

GOING THE DISTANCE



Annual Report 2009



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Listed on the SGX-ST in

2006

1st

business trust to be listed in Singapore

Young fleet of

12 vessels

with an average age profile of

5 years

Contracted charter income from 2010 to 2016 is approximately

US\$300

million

About Pacific Shipping Trust

The **only** shipping trust that **amortises its debts** since IPO

10 vessels

Chartered to Pacific International Lines (PIL) until 2014-2016

2 vessels

Chartered to Compania Sud Americana de Vapores (CSAV) until 2013

Fleet Capacity

25,964

TEU

In FY2009, Pacific Shipping Trust once again demonstrated value to our unitholders.

Amid a bleak global economic outlook, we braved the challenges with a sustainable business model and prudent capital management – the cornerstones of Pacific Shipping Trust.

As we forge towards the future, the principles that enabled us to stay buoyant in rough waters will continue to guide us steadily on course. We strive to go the distance to deliver value to our unitholders.

In a world that is becoming more and more integrated and interdependent, where global trade serves as a key index of economic progress, we play a part by **providing structured financing solutions** and **long-term bareboat and time charters** to the maritime sector.

We are **Pacific Shipping Trust**.

Gross Revenue

US\$**62.0**

million

+39%

Y-o-y change in
gross revenue

Net profit

US\$**27.4**

million

Income to be
Distributed

US\$**21.3**

million

**FY2009 in
Numbers**

Income Available for
Distribution

US\$**27.1**

million

+32%

Y-o-y change in Income
to be Distributed

Cash Flows from
Operating Activities

US\$**54.4**

million

+46%

Y-o-y change in Income
Available for Distribution

VISION

To be the preferred financing partner to the world's leading shipping operators.



MISSION

To be a sustainable structured ship finance provider for premium operators – building on the pillars of perseverance, sustainability and trust.

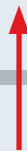
Business Trust Structure

UNITHOLDERS

Holding of Units



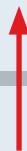
Tax-exempt Distribution



Ownership



Charter Income/
Tax-exempt Income



VESSELS

PIL ⁽¹⁾

100% Owned



Trust Deed ⁽²⁾



Acts on behalf of Unitholders



Management and Trustee Services



Fees



Charter Hire



Long-term Bareboat/Time Charters



CHARTERERS

(1) Pacific International Lines (Private) Limited (PIL)

(2) Trust deed constituting PST dated 25 April 2006 and supplemented by the First Supplemental Deed dated 25 February 2008 (the Trust Deed)

(3) Pacific Shipping Trust (PST)

(4) PST Management Pte. Ltd. (as trustee-manager of Pacific Shipping Trust) (PSTM)

STANDING FIRM ON A VANTAGE POINT



Our Position

“With a defensive business model and sound capital management, we are well-positioned to explore value-accretive expansion opportunities that meet our investment criteria.”

Letter to Unitholders

“We are pleased to report continued growth in FY2009 despite the difficult operating environment. PST delivered Net Profit after Tax of US\$27.4 million, registering an increase of 49% over the previous year. Revenue rose 39% to US\$62.0 million. In line with the improved performance, total cash distribution increased 32%, year-on-year, to US\$21.3 million.”

Dear Unitholders

2009 was a challenging year as the world economies were in turmoil from the unprecedented financial meltdown in 2008 and concerted governmental measures had to be implemented to revive economies around the world.

Standing firm on the rock of sound fundamentals, PST navigated along a proven route, cutting surely and safely through the rough seas.

Your Board is therefore pleased to report continued growth in FY2009 despite the difficult operating environment. PST delivered Net Profit after Tax of US\$27.4 million, registering an increase of 49% over the previous year. Revenue rose 39% to US\$62.0 million. In line with the improved performance, total cash distribution increased 32%, year-on-year, to US\$21.3 million.

This growth was largely driven by the full year contributions from our four new vessels - Kota Nabil, Kota Naga, CSAV Laja and CSAV Lauca - delivered between March and November 2008. With these additional ships, PST's current fleet stands at 12 vessels with total fleet capacity of 25,964 TEU.

UPDATE ON CHARTERER - CSAV

Compania Sud Americana de Vapores S.A. (CSAV), the charterer of two of our vessels, has completed two equity fundraising exercises, raising US\$145 million and approximately US\$289 million respectively to strengthen its financial position. It has also obtained shareholders' approval for a third equity offering. Recognising the improved

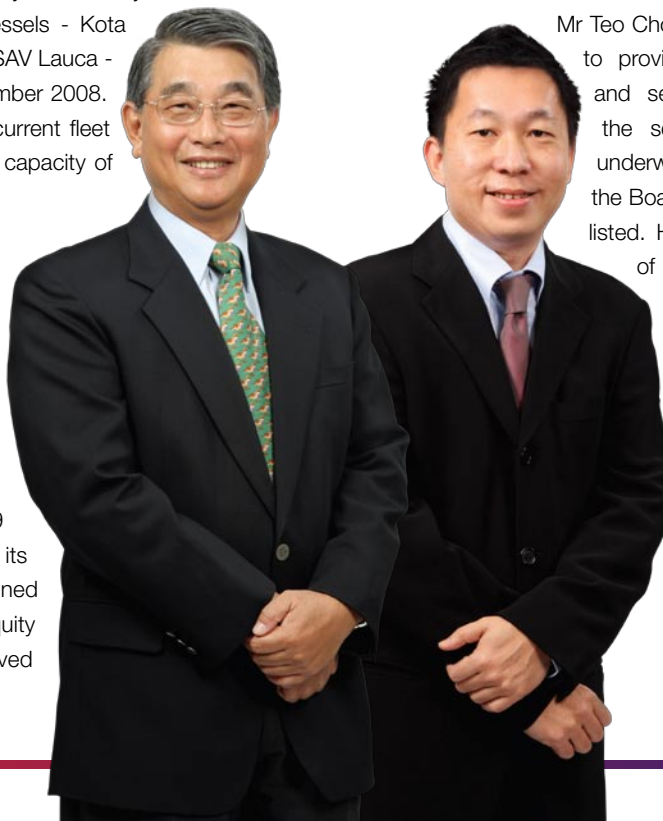
financial position of CSAV, Standard & Poors, one of the leading credit rating agencies in the world, has removed the company from its watch list.

PST has an established relationship with CSAV. We are encouraged by their capital restructuring efforts and look forward to the completion of the third equity offering. To date, PST has been receiving its charter payments in full and on schedule from CSAV. CSAV is the 11th largest container company in the world and the largest shipping company in Latin America.

MANAGEMENT CHANGES

Our Chief Executive Officer (CEO), Mr Alvin Cheng, left the company in November to pursue his personal aspirations. The Board would like to thank Mr Cheng for his contributions and wishes him success in his future endeavours.

In the meantime, the Board has appointed Mr Teo Choo Wee, a director of PSTM, to provide management continuity and serve as acting CEO while the search for a new CEO is underway. Mr Teo has been with the Board since 2006, the year PST listed. He is the Executive Director of PIL, responsible for fleet management and the sale and purchase of vessels. Mr Teo has over seven years of experience in the shipping industry and the Board values his contributions to PSTM in the interim period.



NAVIGATING ALONG A PROVEN ROUTE



Our Strategy

“As a conservatively-gearred shipping trust, we are building up our cash reserves to equip ourselves with the financial flexibility to seize value-accretive opportunities that we believe will emerge along with the gradual economic recovery.”

Letter to Unitholders

VALIDATION OF BUSINESS MODEL

Emerging from one of the worst financial crises that the world has seen, the Board continues to exercise prudence in financial management, including raising the income retention rate from 10% to approximately 30% in Q3 2009. We believe this would help strengthen PST's balance sheet and put the Trust in a strong position to undertake both opportunistic and strategic value-accretive acquisitions as they arise.

In addition to cash preservation, your Board also exercises prudence in risk management. Our entire fleet of 12 vessels is fully financed with no outstanding capital commitment and no refinancing requirements in the near or medium term. Due to the close relationships we share with our banks who have confidence in PST's strong fundamentals, we have no loan-to-market value covenants with any of our banks.

OUTLOOK FOR FY2010

The 5.6% growth in global container fleet in 2009 was lower than the 13% that was initially projected. Similarly, we believe the capacity growth in container shipping in 2010 may be lower than currently forecasted, due to a combination of factors including slippage in ship deliveries, high scrappage of existing fleet and conversion of container ships to other vessel types. Overall, with less than expected growth in supply, the containership market has shown signs of stabilising in the last quarter of 2009, with volumes showing resilience and freight rates on key routes edging up.

We believe that going forward in 2010, with the global economy showing signs of gradual recovery, resulting in an increase in global trade, demand for shipping will grow. PST's conservative financial structure now puts it in a position to capture growth opportunities

and we continue to look for potential acquisitions that meet our investment criteria, which is to add value to our unitholders. Our cautious assessment that our charterers are fundamentally sound will also be a key factor in our fleet acquisitions.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors of PSTM, we would like to thank our customers, business associates and unitholders for their unwavering confidence in us. The past year had been challenging, and we are grateful for the support and encouragement that we have received from all parties.

We would also like to express our appreciation to our fellow Board members who have contributed greatly in steering PST through the turbulent waters of the last two years. Last but not least, we would also like to acknowledge the hard work and dedication of all the staff at PSTM.

We look forward to having all our stakeholders on board with us as we strive to run the race and go the distance we have charted for PST.

BENEDICT KWEK GIM SONG

Chairman & Independent Director

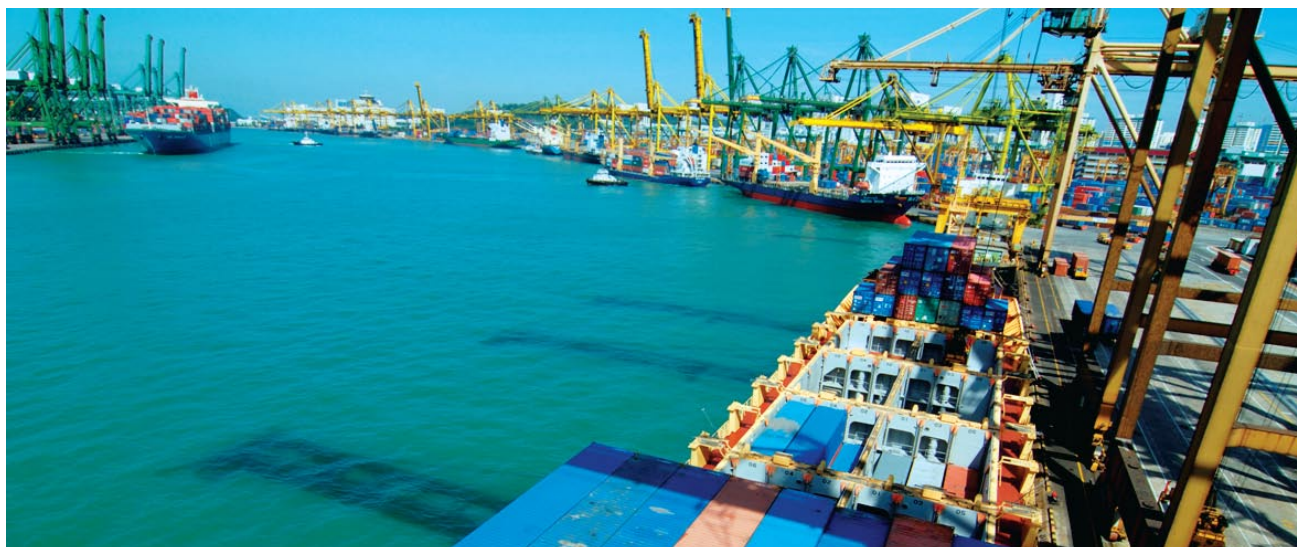
TEO CHOO WEE

Acting CEO & Director

PST Management Pte. Ltd.

(as trustee-manager of Pacific Shipping Trust)

1 March 2010



Board of Directors

MR BENEDICT KWEK GIM SONG ¹

Chairman & Independent Director

Mr Kwek was appointed to the Board on 7 April 2006. He also serves on the boards of several companies including Del Monte Pacific Limited and NTUC Choice Homes Co-operative Ltd. He also serves as member of the audit committees in these companies.

Mr Kwek began his career at Citibank Singapore in 1970 and rose to become the Head of South Asia for Global Private Banking. He left Citibank in 1988 to head AFC Merchant Bank before becoming the President and CEO of Keppel TatLee Bank from 1991 to 2002. He holds a Bachelor of Social Sciences (Hons) degree from the University of Singapore and also attended the Advanced Management Programme at Columbia University in 1981.

MR LEE SOO HOON ²

Independent Director & Audit Committee (AC) Chairman

A Chartered Accountant, he is the Managing Director of Phillip Lee Management Consultants Pte Ltd. Prior to setting up his own firm, he worked at Ernst & Young Singapore for 28 years, of which he was a partner for the last 19 years. Mr Lee has vast experience in the areas of audit, investigation, reorganisation, valuation and liquidation. He serves on the boards of several companies including CSE Global Limited, GK Goh Holdings Limited, IPC Corporation Ltd, Transview Holdings Limited and Estate & Trust Agencies (1927) Ltd and Heatec Jietong Holdings Ltd.

Mr Lee also holds directorships in several Malaysian companies including Kluang Rubber Company (Malaya) Berhad, Kuchai Development Berhad and Sungei Bagan Rubber Company (Malaya) Berhad. He was appointed to the Board on 7 April 2006.

MR DAVID CHIN SOON SIONG ³

Independent Director

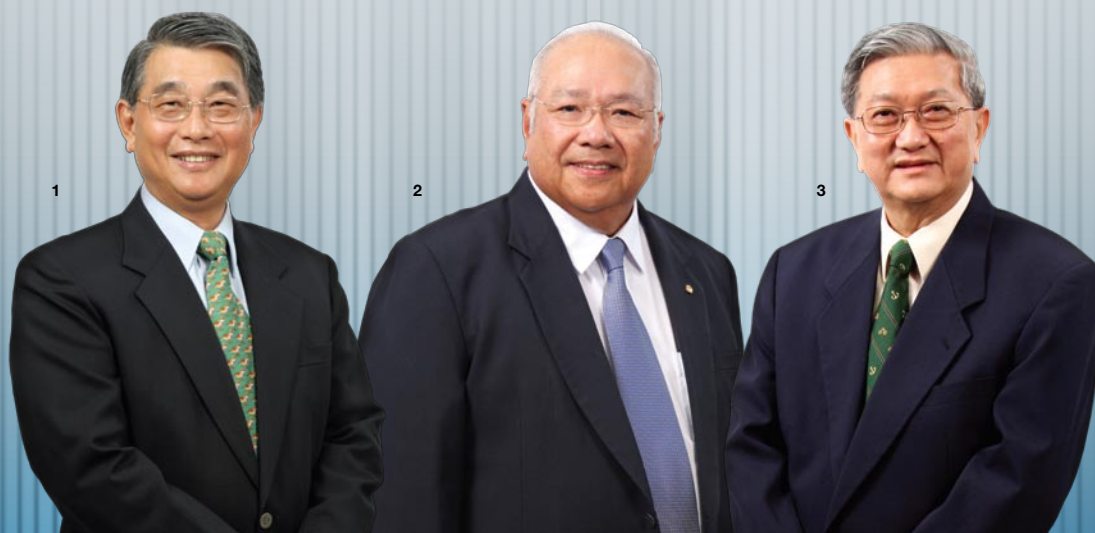
He is the Executive Director of the Singapore Maritime Foundation and a Consultant (Trade) of the Ministry of Trade and Industry and a member of the Board of Directors of the Singapore Chamber of Maritime Arbitration Limited.

He started his career as an apprentice in a ship repair yard before moving into management roles. He joined the government service in 1985 and was made the Deputy Chief Executive Officer of the Trade Development Board in 1994. Mr Chin retired as the Director-General (Trade) of the Ministry of Trade and Industry in 2006. He holds a first class honours degree in Mechanical Engineering from Newcastle-Upon-Tyne Polytechnic, UK. He was appointed to the Board on 7 April 2006.

MR EUGENE OOI CHIN CHAI ⁴

Independent Director

He is a partner in the largest Singapore law firm, Allen & Gledhill LLP, which he joined in 1989. He leads the firm's Islamic Finance Practice Group and coheads its Banking Practice Group. His main areas of practice are banking, debt restructuring and project and acquisition financing.



Board of Directors

Mr Ooi graduated with an LLB (Hons) degree from the London School of Economics in 1977 after which he gained experience as a banker with Bank of America NT & SA in Singapore, specialising in ship financing and lending to the petrochemical industry. He started his legal career in 1981, in a practice focused on Admiralty litigation, before moving on to concentrate on general commercial, financial and corporate advisory work. He was appointed to the Board on 4 October 2006.

MR CHRISTOPHER ADRIAN JONES ⁵

Independent Director

He started his ship broking career at H. Clarkson in London in 1971 and worked in its Paris office before joining Simpson Spence and Young in London. He set up Simpson Spence and Young's offices in Singapore and Jakarta prior to becoming a partner in the firm. Mr Jones is now a full time director of Island Shipbrokers, a leading Singapore broking company. His particular expertise is in the sale, purchase, new construction and valuation of all types of vessels. He was appointed to the Board on 9 February 2007.

MR KUAN KIM KIN ⁶

Director

He has been an Executive Director (Finance) of PIL since 7 June 2004. He joined PIL as General Manager of the finance division in October 1994. Prior to that, he held a number of senior financial and accounting positions across diverse business groups, including two public listed companies in Malaysia.

Mr Kuan is a non-executive director of Hong Kong-listed Singamas Container Holdings Limited and a member of its audit committee and remuneration committee. He was appointed to the Board on 24 February 2006.

MR TEO CHOO WEE ⁷

Acting CEO & Director

A director of PSTM, Mr Teo is the acting CEO with effect from 1 December 2009. He has over seven years of experience in the shipping industry and has held a number of senior management positions in manufacturing and trading firms before joining PIL in 2002 where he is currently an Executive Director.

Mr Teo was also appointed a director of Pacific Ship Investment (Pte) Ltd on 7 October 2009, a director cum deputy M.D. of Dalian Shipbuilding Industry Marine Services Co., Ltd. on 5 February 2010, and, an Executive Director of PIL on 12 February 2010. He was appointed to the Board on 4 October 2006.



CHARTING THE WAY FORWARD



Our Outlook

“Moving forward, we will actively explore various avenues to diversify our vessel portfolio and expand our base of credit-worthy charterers. PST will be well-poised to benefit from growth opportunities arising in the next 12 to 18 months.”

Principal Officers

MS IVY LIM FAYE YIK

Chief Financial Officer

Prior to her appointment with PSTM in August 2007, Ms Lim was with Oversea-Chinese Banking Corporation Limited's Group Investment Banking Division. She also served as General Manager, Corporate Planning for Renewed Development Sdn Bhd in Malaysia from 2003 to 2006. She was with Citibank Berhad from 1996 to 2002, and served in Citibank's Corporate Finance / Capital Markets Division. Prior to that, Ms Lim was with HSBC Malaysia Berhad. During her stay with HSBC, she served in various capacities including as the Finance Officer at HSBC Malaysia (Trustee) Berhad from 1994 to 1996.

She was a Queen's College International Student Scholar and a British High Commissioner's Award Scholar. Ms Lim holds a B.A. from Queen's College, USA and an MBA in Financial Services from Sheffield University, UK.

MR CHOO KOK CHOY

Commercial Manager

Throughout his career, Mr Choo has been actively involved in chartering, sale & purchase, business development and project planning in various sectors of the shipping industry especially from the shipowner's perspective.

He has vast knowledge of the shipping industry and has worked with numerous ship owners in different capacities, specializing in the petrochemical/petroleum market as well as in the sale & purchase sector. Prior to joining PSTM in October 2007, he was with a US ship investment firm in Singapore.

MS CATHERINE LAI KUM WAI

Finance Manager

Ms Lai joined PSTM as a Finance Manager in February 2008. Prior to her appointment with PSTM, she was the Corporate Finance Manager of Ossia International Limited. She also served as an Assistant Audit Manager in Singapore Power Limited from 2002 to 2005. Prior to that she was with KPMG from 1996 to 2002. Ms Lai has more than 10 years of combined experience in accounting and auditing in various industries such as fast moving consumer goods, trading, utilities, transport and food & beverage sectors. Ms Lai is a Certified Public Accountant and a Fellow of Chartered Certified Accountants (FCCA), United Kingdom. She holds professional qualification from the Association of Chartered Certified Accountants (United Kingdom) and a Diploma in Accountancy from Ngee Ann Polytechnic.

Business Review

In FY2009, our long-term charters continue to contribute strong cashflows. PST's vessels have been chartered to PIL, the 2nd largest liner operator in Singapore and CSAV, the 11th largest liner company globally. These charters provide stable revenue streams with staggered expiries from late 2013 up till 2016.

SHIPPING MARKET REVIEW

2009 has been a tumultuous year for the containership market. The global containership fleet has grown less than expected in 2009 with delays in delivery and slippages in orderbook. As of December 2009, the global containership fleet reached 13.6 million TEU with 1.08 million TEU added over the year. However, the idle fleet still remains in excess of 10% of global containership fleet while the balance orderbook remains massively excessive.

Asset prices, freight rates and charter rates have fallen significantly in 2009 as a result of a severe reversal in demand and massive supply overhang. However, there is light at the end of the tunnel with the market showing signs of stabilising following the momentum of recovery with freight rates moving up substantially in late 2009, especially on certain key routes. Volumes have also picked up towards the end of year, and with increasing implementation of Extra Slow Steaming (ESS) by operators, some of the tonnage capacity should be absorbed. As such, the recovery has continued into the first two months of 2010 and we hope that this trend will continue.

2010 OUTLOOK

However, even with such signs of recovery, the outlook for the liner market in 2010 remains cautiously optimistic.

The recent surge in China's imports and exports provides additional hope that the China growth story remains intact, thereby supporting a sustained recovery in volumes and container freight rates. However, the capacity overhang is forecasted to continue to 2013 with idle containership fleet expected to remain at current levels for two more years before it starts to decline in 2012.

In comparison, the dry bulk market has shown stronger resilience albeit not recovered to levels near the historic peak of 2008. It is still uncertain if the massive scheduled orderbook in the capesize sector will be delivered over the next few years. In the other size segments, the supramax and handysize sectors are relatively better off and appear well-supported by strong intra-regional trades.



Business Review

With the International Energy Agency's (IEA) outlook for 2010 adjusting the 2010 forecast for oil demand upwards, the outlook for the tanker market has improved. With the gradual phase-out of single-hull tankers in 2010 removing significant capacity from the global tanker fleet, the tanker sector may potentially surpass expectations.

PST will go forward into a challenging 2010 from a position of strength. With no outstanding capital commitment and a prudent financing structure, PST's financially sound balance sheet will enable Management to continue to execute PST's strategy cautiously and deliver long-term sustainable returns to our unitholders.

In view of the current market conditions where there are various assets now at attractive values, PST has the capability to take advantage of these opportunities. We will continue to explore the various sectors for potential acquisitions that meet our investment criteria, and keep our options open by exploring opportunistic deals that come, as long as it adds value and makes sense for our unitholders.



Financial Review



FINANCIAL REVIEW

	FY2009 (US\$'000)	FY2008 (US\$'000)
Gross Revenue	61,957	44,637
EBITDA	55,321	40,732
Net Profit After Tax	27,400	18,335
Income Available for Distribution	27,074	18,498
Total Assets	464,590	476,939
Debt / Total Assets	0.46x	0.48x

Gross revenue for FY2009 at US\$62.0 million was US\$17.3 million higher than the corresponding period in FY2008 of US\$44.6 million. This was due to full contribution from the new vessels delivered in 2008.

Depreciation increased by US\$4.2 million in FY2009 mainly due to the depreciation of the new vessels delivered in 2008.

Fleet management expenses relate to the two time chartered vessel, CSAV Laja and CSAV Lauca, which were chartered out starting from September 2008 and November 2008 respectively.

Finance expense (including fair value losses on interest rate swaps incurred in 2008) increased by US\$1.1 million in FY2009. Net interest expense increased mainly due to the interest incurred on the loans drawn down for the acquisition of the new vessels in 2008.

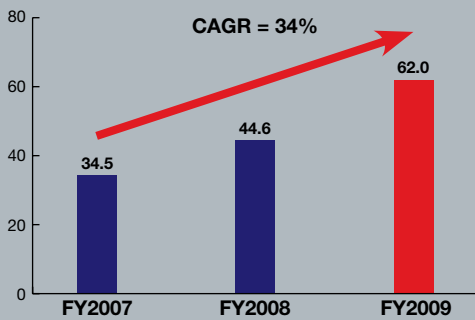
Total assets decreased from US\$476.9 million in FY2008 to US\$464.6 million in FY2009 mainly due to depreciation of the vessels during the year.

Total secured bank loans decreased by US\$17.1 million from US\$230.0 million in FY2008 to US\$212.9 million in FY2009 mainly due to repayment of the loans on a monthly basis.

Financial Highlights

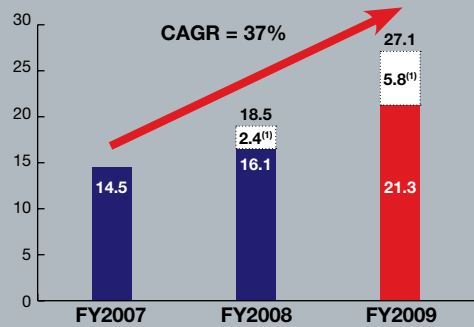
IMPROVING GROSS REVENUE

Gross Revenue (USD Million)



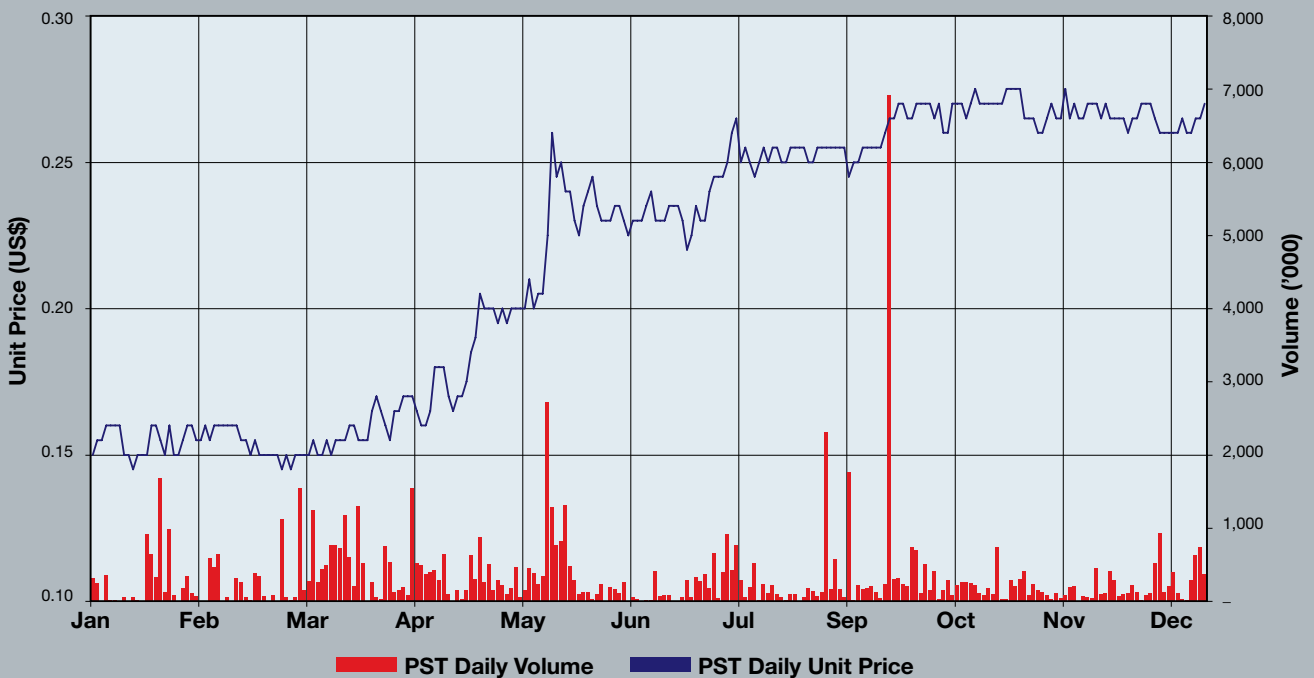
IMPROVING DISTRIBUTABLE INCOME

Distributable Income (USD Million)



(1) This relates to the portion of PST's income that is retained for future working capital purposes. From Q1 FY2008, 10% of distributable income has been retained quarterly. From Q3 FY2009, 30% of distributable income has been retained quarterly.

PST UNIT PRICE AND VOLUME



From 2 January to 31 December 2009

- Opening Price (2 Jan 09) = US\$0.15
- Closing Price (31 Dec 09) = US\$0.27
- High (13 Oct 09) = US\$0.275
- Low (15 Jan 09) = US\$0.145
- Total Volume Traded = 80.6 million units

Our Fleet at a Glance



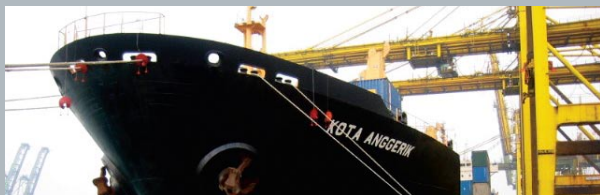
KOTA RANCAK

Year and Port of Registry	2005, SRS
Gross Tonnage	9678
Registered Dimensions	135.2 m (L) x 22.6 m (B) x 10.8 m (D)
Speed	17.1 knots
Year of Delivery	2004
Classification	Nippon Kaiji Kyokai
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co. Ltd, Japan
Capacity	943 TEU
Cargo Gear	Gearless
Charterer	PIL



KOTA RAJIN

Year and Port of Registry	2005, SRS
Gross Tonnage	9678
Registered Dimensions	135.2 m (L) x 22.6 m (B) x 10.8 m (D)
Speed	17.1 knots
Year of Delivery	2004
Classification	Nippon Kaiji Kyokai
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co. Ltd, Japan
Capacity	943 TEU
Cargo Gear	Gearless
Charterer	PIL



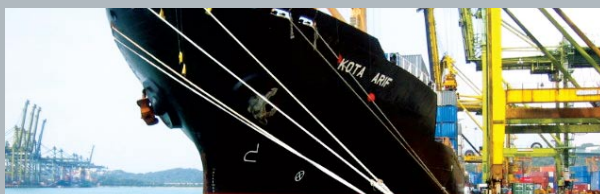
KOTA ANGGRIK

Year and Port of Registry	2003, SRS (Previous registration: 1999, SRS)
Gross Tonnage	17,652
Registered Dimensions	170.3 m (L) x 28.0 m (B) x 14.0 m (D)
Speed	19.0 knots
Year of Delivery	1999
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co. Ltd, Japan
Capacity	1,454 TEU
Cargo Gear	2 x 40 mt
Charterer	PIL



KOTA ANGGUN

Year and Port of Registry	2003, SRS (Previous registration: 1999, SRS)
Gross Tonnage	17,652
Registered Dimensions	170.3 m (L) x 28.0 m (B) x 14.0 m (D)
Speed	19.0 knots
Year of Delivery	1999
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co. Ltd, Japan
Capacity	1,454 TEU
Cargo Gear	2 x 40 mt
Charterer	PIL



KOTA ARIF

Year and Port of Registry	2003, SRS (Previous registration: 1999, SRS)
Gross Tonnage	17,652
Registered Dimensions	170.3 m (L) x 28.0 m (B) x 14.0 m (D)
Speed	19.0 knots
Year of Delivery	1999
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co. Ltd, Japan
Capacity	1,454 TEU
Cargo Gear	2 x 40 mt
Charterer	PIL



KOTA AZAM

Year and Port of Registry	2003, SRS (Previous registration: 1999, SRS)
Gross Tonnage	17,652
Registered Dimensions	170.3 m (L) x 28.0 m (B) x 14.0 m (D)
Speed	19.0 knots
Year of Delivery	1999
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co. Ltd, Japan
Capacity	1,454 TEU
Cargo Gear	2 x 40 mt
Charterer	PIL

Our Fleet at a Glance



KOTA KADO

Year and Port of Registry	2005, SRS
Gross Tonnage	31,070
Registered Dimensions	220.5 m (L) x 32.2 m (B) x 17.1 m (D)
Speed	22.0 knots
Year of Delivery	2005
Classification	Nippon Kaiji Kyokai
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co. Ltd, Japan
Capacity	3,081 TEU
Cargo Gear	Gearless
Charterer	PIL



KOTA KAYA

Year and Port of Registry	2005, SRS
Gross Tonnage	31,070
Registered Dimensions	220.5 m (L) x 32.2 m (B) x 17.1 m (D)
Speed	22.0 knots
Year of Delivery	2005
Classification	Nippon Kaiji Kyokai
Description of Vessel	Container Ship
Construction Dockyard	Shin Kurushima Dockyard Co. Ltd, Japan
Capacity	3,081 TEU
Cargo Gear	Gearless
Charterer	PIL



KOTA NABIL

Year and Port of Registry	2008, SRS
Gross Tonnage	20,902
Registered Dimensions	169.3 m (L) x 27.6 m (B) x 15.9 m (D)
Speed	20.2 knots
Year of Delivery	2008
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Dalian Shipbuilding Industry Co., Ltd
Capacity	1,800 TEU
Cargo Gear	2 x 40 mt
Charterer	PIL



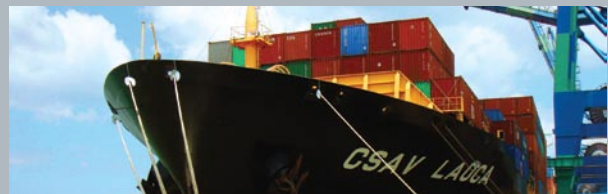
KOTA NAGA

Year and Port of Registry	2008, SRS
Gross Tonnage	20,902
Registered Dimensions	169.3 m (L) x 27.6 m (B) x 15.9 m (D)
Speed	20.2 knots
Year of Delivery	2008
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Dalian Shipbuilding Industry Co., Ltd
Capacity	1,800 TEU
Cargo Gear	2 x 40 mt
Charterer	PIL



CSAV LAJA

Year and Port of Registry	2008, SRS
Gross Tonnage	39,906
Registered Dimensions	246.8 m (L) x 32.3 m (B) x 16.1 m (D)
Speed	24.5 knots
Year of Delivery	2008
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Dalian Shipbuilding Industry Co., Ltd
Capacity	4,250 TEU
Cargo Gear	Gearless
Charterer	CSAV



CSAV LAUCA

Year and Port of Registry	2008, SRS
Gross Tonnage	39,906
Registered Dimensions	246.8 m (L) x 32.3 m (B) x 16.1 m (D)
Speed	24.5 knots
Year of Delivery	2008
Classification	Lloyd's Register
Description of Vessel	Container Ship
Construction Dockyard	Dalian Shipbuilding Industry Co., Ltd
Capacity	4,250 TEU
Cargo Gear	Gearless
Charterer	CSAV

PST Fleet Portfolio



TABLE SHOWING COST, CARRYING VALUE AND VALUATION OF VESSELS

Name of vessels	Cost US\$'000	Carrying Value US\$'000	Valuation US\$'000 ⁽¹⁾	Value in Use US\$'000 ⁽²⁾
Kota Kado	53,183	46,368	43,767	60,918
Kota Kaya	53,183	46,409	43,767	61,158
Kota Anggerik	29,366	24,474	14,420	29,199
Kota Anggun	29,366	24,533	14,420	29,467
Kota Arif	29,366	24,552	14,420	29,554
Kota Azam	29,366	24,611	14,420	29,825
Kota Rajin	23,585	20,541	16,485	23,493
Kota Rancak	23,585	20,567	16,485	23,594
Kota Nabil	43,012	40,563	31,182	42,947
Kota Naga	43,014	40,856	31,182	43,108
CSAV Laja	68,796	66,013	50,268	76,630
CSAV Lauca	68,798	66,361	50,268	76,775
	494,620	445,848	341,084	526,668

(1) The vessels were valued on 28 December 2009 by Team Shipbrokers (S) Pte Ltd, a firm of independent professional valuers, at open market value with charters-attached, of US\$341,083,500.

(2) Value in Use is the present value of the future cash flows expected to be derived from the vessels as at 31 December 2009.

TABLE SHOWING EMPLOYMENT, ANNUAL CHARTER INCOME, UTILISATION RATE AND REMAINING TERM OF CHARTERS

Name of vessels	Operating Days 2009	Annual Charter Income 2009 (US\$'000)	Utilisation Rates 2009 (%)	Remaining term of charter (years)
Kota Kado	365	6,461	100.0	5.4
Kota Kaya	365	6,461	100.0	5.4
Kota Anggerik	365	4,015	100.0	4.4
Kota Anggun	365	4,015	100.0	4.4
Kota Arif	365	4,015	100.0	4.4
Kota Azam	365	4,015	100.0	4.4
Kota Rajin	365	2,774	100.0	6.4
Kota Rancak	365	2,774	100.0	6.4
Kota Nabil	365	4,216	100.0	6.2
Kota Naga	365	4,216	100.0	6.4
CSAV Laja	365	9,488	100.0	3.7
CSAV Lauca	363	9,450	99.6	3.9
		61,900	99.97	5.1

Corporate Governance

PSTM, as trustee-manager of PST, has the dual responsibility of safeguarding the interests of the unitholders of PST and managing the business conducted by PST. PST, constituted as a trust, is externally managed by PSTM and accordingly, has no personnel of its own. PSTM appoints experienced and well-qualified management to run its day-to-day operations. PSTM, and not PST, remunerates all directors and employees of PSTM. PSTM is dedicated to maintaining the highest standards of corporate governance.

The Board of PSTM (the Board or Directors) uses the Singapore Code of Corporate Governance (the Code), which was first introduced in 2001 and amended by the Council on Corporate Disclosure and Governance in 2005, as its benchmark for its corporate governance policies and practices, as and where relevant.

In addition, Directors have the statutory duty of protecting the interest of minority unitholders as enshrined in the Business Trust Act, Chapter 31A of Singapore (BTA).

The Board's Conduct of Affairs

The Board is responsible for corporate governance and overall strategy of PST. Its role also includes reviewing business plans, monitoring key financial and non-financial performance indicators, approving annual budgets, acquisitions and disposals. The Board has established a framework for the management of PSTM, including a system of internal controls and risk management process.

The Board has established an Audit Committee (AC) to assist it in discharging its responsibilities.

The Board meets at least once every quarter. Amongst other things, the Board approves PST's quarterly and full-year results for release to Singapore Exchange Securities Trading Limited (the SGX-ST) and material transactions requiring announcements under the SGX-ST listing rules.

PSTM has also put in place an internal guide wherein certain key matters are specifically reserved for the Board's approval, such as vessel acquisitions and divestments, chartering contracts, all commitments on loan facilities, credit lines and insurance coverage. The directors' attendance at Board meetings and Audit Committee meetings held in 2009 is as follows:

	Board Meeting (No. of meetings held: 8)	Audit Committee Meeting (No. of meetings held: 4)
Director	No. of meetings attended	No. of meetings attended
Benedict Kwek Gim Song	8	4
Lee Soo Hoon	8	4
David Chin Soon Siong	7	3
Eugene Ooi Chin Chai	8	–
Christopher Adrian Jones	6	–
Kuan Kim Kin	6	–
Teo Choo Wee	8	–
Alvin Cheng Yu-Dong*	8	–

* Mr Alvin Cheng resigned effective from 30 November 2009

Each new director is provided with a manual containing information on directors' duties and responsibilities. Directors are also provided regular updates and briefings from time to time by professional advisers, auditors and management on new laws, rules, regulations, listing requirements, governance practices, changes in accounting standards and business and risk management issues applicable or relevant to the performance of their duties and responsibilities as directors.

Corporate Governance

Board Composition and Guidance

The Board currently comprises seven directors, of whom five are independent and non-executive. The members of the Board as at the date of this report are:

Name	Age	Position	Date of Appointment
Benedict Kwek Gim Song	62	Chairman and Independent director	7 April 2006
Lee Soo Hoon	67	Independent director	7 April 2006
David Chin Soon Siong	65	Independent director	7 April 2006
Eugene Ooi Chin Chai	57	Independent director	4 October 2006
Christopher Adrian Jones	58	Independent director	9 February 2007
Kuan Kim Kin	61	Non-executive director	24 February 2006
Teo Choo Wee*	46	Executive director and Acting CEO	4 October 2006

* Mr Teo Choo Wee was appointed as Acting CEO on 1 December 2009.

Mr Eugene Ooi Chin Chai is an independent director of PSTM. He is a partner of Allen & Gledhill LLP, which renders professional services to PSTM and its related corporation for a fee from time to time. The Board has reviewed this relationship and is of the opinion that, notwithstanding such a relationship, Mr Ooi is able to exercise strong independent judgement in his deliberations in the interest of PST, and in maintaining a high standard of conduct, care and duty. The Board has also found that Mr Ooi observes the ethical standards of his profession and is very conscious of the need to disclose any conflict of interests, which may arise from other engagements.

Mr Teo Choo Wee is the son of Mr Teo Woon Tiong a.k.a. Chang Yun Chung (Mr Y C Chang) and the latter is the controlling shareholder of PIL. PIL is the holding company of PSTM and PST. The aforesaid family relationship had been disclosed to the Board and SGX-ST via the SGXNET announcement in relation to Mr Teo's appointment as a director of PSTM.

Chairman and Chief Executive Officer

The roles of the Chairman of the Board and CEO are separate and their responsibilities are clearly defined to ensure an appropriate balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chairman of the Board, who is a non-executive and independent director, is responsible for the leadership of the Board and is free to act independently in the interests of the unitholders of PST. The Chairman of the Board schedules Board meetings and sets the agendas for the Board meetings and exercises control over the adequacy and timeliness of information flow between the Board and management to ensure the Board's effectiveness. The Chairman also monitors communications between PST and its unitholders and between the Board and management with a view of encouraging constructive relations and dialogue amongst them.

On the other hand, the CEO is responsible to the Board for the day-to-day operations of PST. He leads PSTM's management team in the execution of strategic plans set by the Board.

Board Membership

The Board reviews its composition regularly to ensure that PSTM has the appropriate mix of expertise and experience and to further ensure that at least a majority of the Board comprises independent directors.

PSTM has in place a formal and transparent process for the appointment of new directors. In reviewing and recommending the appointment of new directors, the Board takes into consideration the current Board size and its mix and considers factors such as a director's professional qualifications, working experience and expertise. The Board also conducts an annual review of directors' independence.

Corporate Governance

No Nominating Committee has been established as PSTM, and not PST, appoints all the directors. The nomination function, however, is still performed by the Board so as to conform to best practices recommended by the Code.

The Board is satisfied that sufficient time and attention are being given by the Directors to the affairs of PST and PSTM, notwithstanding that some of the directors have multiple board representations.

Board Performance

The Board conducts its own performance evaluation annually. This exercise is aimed at giving the Directors an opportunity to gauge their effectiveness individually and collectively. It also helps to ensure continual improvement in the Board's decision-making process as it provides a benchmark by which future performance can be measured.

Access to Information

The Directors are given unrestricted access to relevant information and PSTM's premises as well as separate and independent access to PSTM's senior management. The Directors, whether individually or as a group, are also entitled to seek independent professional advice at PSTM's expense in furtherance of their duties and in the event that the circumstances warrant the same.

All directors have separate and independent access to the advice and services of the company secretary. The Company Secretary attends all Board and AC meetings and is responsible for ensuring that the procedures of Board and AC meetings are complied with.

Remuneration Matters

Directors' remuneration and fees are borne by PSTM and not PST. In practice, the directors' remuneration and fees are paid out from the trustee-manager's fee income, subject to the Board's approval.

No Remuneration Committee has been established as PSTM and not PST appoint all the directors. The Board, however, performs this function in accordance with the best practice recommended by the Code.

The remuneration of the Trustee-Manager is provided for in Clause 12 of the Trust Deed constituting PST dated 25 April 2006. The fee structure, which includes management fees, trustee fees, acquisition and divestment fees, is disclosed in Note 1 of the financial statements of PST in the Annual Report.

Accountability

The Board has overall responsibility to unitholders for ensuring that PSTM is well managed and guided by its strategic objectives. In presenting PST's quarterly and annual financial statements to unitholders, the Board aims to provide a balanced and understandable assessment of PST's performance, position and prospects.

PSTM's management provides the Board with financials and reports on PST's performance and position on a quarterly basis. Although the management does not provide management accounts on a monthly basis, all directors nevertheless have unrestricted access to PST's records and information through requests for further explanations, briefings and informal discussions on PST's operations or business issues from the management.

Audit Committee

The AC has written terms of reference that are approved by the Board and clearly set out its responsibilities. The AC comprises three members, namely, Mr Lee Soo Hoon (Chairman), Mr Benedict Kwek Gim Song and Mr David Chin Soon Siong. All members of the AC are independent non-executive directors.

The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge their responsibilities.

Corporate Governance

The AC has explicit authority to investigate any matters within its terms of reference. It has full access to, and the co-operation of the management and full discretion to invite any director or senior manager to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The responsibilities of the AC include:

- a) reviewing the quarterly and annual financial statements to ensure integrity of the said financial statements before submission to the Board for approval;
- b) reviewing the scope and results of the external and internal audits, and evaluating, with the assistance of internal and external auditors, the adequacy of the systems of internal financial controls, operational and compliance controls and risk management policies and systems;
- c) reviewing the cost effectiveness of the external audit and, where amounts are substantial, reviewing the nature, extent and costs of non-audit services provided by the external auditors to PST, so as to avoid an erosion of the independence and objectivity of the external auditors;
- d) recommending to the Board the nomination of the external auditors and their compensation;
- e) reviewing interested person transactions of PST, if any; and
- f) reviewing the effectiveness of the internal audit function.

In performing its functions in relation to FY2009, the AC:

- a) held four (4) meetings in the period with the management and the external auditors;
- b) met once with the external auditors, without the presence of management, to review any matters that might be raised privately;
- c) reviewed the audit plans of the internal and external auditors of PST, and their reports arising from the audits;
- d) met once with the internal auditors, without the presence of the management. The internal auditors were given access to meet with the AC in the absence of the management to review any other matters;
- e) reviewed the volume and nature of non-audit services provided by the external auditors and received the requisite information from the external auditors evidencing the latter's independence. Based on this information, the AC is satisfied that the financial, professional and business relationships between PST and the external auditors will not prejudice the independence and objectivity of the external auditors;
- f) recommended the re-appointment of KPMG LLP as external auditors at the forthcoming Annual General Meeting of the Unitholders;
- g) reviewed the volume and nature of interested person transactions;

PST has in place a whistle-blowing framework where staff of PSTM can approach the AC Chairman, the Chairman of the Board and CEO to raise concerns about improprieties. Contact details of these persons have been made available to staff.

Corporate Governance

Internal Controls

The Board believes in the importance of maintaining a sound system of internal control to safeguard the interest of unitholders and PST's assets. The Board believes that the system of internal controls maintained by PST's management are in place throughout the financial period and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses. The Board recognises that in practice, no cost-effective internal control system can preclude and eradicate each and every error and irregularity arising from material errors, poor judgement in decision-making, human error losses, fraud given that all internal control systems contain inherent limitations and the Board notes that the objective of an internal control system should be to manage rather than to eliminate the risk of failure.

The Board, based on the findings by external auditors and internal auditors; and the management controls in place, is satisfied that there are no material weaknesses in PST's system of internal control.

Internal Audit

PST's internal audit function has been outsourced to Moore Stephens LLP, a professional accounting firm. Moore Stephens LLP reports to the AC on internal audit matters and reports to the CEO administratively.

Moore Stephens LLP has performed an internal audit review of PST during the year. The review was conducted to meet the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors - Singapore.

The AC had reviewed and approved the internal audit plan and was satisfied that Moore Stephens LLP had the necessary resources to adequately perform its functions.

The AC ensures the adequacy of the internal audit function, at least annually.

Communication with Unitholders

PSTM does not practise selective disclosures and releases PST's financial results and other material information to the unitholders of PST on a timely basis in accordance with the requirements of the listing rules of the SGX-ST, via the SGXNET system. All announcements made on behalf of PST are also available on PST's website (www.pacificshippingtrust.com).

All unitholders of PST will receive a copy of the Annual Report, and Notice of Annual General Meeting of the Unitholders annually. Notice of the Annual General Meeting of the Unitholders will also be advertised in the newspapers and will be made available on the SGX-ST's website.

At the Annual General Meeting of the Unitholders, unitholders will be given opportunities to voice their views and seek clarifications. The Chairman of the Board, the Chairman of the Audit Committee, as well as the external auditors will be available to attend to any queries raised by the unitholders.

In accordance with the trust deed of PST, a unitholder of PST is allowed to appoint one or two proxies to attend and vote at any meeting of unitholders on his behalf through proxy forms sent in advance.

In preparation for the annual general meeting, unitholders are encouraged to refer to SGX's investor guides, namely 'An Investor's Guide To Reading Annual Reports' and 'An Investor's Guide To Preparing For Annual General Meetings'. The guides, in both English and Chinese versions are available at the SGX website via this link:

http://www.sgx.com/wps/portal/marketplace/mp-en/investor_centre/investor_guide

Corporate Governance

Dealing in PST Units

PSTM has adopted its own internal Code of Conduct to provide guidance to all officers of PSTM with regard to dealings in units of PST in compliance with Rule 1207 (18) of the Listing Manual of the SGX-ST (Listing Manual).

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with units of PST within the permitted trading period. All directors and key officers are required to confirm annually that they have complied with and are not in breach of the provisions of this Code of Conduct.

Interested Person Transactions

PST has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of PST's interested person transactions. PST's disclosure in accordance with Rule 907 of the Listing Manual in respect of interested person transactions for the financial year ended 31 December 2009 is set out on page 64 in the Annual Report.

Material Contracts

There are no material contracts, not being contracts entered into the ordinary course of business, entered into by PST during the period under review.

Risk Management

PSTM regularly reviews and improves the business and operational activities of PST to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. PSTM reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

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Report of the Trustee-Manager of Pacific Shipping Trust

The directors of PST Management Pte. Ltd., the Trustee-Manager of Pacific Shipping Trust (the Trust) and its subsidiaries (together referred to as the Group), are pleased to submit this annual report to the unitholders of the Trust together with the audited financial statements for the financial year ended 31 December 2009.

Directors

The directors of the Trustee-Manager (the Board) in office at the date of this report are as follows:

Benedict Kwek Gim Song
Lee Soo Hoon
David Chin Soon Siong
Eugene Ooi Chin Chai
Christopher Adrian Jones
Kuan Kim Kin
Teo Choo Wee

Directors' interests

According to the register kept by the Trustee-Manager for the purposes of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the Act), no director who held office at the end of the financial year had interests in units or debentures of the Trust either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of the Trust.

During the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Trust or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and in the corporate governance statement.

There were no changes in any of the abovementioned interests in the Trust between the end of the financial year and 21 January 2010.

Directors' independence

Except for the following directors:

- (i) Mr Kuan Kim Kin

Mr Kuan is the Executive Director (Finance) of Pacific International Lines (Private) Limited (PIL). He is also a non-executive director of Hong Kong-listed Singamas Container Holdings Limited (a subsidiary of PIL). The Trustee-Manager is a wholly-owned subsidiary of PIL; and

- (ii) Mr Teo Choo Wee

Mr Teo is the Executive Director of PIL responsible for fleet management and the sale and purchase of vessels. He is also the acting Chief Executive Officer of the Trustee-Manager.

Report of the Trustee-Manager of Pacific Shipping Trust

Directors' independence (Cont'd)

Each director of the Board is:

- (a) independent from management and business relationships with the Trustee-Manager;
- (b) independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- (c) independent from every substantial shareholder of the Trustee-Manager.

Unit options

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued units in the Trust; and
- (ii) no units issued by virtue of any exercise of option to take up unissued units of the Trust.

As at the end of the financial year, there were no unissued units of the Trust under option.

Audit Committee

The nature of the functions performed by the Audit Committee (AC) are as follows:

- (a) reviewing, with the auditor of the Group
 - (i) the audit plan of the Group;
 - (ii) the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager; and
 - (iii) the auditor's audit report for the Group;
- (b) reviewing
 - (i) the assistance given by the officers of the Trustee-Manager to the auditor of the Group;
 - (ii) the scope and results of the internal audit procedures of the Trustee-Manager;
 - (iii) the policies and procedures put in place by the Trustee-Manager to ensure compliance with the Act and the Trust Deed constituting the Trust dated 25 April 2006 and supplemented by the First Supplemental Deed dated 25 February 2008 (the Trust Deed); and
 - (iv) the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable to the Trustee-Manager out of the trust property of the Trust;

Report of the Trustee-Manager of Pacific Shipping Trust

Audit Committee (Cont'd)

- (c) reviewing the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Trustee-Manager and the statements of financial position of the Group and the Trust, the consolidated income statement and consolidated statement of comprehensive income, statement of changes in unitholders' funds and consolidated statement of cash flows of the Group and statement of changes in unitholders' fund of the Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board of the Trustee-Manager;
- (d) reporting to the Board
 - (i) any inadequacies, deficiencies or matters of concern of which the AC becomes aware or that it suspects may arise from its review of the items referred to in sub-paragraphs (a), (b) and (c); and
 - (ii) any breach of the Act or any breach of the provisions of the Trust Deed, of which the AC becomes aware or that it suspects;
- (e) reporting to the Monetary Authority of Singapore if the AC is of the view that the Board has not taken, or does not propose to take, appropriate action to dealing with a matter reported under sub-paragraph (d); and
- (f) nominating an auditor of the Group, notwithstanding anything contained in the Trust Deed.

The AC may in addition undertake such other functions as may be agreed to by the AC and the Board.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

For and on behalf of the Board of Directors of the Trustee-Manager

Benedict Kwek Gim Song

Director

Teo Choo Wee

Director

Singapore

1 March 2010

Statement by the Trustee-Manager

In our opinion:

- (a) the financial statements set out on pages 37 to 63 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Trust as at 31 December 2009 and of the results of the Group, changes in unitholders' funds of the Group and of the Trust and cash flows of the Group for the year ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

With respect to profit or loss of the Group for the year ended 31 December 2009:

- fees or charges paid or payable out of the trust property to the Trustee-Manager are in accordance with the Trust Deed;
- interested person transactions are not detrimental to the interests of all the unitholders as a whole based on the circumstances at the time of the transaction; and
- the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Group or on the interests of all the unitholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager

Benedict Kwek Gim Song

Director

Teo Choo Wee

Director

Singapore

1 March 2010

Statement of Policies and Practices

Certain measures have been put in place by the Trustee-Manager to:

- (a) ensure that the Group is managed in the interests of its unitholders;
- (b) ensure that the trust property of the Trust is properly accounted for and that such property is kept distinct from the property of the Trustee-Manager held in its own capacity;
- (c) ensure adherence with the business scope of the Trust as set out in the Trust Deed;
- (d) ensure that potential conflicts between the interests of the Trustee-Manager and the interests of all the unitholders of the Trust as a whole are appropriately managed;
- (e) review interested person transactions in relation to the Trust;
- (f) review expenses and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of the Trust, and ensure that fees and expenses charged to the Trust are appropriate and in accordance with the Trust Deed; and
- (g) ensure compliance with the Act and the listing rules of the securities exchange.

These measures include:

- (i) putting in place an internal control system to ensure that all transactions entered into by the Trustee-Manager, in its capacity as trustee-manager of the Trust are for the benefit of the Group and not prejudicial to the interests of the Trust or its unitholders. Meetings of the Board are also convened at least once a quarter to review the business of the Trust as well as all transactions entered into or to be entered into by the Trustee-Manager, in its capacity as trustee-manager of the Trust, to ensure that the transactions are in the best interests of the Trust and its unitholders. In addition, the majority of the Board comprises independent directors and an annual review of each Director's independence is carried out by the Board in accordance with the Act. All major transactions entered into by the Trustee-Manager, in its capacity as trustee-manager of the Trust (particularly interested person transactions) will also be carefully reviewed by the AC of the Trustee-Manager which comprises solely independent directors;
- (ii) keeping the accounts for the Group and the Trustee-Manager separate and distinct and having each of the accounts duly audited by internal and external auditors on a routine/annual basis to ensure that the trust property of the Trust is properly accounted for and that the trust property is kept distinct from the property of the Trustee-Manager held in its own capacity;
- (iii) having regular review of the business of the Group by the Board and AC to ensure that the business scope of the Trust complies with the permitted scope within the Trust Deed. Prior to the carrying out of any significant business transaction, the Board and AC will have careful regard to the provisions of the Trust Deed and when in doubt seek advice from its professional advisers;
- (iv) having in place (aa) a Non-Compete Agreement entered into between PIL (the holding company of the Group and the Trustee-Manager) and the Trustee-Manager, in its capacity as trustee-manager of the Trust, dated 25 April 2006 pursuant to which PIL has undertaken not to compete with the Group and carry on the chartering out of container vessels subject to the exceptions and the terms and conditions contained in that agreement; (bb) a right of first refusal agreement (ROFR) entered into between PIL and the Trust pursuant to which a right of first refusal has been granted to the Trust to acquire certain container vessels owned by PIL or its subsidiaries on terms and conditions contained in the ROFR. In addition, directors who have interests in a transaction will have to abstain from voting on the board resolution in respect of that transaction;

Statement of Policies and Practices

- (v) complying with the procedures set out in the section of IPO prospectus dated 19 May 2006 (IPO Prospectus) entitled “Review Procedures for Interested Person Transactions” in addition to the requirements of the Listing Manual of Singapore Exchange Securities Trading Limited (the Listing Manual) and the Act. These include establishing an internal control system to ensure that all interested person transactions are undertaken on normal commercial terms and are not prejudicial to the interests of the Trust and its unitholders and maintaining a register to record all interested person transactions which are entered into by the Group and the bases of such transactions. The Board will also review all interested person transactions entered into by the Trustee-Manager, in its capacity as trustee-manager of the Trust. The AC will review the interested person transactions register at least quarterly to ascertain that all guidelines and procedures established to monitor and govern interested person transactions have been complied with. Such review includes the examination of the nature of the transaction and its supporting documents where required or such other data deemed necessary to the AC. If a member of the AC has an interest in a transaction, he or she will abstain from participating in the review and approval process in relation to that transaction. Depending on the value of the interested person transaction, the relevant transaction may require the review and approval of the AC in accordance with the Listing Manual and the IPO Prospectus;
- (vi) adhering to a Board approved checklist of expenses to be absorbed by the Group and expenses to be absorbed by the Trustee-Manager to ensure that expenses and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of the Group and fees and expenses charged to the Group are appropriate and in accordance with the Trust Deed; and
- (vii) having a quarterly compliance checklist to ensure compliance by the Trust with the free float and general mandate requirements under the Listing Manual and in respect of other day-to-day operational matters, the Management of the Trustee-Manager will review such matters to monitor compliance with laws and the Listing Manual. For other non-routine transactions, the Trustee-Manager will, where necessary, consult with professional advisers.

The fees and expenses paid/payable to the Trustee-Manager by the Group are as follows:

	2009	2008
	US\$'000	US\$'000
Acquisition fees paid to the Trustee-Manager	–	1,362
Management fees paid/payable to the Trustee-Manager	2,476	1,775
Trustee fees paid/payable to the Trustee-Manager	94	67

Statement by the Chief Executive Officer

In accordance with Section 86 of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

Teo Choo Wee

Acting Chief Executive Officer

Singapore

1 March 2010

Independent Auditors' Report

Unitholders of Pacific Shipping Trust

We have audited the financial statements of Pacific Shipping Trust (the Trust) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Trust as at 31 December 2009, the consolidated income statement and consolidated statement of comprehensive income, statement of changes in unitholders' funds and consolidated statement of cash flows of the Group and statement of changes in unitholders' funds of the Trust for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 63.

Trustee-Manager's responsibilities for the financial statements

The Trustee-Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the trustee-manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee-Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and the Trust as at 31 December 2009 and the results, changes in unitholders' funds and cash flows of the Group and changes in unitholders' funds of the Trust for the year then ended; and
- (b) the accounting and other records required by the Act to be kept by the Trust have been properly kept in accordance with the provisions of the Act.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3 of the financial statements. The realisation of carrying amount of each vessels is dependent upon the ability of its charterer to fulfil its contractual lease obligations on a timely basis. The details of the circumstances relating to this uncertainty are described in Note 3 to the financial statements. The ultimate outcome of this matter cannot be presently determined. The financial statements does not include any adjustments that may result from this uncertainty.

KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

1 March 2010

Statements of Financial Position

As at 31 December 2009

	Note	Group		Trust	
		2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Non-current assets					
Vessels	3	445,848	462,429	445,848	462,429
Subsidiaries	4	–	–	–	–
		445,848	462,429	445,848	462,429
Current assets					
Inventories		383	485	383	485
Other receivables	5	484	213	484	213
Cash and cash equivalents	6	17,875	13,812	17,875	13,812
		18,742	14,510	18,742	14,510
Total assets		464,590	476,939	464,590	476,939
Non-current liabilities					
Secured bank loans	7	195,574	212,896	195,574	212,896
Financial derivatives		11,081	19,224	11,081	19,224
		206,655	232,120	206,655	232,120
Current liabilities					
Trade payables		–	603	–	603
Charter income received in advance		1,016	1,258	1,016	1,258
Other payables	8	910	769	905	764
Secured bank loans	7	17,322	17,082	17,322	17,082
Financial derivatives		981	1,542	981	1,542
Current income tax payable		3	38	3	38
		20,232	21,292	20,227	21,287
Total liabilities		226,887	253,412	226,882	253,407
Net assets attributable to unitholders		237,703	223,527	237,708	223,532
Unitholders' funds					
Units in issue	9	237,033	237,033	237,033	237,033
Hedging reserve	10	(6,957)	(15,661)	(6,957)	(15,661)
Accumulated profits		7,627	2,155	7,632	2,160
		237,703	223,527	237,708	223,532
		US\$	US\$	US\$	US\$
Net asset value per unit	11	0.40	0.38	0.40	0.38

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement

Year ended 31 December 2009

		Group	
	Note	2009 US\$'000	2008 US\$'000
Gross revenue	12	61,957	44,637
Depreciation	3	(16,581)	(12,393)
Management fees		(2,476)	(1,775)
Fleet management expenses		(3,394)	(1,312)
Trustee fees		(94)	(67)
Other expenses	13	(672)	(751)
Results from operating activities		38,740	28,339
Finance income		107	348
Finance expense		(11,442)	(10,315)
Net finance expense	14	(11,335)	(9,967)
Profit before income tax		27,405	18,372
Income tax expense	15	(5)	(37)
Profit after income tax		27,400	18,335
Income available for distribution for the current year	16	27,074	18,498
Income to be distributed for the current year	16	21,319	16,134
Earnings per unit (US cents)	17		
Basic		4.65	4.57
Diluted		4.65	4.57

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	Group	
	2009	2008
	US\$'000	US\$'000
Profit after income tax	27,400	18,335
Other comprehensive income		
Effective position of changes in fair value of cash flow hedges	8,704	(15,661)
Other comprehensive income for the year, net of income tax	8,704	(15,661)
Total comprehensive income for the year	36,104	2,674

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Unitholders' Funds

Year ended 31 December 2009

	Units in issue US\$'000	Hedging reserve US\$'000	Accumulated profits/ (losses) US\$'000	Total US\$'000
Group				
At 1 January 2008	146,667	–	(1,825)	144,842
Units issued	92,254	–	–	92,254
Unit issue costs	(1,888)	–	–	(1,888)
	237,033	–	(1,825)	235,208
Total comprehensive income for the year				
Profit	–	–	18,335	18,335
Other comprehensive income	–	(15,661)	–	(15,661)
Total comprehensive income for the year	–	(15,661)	18,335	2,674
Transactions with owners, recorded directly in equity				
Distributions to unitholders	–	–	(14,355)	(14,355)
At 31 December 2008	237,033	(15,661)	2,155	223,527
At 1 January 2009	237,033	(15,661)	2,155	223,527
Total comprehensive income for the year				
Profit	–	–	27,400	27,400
Other comprehensive income	–	8,704	–	8,704
Total comprehensive income for the year	–	8,704	27,400	36,104
Transactions with owners, recorded directly in equity				
Distributions to unitholders	–	–	(21,928)	(21,928)
At 31 December 2009	237,033	(6,957)	7,627	237,703
Trust				
At 1 January 2008	146,667	–	(1,825)	144,842
Units issued	92,254	–	–	92,254
Unit issue costs	(1,888)	–	–	(1,888)
	237,033	–	(1,825)	235,208
Total comprehensive income for the year				
Profit	–	–	18,340	18,340
Other comprehensive income	–	(15,661)	–	(15,661)
Total comprehensive income for the year	–	(15,661)	18,340	2,679
Transactions with owners, recorded directly in equity				
Distributions to unitholders	–	–	(14,355)	(14,355)
At 31 December 2008	237,033	(15,661)	2,160	223,532
At 1 January 2009	237,033	(15,661)	2,160	223,532
Total comprehensive income for the year				
Profit	–	–	27,400	27,400
Other comprehensive income	–	8,704	–	8,704
Total comprehensive income for the year	–	8,704	27,400	36,104
Transactions with owners, recorded directly in equity				
Distributions to unitholders	–	–	(21,928)	(21,928)
At 31 December 2009	237,033	(6,957)	7,632	237,708

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Note	Group	
		2009 US\$'000	2008 US\$'000
Cash flows from operating activities			
Profit before income tax		27,405	18,372
Adjustments for:			
Amortisation of debt issuance cost		21	120
Depreciation	3	16,581	12,393
Fair value losses on interest rate swaps		–	980
Interest expense		11,421	9,215
Interest income		(107)	(348)
Operating income before working capital changes		55,321	40,732
Changes in working capital:			
Inventories		102	(485)
Other receivables		(284)	(163)
Trade and other payables		(462)	982
Charter income received in advance		(242)	(256)
Cash generated from operations		54,435	40,810
Income tax paid		(40)	(60)
Net cash from operating activities		54,395	40,750
Cash flows from investing activities			
Interest received		120	361
Purchase of container vessels	3	–	(223,620)
Net cash from/(used in) investing activities		120	(223,259)
Cash flows from financing activities			
Debt issuance cost paid		–	(280)
Distributions to unitholders		(21,928)	(14,355)
Interest expense paid		(11,421)	(9,215)
Proceeds from interest-bearing loans		–	203,300
Proceeds from issue of new units		–	92,254
Repayment of interest-bearing loans		(17,103)	(81,952)
Unit issue costs paid		–	(1,888)
Net cash (used in)/from financing activities		(50,452)	187,864
Net increase in cash and cash equivalents		4,063	5,355
Cash and cash equivalents at beginning of the year		13,812	8,457
Cash and cash equivalents at end of the year	6	17,875	13,812

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by PST Management Pte. Ltd. (the Trustee-Manager) on 1 March 2010.

1 Domicile and activities

Pacific Shipping Trust (the Trust) is a Singapore-domiciled business trust established pursuant to the Trust Deed dated 25 April 2006, and supplemented by the First Supplemental Deed dated 25 February 2008 (the Trust Deed) with PST Management Pte. Ltd.. The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee-Manager is under a duty to take into custody and hold the assets of the Trust in trust for the unitholders.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (SGX-ST) on 26 May 2006.

The principal activity of the Group is to invest in vessels which are chartered out to vessel operators.

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the Group).

The immediate and ultimate holding company during the financial year for the Group and the Trustee-Manager is Pacific International Lines (Private) Limited, which is incorporated in the Republic of Singapore.

The Trust has entered into several service agreements in relation to management of the Trust and its chartering operations. The fee structures of these services are as follows:

Management fees

Pursuant to the Trust Deed, the Trustee-Manager is entitled to receive a management fee of 4.0% per annum of the value of the Charter Income (being the income derived from the charter of vessels by the Trust as stipulated in the Trust Deed) in the relevant calendar year.

Any change in the structure of the management fee must be approved by an extraordinary resolution passed at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed.

The management fee payable to the Trustee-Manager is payable in the form of cash and/or units (as the Trustee-Manager may elect, such election to be irrevocable). Where the management fee is paid in cash, the amount is paid monthly, in arrears. Where the management fee is paid in the form of units, the amount is paid quarterly, in arrears.

Trustee fees

Pursuant to the Trust Deed, the Trustee-Manager is entitled to receive a trustee fee of 0.02% per annum of the value of the Trust Property (being all the assets of the Trust, as stipulated in the Trust Deed) (subject to a minimum fee of US\$10,000 in each calendar quarter). The trustee fee is payable out of the trust property of the Trust in cash on a quarterly basis. Each quarterly payment shall be determined based on the value of the trust property as at the last day of the immediate preceding quarter and as reflected in the quarterly financial statements of the Group for that quarter. The Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Any change in the structure of the trustee fee must be approved by an extraordinary resolution passed at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Notes to the Financial Statements

1 Domicile and activities (Cont'd)

Other fees

Pursuant to the Trust Deed, the Trustee-Manager is also entitled to the following:

- An acquisition fee amounting to 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the acquisition price of vessels acquired directly or indirectly by the Trust, pro-rated if applicable, to the proportion of the Trust's interest. The acquisition fee is payable in the form of cash and/or units (as the Trustee-Manager may elect, such election to be irrevocable and made before the payment of the acquisition fee).
- No acquisition fee is payable on the acquisition of the initial portfolio of vessels.
- A disposal fee amounting to 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the sale price of vessels disposed, pro-rated if applicable, to the proportion of the Trust's interest. The disposal fee is payable in cash.

Any increase in the acquisition fee or disposal fee above the permitted limit or any change in the structure of such fees shall be approved by an extraordinary resolution passed at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRSs).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States (US) dollars, which is the Group's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRSs requires the Trustee-Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 3 – impairment assessment, depreciation, useful lives and residual values of vessels

Notes to the Financial Statements

2 Summary of significant accounting policies (Cont'd)

2.2 Changes in accounting policies

Overview

Starting as of 1 January 2009 on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Determination and presentation of operating segments

Presentation of financial statements

The Group applies revised FRS 1 Presentation of Financial Statements (2008), which became effective as of 1 January 2009. As a result, the Group presents in the statement of changes in unitholders' funds all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Determination and presentation of operating segments

As of 1 January 2009, the Group determines and presents operating segments based on the information that is internally provided to the Management of the Trustee-Manager, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 108 Operating Segments. Previously operating segments were determined and presented in accordance with FRS 14 Segment Reporting. The new accounting policy in respect of operating segment disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Management of the Trustee-Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Management of the Trustee-Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group has only one reportable segment. The segment information is presented in respect of the Group's major customers.

2.3 Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the Financial Statements

2 Summary of significant accounting policies (Cont'd)

2.3 Consolidation (Cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

2.4 Foreign currencies

Transactions in foreign currencies are translated to US dollars at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to US dollars at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to US dollars at the exchange rate prevailing at the date the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2.5 Vessels

Vessels are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the vessel. Depreciation is calculated over the depreciable amount, which is the cost of the vessel less its residual value. Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of the vessels, estimated at 30 years.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average formula and includes all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

2.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise other receivables, cash and cash equivalents, secured bank loans, charter income received in advance and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured at amortised cost using the effective interest method, less any allowance for impairment losses, while non-derivative financial liabilities are measured at amortised cost.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

Notes to the Financial Statements

2 Summary of significant accounting policies (Cont'd)

2.7 Financial instruments (Cont'd)

Derivative financial instruments and hedging activities

The Group holds interest rate swaps to fix its cash flows in relation to interest expense.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred.

Cash flow hedges

Subsequent to initial recognition, changes in the fair value of the derivative hedging instrument designated as the hedging instrument in the cash flow hedge, is recognised directly in other comprehensive income and presented in the hedging reserve in equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity, remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedge item affects profit or loss.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more loss events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the Financial Statements

2 Summary of significant accounting policies (Cont'd)

2.8 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Unitholders' funds

Units in issue are classified as equity.

Unit issue costs represent expenses incurred in connection with the issue of units. All such expenses are deducted directly from unitholders' funds.

2.10 Revenue recognition

Charter income

Charter income receivable under operating leases is recognised in profit or loss on a straight-line basis over the period of the respective lease terms.

2.11 Expenses

Fleet management expenses

Fleet management expenses consist of crew related expenses, insurance, lubricant expenses and other operating expenses related to the time-chartered vessels.

Fleet management expenses are recognised on an accrual basis.

Management fees and trustee fees

The management and trustee fees paid/payable to the Trustee-Manager are recognised on an accrual basis.

2.12 Finance income and expense

Finance income comprises interest income on funds invested and gains on interest rate swaps that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings and losses on interest rate swaps that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Notes to the Financial Statements

2 Summary of significant accounting policies (Cont'd)

2.13 Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items directly related to unitholders' funds, in which case it is recognised in unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates that are expected to be applicable, based on laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are subject to offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The charter income derived by the Trust from the charter agreements would qualify for tax exemption under the Maritime Financing Incentive (MFI), with effect from 26 May 2006 for a period of 10 years subject to a review of performance at the end of the 5th year. The distributions made out of the tax-exempt income less allowable expenses will also be exempt from Singapore income tax in the hands of the unitholders.

The Trust is subject to tax on its non-tax exempt income such as interest income at the prevailing corporate tax rate, after adjusting for allowable expenses. The distributions made out of the non-tax exempt income less allowable expenses and tax will also be exempt from Singapore income tax in the hands of the unitholders.

2.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the management of the Trustee-Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3 Vessels

	Group and Trust US\$'000
Cost	
At 1 January 2008	271,000
Additions	223,620
At 31 December 2008	494,620
Additions	-
At 31 December 2009	494,620

Notes to the Financial Statements

3 Vessels (Cont'd)

	Group and Trust
	US\$'000
Accumulated depreciation	
At 1 January 2008	19,798
Charge for the year	12,393
At 31 December 2008	32,191
Charge for the year	16,581
At 31 December 2009	48,772
Carrying amount	
At 1 January 2008	251,202
At 31 December 2008	462,429
At 31 December 2009	445,848

The Group has determined that the recoverable amounts of the vessels based on value-in-use are higher than their carrying amounts. The recoverable amount of each vessel is dependent upon the ability of its charterer to fulfil its contractual lease obligations on a timely basis. In determining the recoverable amount, the Trustee-Manager has assessed counterparty risk arising from its two charterers to be low based on known information.

The deterioration in global trades and shipping rates during the year has had a negative impact on the profitability and financial positions of shipping lines. In the event that a charterer is unable to fulfil its contractual lease obligations, the carrying amount of the vessel chartered by it may be impaired.

4 Subsidiaries

	Trust	
	2009	2008
	US\$'000	US\$'000
Equity investments, at cost	*	*

* Denotes cost of investment less than US\$1,000

Detail of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity held by the Trust	
		2009	2008
		%	%
PSTM Alpha Pte. Ltd.	Singapore	100	100
PSTM Beta Pte. Ltd.	Singapore	100	100

The Trust acquired the subsidiaries on 3 March 2008. The subsidiaries, PSTM Alpha Pte. Ltd. and PSTM Beta Pte. Ltd., were not required to be audited as at 31 December 2009 as they had remained dormant since they were acquired.

Notes to the Financial Statements

5 Other receivables

	Group and Trust	
	2009 US\$'000	2008 US\$'000
Amount due from holding company (non-trade)	247	–
Interest receivable	5	18
GST receivable	65	145
Miscellaneous	–	38
Loans and receivables	317	201
Prepayments	167	12
	484	213

Amount due from holding company is unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts as the outstanding balance is not past due.

6 Cash and cash equivalents

	Group and Trust	
	2009 US\$'000	2008 US\$'000
Cash at bank	1,661	1,698
Fixed deposits with financial institutions	16,214	12,114
	17,875	13,812

The weighted average effective interest rate relating to cash and cash equivalents at the balance sheet date for the Group and the Trust is 0.23% (2008: 2.05%) per annum.

Interest rates reprice at intervals of two weeks to three months.

7 Secured bank loans

	Group and Trust	
	2009 US\$'000	2008 US\$'000
Non-current		
Secured bank loans	195,692	213,035
Less: Unamortised debt issuance cost	(118)	(139)
	195,574	212,896
Current		
Secured bank loans	17,343	17,103
Less: Unamortised debt issuance cost	(21)	(21)
	17,322	17,082
Total loans and borrowings	212,896	229,978

Notes to the Financial Statements

7 Secured bank loans (Cont'd)

As security for the banking facilities granted to the Trust, the Trust has granted in favour of the financial institutions extending the loans and interest rate swap facilities, the following:

- (i) a first priority mortgage over each vessel;
- (ii) a first priority assignment of the Trust's rights, title, interest and insurance to and for each vessel, including insurances for hull and machinery, protection and indemnity and war risks; and
- (iii) a first priority assignment of the Trust's rights, title and interest in and to the charter agreements, and the charter income of each vessel.
- (iv) a second/third priority mortgage on certain vessels;
- (v) a second/third priority assignment of insurances on certain vessels;
- (vi) a second/third priority assignment of charter income on certain vessels; and
- (vii) a second/third priority assignment of charter agreement on certain vessels.

The net book value of vessels pledged as security for the bank loans is US\$445,848,000 (2008: US\$462,429,000).

Terms and debt repayment schedule

Terms and conditions of outstanding bank loans are as follows:

	Nominal interest rate %	Year of maturity	Face value US\$'000	Carrying amount US\$'000
2009				
US\$ floating rate loans	1.05 – 1.72	2016 to 2018	213,035	212,896
2008				
US\$ floating rate loans	1.79 – 5.67	2016 to 2018	230,138	229,978

Repayment of the term loans were made on a monthly basis.

Effective interest rates

The weighted average effective interest rate of the US dollar floating rate loans is 1.22% (2008: 2.54%) per annum at the balance sheet date. Interest rates reprice monthly.

The Trustee-Manager entered into interest rate swaps to swap the floating interest rates on the US dollar loans for a weighted average effective fixed interest rate of 5.05% (2008: 5.08%) per annum which will mature over the next 2 to 7 years.

Notes to the Financial Statements

8 Other payables

	Group		Trust	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Amounts due to the Trustee-Manager:				
– trade	468	249	468	249
– non-trade	–	2	–	2
Other payables	80	–	80	–
Accrued expenses	362	518	357	513
	910	769	905	764

Amounts due to the Trustee-Manager are unsecured, interest-free and repayable on demand.

9 Units in issue

	Trust	
	2009 Number of units '000	2008 Number of units '000
Fully paid units:		
At 1 January	589,750	337,000
Issue of units:		
– preferential offering	–	252,750
At 31 December	589,750	589,750

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust;
- Receive audited accounts and the annual reports of the Trust; and
- One vote per unit.

The restrictions on a unitholder include the following:

- a unitholder has no right to request the Trustee-Manager to transfer to him any asset of the Trust;
- a unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:
 - the Trust ceasing to comply with applicable laws and regulations; or
 - the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

Notes to the Financial Statements

9 Units in issue (Cont'd)

A unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no unitholders will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of the Trust exceed its assets.

Capital management

The Trustee-Manager's policy is, wherever possible, to achieve an efficient capital structure by evaluating and sourcing for appropriate forms of financing for the Group.

The Trustee-Manager's objectives in relation to capital management are to:

- repay its debts in relation to the vessels;
- secure diversified funding sources as the Group grows in size and scale;
- minimise the cost of debt financing; and
- manage the exposure arising from adverse market movements in interest rates and foreign exchange through appropriate hedging strategies.

The Board of the Trustee-Manager reviews the Group's capital structure regularly with a view to achieve an efficient capital structure for the Group.

The Group's debt to adjusted capital ratio at the end of the reporting date was as follows:

	2009 US\$'000	2008 US\$'000
Total liabilities	226,887	253,412
Less: cash and cash equivalents	17,875	13,812
Net debt	209,012	239,600
Total equity	237,703	223,527
Less: amounts accumulated in equity relating to cash flow hedges	(6,957)	(15,661)
Adjusted capital	244,660	239,188
Debt to adjusted capital ratio at 31 December	0.85	1.00

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

10 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments until they are derecognised or impaired.

Notes to the Financial Statements

11 Net asset value per unit

Net asset value per unit is based on:

	Note	Group		Trust	
		2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Net assets attributable to unitholders		237,703	223,527	237,708	223,532
		Number of units '000	Number of units '000	Number of units '000	Number of units '000
Total units in issue	9	589,750	589,750	589,750	589,750

12 Gross revenue

Gross revenue relates to charter hire income and other income.

13 Other expenses

Included in other expenses are the following items:

	Group	
	2009 US\$'000	2008 US\$'000
Non-audit fees paid to:		
– auditors of the Group	22	33
– other auditors (independent financial advisor)	–	92

14 Finance income and expense

	Group	
	2009 US\$'000	2008 US\$'000
Interest income:		
– bank deposits	107	348
Finance income	107	348
Interest expense:		
– bank loans	(3,008)	(6,412)
– interest rate swaps	(8,413)	(2,803)
Fair value losses on interest rate swaps	–	(980)
Amortisation of debt issuance cost	(21)	(120)
Finance expense	(11,442)	(10,315)
Net finance expense	(11,335)	(9,967)

Notes to the Financial Statements

15 Income tax expense

	Group	
	2009 US\$'000	2008 US\$'000
Income tax expense		
Current tax	1	43
Under/(over) provision in respect of prior years	4	(6)
	5	37
Reconciliation of effective tax rate		
Profit before income tax	27,405	18,372
Income tax using the Singapore tax rate of 17% (2008: 18%)	4,659	3,307
Tax exempt income	(7,510)	(5,731)
Non-deductible items	2,852	2,467
Under/(over) provision in respect of prior years	4	(6)
	5	37

16 Income available for distribution for the current year

	Group	
	2009 US\$'000	2008 US\$'000
Income available for distribution at the beginning of the year	5,549	3,770
Profit after income tax	27,400	18,335
Net tax adjustments (Note A)	16,777	13,714
Repayment of borrowings	(17,103)	(13,551)
Income available for distribution for the current year	27,074	18,498
Income from previous periods retained for working capital purposes	2,424	60
Income to be retained for working capital purposes	(8,179)	(2,424)
Income to be distributed for the current year	21,319	16,134
	26,868	19,904
Distributions to unitholders:		
For the period from 1/10/2007 to 31/12/2007		
– Distribution of 1.08 cents per unit (tax-exempt income)	–	(3,640)
– Distribution of 0.02 cents per unit (tax-exempt one-tier income)	–	(67)
For the period from 1/1/2008 to 31/3/2008		
– Distribution of 0.97 cents per unit (tax-exempt income)	–	(3,270)
For the period from 1/4/2008 to 30/6/2008		
– Distribution of 1.09 cents per unit (tax-exempt income)	–	(3,673)
For the period from 1/7/2008 to 30/9/2008		
– Distribution of 1.10 cents per unit (tax-exempt income)	–	(3,705)
For the period from 1/10/2008 to 31/12/2008		
– Distribution of 0.93 cents per unit (tax-exempt income)	(5,485)	–
For the period from 1/1/2009 to 31/3/2009		
– Distribution of 0.98 cents per unit (tax-exempt income)	(5,779)	–
For the period from 1/4/2009 to 30/6/2009		
– Distribution of 0.99 cents per unit (tax-exempt income)	(5,839)	–
For the period from 1/7/2009 to 30/9/2009		
– Distribution of 0.818 cents per unit (tax-exempt income)	(4,825)	–
	(21,928)	(14,355)
Income available for distribution at the end of the year	4,940	5,549

Notes to the Financial Statements

16 Income available for distribution for the current year (Cont'd)

On 20 January 2010, the Trust declared a tax-exempt distribution of 0.827 cents per unit for the period from 1 October 2009 to 31 December 2009. For the corresponding period from 1 October 2008 to 31 December 2008, the Trust declared a tax-exempt distribution of 0.93 cents per unit.

Note A

	Group	
	2009	2008
	US\$'000	US\$'000
Net tax adjustments comprise:		
Non-tax deductible/(chargeable) items:		
– Depreciation	16,581	12,393
– Fair value losses on interest rate swaps	–	980
– Others	196	341
Net tax adjustments	16,777	13,714

17 Earnings per unit

The calculation of basic earnings per unit is based on weighted average number of units during the year and profit after income tax.

	Group	
	2009	2008
	US\$'000	US\$'000
Profit after income tax	27,400	18,335
	Number of units '000	Number of units '000
Weighted average number of units outstanding during the year	589,750	401,223

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the year.

18 Segment reporting

There is only one reportable segment. Segment information is presented in respect of the Group's major customers. No geographical segment information has been prepared as the Group's operations are located only in Singapore.

	Group	
	2009	2008
	US\$'000	US\$'000
<i>Pacific International Lines (Private) Limited (PIL)</i>		
Bareboat charterhire revenue	42,961	40,549
<i>Compania Sud Americana de Vapores (CSAV)</i>		
Time charterhire revenue	18,939	4,075
Other income	57	13
Total time charterhire revenue	18,996	4,088
	61,957	44,637

Notes to the Financial Statements

19 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Derivatives

The fair value of interest rate swaps is based on quotes provided by banks. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take into account of the credit risk of the Group entity and counterparty when appropriate.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity or repricing of less than one year (including other receivables, cash and cash equivalents, charter income received in advance and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The fair value of the secured bank loans approximate its carrying value because they are floating rate loans which reprice monthly.

20 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Trustee-Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how the Trustee-Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Notes to the Financial Statements

20 Financial risk management (Cont'd)

Credit risk

Credit risk is the risk of potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with regulated financial institutions.

At the balance sheet date, 10 out of 12 vessels are chartered to a single customer, Pacific International Lines (Private) Limited (PIL). The ability of the Group to continue its operations and service its financing obligations depend largely on PIL's ability to make payments as they fall due under the charter agreements.

The Trustee-Manager has assessed the concentration risk and considered it to be low as the Trustee-Manager is confident of PIL's positive intention and ability to continue with the charter agreements with the Trust.

Other than the above, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

A robust approach is applied to evaluate the credit risk of future potential charterers. Both internal and external independent sources are relied upon to make the evaluation.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Trustee-Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters or financial counterparty failures.

Notes to the Financial Statements

20 Financial risk management (Cont'd)

Liquidity risk (Cont'd)

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments:

	Carrying amount US\$'000	Contractual cash flows US\$'000	-----Cash flows-----		
			Within 1 year US\$'000	Within 1 to 5 years US\$'000	More than 5 years US\$'000
Group					
2009					
Non-derivative financial liabilities					
Floating interest rate loans	212,896	(226,078)	(19,897)	(81,964)	(124,217)
Trade and other payables	910	(910)	(910)	-	-
Derivative financial liabilities					
Interest rate swaps	12,062	(12,403)	(7,163)	(5,200)	(40)
	225,868	(239,391)	(27,970)	(87,164)	(124,257)
2008					
Non-derivative financial liabilities					
Floating interest rate loans	229,978	(262,943)	(22,829)	(90,530)	(149,584)
Trade and other payables	1,372	(1,372)	(1,372)	-	-
Derivative financial liabilities					
Interest rate swaps	20,766	(21,416)	(7,852)	(12,650)	(914)
	252,116	(285,731)	(32,053)	(103,180)	(150,498)

Notes to the Financial Statements

20 Financial risk management (Cont'd)

Liquidity risk (Cont'd)

	Carrying amount	-----Cash flows-----			
		Contractual cash flows	Within 1 year		
			Within 1 year	Within 1 to 5 years	More than 5 years
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Trust					
2009					
Non-derivative financial liabilities					
Floating interest rate loans	212,896	(226,078)	(19,897)	(81,964)	(124,217)
Trade and other payables	905	(905)	(905)	-	-
Derivative financial liabilities					
Interest rate swaps	12,062	(12,403)	(7,163)	(5,200)	(40)
	225,863	(239,386)	(27,965)	(87,164)	(124,257)

2008

Non-derivative financial liabilities

Floating interest rate loans	229,978	(262,943)	(22,829)	(90,530)	(149,584)
Trade and other payables	1,367	(1,367)	(1,367)	-	-

Derivative financial liabilities

Interest rate swaps	20,766	(21,416)	(7,852)	(12,650)	(914)
	252,111	(285,726)	(32,048)	(103,180)	(150,498)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing liabilities. Interest rate risk is managed by the Trustee-Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates.

Interest rate swaps, denominated in US dollar, have been entered into to achieve this purpose. The swaps mature over the next 2 to 7 years. At 31 December 2009, the Group has interest rate swaps with a notional contract amount of US\$213,035,000 (2008: US\$230,138,000). The Group fixes its cash flows in relation to interest expense via the use of interest rate swaps.

The cumulative fair value loss of interest rate swaps at 31 December 2009 is US\$12,062,000 (2008: US\$20,766,000).

Notes to the Financial Statements

20 Financial risk management (Cont'd)

Sensitivity analysis

For floating rate loans and the interest rate swaps accounted for as a cash flow hedge, a change of 50 basis points (bps) in interest rate at the reporting date would increase/(decrease) unitholders' funds and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group and Trust	
	Profit/(loss) due to 50bps increase US\$'000	Unitholders' funds due to 50bps increase US\$'000
2009		
Floating rate loans	(1,065)	–
Interest rate swaps	1,065	3,082
	–	3,082
2008		
Floating rate loans	(1,151)	–
Interest rate swaps	1,151	4,292
	–	4,292

A decrease of 50bps in interest rate at the reporting date would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Foreign currency risk

The Group is exposed to foreign currency risk on operating expenses that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily the Singapore dollar.

The Group's exposures to the Singapore dollar are as follows:

	2009 US\$'000	2008 US\$'000
Other receivables	127	148
Cash and cash equivalents	122	50
Other payables	(237)	(151)
	12	47

No sensitivity analysis is disclosed as the Group has no significant exposure to foreign currency risk.

Notes to the Financial Statements

20 Financial risk management (Cont'd)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2009				
Derivatives financial liabilities	–	12,062	–	12,062

21 Commitments

Non-cancellable operating lease rentals are receivable as follows:

	2009 US\$'000	2008 US\$'000
Within 1 year	61,862	61,940
After 1 year but within 5 years	214,268	242,806
After 5 years	23,912	57,236
	300,042	361,982

The vessels are chartered out at pre-determined rates for the next 4 to 7 years.

22 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Trustee-Manager is a wholly-owned subsidiary of PIL.

In the normal course of the operations of the Group, management fees and trustee fees have been paid or are payable to the Trustee-Manager.

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business:

	2009 US\$'000	2008 US\$'000
Acquisition fees paid to the Trustee-Manager	–	1,362
Management fees paid/payable to the Trustee-Manager	2,476	1,775
Trustee fees paid/payable to the Trustee-Manager	94	67
Charterhire income received/receivable from holding company	42,961	40,549
Reimbursement of third party fleet management cost to holding company	3,116	647
Purchase of vessels from a related corporation of the Trustee-Manager	–	222,200
Ship management fees paid/payable to holding company	180	39

Notes to the Financial Statements

23 New accounting standards and interpretations not yet adopted

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- Improvements to *FRSs 2009*

The amendments to FRS 39 on eligible hedged items will become effective for the Group's financial statements for the year ending 31 December 2010. The amendments, which clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation, should be applied in two particular situations: (i) the designation of a one-sided risk in a hedged item; and (ii) the designation of inflation in particular situations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

Improvements to *FRSs 2009* will become effective for the Group's financial statements for the year ending 31 December 2010 for amendments relating to:

- FRS 102 *Share-based payment*
- FRS 38 *Intangible assets*
- INT FRS 109 *Reassessment of embedded derivatives*
- INT FRS 116 *Hedges of a net investment in a foreign operation*

Improvements to *FRSs 2009* will become effective for the Group's financial statements for the year ending 31 December 2011 for amendments relating to:

- FRS 1 *Presentation of financial statements*
- FRS 7 *Statement of cash flows*
- FRS 17 *Leases*
- FRS 36 *Impairment of assets*
- FRS 39 *Financial Instruments: Recognition and measurement*
- FRS 105 *Non-current assets held for sale and discontinued operations*
- FRS 108 *Operating segments*

Improvements to *FRSs 2009* contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement and disclosure purposes. The Group is in the process of assessing the impact of these amendments.

Other than the above, the initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

Additional Information

Interested Person Transactions

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and the Business Trusts Act, Chapter 31A of Singapore are:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 (US\$71,000⁽¹⁾ equivalent) and transactions conducted under unitholders' mandate pursuant to Rule 920 of the Listing Manual) US\$'000	Aggregate value of all interested person transactions conducted during the financial period under unitholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000 (US\$71,000⁽¹⁾ equivalent)) US\$'000
Pacific International Lines (Private) Limited		
- Charterhire income	42,961	-
- Ship management service	180	-
PST Management Pte. Ltd.		
- Management fees	2,476	-
- Trustee fees	94	-

Except as disclosed above, there were no additional interested person transactions (excluding transactions less than S\$100,000 (approximately US\$71,000⁽¹⁾ equivalent)) entered into up to and including 31 December 2009.

Please also see Related Parties in Note 22 in the financial statements.

Rule 905 and 906 of the Listing Manual are not applicable if such related party transactions are made on the basis of, and in accordance with, the terms and conditions set out in the IPO Prospectus.

Notes:

(1) Based on the exchange rate as at 31 December 2009 of US\$1.00 to S\$1.40425

Listing of PST units

For the financial year ended 31 December 2009, an aggregate of 589,750,000 units were issued and subscribed for.

Statistics of Unitholdings

As at 1 March 2010

There were 589,750,000 units (voting rights: 1 vote per unit) in issue as at 1 March 2010. There is only one class of units in PST.

DISTRIBUTION OF UNITHOLDINGS

As at 1 March 2010

SIZE OF HOLDINGS	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
1-999	4	0.09	164	0.00
1,000 - 10,000	3,144	68.72	13,222,765	2.24
10,001 - 1,000,000	1,405	30.71	100,535,831	17.05
1,000,001 and above	22	0.48	475,991,240	80.71
Total	4,575	100.00	589,750,000	100.00

LOCATION OF UNITHOLDERS

As at 1 March 2010

COUNTRY	NO. OF UNITHOLDERS	%	NO. OF UNITS	%
Singapore	4,510	98.58	586,071,000	99.38
Malaysia	28	0.61	1,707,000	0.29
Others	37	0.81	1,972,000	0.33
TOTAL	4,575	100.00	589,750,000	100.00

SUBSTANTIAL UNITHOLDERS

As at 1 March 2010

		Direct interest		Deemed interest	
		No. of Units	%	No. of Units	%
1.	Pacific International Lines (Private) Limited	348,826,240	59.15	–	–
2.	Teo Woon Tiong aka Y C Chang ⁽¹⁾	–	–	348,826,240	59.15
3.	Temasek Holdings (Private) Limited ⁽²⁾	–	–	34,528,000	5.85

Notes:

(1) Mr Teo Woon Tiong a.k.a. Chang Yun Chung (Mr Y C Chang) together with members of his family, control Y.C. Chang & Sons Private Limited (YCCS) and South Pacific International Holdings Limited (SPIH). YCCS and SPIH each holds a direct interest of 43.66% and 31.66% interest in Pacific International Lines (Private) Limited (PIL) respectively. Accordingly Mr Y C Chang, YCCS and SPIH are deemed to have an interest in the units held by PIL.

(2) Deemed interest of 22,278,000 units held by DBS Group Holdings Limited and 12,250,000 units by PSA Corporation Limited.

Statistics of Unitholdings

As at 1 March 2010

TWENTY LARGEST UNITHOLDERS

As at 1 March 2010

S/NO.	NAME	NO. OF UNITS	%
1	PACIFIC INTERNATIONAL LINES (PRIVATE) LIMITED	348,826,240	59.15
2	HSBC (SINGAPORE) NOMINEES PTE LTD	34,629,000	5.87
3	DBS NOMINEES PTE LTD	20,567,000	3.49
4	CITIBANK NOMINEES SINGAPORE PTE LTD	16,837,000	2.85
5	PSA CORPORATION LIMITED	12,250,000	2.08
6	UOB KAY HIAN PTE LTD	10,980,000	1.86
7	TAN LENG YEOW	4,532,000	0.77
8	KHOO TECK PUAT FOUNDATION	3,500,000	0.59
9	DBS VICKERS SECURITIES (S) PTE LTD	3,288,000	0.56
10	PHILLIP SECURITIES PTE LTD	3,125,000	0.53
11	OCBC SECURITIES PRIVATE LTD	2,810,000	0.48
12	UNISYS CO HOLDINGS (S) PTE LTD	2,057,000	0.35
13	LIU PING	1,988,000	0.34
14	DB NOMINEES (S) PTE LTD	1,926,000	0.33
15	TANG HON CHEW	1,668,000	0.28
16	LIM SWE GUAN @ LIM SWEE GUAN	1,259,000	0.21
17	ABN AMRO NOMINEES SINGAPORE PTE LTD	1,200,000	0.20
18	LO CHIA CHEN	1,177,000	0.20
19	TAN PUAY YONG	1,150,000	0.19
20	SSC SHIP MANAGEMENT PTE LTD	1,111,000	0.19
	TOTAL	474,880,240	80.52

FREE FLOAT

Based on the information made available to the Trustee-Manager as at 1 March 2010, approximately 35% were held in the hands of the public. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the public.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the unitholders of Pacific Shipping Trust (“**PST**” and unitholders of PST, “**Unitholders**”) will be held at NTUC Business Centre, 1 Marina Boulevard, Level 7 Room 701, Singapore 018989 on Thursday, 8 April 2010 at 2.30 p.m. for the following purposes:

Ordinary Business:

1. To receive and adopt the report of PST Management Pte. Ltd. (the “**Trustee-Manager**”), the statement by the Trustee-Manager and the audited accounts of PST for the year ended 31 December 2009 together with the auditors’ report thereon. **(Resolution 1)**
2. To re-appoint KPMG LLP as the auditors of PST and to authorise the directors of the Trustee-Manager to fix their remuneration. **(Resolution 2)**
3. To transact any other ordinary business which may properly be transacted at an Annual General Meeting of the Unitholders.

Special Business:

And to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

4. General mandate to issue units in PST (“**Units**”)

That pursuant to Clause 6.1.1 of the Trust Deed dated 25 April 2006 as supplemented by the First Supplemental Deed dated 25 February 2008, as amended, varied or supplemented from time to time, constituting PST (the “**Trust Deed**”), Section 36 of the Business Trusts Act, Chapter 31A of Singapore (“**BTA**”), and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Trustee-Manager be authorised and empowered to issue Units, whether by way of rights, bonus or otherwise and/or make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Units, at any time and upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Units pursuant to any Instrument made or granted by the Trustee-Manager while this Resolution was in force, provided that:

- (1) the aggregate number of Units (including Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50.0%) of the issued Units (as calculated in accordance with sub-paragraph (2) below) (excluding treasury Units, if any), of which the aggregate number of Units and Instruments to be issued other than on a pro-rata basis to existing Unitholders of PST shall not exceed twenty per centum (20.0%) of the issued Units (as calculated in accordance with sub-paragraph (2) below) (excluding treasury Units, if any);

Notice of Annual General Meeting

- (2) subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Units and Instruments shall be based on the number of issued Units (excluding treasury Units, if any) at the time of the passing of this Resolution, after adjusting for:
 - (a) new Units arising from the conversion or exercise of the Instruments; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
 - (3) until 31 December 2010 or such period as may be determined by SGX-ST, the fifty per centum (50.0%) limit in sub-paragraph (1) above may be increased to one hundred per centum (100%) for PST to undertake pro-rata renounceable rights issues;
 - (4) in exercising the authority conferred by this Resolution, the Trustee-Manager comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the BTA; and
 - (5) unless revoked or varied by PST in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Unitholders or the date by which the next Annual General Meeting of the Unitholders is required by law to be held or in reference to sub-paragraph (3) above, 31 December 2010 or such other timeline as the SGX-ST shall extend, whichever is earlier or (ii) in the case of Units to be issued pursuant to the Instruments, made or granted pursuant to this Resolution, until the issuance of such Units in accordance with the terms of the Instruments.
- (Resolution 3)**
5. Authority to issue Units other than on a pro-rata basis pursuant to the aforesaid general mandate at discounts not exceeding twenty per centum (20.0%) to the weighted average price for trades done on the SGX-ST

That the Trustee-Manager be hereby authorised and empowered to issue Units and/or Instruments other than on a pro-rata basis pursuant to the aforesaid general mandate at a discount not exceeding twenty per centum (20.0%), to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such Units and/or Instruments is executed, provided that:

- (a) in exercising the authority conferred by this Resolution, the Trustee-Manager complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the BTA; and
- (b) unless revoked or varied by PST in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Unitholders or (ii) the date by which the next Annual General Meeting of the Unitholders is required by law to be held or (iii) 31 December 2010 or such other timeline as the SGX-ST shall extend, whichever is earlier.

(Resolution 4)

By Order of the Board of PST Management Pte. Ltd.
(as Trustee-Manager of Pacific Shipping Trust)

LIM KA BEE
Company Secretary
Singapore, 22 March 2010

Notice of Annual General Meeting

Explanatory Notes:

Resolution 3

The Ordinary Resolution 3 in item 4 above, if passed, will empower the Trustee-Manager from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Trust in a general meeting of the Unitholders, whichever is the earlier, to issue Units, make or grant instruments convertible into Units and to issue Units pursuant to such instruments, up to a number not exceeding, in total, 50.0% of the issued Units, of which up to 20.0% may be issued other than on a pro-rata basis to existing Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time the Ordinary Resolution 3 in item 4 above is passed after adjusting for new Units arising from the conversion or exercise of the Instruments and any subsequent bonus issue, consolidation or subdivision of Units.

The 100% renounceable pro-rata rights issue limit is one of the measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended by the SGX-ST. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for unitholders' approval, in the event the need arises. Minority unitholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

Resolution 4

The Ordinary Resolution 4 in item 5 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended by the SGX-ST.

Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new units priced at discounts of up to 20.0% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such units is executed, subject to the conditions that (a) unitholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new units on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from unitholders for issuance of new units on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, unitholders' approval is not required for placements of new units, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such units is executed.

Notes:

1. A Unitholder entitled to attend and vote at the Annual General Meeting of Unitholders (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Trustee-Manager at 140 Cecil Street #09-01, PIL Building, Singapore 069540 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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PROXY FORM

(Please see notes overleaf before completing this Form)

PACIFIC SHIPPING TRUST

(A business trust constituted on 25 April 2006 under the laws of the Republic of Singapore)

I/We, _____

of _____

being a Unitholder/Unitholders of Pacific Shipping Trust (the "Trust"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Unitholdings	
		No. of Units	%
Address			

or failing the person, or both of whom failing, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Unitholders (the "Meeting") of the Trust to be held at NTUC Business Centre, 1 Marina Boulevard, Level 7 Room 701, Singapore 018989 on Thursday, 8 April 2010 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Accounts of the Trust for the year ended 31 December 2009		
2	Re-appointment of KPMG LLP as Auditors of the Trust		
3	Authority to issue new units in the Trust		
4	Authority to issue new units in the Trust at a discount not exceeding 20%		

Dated this _____ day of _____ 2010

Signature of Unitholder(s)/Common Seal
of Corporate Unitholder

Total number of Units in:	No. of Units
(a) CDP Register	
(b) Register of Unitholders	

Notes:

1. Please insert the total number of Units in Pacific Shipping Trust (the "Trust") held by you. If you have Units entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Unitholders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Unitholders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Unitholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. A Unitholder of the Trust entitled to attend and vote at a meeting of the Trust is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of the Trust.
3. Where a Unitholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the Annual General Meeting (the "Meeting"). Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Trust reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the PST Management Pte Ltd, Trustee-Manager of the Trust at 140 Cecil Street, #09-01 PIL Building, Singapore 069540 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.

Corporate Information

BOARD OF DIRECTORS

Benedict Kwek Gim Song (Chairman)
Lee Soo Hoon
David Chin Soon Siong
Eugene Ooi Chin Chai
Christopher Adrian Jones
Kuan Kim Kin
Teo Choo Wee

COMPANY SECRETARY

Lim Ka Bee

AUDIT COMMITTEE

Lee Soo Hoon (Chairman)
Benedict Kwek Gim Song
David Chin Soon Siong

REGISTERED OFFICE

140 Cecil Street
#09-01 PIL Building
Singapore 069540
Phone : (65) 6429 3401
Fax : (65) 6225 0916

REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate and Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone : (65) 6536 5355
Fax : (65) 6536 1360

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Alex Koh Wei Peng
(appointment commenced from the audit of the financial statements for the year ended 31 December 2008)

PRINCIPAL BANKERS

DBS Bank Ltd
DnB NOR Bank ASA, Singapore Branch
HSH Nordbank AG, Singapore Branch
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank

LEGAL ADVISORS

Allen & Gledhill LLP
WongPartnership LLP



PST Management Pte. Ltd.
(as Trustee-Manager of Pacific Shipping Trust)

140 Cecil Street, #09-01
PIL Building, Singapore 069540
Main Line : 65 6429 3401
Fax : 65 6225 0916
Email : general@pstmanagement.com
<http://www.pacificshippingtrust.com>