Pacific Basin Shipping Limited

Pacific Basin-IHC • Pacific Basin-IHX • PB Towage • PB RoRo

Stock Code : 2343

Interim Report 2009

- Results Highlights • Financial Summary
- Interim Report of the Directors
- Environment • Financial Review
- Interim Financial Statements
- Corporate Governance
- Other Information • Fleet Profile

Contents

Results Highlights

Group

- **Group profits were US$74.8 million** (2008: US$337.6 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
- **Basic earnings per share were HK$0.32**
- **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

Fleet & Coverage

- **Contract cover** is in place for 93% of our combined handysize and handymax revenue days in 2009 and 53% of our combined revenue days in 2010. 89% of our contracted 23,560 handysize revenue days in 2009 are covered at US$14,280 per day net. The Baltic Handysize spot index on 3 August 2009 stood at US$12,107 per day net
- **Group average handysize daily earnings of US$13,610** in the first half of 2009 were 57% above average Baltic Handysize Index spot rates of US$8,638 per day net, demonstrating the value of our significant forward cover
- **Our fleet (including newbuildings) now totals 150 vessels** comprising 109 dry bulk vessels, 34 tugs and barges, 1 bunker tanker and 6 RoRos

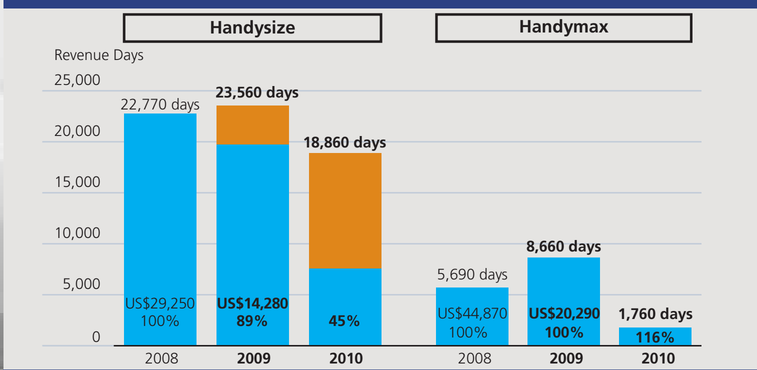
Other Divisions

- **PB Towage has continued to grow** its harbour and offshore towage business, and entered into a joint venture providing towage logistics services to support the development of a major new gas field offshore Western Australia
- **Successfully negotiated deferred delivery of 3 RoRo vessels into 2011.** Our unfixed RoRos now deliver in the second half of 2010 and throughout 2011
- **Fujairah Bulk Shipping** is performing well and is ahead of schedule on its reclamation project requiring the quarrying and transport of 54 million tonnes of aggregates

Outlook

- **Cautious view** as to the outlook for dry bulk shipping during the 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

Contract Cover and Daily TCE



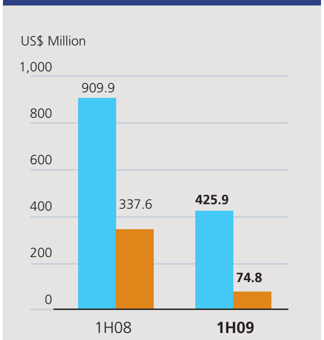
● Covered ● Uncovered

Note: 2008 numbers exclude short term revenue days

Financial Summary

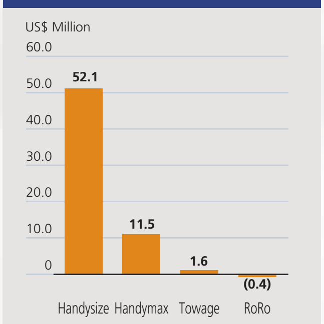
	2009 30 June US$'000	2008 30 June US$'000	2008 31 December US$'000
Results			
Revenue	**425,913**	909,872	1,690,948
Gross profit	**85,902**	328,580	364,817
Finance costs, net	**(9,568)**	(6,914)	(22,125)
Net profit attributable to shareholders	**74,829**	337,587	409,119
Balance Sheet			
Total assets	**2,406,087**	2,101,735	2,330,505
Net cash	**313,868**	191,996	175,929
Shareholders' equity	**1,423,608**	1,333,209	1,218,702
Cash and bank deposits	**1,140,778**	804,309	1,023,741
Capital commitments	**315,121**	547,568	445,771
Cash Flows			
Operating	**60,480**	284,227	459,083
Investing	**13,387**	(217,547)	(244,496)
Financing	**56,478**	54,031	110,754
Change in cash	**130,345**	120,711	325,341
Per Share Data	**HK cents**	HK cents	HK cents
Basic EPS	**32**	162	189
Dividends	**8**	76	76
Operating cash flows	**26**	137	212
Net book value	**576**	596	543
Share price at period end	**495**	1,114	352
Market capitalisation at period end	**HK$9.5bn**	HK$19.4bn	HK$6.2bn
Ratios			
Net profit %	**18%**	37%	24%
Eligible profit payout ratio	**26%**	50%	57%
Annualised return on average assets	**7%**	39%	21%
Annualised return on average equity	**12%**	68%	35%
Total shareholders' return	**41%**	(5%)	(60%)
Number of full time shore based staff per vessel	**2.4**	2.5	2.3
Net cash to book value of property, plant and equipment	**34%**	21%	22%
Net cash to shareholders' equity	**22%**	14%	14%
Interest coverage	**6.7X**	18.1X	10.4X

Revenue and Net Profit



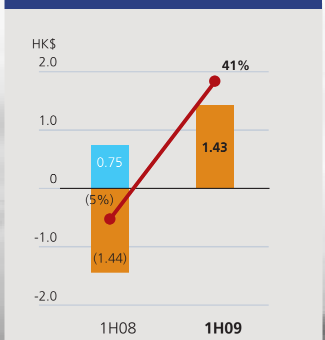
- Revenue
- Net Profit

Segment Net Profit



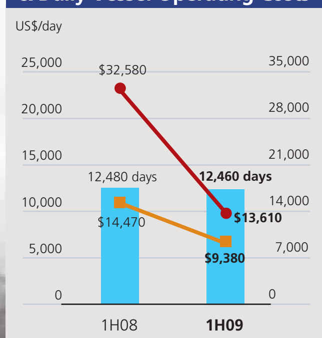
- Net Profit

Shareholders' Return



- Capital Gain/(Loss)
- Dividends Paid in the Period
- Total Shareholders' Return

Handysize: Revenue Days, Daily TCE & Daily Vessel Operating Costs



- Revenue Days
- Daily Time Charter Equivalent Earnings (TCE)
- Daily Vessel Operating Costs

Following another volatile half year, we remain cautious as to the outlook for dry bulk shipping during the remainder of 2009 and 2010

Interim Report of the Directors

net profit for the six months

75

US$ million

Pacific Basin is in a unique position to leverage its business model, with a robust balance sheet that will allow us to further increase our scale when the timing is appropriate

Summary

In another volatile half year for dry bulk shipping, Pacific Basin Group's unaudited net profit for the six months ended 30 June 2009 was US$75 million (2008: US$338 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 annualised return on average shareholders' equity during the period was 12%.

The lower profit year on year mainly reflected a reduction in Pacific Basin's average handysize daily earnings from US$32,580 per day to US$13,610 per day. However, our daily earnings were some 57% in excess of handysize spot rates (as reflected by the Baltic Handysize Index or "BHSI"), which averaged US$8,638 per day net over the same period. Thus it was Pacific Basin's policy of booking significant levels of forward cover and our relatively low cost fleet that delivered a solid performance in such difficult market circumstances. Moreover our robust balance sheet with cash of US$1.1 billion and net cash of US$314 million positions us well to take advantage of the opportunities that will arise if, as we anticipate, the market continues to be difficult.

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.

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. 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, thereby unfavourably influencing the demand/supply balance and placing considerable downward pressure on freight rates.

The volatile environment of the last twelve months has proved the resilience of our business model; as a result, we are confident of being able to ride through the challenging market conditions that we anticipate will prevail over the next few years. Despite the difficult trading and financial environment, we have experienced no counterparty default and, in the first half of 2009, we took four key measures to further strengthen our position. First, we significantly increased our cargo cover (as detailed in the paragraph 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 have achieved our targeted year on year reduction in overhead costs in the first half of the year. Third, we have continued to develop our other 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.

As at 27 July 2009, our combined handysize and handymax fleet had cover of 93% for 2009 and 53% for 2010 in terms of handysize-equivalent days, and we are continuing to build cover for 2010 and beyond. At the same date, we had covered some 89% of our 2009 handysize revenue days at US$14,280 per day net whereas the Baltic Handysize spot index on 3 August stood at US$12,107 per day net.

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. We continue to believe in the bright longer-term prospects for this sector on account of the RoRo fleet's age profile and relatively small orderbook, and the growing economic and environmental case for moving more coastal trucking activity onto the sea.

Fujairah Bulk Shipping L.L.C. ("FBSL") 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.

During the first seven months of 2009, Pacific Basin took delivery of four owned dry bulk newbuildings which we ordered in 2006 and early 2007 (well before values peaked in the middle of 2008), three tugs and one bunker tanker. In addition, we completed the sale of four dry bulk vessels and the sale and charter back of another two. 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

We remain cautious as to the outlook for the dry bulk shipping market in the remainder of 2009 and 2010. Whilst we have been positively surprised by the market rebound in the first half of the year, we are concerned by the unpredictability of China's demand for raw materials and we expect accelerating vessel deliveries to produce excessive supply relative to the demand for tonnage. We therefore do not expect to see the same beneficial drivers of our underlying profits in the balance of 2009 as in the first half of the year, and we reiterate our previously stated strategy of conserving capital to take full advantage of the opportunities that we expect will arise in the future.

Pacific Basin is in a unique position to leverage its business model, with a robust balance sheet that will allow us to further increase our scale when the timing is appropriate. In addition, we are fortunate to have built up a strong management team; the Board extends its thanks to all the staff of Pacific Basin for their great efforts to drive the Company's performance in these challenging times.

Dry Bulk Market Review

Dry bulk markets were surprisingly buoyant in the first half of 2009, with both quarters demonstrating high volatility. The year started with the BHSI at a very depressed US$4,000 per day net and the BDI at 770 points which, excluding the brief dip in early December, represented a 22-year market low. However, fuelled by exceptional lending by State-owned banks, Chinese demand for raw materials – and in particular for iron ore – drove the BDI up by over 300% and the BHSI by over 200%. As at 3 August, the BDI stood at 3,251 points and the BHSI at US$12,107 per day net.

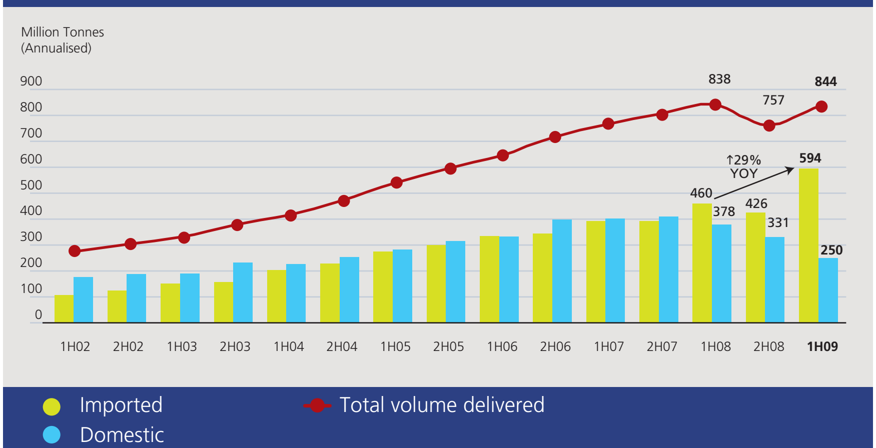
At a time when dry bulk shipping demand around much of the world remained subdued due to the economic crisis, Chinese activity was clearly the overriding freight market driver. Whilst the Chinese stimulus package has supported domestic demand for Chinese steel production since the end of 2008, the resultant strong demand for raw materials has been further increased by the substitution of cheaper imported iron ore for more expensive domestic ore, resulting in a 29% year on year increase in iron ore imports in the first half of 2009. Commodity price rebates offered by foreign minerals groups (even as battle lines were being drawn for the annual iron ore price negotiations) combined with significantly lower freight rates than prevailed in the same period last year made for a compelling reduction in the cost of sourcing higher-grade foreign raw materials. If China's domestic raw materials become cheaper than imported commodities, as now looks to be the case, then the market could turn again.

Baltic Dry Index

Source: Baltic Exchange

Familiar bottlenecks in the supply chain returned in the first half of the year as Chinese ports strained to discharge the increased numbers of capesize bulk carriers arriving with iron ore, and panamax vessels queued at Australian ports to load coal destined for China. According to shipbroker Simpson, Spence and Young, congestion in Chinese ports decreased the effective supply of capesize vessels in the market by as much as 10% in the second quarter.

Iron Ore Import Growth in China

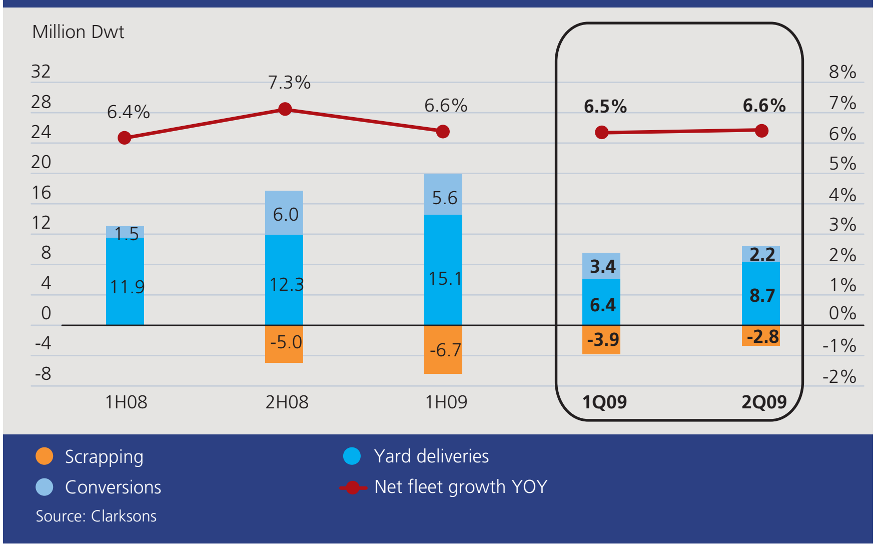


Source: Bloomberg, World Steel

Although iron ore comprises a small percentage of the cargoes shipped by Pacific Basin, demand for iron ore is considered to be a good proxy for the overall health of the dry bulk commodities market.

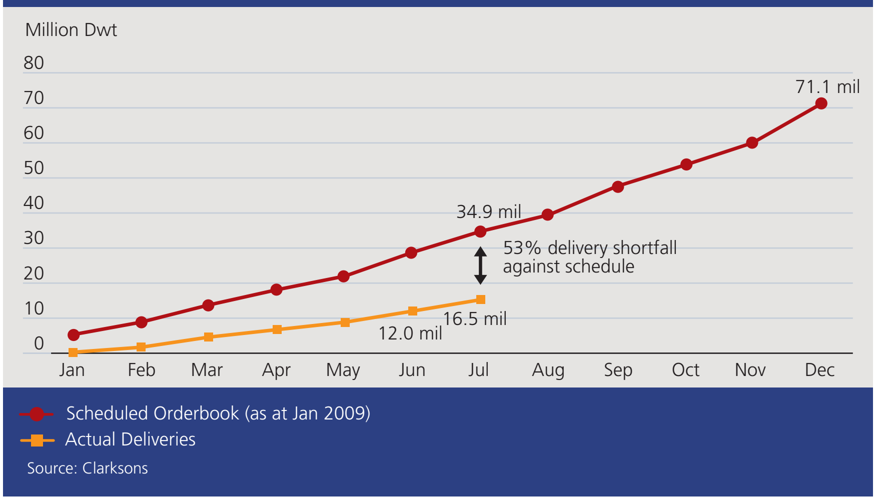
As at the end of June, the dry bulk fleet was approximately 6.6% larger than at the same time last year and 3.5% larger than at the beginning of 2009. There were significantly fewer newbuilding deliveries in the year to date than had been expected at the start of 2009: data from Clarksons suggests that under 50% of the first half 2009 scheduled orderbook actually delivered. We believe that this is due less to significant cancellations or yard bankruptcies than to many reported orders not having been fully effective. Some "orders" were, for example, options which were never exercised, or were orders for which pre-requisite refund and performance guarantees by shipyards' and shipowners' guarantors were not forthcoming. In part, the shortfall in deliveries is also due to construction delays which, combined with a larger scheduled orderbook in the second half of the year, means that we can expect the pace of deliveries to accelerate in the coming months and in 2010. Nevertheless, it is doubtful that deliveries this year will reach the approximately 70 million tonnes projected at the start of 2009, and we expect less than 50 million tonnes of new dry bulk capacity to deliver in the full year. Even if a significant portion of these newbuildings do not deliver as scheduled, it is likely that supply will still outweigh demand pushing freight rates down.

Dry Bulk Fleet Development



Source: Clarksons

Dry Bulk Fleet Deliveries 2009

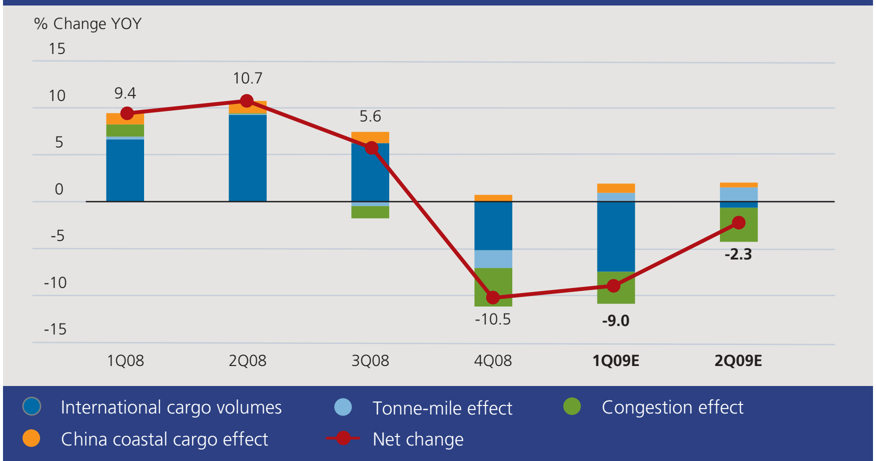


Source: Clarksons

Global dry bulk tonnage demand continued to slump during the first quarter of 2009 and then, on the back of surging Chinese raw material imports, rebounded strongly during the second quarter of the year. Demand for bulk shipping is estimated by shipbroker R.S. Platou to have contracted 9% year on year in the first quarter of 2009 and by 2.3% in the second quarter, producing an overall contraction of some 5.7%. The relatively modest contraction in the second quarter is especially impressive given the unusual strength of the second quarter of 2008 when severe port congestion compounded the effect of surging cargo volumes, pushing freight rates to all time highs. Platou's data, albeit preliminary, would seem to corroborate the significant increase that occurred in dry bulk freight rates during the second quarter of 2009.

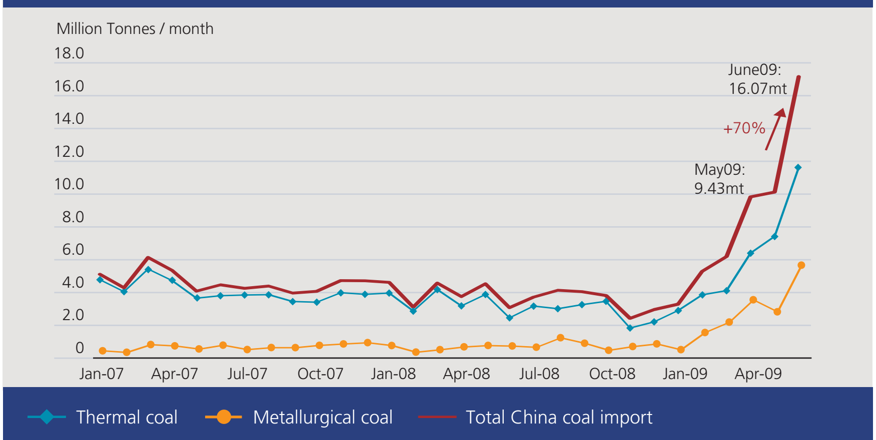
Encouraging levels of dry bulk vessel scrapping early in the year evaporated by June as freight rates increased to attractive levels, prompting owners of older tonnage to defer their demolition plans for a while longer. 1.8 million tonnes of dry bulk capacity was scrapped in January when freight rates were at their lowest in the half year, whilst only 0.3 million tonnes was scrapped in June when freight rates were at their highest during this period. The graph to the right illustrates the distinct negative correlation between dry bulk scrapping volumes and the BDI.

Dry Bulk Fleet Demand



Source: R.S. Platou July 2009

Coal Import to China



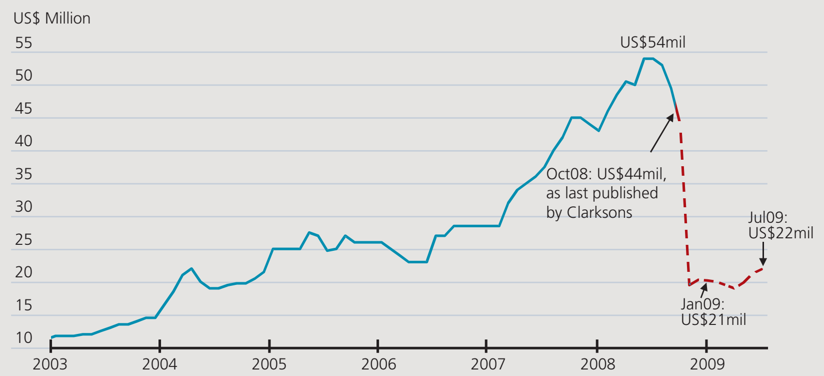
Source: Bloomberg, Macquarie

Dry Bulk Scrapping versus BDI

Source: Baltic Exchange, Clarksons

Sales and purchase activity continues to be relatively stagnant making it difficult for shipbrokers to value ships. However, Platou's estimates point to a value today of approximately US$22 million for a benchmark five-year old 28,000 dwt handysize vessel. This reflects a slight strengthening in sentiment in the half year since January when values were estimated to be US$21 million and compares favourably with the US$17.6 million average net book value of our owned handysize ships, which are on average six years old. Market values nevertheless remain approximately 60% below record values of a year ago when Clarksons estimated the value of a five-year old handysize to be in excess of US$50 million. Meanwhile handysize newbuilding resales with prompt delivery from Japanese yards are currently being marketed at approximately US$27 million but few owners are willing to contemplate either the acquisition of such vessels or the placing of new orders given the current newbuilding overhang and the uncertainty surrounding future newbuilding prices.

Handysize Vessel Values



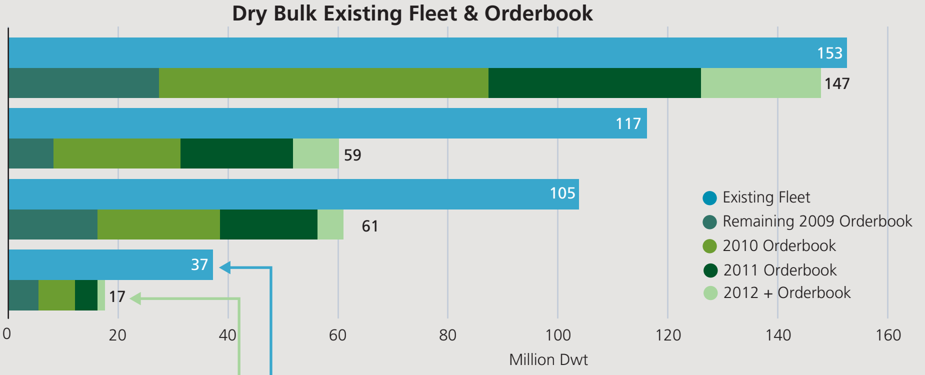
5 year old 28,000 Dwt vessel (per Clarksons) — Aggregate brokers' estimates

Source: Clarksons (up to Oct 08), Aggregate brokers' estimates (from Oct 08)

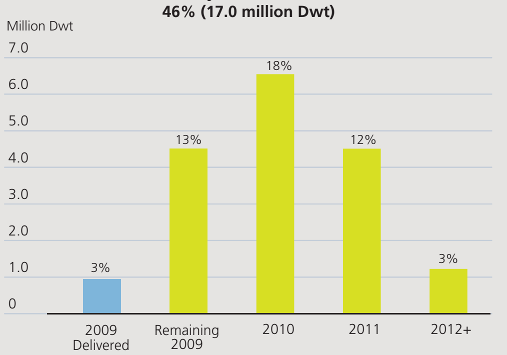
Dry Bulk Sector Orderbook Analysis

Orderbook vs Existing Fleet*	Average Age	
96%	11.5	Capesize
50%	12.1	Panamax
58%	15.5	Handymax (35,000-59,999 Dwt)
46%	17.1	Handysize (25,000-34,999 Dwt)

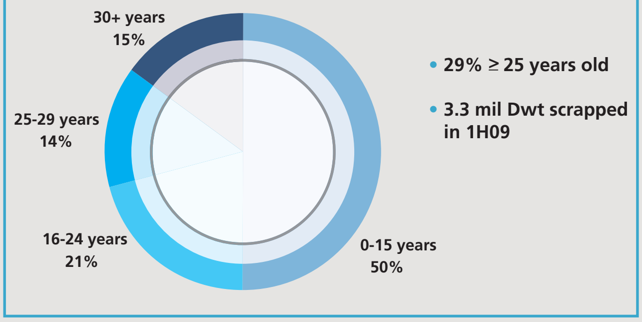
Dry Bulk Existing Fleet & Orderbook



Handysize Orderbook
46% (17.0 million Dwt)



Age Profile of Handysize Fleet
1,262 Vessels (37.2 million Dwt)



- 29% ≥ 25 years old
- 3.3 mil Dwt scrapped in 1H09

Source: Clarksons July 2009

* Dry bulk fleet is defined as dry bulk vessels over 10,000 Dwt; Handysize is defined as 25,000 – 34,999 Dwt

Business Review

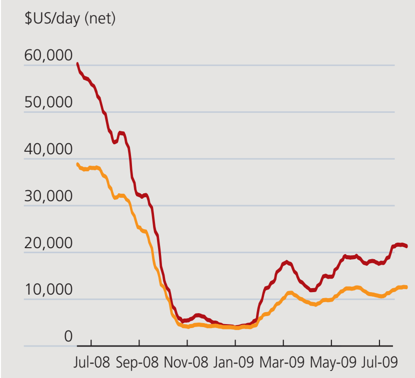
Dry Bulk Shipping

The Group's handysize and handymax dry bulk chartering activities – under the "Pacific Basin-IHC" and "Pacific Basin-IHX" brands respectively – performed well in the volatile market of the first six months of 2009. Net earnings were relatively strong, we had no counterparty default, and we secured a high level of cover for 2009 and beyond.

Both Pacific Basin-IHC and Pacific Basin-IHX make use of a full range of chartering tools including time charters, contracts of affreightment ("COAs"), spot market fixtures, and derivative instruments including forward freight agreements ("FFAs") and bunker hedges. These tools allow us to manage our exposure in response to market changes by increasing or reducing our net vessel and cargo positions. We make only limited use of FFAs (substantially all of which are executed via leading banks) to help us hedge our forward book of physical ships and cargoes; our current net FFA cover represents approximately 5% of our handysize revenue days and 1% of our handymax revenue days in 2009.

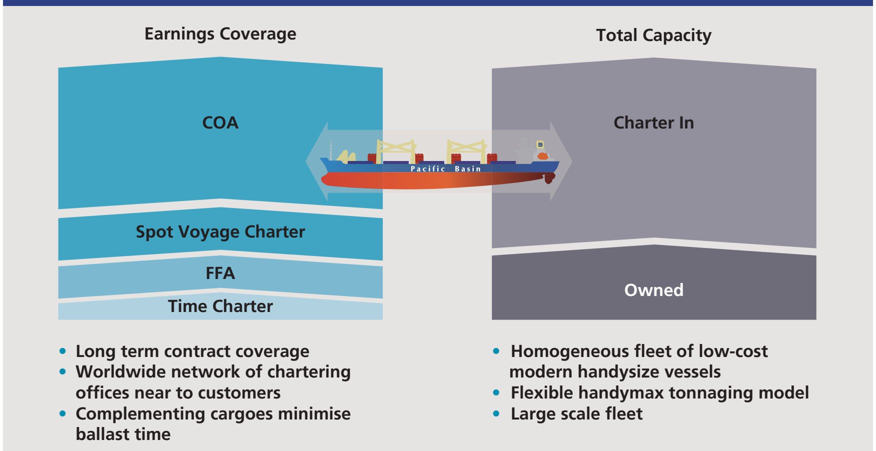
The Pacific Basin-IHC fleet is one of the largest handysize fleets in the world and Pacific Basin-IHX continues to elevate its profile among the top 10 handymax operators. The combined fleets (excluding newbuildings on order) comprise 102 owned or chartered, generally modern vessels and enable us to provide our customers with a professional, high-quality, reliable service at competitive freight rates, enhanced by round-the-clock support from experienced freight and operations professionals in eight chartering offices (out of a total 22 Pacific Basin offices) around the world. The current difficult freight market conditions continue to expose many financially struggling shipping companies, who will have no future if market conditions deteriorate sufficiently. In contrast Pacific Basin's robust, visible balance sheet combined with a large-scale, modern fleet reassures our customers and our counterparties of our ability to perform short, medium and long term commitments.

Baltic Handysize Index (BHSI) versus Baltic Supramax Index (BSI)



Source: Baltic Exchange

Pacific Basin's Dry Bulk Business Model



Handysize

Pacific Basin-IHC made a net profit in the first half of 2009 of US$52.1 million (2008: US$226.1 million) on net earnings of US$13,610 per day over 12,460 handysize revenue days. This contribution excludes a total net gain of US$11.2 million from the unrealised mark to market value of derivatives, reflecting a gain of US$30 million in respect of bunker derivatives (which we use to hedge the cost of our forward fuel purchases) and a loss of US$18.8 million in respect of unrealised forward freight agreements. Our net earnings of US$13,610 per day (2008: US$32,460) were some 57% in excess of handysize spot rates (as reflected by the BHSI), which averaged US$8,638 per day net (2008: US$36,579) over the same period.

In line with our view of an increasingly challenging market, we have secured a higher level of forward cargo cover than ever before for the current and following year. As at 27 July, we had covered 89% of our contracted 23,560 handysize revenue days for 2009 at an average daily rate of about US$14,280. Furthermore, we had covered 45% of our contracted

The following table sets out our handysize revenue days and cover in 2009 and 2010 as at 27 July 2009:

Handysize Vessel Activity Summary	Unit	FY 2009	FY 2010
Cargo Commitments			
Revenue days	days	20,030	7,650
Net paper contracts	days	1,000	820
Equivalent revenue days	days	21,030	8,470
Daily TCE	US$	14,280	–
Ship Commitments			
Revenue days	days	23,560	18,860
Net Position			
Cargo as % of ship commitments	%	89%	45%

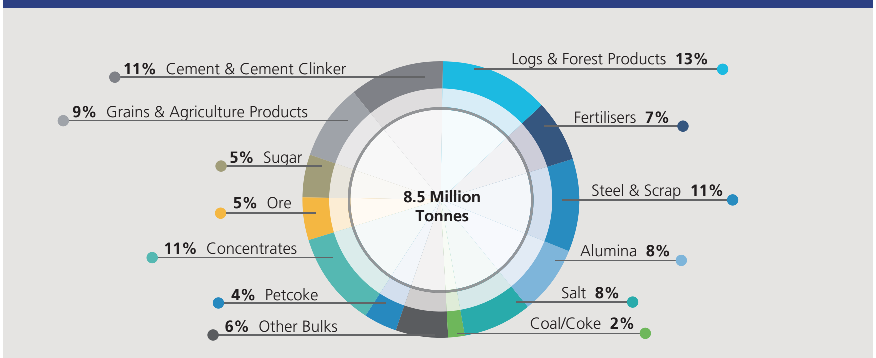
Handysize FFA Activity Summary	Unit	FY 2009	FY 2010
FFA paper sold	days	2,540	820
FFA paper bought	days	(260)	–
Net realised paper exposure	days	(1,280)	–
Net FFA paper sold	days	1,000	820

18,860 handysize revenue days in 2010 at rates comparable with our 2009 cover rates. We continue to make good progress in building our cargo cover for 2010 and beyond, whilst preferring to employ shorter-term chartered tonnage so as to limit our exposure to the anticipated lower market.

During the first six months of 2009 our handysize fleet carried 8.5 million tonnes of cargo (2008: 9.9 million). Whilst we carry a diverse range of commodities which helps us manage our product risk, our top five commodities (accounting for 55% of our handysize volumes) during the period were logs and forestry products, steel (including scrap metal), metal concentrates, cement/clinker, and grains and agriculture products. The majority of our ships trade in the Pacific with Australia and China the most frequently visited regions (29% of all our handysize volumes were loaded in Australia, and we discharged 25% of our volumes in China), although our fleet was also active in the Atlantic.

Handysize Contract Cover & Daily TCE

Pacific Basin-IHC Cargo Volume 1H 2009



Handymax

Pacific Basin-IHX made a net profit in the first half of 2009 of US$11.5 million (2008: US$36.6 million) on net earnings of US$19,840 per day over 5,150 handymax revenue days. This contribution excludes a total net gain of US$0.9 million from the unrealised mark to market value of derivatives, reflecting a gain of US$13.3 million in respect of bunker derivatives (which we use to hedge the cost of our forward fuel purchases) and a loss of US$12.4 million in respect of unrealised forward freight agreements.

As with Pacific Basin-IHC, Pacific Basin-IHX secured a high level of cargo cover during the first half of 2009. As of 27 July 2009, we had covered 100% of our contracted 8,660 handymax revenue days for 2009 at an average daily rate of about US$20,290. Furthermore, we had covered 116% of our contracted 1,760 handymax revenue days in 2010. We continue to make good progress in building cargo cover for 2011 and beyond, whilst preferring to employ shorter-term chartered tonnage so as to limit our exposure to the anticipated lower market ahead.

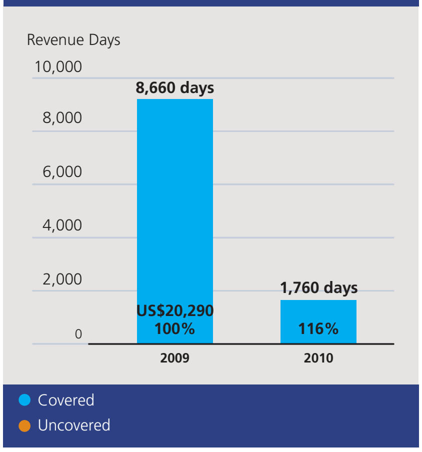
The following table sets out our handymax revenue days and cover in 2009 and 2010 as at 27 July 2009:

Handymax Vessel Activity Summary	Unit	FY 2009	FY 2010
Cargo Commitments			
Revenue days	days	8,540	1,450
Net paper contracts	days	100	590
Equivalent revenue days	days	8,640	2,040
Daily TCE	US$	20,290	–
Ship Commitments			
Revenue days	days	8,660	1,760
Net Position			
Cargo as % of ship commitments	%	100%	116%

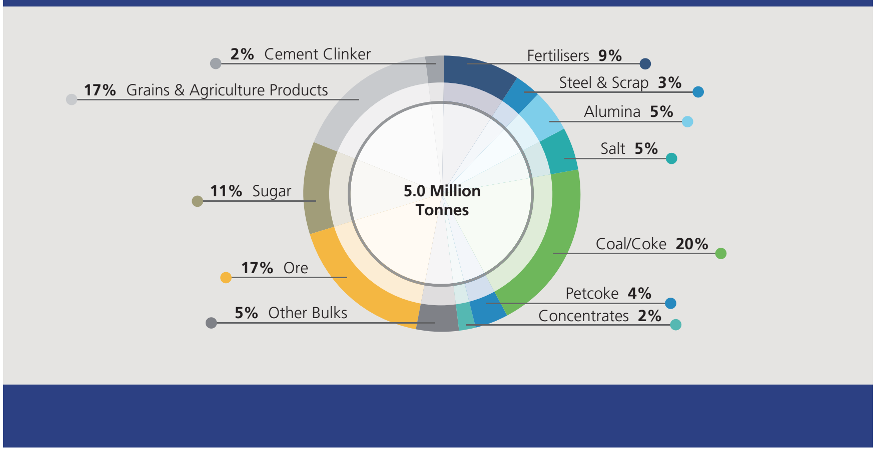
Handymax FFA Activity Summary	Unit	FY 2009	FY 2010
FFA paper sold	days	1,860	770
FFA paper bought	days	(1,400)	(180)
Net realised paper exposure	days	(360)	–
Net FFA paper sold	days	100	590

During the first six months of 2009 our handymax fleet carried 5.0 million tonnes of cargo (2008: 5.7 million), somewhat less than in the same period last year. This drop in volume was primarily due to large freight differentials between the Pacific and Atlantic oceans, making it often more profitable to carry cargoes requiring long ballast voyages. Our top five commodities (accounting for 74% of our handymax volumes) during the period were coal/coke, ores, grains and agriculture products, sugar and fertilisers. Our main customers are large commodity, industrial and mining groups and we moved approximately 47% of our cargo volumes within the Atlantic and 53% within the Pacific. Our primary load

Handymax Contract Cover & Daily TCE



Pacific Basin-IHX Cargo Volume 1H 2009



areas are the resource rich regions of Australia, the United States' west coast and India. Over 20% of our volumes was discharged in China, as compared to 16% in the same period of 2008.

Pacific Basin-IHX has performed well in its fourth year. COA customers value Pacific Basin-IHX's market presence, its uniform and stable fleet size, and its established handymax staff around the world. Customers also much prefer the services of blue-chip owners and operators like Pacific Basin who can be relied on to perform future contractual commitments.

Post Panamax

The Group's two post panamax bulk carriers remain set to deliver in 2011. Our exposure to the large bulk carrier market in respect of these two vessels is covered by a 15-year charter to leading Chinese power company China Huaneng Group and a 10-year charter to another blue-chip counterparty.

Towage

PB Towage made a net profit in the first half of 2009 of US$1.6 million (2008: US$5.8 million loss). The division has continued to grow its harbour and offshore towage business substantially during the last six months with its fleet now comprising 19 tugs, six barges and, in a joint venture, one bunker (fuel) tanker across three main subsidiaries. We have another nine tugs on order and, to fulfil the requirements of our growing number of customers, are looking to expand further our fleet of harbour tugs and utility vessels through second hand vessel, corporate and further newbuilding acquisitions.

In May 2009, we entered into a joint venture to provide a consortium of oil majors (Chevron, Exxon Mobil and Shell) with towage logistics services to support their "Gorgon Project", the development of a major new gas field offshore Western Australia. PB Towage expects to deploy a number of tugs and utility vessels to service this project over a period of at least three years. This project, with an announced revenue value to the joint venture of A$350 million, provides PB Towage a coveted entry point to the burgeoning Australian offshore oil and gas sector, whilst providing long term employment cover for a number of vessels to complement our existing short term project towage activities.

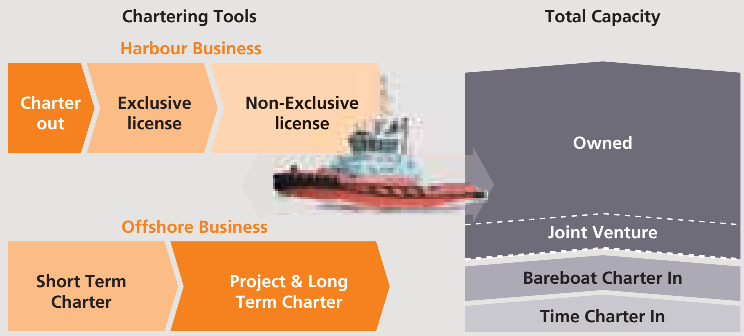
Our harbour towage operations in Australia have been more affected than our offshore business by the economic downturn and subsequent reduced sea-borne trade, particularly in the container shipping sector. In order to reduce the volatility of earnings from our open market harbour towage business, we have recently secured long term fixed-income contracts in bulk ports in Western Australia and Queensland.

The PB Towage Australia tugs, "PB Murray" and "PB Darling", which operate in Port Botany, Australia

In June 2009, we acquired the outstanding minority interests in PB Towage Australia, our Australian subsidiary, thus increasing our holding in the company to 100%.

PB Towage continues to service the tonnage requirements of Fujairah Bulk Shipping – our joint venture in the UAE – with the deployment of three tugs and two barges to transport aggregates in the Arabian Gulf. We have also begun to deploy vessels in the offshore oil and gas construction sector in the Middle East and India, regions which, despite high barriers to entry, show particularly attractive growth potential.

Pacific Basin's Towage Business Model



- Flexible
- Diversified end users including miners, port authorities, charterers and port-users

Roll On Roll Off ("RoRo") Vessels

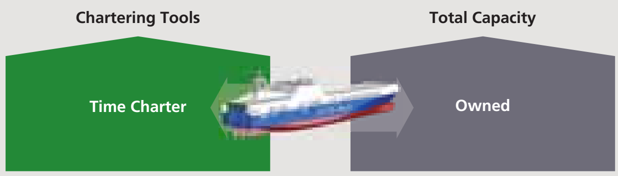
Our RoRo business is expected to generate its first revenues from mid-September 2009. As previously reported, we have secured a three-year fixture to a blue-chip counterparty for our first RoRo vessel which delivers from the Odense Steel Shipyard this September. In light of the current weakness in the RoRo market, we have negotiated the deferred delivery of our remaining three RoRo newbuildings from this shipyard into 2011. As part of this agreement, we have made early payment of 10% of the contract price, but we benefit from a corresponding reduction in – and deferral of – the final payments. The total consideration for these ships therefore remains unchanged.

Our two chartered-in Korean-built RoRo newbuildings, for which we hold purchase options, remain scheduled to deliver in the second half of 2010. As a result of the negotiated postponement of deliveries from Odense, we now benefit from a more gradual exposure to the RoRo market, with one vessel delivering in 2009 (fixed), two scheduled to deliver in the second half of 2010, and three in 2011.

We are examining a number of potential employment opportunities both within and outside Europe. The RoRo market continues to enjoy attractive longer-term prospects on account of the fleet's age profile, relatively small orderbook, and the European Union's restated commitment to its "Motorways of the Sea" transport policy.

Pacific Basin's RoRo Business Model

- Maximising long term income through flexible approach to charterers' requirements



- Providing modern efficient tonnage backed by technical and operational expertise in the RoRo sector
- Excellent fuel economics offering strong upside value in event of higher oil prices

Other Operations

Fujairah Bulk Shipping continues to develop well and has grown its organisation significantly in the last six months. The joint venture currently employs over 600 staff and has one of the largest fleets of heavy equipment in the UAE. In the first six months of 2009, FBSL began work on a land reclamation project for the Municipality of Fujairah requiring the quarrying and transport of approximately 54 million tonnes of aggregates for an industrial site in northern Fujairah. The project is currently ahead of schedule and FBSL expects to deliver the aggregates on budget and on time by the end of 2011. Successful, on time completion of this project is likely to lead to FBSL taking on additional similar projects in the future.

Like the rest of the world, the Gulf region has been affected by the financial and economic crisis and overall project development has slowed. Nevertheless, we are still seeing healthy activity and expect FBSL to continue to grow despite the challenging economic environment.

PB Maritime Services provides technical management and crewing services, giving the highest priority to safety and the environment followed by tight control of ship operating expenses and minimisation of vessel downtime. PB Maritime Services' broad marine management capability, in combination with the Group's commercial, financial and other expertise, enables us to offer effective, high-quality support to clients requiring asset management solutions in the current difficult environment. These comprehensive services are marketed under the "PB Maritime Solutions" banner.

Quarrying and land reclamation project in Fujairah

PacMarine Services, our marine consultancy and surveying business, has experienced an 8.5% YoY increase in ship inspections. Now one of the largest independent tanker vetting companies in the world, PacMarine plans to expand its operations into Japan, South America and the United States' east coast in the latter half of 2009.

The Nanjing Longtan Tianyu Terminal in which we hold a 45% interest continues to develop its cargo handling volumes largely in line with our original expectations. Having handled over 1.2 million tonnes in 2008 (its first year of operations), the terminal handled revenue throughput of 1.0 million tonnes of bulk and general cargo in the first half of 2009.

Fleet Development

During the first half of 2009 we took delivery of three owned dry bulk newbuildings which had been ordered in 2006 and early 2007, and we completed the sale of four dry bulk vessels and the sale and charter back of another two vessels. In addition, we took delivery of three tugs and, in a joint venture, one bunker tanker. Following these newbuilding deliveries, the Group was left with total remaining non-cancellable vessel commitments of US$305 million as at 30 June 2009. A table detailing our fleet development during the first half of 2009 can be found in the Investor Relations section of our website.

Between 30 June and 31 July 2009, we took delivery of one further handysize newbuilding and contracted for two newbuilding tugs.

As at 31 July 2009, our fleet of 150 vessels (including newbuildings) comprised 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. A table summarising our fleet composition appears on the Fleet Profile page at the back of this report.

Richard Hext

Richard M. Hext
Chief Executive Officer
Hong Kong, 11 August 2009

PB Towage Australia crew member, operating a fire-fighting monitor aboard "PB Darling"

Our environmental efforts are focused on **ships' emissions, waste disposal, and potential inadvertent oil pollution**

We have also implemented practices in our offices which reflect a similar commitment to **protecting the environment** ashore as we demonstrate at sea

Each of us at Pacific Basin believes that **even small group-wide and individual contributions make a difference**

Environment

Protection of the environment and safety are the highest priorities of Pacific Basin's fleet management team.

We have the advantage of owning and operating one of the youngest handy bulk fleets in the world, which means that our average ship consumes less fuel and produces less emissions per tonne-mile than the average vessel in this sector, but this does not exempt us from striving for continual, further improvement in our performance. Our fleet management team is very focused on minimising Pacific Basin's impact on the environment, and our fleet-related environmental efforts can be broadly summarised as follows:

- We collect and track as much data as possible about our ships' discharges and emissions, including carbon dioxide (CO_2), sulphur oxides (SOx), nitrogen oxides (NOx), and operational and household wastes;
- We continually reassess our existing operational practices to minimise such output;
- We have permanently adopted across our owned fleet certain technical improvements which, through in-house trials, have been proven to reduce our impact on the environment primarily by increasing fuel efficiency and reducing emissions;
- We have eliminated garbage disposal at sea through the installation of garbage compactors, and we have reduced the risk of inadvertent pollution through contaminated bilge water by modifying the oily water separators on our owned vessels; and
- We continually assess the practicality and merits of various new technologies and practices that could further reduce our fleet's emissions, many of which need further development and testing before we can consider them seriously for our ships.

We have also implemented a range of practices in our offices which reflect a similar commitment to protecting the environment ashore as we demonstrate at sea. These relate mainly to a reduction in the consumption of electricity, water and materials, and the recycling of much of our office waste.

Many of the initiatives that we pursue at sea and on land go well beyond what is required of us under law. Some make only a relatively modest positive impact on the environment, but each of us at Pacific Basin believes that even small group-wide and individual contributions make a difference. And the majority of our environmental efforts have also been proven to make good business sense.

The use of propeller boss cap fins increases the fuel efficiency of our owned ships

Net Profit was **US$75 million**

Underlying profit was **US$57 million** before the write back of onerous contract provision for future periods, unrealised derivative net income, and vessel disposal losses

Total assets increased 3% to **US$2,406 million**

Cash increased 11% to **US$1,141 million**. Net cash increased 78% to **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

Financial Review

This year sees the adoption of the new accounting standard HKFRS 8 "Operating Segments", which provides a clearer analysis of the Group's performance.

During the six months ended 30 June 2009, revenue was down 53.2% to US$425.9 million (2008: US$909.9 million). Gross profit was US$85.9 million (2008: US$328.6 million), down 73.9%.

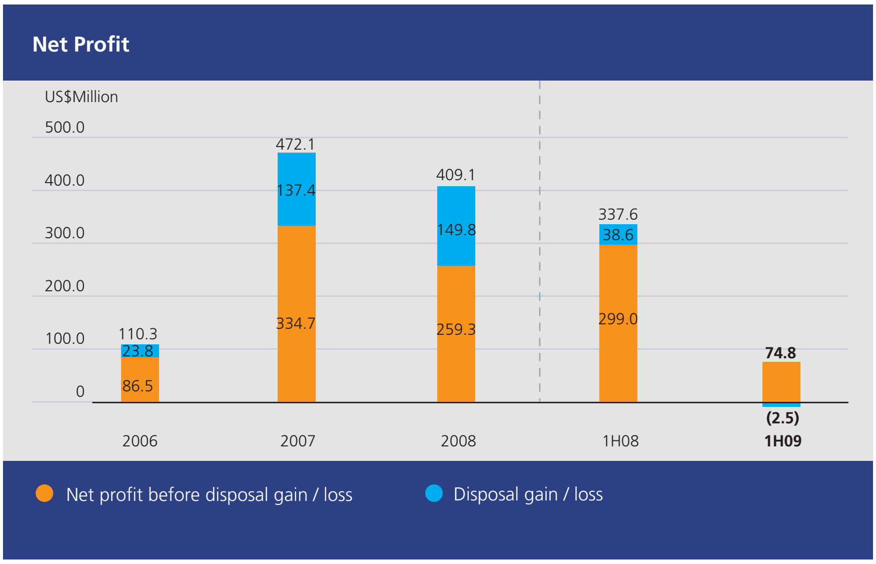
Profit attributable to shareholders was US$74.8 million (2008: US$337.6 million). Profit was down 77.8% from the comparative period mainly due to a decrease in daily charter rates of the dry bulk vessels, balanced by lower blended vessel daily operating costs.

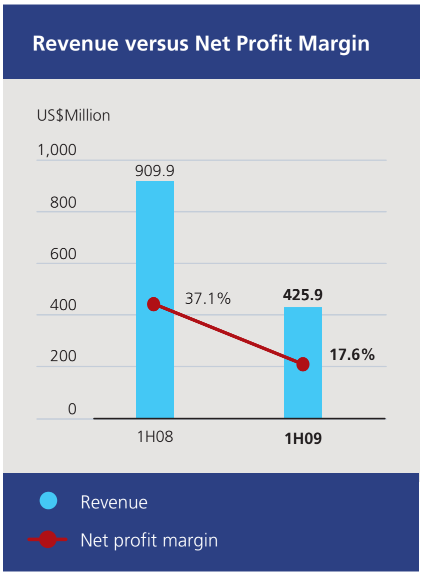
The underlying profit in the period was US$56.8 million (2008: US$255.8 million), and the Group's performance was improved overall by:

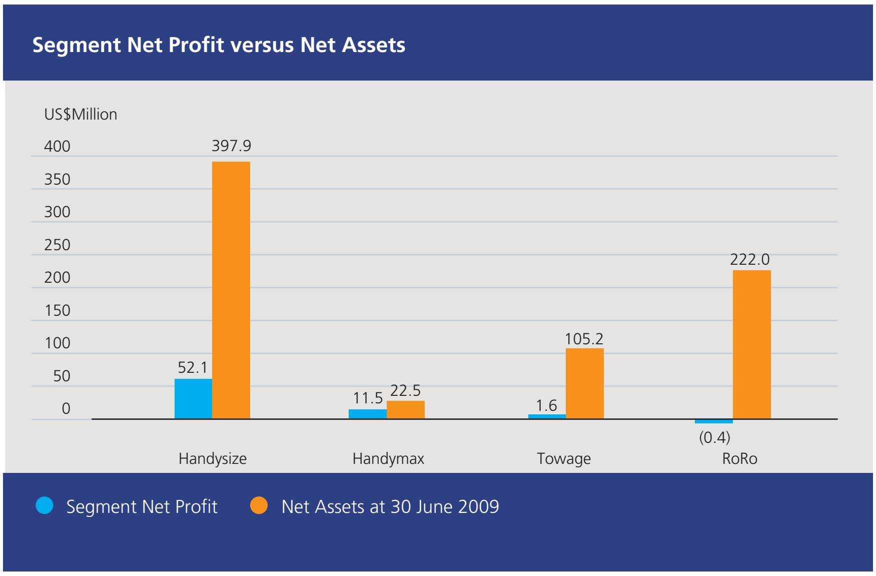
(i) a US$5.5 million provision write-back of onerous contracts relating to future periods, reflecting higher achieved and expected earnings for time charter contracts as compared to that expected at the end of 2008; and

(ii) the inclusion of US$15.0 million (2008: US$43.2 million) of net unrealised derivative non cash income mainly from bunker swap contracts; offset by

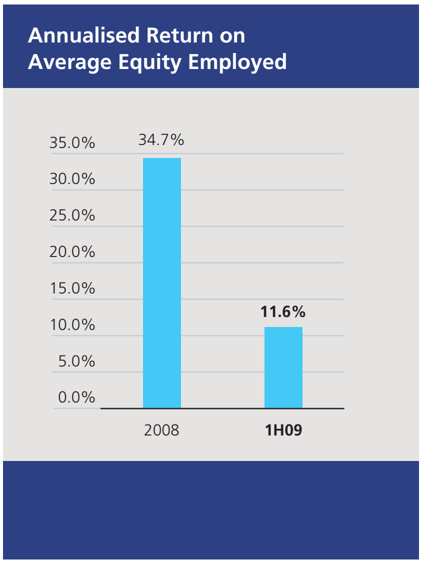
(iii) US$2.5 million of vessel disposal losses.







Annualised return on average equity of US$1,284.7 million (FY 2008: US$1,179.5 million) was 11.6% (FY 2008: 34.7%).



The Group derives its revenue primarily from the provision of shipping services which management analyses in three reporting segments: dry bulk (further split into handysize and handymax); towage; and Roll on Roll off ("RoRo").

During the six months ended 30 June 2009, dry bulk and towage generated US$70.7 million and US$4.0 million of segment gross profits, whilst RoRo incurred expenses of US$0.4 million (no RoRo revenue will be generated until the first vessel delivers in September 2009). Together, these divisions represented 95.2% of total segment gross profits. Dry bulk continues to dominate the Group's activities.

The following pages provide further analysis of the results of the Group with a review of gross profits by segment followed by a review of other items in the income statement along with other financial information.

Dry Bulk Segment Gross Profit

Income

The Group's dry bulk fleet generated US$411.6 million (2008: US$880.8 million) or 92.5% (2008: 97.9%) of total segment revenue. The handysize and the handymax vessels generated US$169.6 million (2008: US$406.8 million) and US$105.4 million (2008: US$260.0 million) in terms of time charter equivalent earnings respectively.

The following table summarises the change in time charter equivalent earnings:

US$ Million	Handysize	Handymax	Total
During the six months ended 30 June 2008	406.8	260.0	666.8
Change in revenue days	(0.8)	(3.7)	(4.5)
Change in daily charter rates	(236.4)	(150.9)	(387.3)
During the six months ended 30 June 2009	**169.6**	**105.4**	**275.0**

The following table shows the handysize and handymax operating performance during the period:

	Six months ended 30 June		
	2009	2008	% change
Handysize			
Revenue days	**12,460**	12,480	–
Daily charter rates (US$)	**13,610**	32,580	–58%
Daily vessel operating costs (US$)	**9,380**	14,470	–35%
Handymax			
Revenue days	**5,150**	5,210	–1%
Daily charter rates (US$)	**19,840**	49,150	–60%
Daily vessel operating costs (US$)	**17,580**	41,980	–58%

Note 1: Vessel operating costs include the write-back of the provision for time charter contracts for periods which lapsed during the six months ended 30 June 2009 but exclude the write-back of the provision relating to future periods.

Note 2: Handymax performance excludes two vessels which are on long term charter at a daily rate of US$8,460 and for which the daily vessel operating cost is US$8,530.

Direct Costs

The Group's dry bulk fleets incurred US$204.3 million (2008: US$395.4 million) or 89.3% (2008: 95.9%) of total segment direct costs. The majority of the decrease was represented by charter-hire expenses for vessels under operating leases (after provision for onerous contracts) which decreased to US$156.2 million (2008: US$340.0 million), reflecting:

i) a 55.8% decrease in the average daily charter rate of vessels chartered by the Group under operating leases;

ii) a 3.2% rise in the average number of vessel days chartered by the Group under operating leases; and

iii) the inclusion within direct costs in 2009 and its comparative of 1,480 (2008: 940) and 2,870 (2008: 2,310) short term handysize and handymax vessel days chartered by the Pacific Basin-IHC and Pacific Basin-IHX pools respectively under operating leases. The average rates for these short term chartered vessels were US$7,700 (2008: US$34,010) and US$10,980 (2008: US$52,980) respectively. These costs were previously classified as part of "bunkers, port disbursements, other charges and amounts payable to other pool members".

Dry bulk depreciation charges decreased to US$14.9 million (2008: US$17.2 million) primarily due to a decrease in the average number of owned and finance leased vessels from 33 to 31.

Dry bulk operating costs for owned and finance leased vessels, which includes crew related, spares, lubricating oil and insurance costs, decreased slightly to US$21.9 million (2008: US$23.1 million).

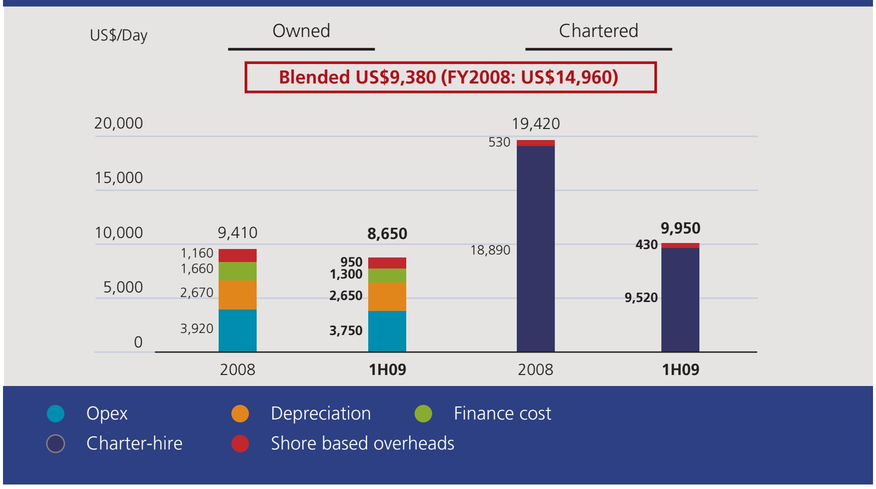
Direct costs of the Group included shore based overheads of US$20.5 million (2008: US$25.5 million), of which US$11.3 million (2008: US$15.0 million) was attributable to the dry bulk division. Shore based overheads represented the Group's shore based staff costs, office and related expenses directly attributable to the management of the dry bulk fleet, ports, towage and maritime management services activities.

Revenue days and vessel days of our dry bulk vessels are analysed in the following table. The fleet of owned vessels experienced average annualised off-hire of 1.9 days (FY2008: 1.5 days) per vessel in the six months ended 30 June 2009.

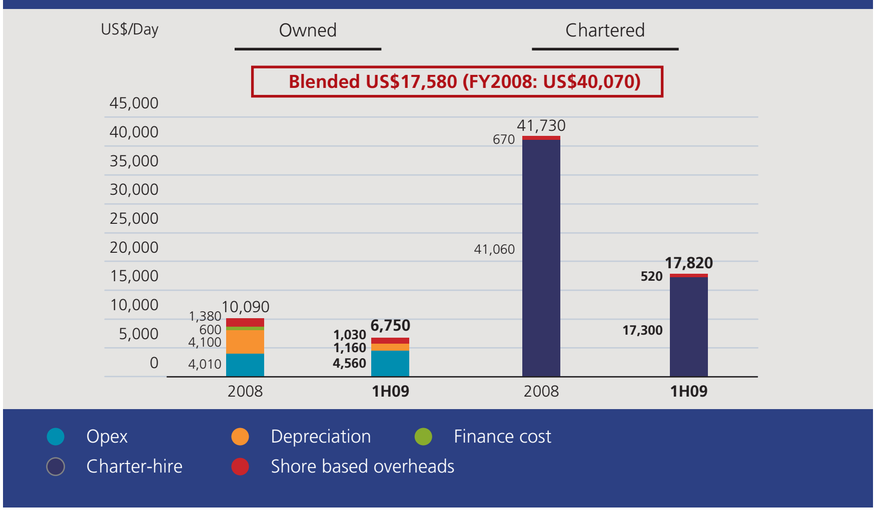
	Six months ended 30 June					
	2009			2008		
	Owned & Finance leased	Chartered	Total	Owned & Finance leased	Chartered	Total
Handysize						
Vessel days	**5,490**	**7,040**	**12,530**	5,710	6,840	12,550
Drydocking	**(50)**	**–**	**(50)**	(40)	–	(40)
Off-hire	**(20)**	**–**	**(20)**	(30)	–	(30)
Revenue days	**5,420**	**7,040**	**12,460**	5,640	6,840	12,480
Handymax						
Vessel days	**110**	**5,050**	**5,160**	360	4,880	5,240
Drydocking	**–**	**–**	**–**	(30)	–	(30)
Off-hire	**(10)**	**–**	**(10)**	–	–	–
Revenue days	**100**	**5,050**	**5,150**	330	4,880	5,210

Blended vessel daily operating cost for handysize was US$9,380 (FY2008: US$14,960), a decrease of 37.3% over the previous year mainly due to lower charter-hire costs of vessels sourced from the market. The equivalent daily cost for handymax was US$17,580 (FY2008: US$40,070), a decrease of 56.1% over the previous year for the same reason. Blended vessel daily operating costs include shore based overheads and can be analysed between owned and chartered costs as follows:

Handysize Vessel Daily Operating Costs



Handymax Vessel Daily Operating Costs



"Port Pegasus" (a PB handysize vessel) and "Yarra" (a PB tug) in Port of Melbourne

Towage Segment Gross Profit

The Group's towage business continues to seek growth opportunities and expanded into harbour towage, offshore supply and project businesses. Its fleet of tugs and barges grew from 20 to 25 during the period.

Towage generated US$24.7 million (2008: US$8.6 million) or 5.5% (2008: 1.0%) of total segment revenue.

It incurred US$19.2 million (2008: US$7.4 million) of direct costs, which mainly comprised vessel operating costs, depreciation charges and shore based overheads of US$11.3 million (2008: US$5.5 million), US$3.0 million (2008: US$0.8 million) and US$3.9 million (2008: US$1.0 million) respectively.

These increases in revenue and direct costs are in line with the expansion of the Group's towage business since the start of 2009.

During the period, the Group acquired all of the minority shareholding of PB Towage Australia, a business providing harbour towage services in Australia, thus increasing our holding to 100%, and incurred US$0.5 million of transaction related costs.

Losses on Disposal of Property, Plant and Equipment

The Group's losses on disposal of property, plant and equipment totalled US$2.5 million (2008: gains of US$38.6 million). The Group disposed of a total of five vessels of which two were leased back. An additional vessel was sold and accounted for in the share of profits less losses of jointly controlled entities. Proceeds from these sales of US$105.2 million were used to repay associated debt facilities of US$43.8 million, to fund investments and to increase general working capital. In accordance with HKAS 17 "Leases", operating lease accounting has been adopted for these sale and lease back transactions with the vessels being treated as sold, the gains or losses on disposal being recognised immediately on completion, and subsequent charter-hire payments being recognised as expenses.

Other Income

Movements in the fair value of receipts from forward freight agreements amounted to US$32.3 million (2008: US$10.8 million).

During the period, the Group repurchased at a discount some of its convertible bonds with an aggregate face value of US$10.3 million, realising a gain for the Group of US$1.5 million.

During 2008, the Group made a provision of US$53.9 million for time charter contracts substantially expiring in a three year period and whose charter rates were higher than the expected earnings for the remaining charter periods. Included in this was an amount of US$16.5 million for the portion of time charter contracts which lapsed during the six months ended 30 June 2009. This has been written back to the income statement and shown in the dry bulk segment results. In addition, the Group wrote back US$5.5 million of provisions for time charter contracts for future periods due to the increase in the economic benefits expected to be received from these contracts, however, this is not allocated to a segment result as it relates to future periods. In aggregate, there was an overall reduction in the time charter contract provision of US$22.0 million.

Other Expenses

Movements in the fair value of payments for forward freight agreements amounted to US$44.6 million (2008: US$22.5 million). Taking into account the movements in fair value of receipts of US$32.3 million included in other income above, the net movement in the fair value of forward freight agreements was an expense of US$12.3 million (2008: US$11.7 million).

General and Administrative Expenses

The Group's total administrative expenses of US$27.1 million (2008: US$36.6 million) are split between direct expenses for our shore based overheads of US$20.5 million (2008: US$25.5 million) and general and administrative expenses of US$6.6 million (2008: US$11.1 million). The decrease was a result of our cost reduction exercises carried out at the end of 2008 and during the period including the decrease in the number of staff who were engaged in maritime management services activities.

Total administrative expenses as a percentage of revenue increased from 3.9% to 6.4%. The number of full time shore based staff per owned, chartered and managed vessel decreased slightly from 2.5 to 2.4. This excludes the staff who are engaged in ports, towage and maritime management services activities.

Share of Profits Less Losses of Jointly Controlled Entities

The Group's share of profits less losses of jointly controlled entities totalled US$1.4 million (2008: US$2.9 million). This mainly represented:

(i) the Group's share of US$1.4 million (2008: US$1.4 million) in Fujairah Bulk Shipping L.L.C., a joint venture with the Government of Fujairah involved in the production, supply and transportation of aggregates in the Middle East;

(ii) the share of results from the sale of the vessel "Captain Corelli" of US$1.3 million (2008: US$2.8 million); and

(iii) the share of losses of US$1.4 million (2008: US$1.6 million) in Longtan Tianyu Terminal Co. Ltd, a business involved in the operation of a dry bulk and general cargo terminal in Nanjing that formally commenced operations in February 2008.

Finance Income

Finance income of US$7.5 million (2008: US$14.0 million) represented primarily US$7.0 million (2008: US$9.9 million) of bank interest income and the drop was in line with the reduction in deposit rates.

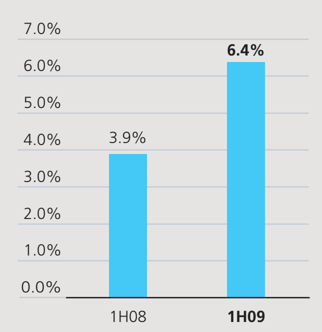
Financing

Finance costs of US$17.1 million (2008: US$21.0 million) included interest payments of US$3.0 million (2008: US$0.5 million) in relation to bank borrowings used to finance the Group's owned vessels, finance charges of US$7.1 million (2008: US$9.5 million) in relation to vessels under finance lease arrangements and interest expenses of US$8.1 million (2008: US$9.9 million) in relation to convertible bonds issued by the Group.

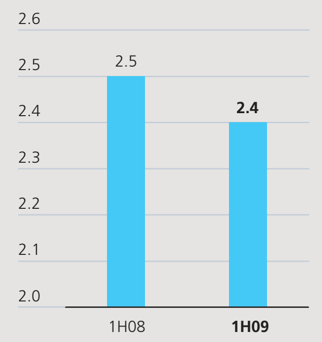
Financing – Interest Payments on Bank Borrowings

The US$2.5 million increase in interest payments on bank borrowings to US$3.0 million was primarily due to the increase in the average bank borrowings outstanding to US$333.9 million (2008: US$20.0 million). Bank borrowings are subject to floating interest rates but the Group manages these exposures by way of interest rate swap contracts. The average interest rate before hedging on bank borrowings was approximately 1.8% (2008: 5.4%).

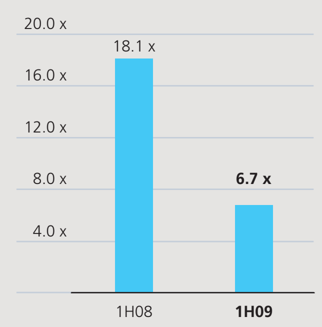
Administrative Expenses as a Percentage of Revenue



Number of Full Time Shore Based Staff per Vessel



Interest Coverage



Financing – Finance Charges

Finance charges of US$7.1 million (2008: US$9.5 million) represented interest payments on the Group's finance leased vessels. Aggregate current and long term finance lease liabilities at 30 June 2009 were US$206.5 million. The fixed equal quarterly charter-hire payments are accounted for as a combination of repayments of finance lease liabilities in 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 average interest rate on finance leases was approximately 6.8% (2008: 6.8%).

Financing – Interest Expenses on Convertible Bonds

In December 2007, the Group issued US$390 million, 3.3% per annum coupon, guaranteed convertible bonds maturing in 2013. During the period, the Group further repurchased its convertible bonds with an aggregate face value of US$10.3 million, in addition to the repurchases in 2008 of US$65.8 million. After these transactions, convertible bonds with a face value of US$314.0 million remain outstanding at 30 June 2009. Interest expenses of US$8.1 million (2008: US$9.9 million) represented the bonds' effective 5.7% interest rate.

Tax

Shipping income from international trade is either not subject to or exempt from taxation according to the tax regulation 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.

Cashflow

At 30 June 2009, the Group had net working capital of US$1,088.1 million. The primary sources of liquidity comprised cash and bank balances of US$1,140.8 million (principally denominated in US dollars) and unutilised committed and secured bank borrowing facilities of US$4.8 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.

US$ million	Six months ended 30 June **2009**	2008
Net cash from operating activities	**60.5**	284.2
Purchase of property, plant and equipment and assets held for sale	**(171.4)**	(201.2)
Disposal of property, plant and equipment and assets held for sale	**105.2**	80.6
Payment for available-for-sale financial assets	**–**	(40.3)
Investment in jointly controlled entities	**–**	(17.3)
Net repayment of loans to jointly controlled entities	**25.0**	–
Dividends received from jointly controlled entities	**15.2**	–
Net receipts from forward foreign exchange contracts	**17.3**	–
(Decrease)/increase in restricted and pledged bank deposits	**13.3**	(34.1)
Others	**8.8**	(5.2)
Net cash (used in)/from investing activities	**13.4**	(217.5)
Proceeds from shares issued upon placing of new shares, net of issuing expenses	**97.1**	271.0
Net repayment of borrowings	**(6.9)**	–
Repayment of finance lease payables capital element	**(6.9)**	(51.6)
Payment for repurchase and cancellation of convertible bonds	**(8.6)**	–
Interest and other finance charges paid	**(16.9)**	(10.7)
Dividends paid to shareholders of the Company	**–**	(152.8)
Others	**(1.3)**	(1.9)
Net cash from financing activities	**56.5**	54.0
Cash and bank deposits at 30 June	**1,140.8**	804.3

Financial Instruments

The Group is exposed to fluctuations in interest rates, bunker prices, freight rates and foreign currencies in relation to contracts designated in foreign currencies. The Group manages these exposures by way of:
(i) interest rate swap contracts;
(ii) bunker swap contracts;
(iii) forward freight agreements; and
(iv) forward foreign exchange contracts.

At 30 June 2009, 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.

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 exactly coincide with the periods of the physical contracts. Terms of one of the interest rate swap contracts also did not qualify it for hedge accounting.

Income or expenses arising from a change in the fair value of these contracts were recognised in the income statement under
(i) finance costs for interest rate swap contracts;
(ii) bunkers, port disbursements and other charges under direct costs for bunker swap contracts; and
(iii) other income and other expenses for forward freight agreements.

The application of HKAS 39 "Financial Instruments: Recognition and Measurement" has the effect of shifting the estimated results of these future contracts into the current period, which in 2009 created a net unrealised non-cash income of US$15.0 million, whereas the cash flows of these contracts will occur in future reporting periods.

During the six months ended 30 June 2009, the Group recognised net realised derivative income of US$7.1 million in segment results, attributable to the division to which the underlying contract relates. The Group also recognised net unrealised derivative income of US$15.0 million in the segment results as "unallocated-others". This resulted in a total income for the period of US$22.1 million. These are further analysed as follows:

			Six months ended 30 June	
US$ Million	Realised	Unrealised	2009	2008
Income				
Interest rate swap contracts	**–**	**2.9**	**2.9**	–
Bunker swap contracts	**0.3**	**43.4**	**43.7**	60.2
Forward freight agreements	**25.1**	**7.2**	**32.3**	10.8
	25.4	**53.5**	**78.9**	71.0
Expenses				
Interest rate swap contracts	**(1.5)**	**–**	**(1.5)**	(0.6)
Bunker swap contracts	**(10.7)**	**–**	**(10.7)**	(5.3)
Forward freight agreements	**(6.1)**	**(38.5)**	**(44.6)**	(22.5)
	(18.3)	**(38.5)**	**(56.8)**	(28.4)
Net				
Interest rate swap contracts	**(1.5)**	**2.9**	**1.4**	(0.6)
Bunker swap contracts	**(10.4)**	**43.4**	**33.0**	54.9
Forward freight agreements	**19.0**	**(31.3)**	**(12.3)**	(11.7)
	7.1	**15.0**	**22.1**	42.6

Indebtedness

The indebtedness of the Group at period end, principally denominated in US dollars, comprised finance lease liabilities of US$206.5 million, bank borrowings of US$329.7 million and the debt component of the Group's convertible bonds of US$290.7 million. The current portion of indebtedness included in this, repayable within one year from the balance sheet date, is US$14.5 million of finance lease liabilities and US$34.2 million of bank borrowings.

Finance lease liabilities decreased to US$206.5 million (31 December 2008: US$213.3 million) as a result of repayments during the period. Bank borrowings (net of deferred loan arrangement fees) decreased to US$329.7 million (31 December 2008: US$332.8 million) as a result of repayments and prepayments following the sale of five vessels. The debt component of the Group's convertible bonds decreased to US$290.7 million (31 December 2008: US$301.7 million) primarily as a result of the repurchase and cancellation of a portion of the bonds during the period.

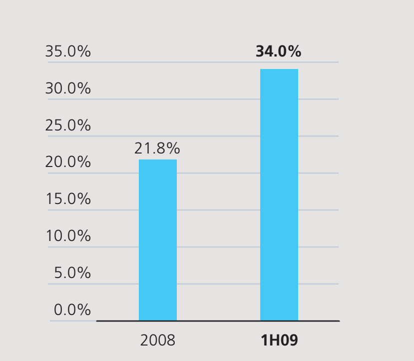
At 30 June 2009, all outstanding finance lease liabilities will expire between 2015 and 2017, and all outstanding secured bank borrowings will expire between 2012 and 2018. All of the Group's outstanding convertible bonds will expire in 2013; however, bondholders have the option to redeem the bonds in February 2011.

The Group's bank borrowings were secured by mortgages over 28 vessels with a total net book value of US$401.0 million and an assignment of earnings and insurances in respect of these vessels.

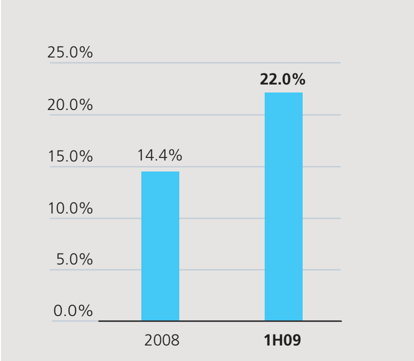
The Group had unutilised committed bank borrowing facilities of US$4.8 million available to finance the Group's newbuilding commitments and other vessel acquisitions.

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

Net Cash to Book Value of Property, Plant and Equipment



Net Cash to Shareholders' Equity



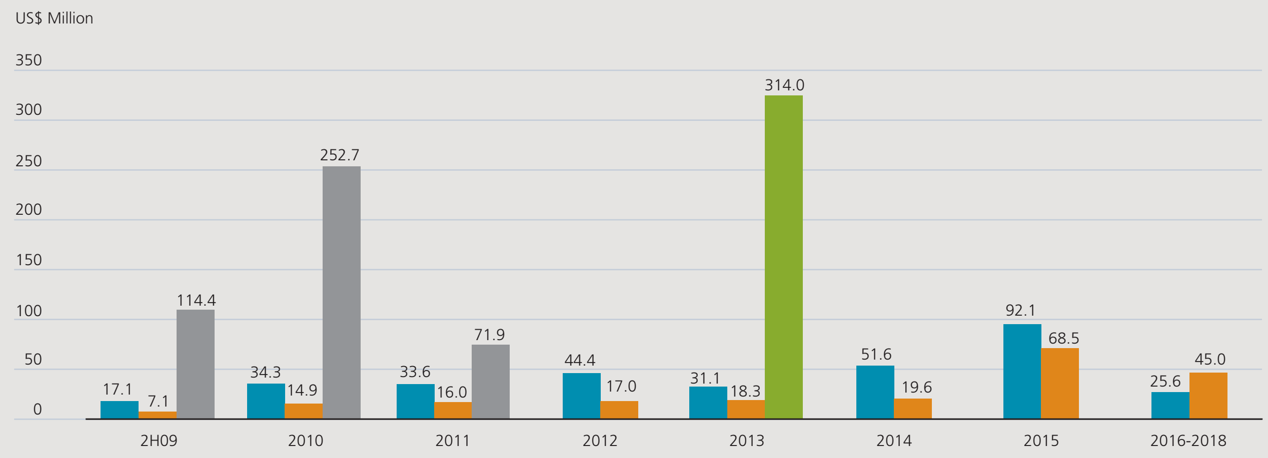
Net Cash

As part of the Group's ordinary activities, the treasury function manages the Group's cash resources so as to enhance the income from these resources through a mix of financial products, including overnight and term deposits and money market funds, based on the perceived balance of risk, return and liquidity.

The Group had cash and deposits of US$1,140.8 million and net cash of US$313.9 million at 30 June 2009. The Group's cash benefited from the US$97.1 million net proceeds from the placement of 174,731,010 new shares in May 2009.

The Group's cash, net of bank borrowings, finance lease liabilities and convertible bonds, expressed as a percentage of property, plant and equipment (based on net book values) and vessel finance lease receivables was 34.0% (31 December 2008: 21.8%).

Borrowings and Vessel Capital Commitments



- Bank Borrowings (US$330 million): 2002-2018
- Finance Lease Liabilities (US$206 million): 2015-2017
- Convertible Bonds (Face value US$314 million): 2013, redeemable in Feb 2011
- Vessel Capital Commitments (US$439 million)

Lease Commitments

Vessel operating lease commitments stood at US$488.6 million (31 December 2008: US$593.4 million), as illustrated in the table below. 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 the lower number of dry bulk chartered days.

Lease Commitments	≤ 1 year	> 1 year & ≤ 5 years	> 5 years	Total
(US$ Million)				
Handysize	122.9	117.5	51.7	292.1
Handymax	70.6	19.6	–	90.2
Handysize and Handymax total	193.5	137.1	51.7	382.3
RoRo	–	39.6	–	39.6
Post panamax	–	20.0	46.7	66.7
Total	193.5	196.7	98.4	488.6

The number of days in relation to the lease commitments of the handysize and handymax vessels are as follows:

(days)				
Handysize	10,260	10,250	4,120	24,630
Handymax	3,600	620	–	4,220
Handysize and Handymax total	13,860	10,870	4,120	28,850

As part of other income in the period, the Group wrote back US$5.5 million of provision for time charter contracts relating to future periods, primarily due to the increase in the economic benefits expected to be received under them. At 30 June 2009, there remains a provision of US$31.9 million for handysize time charter contracts substantially expiring in a three year period and whose charter rates are higher than the expected earnings for the remaining charter periods. No provisions were made for handymax time charter contracts.

The provision will be released back to the income statement in the periods in which the charter payments for these handysize vessels are due, as follows:

Year	US$ Million
2009	10.2
2010	16.6
2011	2.7
2012	2.4
Total	31.9

The Group has commitments to 31,190 days under handysize finance leases and 28,850 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, assuming the purchase options will not be exercised until the expiry of the charter-hire agreements. These daily rates represent the average effective charter rate after the release of the US$31.9 million provision for charter-hire expenses in the year in which charter payments are due.

	Handysize Operating leases		Handysize Finance leases		Handymax Operating leases	
Year	Average daily rate (US$)	Vessel days	Average daily rate (US$)	Vessel days	Average daily rate (US$)	Vessel days
2H09	10,120	6,060	5,960	2,400	17,450	2,640
2010	9,900	6,600	5,960	4,750	26,900	1,360
2011	9,300	2,840	5,920	4,760	34,380	220
2012	10,150	2,450	5,960	4,750	–	–
2013	11,790	1,830	5,950	4,750	–	–
2014	12,310	1,460	5,940	4,750	–	–
2015	12,400	1,380	5,910	2,590	–	–
2016	12,480	820	5,970	1,830	–	–
2017	12,850	390	5,840	610	–	–
2018	13,000	370	–	–	–	–
2019	13,000	370	–	–	–	–
2020	13,000	60	–	–	–	–
Total		24,630		31,190		4,220

Certain lease agreements provide the Group with options to purchase the related vessels at predetermined times and prices during the lease periods. The average prices of the existing purchase options for both handysize vessels and handymax 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 that year, are as follows:

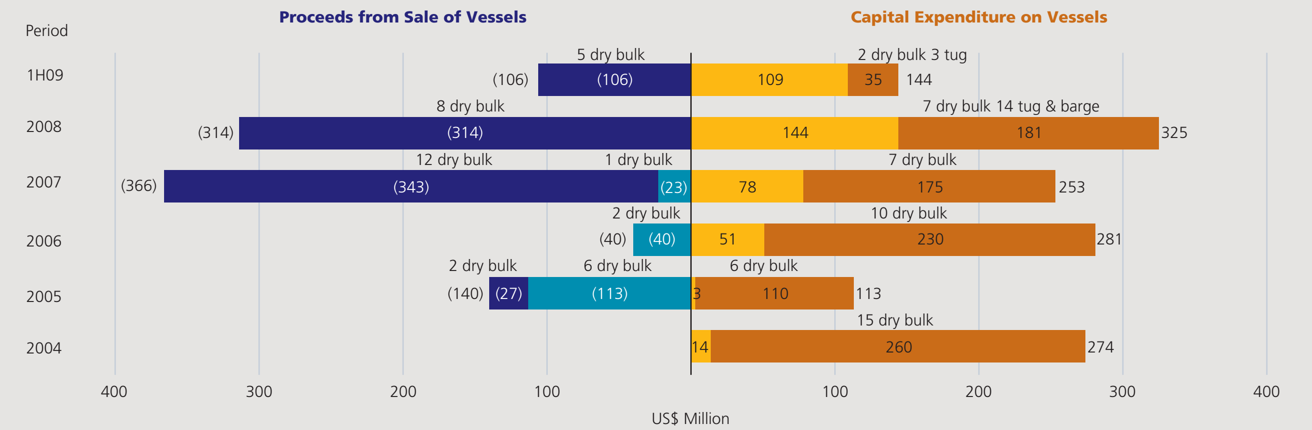
Earliest year in which options may be exercised	Vessel type	Number of vessels Finance lease	Number of vessels Operating lease	Average age of vessels (years)	Average purchase option price (US$ Million)
2009	Handysize	13	8	7	18.3
2010	Handysize	–	1	3	22.3
	Handymax	–	1	5	17.7
2016	Handysize	–	1	5	45.3
	Post Panamax	–	1	5	67.9
Total		13	12		

Capital Expenditure, Property, Plant and Equipment and Commitments

During the six months ended 30 June 2009, capital expenditure amounted to US$149.7 million, at the end of the period resulting in the addition of two handysize vessels and three tugs as well as instalment payments on 11 vessels, including handysize, post panamax, RoRo and tug newbuildings. Cash used for the purchase of vessels and proceeds from the sale of vessels are illustrated in the graph below.

At 30 June 2009, the Group had property, plant and equipment with net book value of US$912.0 million, of which US$649.3 million related to 30 delivered handysize vessels with an average net book value of US$17.6 million, one delivered handymax vessel and 25 delivered tugs and barges.

Proceeds from Sale of Vessels and Capital Expenditure on Vessels



Note: In 2005, the Group sold and chartered back 17 handysize vessels for US$318.0 million. These were classified as finance lease and remained on the balance sheet as property, plant and equipment.

At 30 June 2009, the Group had non-cancellable vessel commitments of US$305.4 million and other non-vessel capital commitments of US$9.7 million. The vessels are for delivery to the Group between July 2009 and November 2011. They are shown in the table below:

Vessel Capital Commitments (US$ Million)	**Number**	**2009**	**2010**	**2011**	**Total**
Handysize newbuildings	3	31.8	–	–	31.8
Post panamax newbuilding	1	–	21.7	22.1	43.8
Tug newbuildings	9	33.6	14.2	–	47.8
RoRo newbuildings	4	49.0	83.2	49.8	182.0
	17	114.4	119.1	71.9	305.4

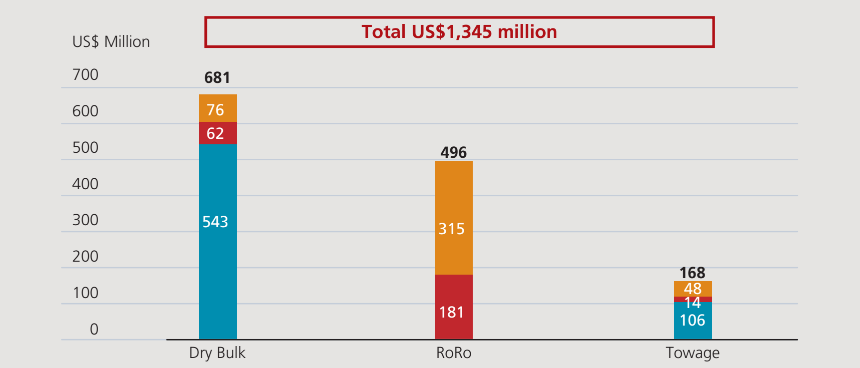
If options to purchase two RoRo newbuildings are exercised, capital expenditure would be as follows:

RoRo newbuildings	2	–	133.6	–	133.6
Total	19	114.4	252.7	71.9	439.0

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 in the following graph:

A Combined View of Vessel Carrying Values and Commitments



Vessel carrying values US$649 million
Progress payment made US$257 million
Future instalments amount US$439 million

Staff

At 30 June 2009, the Group employed a total of 354 (2008: 489) full time shore based staff in offices in Hong Kong, Shanghai, Beijing, Dalian, Nanjing, Tokyo, Seoul, Singapore, Manila, Mumbai, Karachi, Dubai, Fujairah, Melbourne, Sydney, Auckland, London, Liverpool, Bad Essen, Houston, Vancouver and Santiago. The decrease was largely due to the reduction in the number of staff engaged in maritime management services activities.

The Group incurred total staff costs (included in direct costs and general and administrative expenses as described earlier) of approximately US$17.1 million (2008: US$26.5 million), representing 4.0% of the Group's revenue (2008: 2.9%). The decrease is discussed under the paragraph headed "General and Administration Expenses".

Remuneration of the Group's employees includes fixed basic salaries, discretionary cash bonuses (based on both the Group's and individual's 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 share awards 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.

Details of restricted share awards and share options granted under the LTIS are set out in the "Other information" section of this Interim Report.

Unaudited Condensed Consolidated Balance Sheet

	Note	30 June 2009 US$'000	31 December 2008 US$'000
Non-current assets			
Property, plant and equipment	5	**911,956**	794,622
Investment properties	6	**4,984**	–
Land use rights		**1,285**	3,035
Goodwill	5	**25,256**	25,256
Interests in jointly controlled entities		**44,333**	50,806
Investment in associates		**2,739**	2,864
Available-for-sale financial assets	7	**59,604**	43,454
Derivative assets	8	**11,315**	23,800
Trade and other receivables	9	**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	8	**35,677**	55,797
Assets held for sale		**–**	65,891
Trade and other receivables	9	**79,109**	151,193
Restricted bank deposits		**32,569**	44,108
Cash and deposits	10	**1,105,221**	974,876
		1,278,219	1,316,156
Current liabilities			
Derivative liabilities	8	**15,139**	43,660
Trade and other payables	11	**101,736**	154,691
Current portion of long term borrowings	12	**48,704**	58,679
Taxation payable		**5,549**	3,553
Provision for onerous contracts	13	**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	8	**1,250**	8,155
Long term borrowings	12	**778,206**	789,133
Provision for onerous contracts	13	**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	14	**192,885**	174,714
Retained profits		**643,802**	568,648
Other reserves		**586,921**	475,340
Total equity		**1,423,608**	1,218,702

Unaudited Condensed Consolidated Income Statement

		Six months ended 30 June	
		2009	2008
	Note	***US$'000***	*US$'000*
Revenue	4	**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	15	**(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	16	**76,778**	339,029
Taxation	17	**(1,949)**	(1,417)
Profit for the period	4	**74,829**	337,612
Attributable to:			
Shareholders		**74,829**	337,587
Minority interests		**–**	25
		74,829	337,612
Dividends	18	**19,911**	170,142
Earnings per share for profit attributable to shareholders			
Basic	19(a)	**US 4.19 cents**	US 20.83 cents
Diluted	19(b)	**US 4.19 cents**	US 20.82 cents

Unaudited Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Profit for the period	**74,829**	337,612
Other comprehensive income, net of tax:		
Currency translation differences	**11,441**	2,749
Cash flow hedges:		
– fair value gains	**4,741**	6,347
– transferred to property, plant and equipment	**(433)**	(5,011)
– transferred to finance costs in consolidated income statement	**810**	(95)
Fair value gains on available-for-sale financial assets	**15,967**	3,616
Gains on repurchase and cancellation of convertible bonds (Note 12(c))	**325**	–
Total comprehensive income for the period	**107,680**	345,218
Attributable to:		
– Shareholders	**107,680**	345,152
– Minority interests	**–**	66
	107,680	345,218

Unaudited Condensed Consolidated Statement of Changes in Equity

	Capital and reserves attributable to shareholders											
	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Convertible bonds reserve US$'000	Staff benefits reserve US$'000	Hedging reserve US$'000	Investment valuation reserve US$'000	Exchange reserve US$'000	Retained profits US$'000	Subtotal US$'000	Minority interests US$'000	Total US$'000
Balance at 1 January 2009	**174,714**	**507,160**	**(56,606)**	**28,067**	**4,697**	**12,982**	**–**	**(20,960)**	**568,648**	**1,218,702**	**–**	**1,218,702**
Shares purchased by trustee of the LTIS (Note 14)	**(1,296)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,296)**	**–**	**(1,296)**
Shares transferred upon granting and lapse of restricted share awards (Note 14)	**1,994**	**–**	**–**	**–**	**(1,994)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Shares issued upon placing of new shares, net of issuing expenses (Note 14)	**17,473**	**79,581**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**97,054**	**–**	**97,054**
Repurchase and cancellation of convertible bonds	**–**	**–**	**–**	**(887)**	**–**	**–**	**–**	**–**	**–**	**(887)**	**–**	**(887)**
Share-based compensation	**–**	**–**	**–**	**–**	**2,355**	**–**	**–**	**–**	**–**	**2,355**	**–**	**2,355**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**5,118**	**15,967**	**11,441**	**75,154**	**107,680**	**–**	**107,680**
Balance at 30 June 2009	**192,885**	**586,741**	**(56,606)**	**27,180**	**5,058**	**18,100**	**15,967**	**(9,519)**	**643,802**	**1,423,608**	**–**	**1,423,608**
Balance at 1 January 2008	158,403	251,382	(56,606)	33,764	66	(939)	–	159	480,907	867,136	431	867,567
Shares issued upon exercise of share options	210	688	–	–	(223)	–	–	–	–	675	–	675
Shares purchased by trustee of the LTIS	(1,247)	–	–	–	–	–	–	–	–	(1,247)	–	(1,247)
Shares transferred upon granting and lapse of restricted share awards	386	–	–	–	(386)	–	–	–	–	–	–	–
Shares issued upon placing of new shares, net of issuing expenses	15,860	255,094	–	–	–	–	–	–	–	270,954	–	270,954
Share-based compensation	–	–	–	–	2,808	–	–	–	–	2,808	–	2,808
Dividends paid	–	–	–	–	–	–	–	–	(152,825)	(152,825)	–	(152,825)
Contribution from minority shareholders	–	–	–	–	–	–	–	–	–	–	59	59
Total comprehensive income for the period	–	–	–	–	–	1,241	3,616	2,708	337,587	345,152	66	345,218
Balance at 30 June 2008	173,612	507,164	(56,606)	33,764	2,265	302	3,616	2,867	665,669	1,332,653	556	1,333,209

Unaudited Condensed Consolidated Cash Flow Statement

		Six months ended 30 June	
		2009	2008
	Note	***US$'000***	*US$'000*
Net cash from operating activities		**60,480**	284,227
Net cash from/(used in) investing activities		**13,387**	(217,547)
Net cash from financing activities		**56,478**	54,031
Net increase in cash and cash equivalents		**130,345**	120,711
Cash and cash equivalents at 1 January		**974,876**	649,535
Cash and cash equivalents at 30 June	10	**1,105,221**	770,246

1 GENERAL INFORMATION

Pacific Basin Shipping Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the provision of dry bulk, towage and RoRo shipping services, which are carried out internationally, through the operation of fleets of vessels. In addition the Group is engaged in the provision of maritime services to owners of third party vessels, the development of maritime infrastructure projects, and the management and investment of the Group's cash and deposits through its treasury activities.

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 were approved for issue by the Board of Directors on 11 August 2009.

2 BASIS OF PREPARATION

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 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, with an additional policy on investment properties comprising land use rights and buildings, which are held for a combination of rental yields and capital appreciation. Investment properties are stated initially at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate their costs to their residual values over their estimated useful lives. The residual values and useful lives of investment properties are reviewed, and adjusted if appropriate, at each balance sheet date.

Certain new standards, amendments and interpretations to the published standards (collectively "New Standards") are mandatory for accounting period beginning 1 January 2009. The New Standards relevant to the Group are as follows:

- HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of income and expenses directly in the statement of changes in equity. All income and expenses are required to be shown in either one statement of comprehensive income or two statements (the income statement and the statement of comprehensive income). The Group has presented all income and expenses in two statements.

- HKFRS 8, "Operating segments". This standard replaces HKAS 14, "Segment reporting" by adopting a management approach under which segment information is presented on the same basis as that used for internal reporting provided to the chief operating decision-maker. In prior periods, the Group regarded its international dry bulk shipping segment as one dominant segment. The change in the policy has resulted in an increase in the number of reportable operating segments presented.

  Goodwill is allocated to groups of cash-generating units on a segment level. Comparatives for 2008 have been presented accordingly.

- HKAS 1 (amendment), "Presentation of financial statements". The amendment clarifies that derivatives classified as held for trading must be presented as non-current assets and liabilities to the extent that they meet the requirements of HKAS 1. The Group has presented its trading derivatives as current or non-current according to their respective settlement dates. Comparative figures have been adjusted accordingly.

4 SEGMENT INFORMATION

	Dry bulk		Towage	RoRo	All other	Total
	Handysize US$'000	Handymax US$'000	US$'000	US$'000	segments US$'000	Segments US$'000
For the period ended 30 June 2009						
Revenue	258,129	153,432	24,657	–	8,628	444,846
Freight and charter-hire	258,129	153,432	24,087	–	–	435,648
Maritime management services	–	–	570	–	8,628	9,198
Bunkers, port disbursements, other charges and amounts payable to other pool members	(88,545)	(48,050)	(1,486)	–	–	(138,081)
Time charter equivalent earnings	169,584	105,382				
Direct costs	(110,364)	(93,889)	(19,223)	(420)	(4,876)	(228,772)
Bunkers, port disbursements, other charges and amounts payable to other pool members	–	–	–	–	–	–
Charter-hire expenses for vessels	(67,084)	(89,105)	(1,023)	–	–	(157,212)
Vessel operating costs	(20,553)	(1,354)	(11,318)	–	–	(33,225)
Depreciation of vessels	(14,443)	(407)	(3,000)	–	–	(17,850)
Shore based overheads	(8,284)	(3,023)	(3,882)	(420)	(4,876)	(20,485)
Gross profit	59,220	11,493	3,948	(420)	3,752	77,993
General and administrative expenses	–	–	–	–	(2,136)	(2,136)
Other income	–	–	–	–	–	–
Other expenses	–	–	(341)	–	(2,613)	(2,954)
Losses on disposal of property, plant and equipment	–	–	–	–	–	–
Finance costs, net	(7,149)	–	(676)	–	1,263	(6,562)
Finance income	–	–	84	–	1,263	1,347
Finance costs	(7,149)	–	(760)	–	–	(7,909)
Share of profits less losses of jointly controlled entities	–	–	(13)	–	91	78
Share of losses of associates	–	–	(119)	–	–	(119)
Profit before taxation	52,071	11,493	2,799	(420)	357	66,300
Taxation	–	–	(1,210)	–	(739)	(1,949)
Profit for the period	52,071	11,493	1,589	(420)	(382)	64,351
At 30 June 2009						
Total assets	699,724	44,195	155,571	222,101	143,504	1,265,095
Total assets include:						
Property, plant and equipment	577,963	15,983	120,722	181,093	16,195	911,956
Interests in jointly controlled entities	–	–	7,341	–	33,664	41,005
Investment in associates	–	–	2,739	–	–	2,739
Additions to property, plant and equipment	32,375	–	23,556	91,422	2,304	149,657
Total liabilities	301,866	21,718	50,354	131	6,392	380,461
Total liabilities include:						
Long term borrowings	206,489	–	39,337	–	–	245,826

Unallocated		Total	Reclass-	Per Financial	
Treasury	Others		ification	Statements	
US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	Note
–	(31,272)	413,574	12,339	425,913	
–	(31,272)	404,376	12,339	416,715	1
–	–	9,198	–	9,198	
–	43,357	(94,724)	94,724	–	2
–	5,523	(223,249)	(116,762)	(340,011)	
–	–	–	(94,724)	(94,724)	2
–	5,523	(151,689)	(22,038)	(173,727)	3
–	–	(33,225)	–	(33,225)	
–	–	(17,850)	–	(17,850)	
–	–	(20,485)	–	(20,485)	
–	17,608	95,601	(9,699)	85,902	
–	(4,487)	(6,623)	–	(6,623)	4
1,559	–	1,559	54,289	55,848	1, 3, 5
–	–	(2,954)	(44,590)	(47,544)	1
–	(2,532)	(2,532)	–	(2,532)	6
(5,945)	2,939	(9,568)	–	(9,568)	
6,199	–	7,546	–	7,546	
(12,144)	2,939	(17,114)	–	(17,114)	7
–	1,336	1,414	–	1,414	8
–	–	(119)	–	(119)	
(4,386)	14,864	76,778	–	76,778	
–	–	(1,949)	–	(1,949)	
(4,386)	14,864	74,829	–	74,829	
1,096,752	44,240	2,406,087	–	2,406,087	1, 2
–	–	911,956	–	911,956	
–	3,328	44,333	–	44,333	8
–	–	2,739	–	2,739	
–	–	149,657	–	149,657	
586,061	15,957	982,479	–	982,479	1, 2
581,084	–	826,910	–	826,910	

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 resource and assessing performance. The reportable operating segments on this page are consistent with the way in which information is presented.

The reportable operating segments derive their revenue primarily from the provision of dry bulk, towage and RoRo shipping services. Dry bulk is further segregated into handysize and handymax vessels.

Although closely monitored, the results of the Fujairah Bulk Shipping joint venture, ports and infrastructure 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, precluded a meaningful allocation of operating profit to specific geographical segments. Accordingly, geographical segment information is not presented.

4 SEGMENT INFORMATION (Continued)

	Dry bulk		Towage	RoRo	All other segments	Total Segments
	Handysize *US$'000*	Handymax *US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the period ended 30 June 2008						
Revenue	548,365	332,404	8,566	–	10,146	899,481
Freight and charter-hire	548,365	332,404	8,566	–	–	889,335
Maritime management services	–	–	–	–	10,146	10,146
Bunkers, port disbursements, other charges and amounts payable to other pool members	(141,591)	(72,432)	–	–	–	(214,023)
Time charter equivalent earnings	406,774	259,972				
Direct costs	(172,028)	(223,331)	(7,383)	(332)	(9,147)	(412,221)
Bunkers, port disbursements, other charges and amounts payable to other pool members	–	–	–	–	–	–
Charter-hire expenses for vessels	(124,015)	(216,006)	–	–	–	(340,021)
Vessel operating costs	(20,881)	(2,249)	(5,523)	–	–	(28,653)
Depreciation of vessels	(15,277)	(1,969)	(841)	–	–	(18,087)
Shore based overheads	(11,855)	(3,107)	(1,019)	(332)	(9,147)	(25,460)
Gross profit	234,746	36,641	1,183	(332)	999	273,237
General and administrative expenses	–	–	–	–	(4,297)	(4,297)
Other income	–	–	–	–	10,802	10,802
Other expenses	–	–	(6,202)	–	(5,952)	(12,154)
Gains on disposal of property, plant and equipment	–	–	–	–	–	–
Finance costs, net	(8,681)	–	(699)	–	788	(8,592)
Finance income	–	–	106	–	788	894
Finance costs	(8,681)	–	(805)	–	–	(9,486)
Share of profits less losses of jointly controlled entities	–	–	–	–	97	97
Share of losses of associates	–	–	(11)	–	–	(11)
Profit before taxation	226,065	36,641	(5,729)	(332)	2,437	259,082
Taxation	–	–	(60)	–	(1,357)	(1,417)
Profit for the period	226,065	36,641	(5,789)	(332)	1,080	257,665
At 31 December 2008						
Total assets	745,163	106,709	124,080	170,265	157,175	1,303,392
Total assets include:						
Property, plant and equipment and assets held for sale	612,317	49,841	91,426	89,671	17,258	860,513
Interests in jointly controlled entities	–	–	–	–	33,562	33,562
Investment in associates	–	–	2,864	–	–	2,864
Additions to property, plant and equipment	155,030	11,629	54,481	95,897	4,957	321,994
Total liabilities	361,369	37,393	33,539	640	10,473	443,414
Total liabilities include:						
Long term borrowings	213,349	–	19,395	–	–	232,744

Unallocated		Total	Reclass-ification	Per Financial Statements	
Treasury *US$'000*	Others *US$'000*	*US$'000*	*US$'000*	*US$'000*	Note
–	(1,271)	898,210	11,662	909,872	
–	(1,271)	888,064	11,662	899,726	1
–	–	10,146	–	10,146	
–	44,952	(169,071)	169,071	–	2
–	–	(412,221)	(169,071)	(581,292)	
–	–	–	(169,071)	(169,071)	2
–	–	(340,021)	–	(340,021)	
–	–	(28,653)	–	(28,653)	
–	–	(18,087)	–	(18,087)	
–	–	(25,460)	–	(25,460)	
–	43,681	316,918	11,662	328,580	
–	(6,852)	(11,149)	–	(11,149)	4
–	–	10,802	10,826	21,628	1
–	–	(12,154)	(22,488)	(34,642)	1
–	38,610	38,610	–	38,610	6
2,069	(391)	(6,914)	–	(6,914)	
13,149	–	14,043	–	14,043	
(11,080)	(391)	(20,957)	–	(20,957)	7
–	2,830	2,927	–	2,927	8
–	–	(11)	–	(11)	
2,069	77,878	339,029	–	339,029	
–	–	(1,417)	–	(1,417)	
2,069	77,878	337,612	–	337,612	
965,111	62,002	2,330,505	–	2,330,505	1, 2
–	–	860,513	–	860,513	
–	17,244	50,806	–	50,806	8
–	–	2,864	–	2,864	
–	–	321,994	–	321,994	
616,574	51,815	1,111,803	–	1,111,803	1, 2
615,068	–	847,812	–	847,812	

Note

1. Net unrealised forward freight agreement benefits and expenses are under others. Net realised benefits and expenses are allocated under dry bulk into handysize and handymax.

   For the presentation of the financial statements, net realised and unrealised freight forward agreement benefits and expenses are reclassified to other income and other expenses.

   The related derivative assets and liabilities are also allocated under others.

2. Net unrealised bunker swap contracts benefits and expenses are under others. Net realised benefits and expenses are allocated under dry bulk into handysize and handymax.

   For the presentation of the financial statements, bunkers, port disbursements, other charges and amounts payable to other pool members are reclassified to direct costs.

   The related derivative assets and liabilities are also allocated under others.

3. Provision write-back of onerous contracts for future periods of contracts due to the increase in the economic benefits expected to be received under them are under others.

   Provision utilisation of the portion of contracts which lapsed during the six months ended 30 June 2009 is allocated under dry bulk into handysize.

   For the presentation of the financial statements, both of the above are reclassified to other income.

4. Others represent corporate shore based overheads.

5. Treasury represents the gains on repurchase and cancellation of the Group's convertible bonds during the period.

6. Others represent the Group's gains and losses on disposal of property, plant and equipment which are not considered to be an operating segment.

7. Others represent net unrealised interest rate swap contracts benefits and expenses.

8. Others represent the Group's share of the gains on the disposal of a vessel owned by a joint venture of which the Group is a joint venture partner, and the resultant net assets.

5 PROPERTY, PLANT AND EQUIPMENT AND GOODWILL

	Property, plant and equipment *US$'000*	**Goodwill** *US$'000*
Net book amounts		
At 1 January 2009	**794,622**	**25,256**
Additions	**149,657**	**–**
Disposals	**(20,048)**	**–**
Depreciation	**(18,548)**	**–**
Exchange differences	**8,667**	**–**
Transfer to investment properties (Note 6)	**(2,394)**	**–**
At 30 June 2009	**911,956**	**25,256**

	Property, plant and equipment *US$'000*	Goodwill *US$'000*
Net book amounts		
At 1 January 2008	755,865	36,426
Acquisition of subsidiaries	302	–
Additions/adjustment for contingent considerations paid	201,173	187
Disposals	(42,007)	–
Depreciation	(18,739)	–
Impairment	–	(6,200)
Exchange differences	1,958	1,062
At 30 June 2008	898,552	31,475

6 INVESTMENT PROPERTIES

	2009 *US$'000*	2008 *US$'000*
Net book amounts		
At 1 January		
Transfer from property, plant and equipment (Note 5)	**2,394**	–
Transfer from land use rights	**2,618**	–
Depreciation	**(28)**	–
At 30 June	**4,984**	–

The investment properties were valued at 30 June 2009 by an independent qualified valuer on the basis of market value. The fair value of the investment properties approximates US$5,034,000.

The Group's interests in investment properties are held on lease of 50 years outside Hong Kong.

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2009 *US$'000*	31 December 2008 *US$'000*
Listed equity securities, at fair value	**53,659**	36,782
Unlisted equity securities, at fair value	**5,945**	6,672
	59,604	43,454

8 DERIVATIVE ASSETS AND LIABILITIES

	30 June 2009 US$'000	31 December 2008 US$'000
Derivative assets		
Cash flow hedges		
Forward foreign exchange contracts (Note a)	**2,687**	17,596
Interest rate swap contracts (Note b(i))	**1,403**	–
Derivative assets that do not qualify for hedge accounting		
Bunker swap contracts (Note c)	**14,350**	250
Forward freight agreements (Note d)	**28,552**	61,751
Total	**46,992**	79,597
Less: non-current portion of		
Forward foreign exchange contracts (Note a)	**–**	(10,915)
Bunker swap contracts (Note c)	**(3,969)**	(10)
Forward freight agreements (Note d)	**(7,346)**	(12,875)
Non-current portion	**(11,315)**	(23,800)
Current portion	**35,677**	55,797
Derivative liabilities		
Cash flow hedges		
Forward foreign exchange contracts (Note a)	**432**	–
Interest rate swap contracts (Note b(i))	**2,834**	4,614
Derivative liabilities that do not qualify for hedge accounting		
Interest rate swap contracts (Note b(ii))	**5,191**	8,130
Bunker swap contracts (Note c)	**4,316**	33,764
Forward freight agreements (Note d)	**3,616**	5,307
Total	**16,389**	51,815
Less: non-current portion of		
Bunker swap contracts (Note c)	**(838)**	(8,132)
Forward freight agreements (Note d)	**(412)**	(23)
Non-current portion	**(1,250)**	(8,155)
Current portion	**15,139**	43,660

8 DERIVATIVE ASSETS AND LIABILITIES (Continued)

(a) Forward foreign exchange contracts

The Group had future commitments to purchase vessels in Japanese Yen ("JPY") and Euros ("EUR") from July 2009 to February 2010. To hedge against the potential fluctuations in foreign exchange, the Group entered into forward foreign exchange contracts with terms that match the payment schedules of the construction of the vessels until delivery. These forward foreign exchange contracts qualify for hedge accounting as cash flow hedges.

At 30 June 2009, the Group had outstanding forward foreign exchange contracts with banks as follows:

(i) buy approximately JPY 2.1 billion (31 December 2008: JPY 2.4 billion) and simultaneously sell approximately US$19.7 million (31 December 2008: US$22.5 million), which expired in July 2009 (31 December 2008: July 2009), related to the acquisition of a vessel denominated in Japanese Yen;

(ii) sell approximately JPY 2.1 billion (31 December 2008: nil) and simultaneously buy approximately US$22.4 million (31 December 2008: nil), which expired in July 2009 (31 December 2008: nil), related to the acquisition of a vessel denominated in Japanese Yen; and

(iii) buy approximately EUR 15.1 million (31 December 2008: EUR 15.1 million) and simultaneously sell approximately A$27.0 million (31 December 2008: A$26.7 million), which expire through February 2010 (31 December 2008: February 2010), related to the acquisition of vessels denominated in Euros.

(b) Interest rate swap contracts

(i) The Group has bank borrowings exposed to floating interest rates. In order to hedge the fluctuations in interest rates related to the bank borrowings, the Group entered into interest rate swap contracts with banks to manage against 3-month and 6-month floating rate LIBOR, and 3-month floating rate BBSW as follows:

- Effective from 2 January 2007, a notional amount of US$20 million with the 6-month floating rate LIBOR swapped to a fixed rate of approximately 5.6% per annum. This contract expires in January 2017;
- Effective from 31 March 2009, notional amounts of US$100 million in total with the 3-month floating rate LIBOR swapped to fixed rates of approximately 2.9% to 3.0% per annum. These contracts expire through March 2016; and
- Effective from 30 June 2009, notional amounts of A$28 million in total with the 3-month floating rate BBSW swapped to fixed rates of approximately 4.7% to 5.2% per annum. These contracts expire through June 2013.

These interest rate swap contracts qualify for hedge accounting as cash flow hedges.

8 DERIVATIVE ASSETS AND LIABILITIES (Continued)

(b) Interest rate swap contracts (Continued)

(ii) Effective from 2 January 2007, a notional amount of US$40 million with the 6-month floating rate LIBOR swapped to a fixed rate of approximately 5.0% per annum so long as the 6-month floating rate LIBOR remains below the agreed cap strike level of 6.0%. This fixed rate switches to a discounted floating rate (discount is approximately 1.0%) for the 6-month fixing period when the prevailing 6-month floating rate LIBOR is above 6.0% and reverts back to the fixed rate should subsequently the 6-month floating rate LIBOR drop below 6.0%. This contract expires in January 2017.

(c) Bunker swap contracts

The Group enters into bunker swap contracts to manage the fluctuations in bunker prices in connection with the Group's long term cargo contract commitments.

At 30 June 2009, the Group had outstanding bunker swap contracts to buy approximately 228,000 (31 December 2008: 210,000) metric tonnes of bunkers. These contracts expire through October 2012 (31 December 2008: October 2012).

(d) Forward freight agreements

The Group enters into forward freight agreements as a method of managing its exposure to both its physical tonnage and cargo with regard to its handysize and handymax vessels.

At 30 June 2009, the Group had outstanding forward freight agreements as follows:

(i) buy approximately 840 (31 December 2008: 315) days of the Baltic Supramax Index at prices of US$12,000 to US$16,650 per day (31 December 2008: US$12,750 to US$49,000), which expire through December 2009 (31 December 2008: December 2009);

(ii) sell approximately 2,920 (31 December 2008: 3,490) days of the Baltic Supramax Index at prices of US$11,000 to US$43,000 per day (31 December 2008: US$12,000 to US$51,000), which expire through December 2012 (31 December 2008: December 2012);

(iii) buy approximately 90 (31 December 2008: nil) days of Baltic Handysize Index at prices of US$11,500 per day, which expire through September 2009; and

(iv) sell approximately 1,730 (31 December 2008: 1,136) days of the Baltic Handysize Index at prices of US$7,400 to US$27,500 per day (31 December 2008: US$7,400 to US$27,500), which expire through December 2010 (31 December 2008: December 2009).

9 TRADE AND OTHER RECEIVABLES

	30 June 2009 US$'000	31 December 2008 US$'000
Non-current receivables		
Finance lease receivables – gross	**11,179**	12,325
Less: unearned finance lease income	**(2,281)**	(2,808)
Finance lease receivables – net	**8,898**	9,517
Current receivables		
Finance lease receivables – gross	**2,309**	2,309
Less: unearned finance lease income	**(1,096)**	(1,163)
Finance lease receivables – net	**1,213**	1,146
Trade receivables – gross	**23,650**	29,746
Less: provision for impairment	**(758)**	(1,996)
Trade receivables – net	**22,892**	27,750
Other receivables	**30,095**	63,278
Prepayments	**16,875**	19,006
Amounts due from jointly controlled entities	**1**	13
Loans to jointly controlled entities	**8,033**	40,000
	79,109	151,193

At 30 June 2009, the ageing analysis of net trade receivables is as follows:

	30 June 2009 US$'000	31 December 2008 US$'000
Less than 30 days	**18,364**	16,146
31-60 days	**1,728**	5,857
61-90 days	**895**	1,451
Over 90 days	**1,905**	4,296
	22,892	27,750

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.

10 CASH AND DEPOSITS

	30 June 2009 US$'000	31 December 2008 US$'000
Cash and cash equivalents	**1,105,221**	974,876

11 TRADE AND OTHER PAYABLES

	30 June 2009 US$'000	31 December 2008 US$'000
Trade payables	**20,714**	16,756
Accruals and other payables	**63,247**	107,901
Receipts in advance	**15,147**	29,901
Amounts due to jointly controlled entities	**2,628**	133
	101,736	154,691

At 30 June 2009, the ageing analysis of trade payables is as follows:

	30 June 2009 US$'000	31 December 2008 US$'000
Less than 30 days	**15,175**	11,591
31-60 days	**1,107**	846
61-90 days	**734**	320
Over 90 days	**3,698**	3,999
	20,714	16,756

12 LONG TERM BORROWINGS

	30 June 2009 US$'000	31 December 2008 US$'000
Non-current		
Finance lease liabilities (Note a)	**192,031**	199,386
Secured bank loans (Note b)	**295,437**	288,059
Convertible bonds (Note c)	**290,738**	301,688
	778,206	789,133
Current		
Finance lease liabilities (Note a)	**14,458**	13,963
Secured bank loans (Note b)	**34,246**	44,716
	48,704	58,679
Total long term borrowings	**826,910**	847,812

(a) The maturity of the Group's finance lease liabilities is as follows:

	30 June 2009 US$'000	31 December 2008 US$'000
Not later than one year	**14,458**	13,963
Later than one year but not later than two years	**15,454**	14,928
Later than two years but not later than five years	**53,094**	51,312
Later than five years	**123,483**	133,146
	206,489	213,349

(b) The bank loans at 30 June 2009 are secured, inter alia, by the following:

(i) Mortgages over certain owned vessels of net book value totalling US$390,229,000 (31 December 2008: US$391,419,000);

(ii) Assignment of earnings, insurances and requisition compensation in respect of the vessels; and

(iii) Fixed and floating charges over all of the assets of certain subsidiaries of the Group's towage business.

12 LONG TERM BORROWINGS (Continued)

(b) (Continued)

The maturity of the Group's bank loans is as follows:

	30 June 2009 *US$'000*	31 December 2008 *US$'000*
Within one year	**34,246**	44,716
In the second year	**34,255**	33,800
In the third to fifth year	**107,508**	97,898
After the fifth year	**153,674**	156,361
	329,683	332,775

(c) Convertible bonds

During the period, convertible bonds with nominal value of US$10.3 million were repurchased and cancelled at a consideration of US$8.4 million. Gains of US$1.5 million (Note 16) and US$0.3 million were recognised in the income statement and equity upon derecognition of the respective liability component and equity component. The outstanding nominal value at 30 June 2009 was US$314.0 million.

13 PROVISION FOR ONEROUS CONTRACTS

	30 June 2009 US$'000	31 December 2008 US$'000
At 1 January	**53,932**	–
(Write-back and utilisation)/charge for the period/year	**(22,037)**	53,932
At 30 June/31 December	**31,895**	53,932
Analysis of provisions		
Current	**19,038**	28,179
Non-current	**12,857**	25,753
	31,895	53,932

Provision for onerous contracts represents provision for non-cancellable operating charter agreements in relation to the Group's chartered in vessels where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them. Provision for onerous contracts is recognised based on the difference between the charter revenue and freight expected to be earned on the charter and the value of future charter payments that the Group is presently obligated to make.

14 SHARE CAPITAL

	2009 Number of shares of US$0.1 each	2009 US$'000	2008 Number of shares of US$0.1 each	2008 US$'000
Authorised	**3,600,000,000**	**360,000**	3,600,000,000	360,000
Issued and fully paid				
At 1 January	**1,747,136,295**	**174,714**	1,584,029,295	158,403
Shares issued upon exercise of share options (Note a)	**–**	**–**	2,100,000	210
Shares purchased by trustee of the LTIS (Note b)	**(2,943,000)**	**(1,296)**	(1,212,000)	(1,759)
Shares transferred to employees upon granting of restricted share awards (Note b)	**3,335,000**	**1,336**	1,262,000	1,764
Shares issued and transferred to employees upon granting of restricted share awards (Note b)	**6,805,000**	**680**	2,532,000	253
Shares transferred back to trustee upon lapse of restricted share awards (Note b)	**(219,000)**	**(22)**	(173,000)	(17)
Shares issued upon placing of new shares (Note c)	**174,731,010**	**17,473**	158,598,000	15,860
At 30 June/31 December	**1,928,845,305**	**192,885**	1,747,136,295	174,714

14 SHARE CAPITAL (Continued)

(a) Share options

55,500,000 share options under the Company's Long Term Incentive Scheme ("LTIS") were granted to Directors, senior management and certain employees on 14 July 2004 at an exercise price of HK$2.5 per share. They were fully vested on 14 July 2007 and will expire on 14 July 2014. Movements in the number of share options outstanding during the period and their related weighted average exercise prices are as follows:

	2009	2008
	'000	*'000*
At 1 January	**1,178**	3,278
Exercised (Note)	**–**	(2,100)
At 30 June/31 December	**1,178**	1,178

Note: The related weighted average price of the Company's shares at the time of exercise for the year ended 31 December 2008 was HK$12.18 per share.

At 30 June 2009 and 31 December 2008, all outstanding share options were exercisable.

(b) Restricted share awards

Restricted share awards under the LTIS were granted to Directors, senior management and certain employees. The LTIS under HKFRS is regarded as a special purpose entity of the Company.

During the period, a total of 10,140,000 (31 December 2008: 3,794,000) restricted share awards were granted and transferred to certain employees on 9 June 2009, of which:

(i) 3,335,000 (31 December 2008: 1,262,000) shares were purchased by the trustee of the LTIS on the Stock Exchange at a total cost of US$1,336,000 (31 December 2008: US$1,764,000); and

(ii) 6,805,000 (31 December 2008: 2,532,000) shares were issued by the Company at nominal value of US$0.10 each.

The above transfers of shares resulted in movements between share capital and staff benefit reserve of US$1,336,000 and US$680,000 (31 December 2008: US$1,764,000 and US$253,000) respectively. 219,000 (31 December 2008: 173,000) shares amounting to US$22,000 (31 December 2008: US$17,000) formerly transferred to certain employees lapsed. At 30 June 2009, there remained 814 (31 December 2008: 173,814) shares held by the trustee, amounting to US$100 (31 December 2008: US$17,400) as a debit to share capital.

14 SHARE CAPITAL (Continued)

(b) Restricted share awards (Continued)

The vesting periods of the restricted share awards are as follows:

Date of grant	Number of unvested share awards	Vesting periods
8 June 2005	666,666	on 5 April 2010
9 March 2006	585,000	in equal amounts on 1 March 2010 and 2011
15 March 2006	80,000	in equal amounts on 1 March 2010 and 2011
20 March 2006	204,088	on 5 April 2010
21 July 2006	270,000	in equal amounts on 23 August 2009, 2010 and 2011
19 September 2006	1,500,000	in equal amounts on 4 September 2009, 2010 and 2011
11 May 2007	6,236,500	2,961,000 and 3,275,500 shares on 14 July 2009 and 2010 respectively
20 March 2008	23,000	on 1 March 2010
1 April 2008	154,000	in equal amounts on 1 April 2010 and 2011
5 August 2008	1,841,000	on 14 July 2011
5 August 2008	937,000	301,000 on each of 14 July 2009 and 2010 and 335,000 on 14 July 2011
5 August 2008	351,000	in equal amounts on 2 July 2009, 2010 and 2011
5 August 2008	99,000	in equal amounts on 24 July 2009, 2010 and 2011
9 June 2009	8,368,000	on 14 July 2012
9 June 2009	1,772,000	584,000, 590,000 and 598,000 shares on 14 July 2010, 2011 and 2012 respectively
	23,087,254	

Movements in the number of unvested restricted share awards during the period are as follows:

	2009 **'000**	2008 '000
At 1 January	**14,490**	16,340
Granted	**10,140**	3,794
Vested	**(1,324)**	(5,471)
Lapsed	**(219)**	(173)
At 30 June/31 December	**23,087**	14,490

The market price of the restricted share awards on the grant date represented the fair value of those shares.

(c) On 20 May 2009, the Company issued 174,731,010 new shares, with nominal value of US$0.10 each, at a price of HK$4.36 per share representing a discount of approximately 5.2% to the closing price of HK$4.60 per share as quoted on the Stock Exchange on 12 May 2009, being the date of the placing agreement. The proceeds of the placing, net of issuing expenses of approximately US$1,240,000, amounted to US$97,054,000 (or HK$752,256,000) or HK$4.31 net per share. The placing was fully underwritten by UBS AG as the placing agent to more than six independent individual, corporate, institutional or other professional investors. The purpose of such placing was to provide equity financing for the Company's expansion initiatives.

15 FINANCE COSTS, NET

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Finance income		
Bank interest income	**(6,953)**	(9,935)
Finance lease interest income	**(593)**	(668)
Interest income from available-for-sale financial assets	**–**	(3,440)
	(7,546)	(14,043)
Finance costs		
Interest on bank loans not wholly repayable within five years	**3,014**	542
Interest on finance leases not wholly repayable within five years	**7,149**	9,483
Interest on convertible bonds wholly repayable within five years	**8,098**	9,864
Other finance charges	**331**	509
Net (gains)/losses on interest rate swap contracts	**(1,478)**	559
	17,114	20,957
Finance costs, net	**9,568**	6,914

16 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Amortisation of land use rights	**21**	4
Bunkers consumed	**77,004**	108,713
Depreciation for		
– owned vessels	**12,068**	10,538
– leased vessels	**5,782**	7,549
– investment properties	**28**	–
– other owned property, plant and equipment	**698**	652
Employee benefit expenses including Directors' emoluments	**17,149**	26,549
Lubricating oil consumed	**2,057**	1,945
Operating lease expenses for		
– vessels	**173,726**	340,021
– land and buildings	**1,713**	1,506
Provision for impairment of goodwill	**–**	6,200
Provision for onerous contracts		
– write-back	**(5,523)**	–
– utilisation	**(16,514)**	–
Gains on financial assets at fair value through profit or loss	**–**	(4,863)
Gains on repurchase and cancellation of convertible bonds	**(1,546)**	–
Gains on derivative instruments not qualifying as hedges		
– bunker swap contracts	**(43,651)**	(60,396)
– forward freight agreements	**(32,251)**	(10,826)
Losses on derivative instruments not qualifying as hedges		
– bunker swap contracts	**10,679**	5,748
– forward freight agreements	**44,590**	22,488

17 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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 to the unaudited condensed consolidated income statement represents:

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Current taxation		
Hong Kong profits tax	**368**	1,100
Overseas tax	**1,581**	317
	1,949	1,417

18 DIVIDENDS

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Interim dividend of HK 8 cents or US 1.0 cents per share (2008: HK 76 cents or US 9.7 cents per share)	**19,911**	170,142

An interim dividend in respect of the year ending 31 December 2009 of HK 8 cents or US 1.0 cents per share, amounting to a total dividend of US$19,911,000 was declared on 11 August 2009. These condensed consolidated interim financial statements do not reflect this dividend payable. A 2007 final dividend of HK 75 cents or US 9.6 cents per share, totalling US$152,825,000 was paid during the period ended 30 June 2008.

19 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 LTIS (Note 14(b)).

	Six months ended 30 June	
	2009	2008
Profit attributable to shareholders (US$'000)	**74,829**	337,612
Weighted average number of ordinary shares in issue ('000)	**1,785,864**	1,620,734
Basic earnings per share	**US 4.19 cents**	US 20.83 cents
Equivalent to	**HK 32 cents**	HK 162 cents

19 EARNINGS PER SHARE (Continued)

(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 (Note 14(b)).

	Six months ended 30 June	
	2009	2008
Profit attributable to shareholders (US$'000)	**74,829**	337,612
Weighted average number of ordinary shares in issue ('000)	**1,785,864**	1,620,734
Adjustment for share options ('000)	**493**	933
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,786,357**	1,621,667
Diluted earnings per share	**US 4.19 cents**	US 20.82 cents
Equivalent to	**HK 32 cents**	HK 162 cents

20 COMMITMENTS

(a) Capital commitments

	30 June 2009 ***US$'000***	31 December 2008 *US$'000*
Contracted but not provided for in relation to:		
– vessel acquisitions and shipbuilding contracts	**305,466**	429,318
– investment in unlisted equity securities	**9,655**	10,203
– investment in a jointly controlled entity	**–**	6,250
	315,121	445,771

Capital commitments that fall due within one year amounted to US$165.0 million (31 December 2008: US$241.4 million).

20 COMMITMENTS (Continued)

(b) Commitments under operating leases

(i) The Group as the lessee

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Vessels *US$'000*	Land and buildings *US$'000*	Total *US$'000*
At 30 June 2009			
Not later than one year	**193,549**	**2,880**	**196,429**
Later than one year but not later than five years	**196,576**	**3,790**	**200,366**
Later than five years	**98,460**	**333**	**98,793**
	488,585	**7,003**	**495,588**
At 31 December 2008			
Not later than one year	229,417	2,843	232,260
Later than one year but not later than five years	253,257	4,041	257,298
Later than five years	110,687	97	110,784
	593,361	6,981	600,342

Contingent lease payments made, including payments to other pool members of the IHC and IHX pools, amounted to US$3,665,000 (for six months ended 30 June 2008: US$18,915,000).

The leases have varying terms ranging from less than 1 year to 11 years. Some of these leases have escalation clauses, renewal rights and purchase options.

20 COMMITMENTS (Continued)

(b) Commitments under operating leases (Continued)

(ii) The Group as the lessor

The Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	Vessels *US$'000*	Investment properties *US$'000*	Total *US$'000*
At 30 June 2009			
Not later than one year	**52,687**	**189**	**52,876**
Later than one year but not later than five years	**93,513**	**372**	**93,885**
Later than five years	**145,347**	**–**	**145,347**
	291,547	**561**	**292,108**
At 31 December 2008			
Not later than one year	44,336	–	44,336
Later than one year but not later than five years	100,308	–	100,308
Later than five years	124,332	–	124,332
	268,976	–	268,976

The Group's operating leases are for terms ranging from less than 1 year to 16 years.

21 SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business, were as follows:

(a) Purchases of services

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Insurance premium paid to Sun Hing Insurance Brokers Limited ("Sun Hing") (Note i)	**371**	574
Amounts payable to China Line Shipping Limited (Note ii)	–	5,701
Amounts payable to Fujairah Bulk Shipping L.L.C. ("FBSL") (Note iii)	–	2,784

Note:

(i) The Group entered into certain insurance contracts through Sun Hing, a related company in which approximately 36% of its shareholding was held indirectly by Dr. Lee Kwok Yin, Simon, a Director and a shareholder of the Company.

(ii) The Group paid to China Line Shipping Limited, a jointly controlled entity, freight and charter-hire, net of bunkers, port disbursements and other charges, which were calculated based on the vessel's pool points.

(iii) The Group paid to FBSL, a jointly controlled entity, charter-hire in relation to the leasing of a vessel.

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Sales of services

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Charter-hire income received from FBSL (Note i)	**2,395**	8,390
Management fee income received from FBSL (Note ii)	**2,255**	1,614
Interest income received from FBSL (Note iii)	**628**	–

Note:

(i) The Group leased out certain vessels to FBSL.

(ii) The Group provided certain management and commercial services to FBSL.

(iii) The Group provided short term loans to FBSL.

(c) Key management compensation (including Directors' emoluments)

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Directors' fee	**163**	212
Salaries and bonus	**2,316**	4,503
Retirement benefit costs	**63**	91
Share-based compensation	**1,056**	1,042
	3,598	5,848

22 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

Corporate Governance

Pacific Basin is committed to maintaining the highest standards of corporate governance consistent with the needs and requirements of the business and its stakeholders, and consistent with the Code on Corporate Governance Practices (the "Code") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group has complied with all code provisions of the Code, as set out in Appendix 14 of The Rules Governing the Listing of the Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2009.

Details of the composition and terms of reference of the Audit, Remuneration, Nomination and Executive Committees can be found on the Company's website at www.pacificbasin.com.

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 standard set out in the Model Code and its code of conduct during the reporting period.

Senior Management and Staff Securities Transactions

The Company has adopted rules for senior managers and those staff who are more likely to be in possession of unpublished price-sensitive information or other relevant information in relation to the Group based on the Model Code for Securities Transactions by Directors (the "Dealing Rules"). These senior managers and staff have been individually notified and provided with a copy of the Dealing Rules. No incident of non-compliance by these senior managers and staff was noted by or reported to the Company during the reporting period.

Shareholders' Rights

Shareholders are encouraged to maintain direct communication with the Company. Shareholders who have any questions for the Board may write directly to the Company Secretary at the Company's Hong Kong registered office of 7/F, Hutchison House, 10 Harcourt Road, Central, Hong Kong, or they may send an email to companysecretary@pacificbasin.com.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

At 30 June 2009, the discloseable interests and short positions of each Director and the Chief Executive in Shares, underlying Shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) were required to be entered in the register maintained by the Company under Section 352 of the SFO, or (c) were required pursuant to the Model Code, were as follows:

Name of Director	Corporate interests	Personal interests	Family interests	Trust & similar interests	Long/ Short Position	Number of underlying Shares under equity derivatives	Total Share interests	Approximate percentage of issued share capital of the Company
David M. Turnbull[1]	–	650,000	–	502,629[2]	Long Positions	–	1,152,629	0.06%
Richard M. Hext[1]	–	2,078,501	–	–	Long Positions	–	2,078,501	0.11%
Klaus Nyborg[1]	–	2,302,000	–	–	Long Positions	–	2,302,000	0.12%
Wang Chunlin[1]	–	1,702,000	–	–	Long Positions	–	1,702,000	0.09%
Jan Rindbo[1]	–	2,355,370	–	–	Long Positions	–	2,355,370	0.12%
Dr. Lee Kwok Yin, Simon	–	–	162,138[3]	52,916,103[3]	Long Positions	–	53,078,241	2.75%
				27,536,000[3]	Short Positions	–	27,536,000	1.43%
Daniel R. Bradshaw	386,417[4]	–	–	–	Long Positions	–	386,417	0.02%
Alasdair G. Morrison	–	405,346[5]	–	–	Long Positions	–	405,346	0.02%

Notes:

(1) Restricted share awards were granted to the executives Directors under the LTIS, included in personal interests, and have been disclosed on page 66 to page 67 under the LTIS of this Report.

(2) 502,629 Shares are held by The Pacific 08 Trust, of which Mr. Turnbull is a founder, in the form of 124 units of the Group's convertible bonds at face value of US$10,000 each.

(3) Dr. Lee's family interests of 162,138 Shares are held by Sincere Rich Co. Ltd. in the form of 40 units of the Group's convertible bonds at face value of US$10,000 each.

The trust interests of Dr. Lee constitute 51,092,047 Shares and 1,824,056 Shares held in the form of 450 units of the Group's convertible bonds at face value of US$10,000 each.

(i) Out of the 51,092,047 Shares, 31,835,411 Shares, 6,433,100 Shares and 12,823,536 Shares are beneficially owned by Fortress Eagle Investment Limited, Invest Paradise International Limited and Wellex Investment Limited respectively. These companies are controlled by discretionary trusts established by Dr. Lee, the discretionary objects of which include his family members.

(ii) The 1,824,056 Shares held in the form of 450 units of the Group's convertible bonds are equally and beneficially owned by Fensmark Investments Limited and Alpha Market Investment Limited. Both of these two companies are controlled by discretionary trusts established by Dr. Lee, the discretionary objects of which include his family members.

(4) Mr. Bradshaw is a shareholder holding 100% and 50% of the issued share capital, respectively, of Cormorant Shipping Limited and Goldeneye Shipping Limited. He beneficially owns 353,241 Shares via Cormorant Shipping Limited and is taken to be interested in the 33,176 Shares held by Goldeneye Shipping Limited.

(5) Mr. Morrison's personal interests of 405,346 Shares are held in the form of 100 units of the Group's convertible bonds at face value of US$10,000 each.

All the interests and short positions stated above were recorded in the register maintained by the Company under Section 352 of the SFO at 30 June 2009.

Save as disclosed above, at no time during the reporting period was the Company, its subsidiaries, or its associated companies a party to any arrangement to enable the Directors and Chief Executive of the Company to hold any interests or short positions in the Shares or underlying Shares in, or debentures of, the Company or its associated corporation.

Long Term Incentive Scheme

Share options and share awards are granted to executive Directors, senior management and other employees under the Company's Long Term Incentive Scheme ("LTIS").

Details of the grant of long term incentives and a summary of the movements of the outstanding incentives during the six months ended 30 June 2009 under the LTIS are as follows:

(a) Share options

Share options were granted on 14 July 2004 at an exercise price of HK$2.5 per Share. They were fully vested and will expire on 14 July 2014.

	Number of share options		
	At 1 January 2009	Exercised during the period	At 30 June 2009
Other Employees	1,178,000	–	1,178,000

(b) Restricted share awards

	Number of restricted share awards				
	At 1 January 2009	Granted during the period (all granted on 9 June 2009)	Vested during the period	Lapsed during the period	At 30 June 2009
Executive Directors					
David M. Turnbull[1]	351,000	299,000	–	–	650,000
Richard M. Hext[2]	2,058,500	890,000	(870,746)	–	2,077,754
Klaus Nyborg[3]	1,500,000	802,000	–	–	2,302,000
Wang Chunlin[4]	965,000	467,000	(110,000)	–	1,322,000
Jan Rindbo[5]	839,000	485,000	–	–	1,324,000
	5,713,500	2,943,000	(980,746)	–	7,675,754
Senior Management[6]	2,080,000	1,236,000	(157,000)	–	3,159,000
Key Staff[7]	524,000	339,000	–	–	863,000
Other Employees[8&9]	6,172,000	5,622,000	(185,500)	(219,000)	11,389,500
	14,489,500	10,140,000	(1,323,246)	(219,000)	23,087,254

Notes:

(1) An aggregate of 650,000 Shares have been granted to Mr. Turnbull since 5 August 2008, of which (i) 117,000 Shares have vested on 2 July 2009, (ii) an equal amount of 117,000 Shares will vest on each of 2 July 2010 and 2011, and (iii) 299,000 Shares will vest on 14 July 2012.

(2) An aggregate of 5,560,741 Shares have been granted to Mr. Hext since 8 June 2005, of which (i) 3,482,987 Shares have vested, (ii) 870,754 Shares will vest on 5 April 2010, (iii) 317,000 Shares will vest on 14 July 2011, and (iv) 890,000 Shares will vest on 14 July 2012.

(3) An aggregate of 3,302,000 Shares have been granted to Mr. Nyborg since 19 September 2006, of which (i) 1,000,000 Shares have vested, (ii) an equal amount of 500,000 Shares will vest on each of 4 September 2009, 2010 and 2011, and (iii) 802,000 Shares will vest on 14 July 2012.

(4) An aggregate of 1,892,000 Shares have been granted to Mr. Wang since 9 March 2006, of which (i) 810,000 Shares have vested (inclusive of 240,000 Shares vested on 14 July 2009), (ii) an equal amount of 110,000 Shares will vest on each of 1 March 2010 and 2011, (iii) 250,000 Shares will vest on 14 July 2010, (iv) 145,000 Shares will vest on 14 July 2011, and (v) 467,000 Shares will vest on 14 July 2012.

(5) An aggregate of 1,664,000 Shares have been granted to Mr. Rindbo since 11 May 2007, of which (i) 680,000 Shares have vested (inclusive of 340,000 Shares vested on 14 July 2009), (ii) 350,000 Shares will vest on 14 July 2010, (iii) 149,000 Shares will vest on 14 July 2011, and (iv) 485,000 Shares will vest on 14 July 2012.

(6) Of the total 3,159,000 Shares held by Senior Management at 30 June 2009,
- (i) 530,000 Shares have vested on 14 July 2009,
- (ii) an equal amount of 50,000 Shares will vest on each of 23 August 2009, 2010 and 2011,
- (iii) an equal amount of 80,000 Shares will vest on each of 1 March 2010 and 2011,
- (iv) an equal amount of 77,000 Share will vest on each of 1 April 2010 and 2011,
- (v) 570,000 Shares will vest on 14 July 2010,
- (vi) 359,000 Shares will vest on 14 July 2011, and
- (vii) 1,236,000 Shares will vest on 14 July 2012.

(7) Of the total 863,000 Shares held by Key Staff at 30 June 2009,
- (i) 210,000 Shares have vested on 14 July 2009,
- (ii) 230,000 Shares will vest on 14 July 2010,
- (iii) 84,000 Shares will vest on 14 July 2011, and
- (iv) 339,000 Shares will vest on 14 July 2012.

(8) Of the total 11,389,500 Shares held by Other Employees at 30 June 2009,
- (i) 1,975,000 Shares have vested in July 2009,
- (ii) an equal amount of 33,000 Shares will vest on each of 24 July 2010 and 2011,
- (iii) an equal amount of 40,000 Shares will vest on each of 23 August 2009, 2010 and 2011,
- (iv) 23,000 Shares will vest on 1 March 2010,
- (v) an equal amount of 142,500 Shares will vest on each of 1 March 2010 and 2011,
- (vi) 2,760,500 Shares will vest on 14 July 2010,
- (vii) 1,712,000 Shares will vest on 14 July 2011, and
- (viii) 4,448,000 Shares will vest on 14 July 2012.

(9) 219,000 Shares lapsed due to termination of employment of 2 employees during the period.

The closing price of the Shares of the Company immediately before the grant of an aggregate of 10,140,000 restricted share awards on 9 June 2009 was HK$5.37 per Share.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

The register of substantial shareholders maintained under Section 336 of the SFO shows that at 30 June 2009, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name	Capacity/Nature of interest	Long/Short Position	Number of Shares	Approximate percentage of the issued share capital of the Company
Compagnie de Navigation Canadian Forest Ltee. Canadian Forest Navigation Co. Ltd.	Beneficial owner	Long Position	196,849,000	10.21%
JP Morgan Chase & Co.[1]	Beneficial owner, investment manager and custodian corporation/ approved lending agent	Long Positions Short Positions	194,209,128 17,884,100	10.07% 0.93%
UBS AG[2]	Beneficial owner, Person having a security interest in Shares and Interest in corporation controlled	Long Positions Short Positions	146,390,591 3,076,155	7.59% 0.16%

Notes:

(1) The Shares held by JP Morgan Chase & Co. are held in the capacities of beneficial owner (relating to 32,192,021 Shares), investment manager (relating to 117,119,585 Shares) and custodian corporation/approved lending agent (relating to 44,897,522 Shares).

(2) The Shares held by UBS AG are held in the capacities of beneficial owner (relating to 75,515,408 Shares), person having a security interest in Shares (relating to 26,769,000 Shares) and interest in corporation controlled (relating to 44,106,183 Shares).

Saved as disclosed above, at 30 June 2009, no person had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Purchase, Sale and Redemption of Securities

The Company purchased a total of 1,025 units of the Group's convertible bonds at face value of US$10,000 each in January 2009 at an average price of US$8,210 per unit. The purchase involved a total cash outlay of US$8,415,250 excluding accrued interest of US$153,702 and was for the purpose of saving potential repayments of US$1.8 million and related coupon payments on the convertible bonds in the period before maturity. The repurchase has resulted in a reduction of long term liabilities from the cancellation of the convertible bonds repurchased and a profit on cancellation in the income statement.

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

Interim Report and Disclosure of Information on Stock Exchange's Website

The 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.

This Interim Report is printed in English and Chinese languages, and are available on our website at www.pacificbasin.com on the date it is sent to shareholders, being 26 August 2009.

The interim results have been reviewed by the Audit Committee of the Company.

Closure of register of members

The register of members will be closed from 26 August 2009 to 27 August 2009 (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 25 August 2009. The ex-dividend date for the interim dividend will be on 24 August 2009.

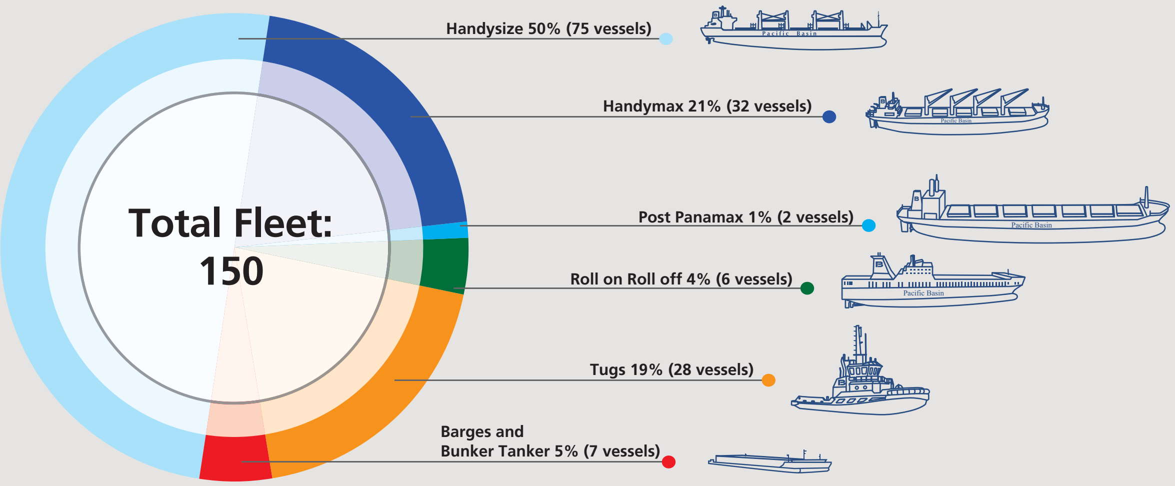
Directors

At the date of this report, the executive Directors of the Company are David Muir Turnbull, Richard Maurice Hext, Klaus Nyborg, Wang Chunlin and Jan Rindbo, the non-executive Directors of the Company are Daniel Rochfort Bradshaw and Dr. Lee Kwok Yin, Simon and the independent non-executive Directors of the Company are Robert Charles Nicholson, Patrick Blackwell Paul and Alasdair George Morrison.

Fleet Profile

At 31 July 2009

Pacific Basin Fleet Distribution



	Delivered		Newbuildings on order		
	Owned	Chartered[1]	Owned	Chartered	Total
Dry Bulk					
Handysize	19	52	2	2	**75**
Handymax	1	30	–	1	**32**
Post Panamax	–	–	1	1	**2**
Total Dry Bulk Vessels	**20**	**82**	**3**	**4**	**109**
Towage					
Tugs	19	–	9	–	**28**
Barges	6	–	–	–	**6**
Bunker Tanker	1[2]	–	–	–	**1**
Total Towage Vessels	**26**	**–**	**9**	**–**	**35**
Roll on Roll off	**–**	**–**	**6[3]**	**–**	**6**
Grand Total	**46**	**82**	**18**	**4**	**150**

Notes:

1 Our dry bulk chartered fleet comprises 13 vessels under finance leases and 69 vessels under operating leases. It also includes non-core vessels chartered in for shorter term periods.

2 The Group has 50% interest in the bunker tanker through its 50/50 joint venture.

3 Includes 2 RoRo newbuilding vessels which can be acquired by the Group within approximately 2 months of their delivery from the shipyard subject to the exercise of purchase options.

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Pacific Basin Shipping Limited

7/F, Hutchison House, 10 Harcourt Road, Central, Hong Kong
Telephone: (852) 2233 7000   Facsimile: (852) 2865 2810
www.pacificbasin.com