong, September 15, 2004 – Pacific Basin Shipping Limited ("Pacific Basin" or "the Company"; SEHK: 2343), one of the world's leading dry bulk shipping companies, today announced its interim results for the six months ended 30 June 2004.

- **Net profits for the period increased to US$43.1 million (2003: $7.1 million)**
- **Earnings per share of 4.74 US cents or 36.97 HK cents (2003: 0.90 US cents or 7.02 HK cents)**
- **Revenues in the period reached US$71.6 million (2003: US$21.1 million)**
- **Average size of owned and chartered fleet expanded by 50% to 21 vessels**
- **Average daily charter rate for the six months ended 30 June 2004 was US$18,000 (2003: US$8,300)**
- **Listing achieved on the Stock Exchange of Hong Kong Limited on 14 July 2004**
- **Additional acquisitions since Listing have expanded the owned and chartered fleet to 39 vessels today and six newbuildings on order**

Commenting on the Company's interim results, Group Chairman Christopher Buttery said:

"Pacific Basin has delivered profits in the first half of 2004 of US$43.1 million on revenues of US$71.6 million. This positive performance reflects two key factors: the expansion of our fleet of owned and chartered modern Handysize vessels by 50%; and the strong improvement in freight rates to approximately US$18,000 per day in the current market."

On the subject of the Company's recent Listing, Mark Harris, Group Chief Executive added:

"We successfully completed our Listing on the Main Board of The Stock Exchange of Hong Kong Limited on 14 July 2004, raising net proceeds of around US$72 million. We have sought to deploy those funds by expanding our fleet as quickly as possible to benefit from the continuing strong market conditions. Since the Listing, we have taken delivery of three new vessels from our existing newbuilding programme, as well as the four second-hand vessels which we had acquired conditional upon the successful Listing. Including the two vessel acquisitions announced earlier today, we have also acquired a further five second-hand

*For identification purposes only.

vessels and one newbuilding for delivery in 2006. These acquisitions will drive our fleet growth in the remainder of the year and beyond."

Through this fleet expansion programme, the Company has been able to reinforce its position as one of the world's leading dry bulk shipping companies and now commands a fleet of 44 modern Handysize vessels (39 owned and chartered vessels, and five managed) with an average age of five years, with an additional seven newbuildings on order.

Dividends

The Company's current dividend policy is to pay out not less than 50% of profits available for distribution in each year. The dividend for the year 2004 will be based on the results of the period 1 June to 31 December 2004 and will be declared when the year-end results are announced.

Business Performance

In addition to the substantial effort involved in preparing the Company for the Listing, the first half of 2004 was a period of significant growth for the Company. The IHC pool strengthened its position as the leading provider of Handysize vessels to the major commodities companies in the Asia Pacific region, offering modern tonnage backed by flexible and reliable services. This enabled the Company to expand its fleet of owned and chartered vessels to an average of 21 in the first half of 2004 from 14 in the same period of 2003. As a result, the number of revenue days generated by the Company's fleet in the first half of 2004 grew to around 3,800 from 2,500 days in 2003.

Strong demand for dry bulk commodities resulted in a steady improvement in charter rates throughout 2003 and, by early 2004, the demand for tonnage and the supply available to meet that demand was already finely balanced. Increased Chinese demand for bulk commodities - iron ore and coal in particular - resulted in freight rates reaching unprecedented levels during the first quarter of 2004. Rates in the second quarter moderated but remained well above the levels reached in 2003 and the underlying strong, upward trend that started last year remains intact.

Liquidity and Financial Resources

Net cash flow from operating activities during the six months ended 30 June 2004 amounted to US$62.9 million. As at 30 June 2004, the Company had US$46.8 million of cash and cash equivalents, primarily denominated in United States Dollars.

The Group's bank borrowings increased by 26% to US$214.3 million from US$145.9 million as at 31 December 2003. The increase in loan borrowings was due to the acquisition of three vessels pursuant to the Reorganisation and a delivery of two new buildings in May 2004. At 30 June 2004, the Group's assets, with net book value of US$289 million, were pledged to banks to secure the above-mentioned borrowings.

Outlook

The rebound in rates that has occurred since the end of June has come sooner and has been stronger than the Company had anticipated. Accordingly, the Company is increasingly optimistic about its prospects for the second half of this year and for 2005. In particular, the recent strengthening in the charter market, together with a greater number of vessel revenue days in the second half, following the expansion of the fleet, are expected to translate into another period of strong earnings performance in the second half of this year.

Based on the Company's expanded owned and chartered fleet, the Company expects to see a 60% increase in revenue days from approximately 3,800 days in the first half of 2004 to approximately 6,100 days in the second half of 2004. With the months of July and August now complete and cargo cover for 55% for the balance of the year, some 68% of those 6,100 revenue days are already confirmed at an average rate of about US$15,700 per day.

Looking into 2005, the Company's current owned and chartered fleet plus scheduled new deliveries should see revenue days expand to approximately 14,100 from the 9,900 days expected in 2004. Some 22% of those days are already fixed at an average rate of approximately US$15,600. With the 2005 cargo contract renewal season approaching, the Company is seeing a healthy level of inquiry that should allow for firm pricing to be set for a significant portion of the Company's fleet capacity for 2005 and provide an adequate volume of booked cargoes upon which to base its operations and maintain its fleet utilisation levels.

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Notes to Editors

Pacific Basin Shipping Limited is one of the world's leading dry bulk shipping companies headquartered in Hong Kong. It specialises in transporting minor bulk commodities out of commodities rich nations of the Pacific, particularly Australia, New Zealand and the west coast of North America, into the high consumption areas of Asia, particularly China, Japan and Korea. The Company's fleet comprises 44 owned, chartered and managed vessels - the largest fleet of modern Handysize dry bulk carriers in the world - with an average age of five years, which is significantly younger than the world Handysize fleet average of 19 years. Drawing on its extensive fleet of modern, uniform Handysize vessels, Pacific Basin Shipping Limited is committed to providing high quality services to the Asia Pacific region's leading dry bulk commodities companies.

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CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Unaudited Six months ended 30 June	
	2004	2003
	US$'000	US$'000
Turnover	71,628	21,099
Direct costs	(24,327)	(11,297)
General and administrative expenses	(2,445)	(140)
Operating profit	44,856	9,662
Finance costs	(2,436)	(2,515)
Share of profits less losses of jointly controlled entities	800	-
Profit before taxation	43,220	7,147
Taxation	(147)	-
Profit attributable to shareholders	43,073	7,147
Dividends	49,812	-
Basic earnings per share	US 4.74 cents	US 0.90 cents