



(A business trust constituted on 25 April 2006 under the laws of the Republic of Singapore)
Managed by PST Management Pte. Ltd.

PACIFIC SHIPPING TRUST

Financial Statements Announcement For The Financial Year Ended 31 December 2008

The financial information set out in Item 1 (a), (b), (c), (d) of this announcement for the financial year ended 31 December 2008 have been extracted from the Interim Financial Information which have been reviewed by our auditors in accordance with SSRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

Pacific Shipping Trust (PST) is a business trust constituted by the Trust Deed entered on 25 April 2006 by PST Management Pte. Ltd. as the trustee-manager of PST and supplemented by the First Supplemental Deed dated 25 February 2008 (the Trust Deed). PST was listed on the Singapore Exchange Securities Trading Limited (SGX) on 26 May 2006.

Comparative figures in 2007 presented for the Group relates to only PST as PST acquired PSTM Alpha Pte. Ltd. and PSTM Beta Pte. Ltd. only on 3 March 2008.

As at 31 December 2008, PST owned twelve container vessels which were bareboat and time chartered to Pacific International Lines (Private) Limited (PIL) and Compania Sud Americana De Vapores S.A. (CSAV) for average tenures between 5 to 7 years.

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1(a) Consolidated Income Statement for the Financial Year Ended 31 December 2008

	Notes	Group 3 months ended 31 Dec			Inc/ (Dec) %	Group 12 months ended 31 Dec		
		2008	2007	2008		2007	Inc/ (Dec) %	
		US\$'000	US\$'000	US\$'000		US\$'000		
Gross revenue	(a)	14,528	8,703	67	44,637	34,529	29	
Depreciation		(3,894)	(2,421)	61	(12,393)	(12,079)	3	
Management fees		(581)	(348)	67	(1,775)	(1,381)	29	
Fleet management expenses	(b)	(960)	-	NM	(1,312)	-	NM	
Trustee fees		(22)	(13)	69	(67)	(53)	26	
Other expenses		(76)	(184)	(59)	(751)	(572)	31	
Finance income	1(a)(i)	147	110	34	348	542	(36)	
Finance expense	1(a)(i)	(2,773)	(4,183)	(34)	(10,315)	(10,464)	(1)	
Net profit before tax		6,369	1,664	NM	18,372	10,522	NM	
Income tax expense	(c)	(22)	(15)	47	(37)	(61)	(39)	
Net profit after tax		6,347	1,649	NM	18,335	10,461	NM	

1(a)(i) Finance income and expense

	Notes	Group 3 months ended 31 Dec			Inc/ (Dec) %	Group 12 months ended 31 Dec		
		2008	2007	2008		2007	Inc/ (Dec) %	
		US\$'000	US\$'000	US\$'000		US\$'000		
Interest income:								
- Bank deposits		147	110	34	348	442	(21)	
- Interest rate swaps	(d)	-	-	NM	-	100	NM	
		147	110	34	348	542	(36)	
Interest expense:								
- Bank loans		(1,908)	(1,603)	19	(6,412)	(7,114)	(10)	
- Interest rate swaps	(d)	(835)	(71)	NM	(2,803)	-	NM	
Fair value losses on interest rate swaps	(e)	-	(2,509)	NM	(980)	(3,350)	(71)	
Amortisation of debt issuance cost		(30)	-	NM	(120)	-	NM	
		(2,773)	(4,183)	(34)	(10,315)	(10,464)	(1)	

NM: Not Meaningful

Explanatory notes:

- (a) Gross revenue consists of bareboat and time charter income from the twelve (2007: eight) container vessels in the portfolio.
- (b) Fleet management expenses comprises mainly crew related expense, insurance, lubricant expenses and other operating expenses related to the two time chartered vessels.
- (c) This relates to tax payable on the taxable interest income on bank deposits.
- (d) This relates to the net realized interest income and expenses arising from the settlement of the fixed and floating portions of interest rate swaps.
- (e) This relates to the net change in fair value on the interest rate swaps for the period and does not impact the income to be distributed. On 1 October 2008, PST adopted hedge accounting prospectively, the effective portion of the change in fair value of the interest rate swaps designated as hedging instruments in cash flow hedges were recognized in the hedging reserve.

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1(a)(ii) Consolidated Distribution Statement for the Financial Year Ended 31 December 2008

	Notes	Group 3 months ended 31 Dec		Inc/ (Dec) %	Group 12 months ended 31 Dec		Inc/ (Dec) %
		2008 US\$'000	2007 US\$'000		2008 US\$'000	2007 US\$'000	
Net profit after tax		6,347	1,649	NM	18,335	10,461	NM
Add: Non-tax deductible items	(a)	3,935	4,970	(21)	13,714	15,502	(12)
Less: Repayment of borrowings		(4,005)	(2,875)	39	(13,551)	(11,501)	18
Income available for distribution		6,277	3,744	68	18,498	14,462	28
Add: Income from prior year / period retained for working capital	(b)	1,633	-	NM	3,235	104	NM
Less: Income to be retained for working capital	(c)	(2,425)	(37)	NM	(5,599)	(60)	NM
Income to be distributed		5,485	3,707	48	16,134	14,506	11
Comprising:							
(i) Tax-exempt distribution		5,485	3,649	50	16,134	14,081	15
(ii) Tax-exempt (one-tier) income	(d)	-	58	NM	-	425	NM
Income to be distributed		5,485	3,707	48	16,134	14,506	11

Explanatory notes:

- (a) Non-tax deductible items comprise mainly depreciation, trustee fee, foreign currency loss/gain, non-tax deductible capital in nature expenses and non-tax deductible fair value gains/losses from interest rate swaps.
- (b) This relates to PST's income that was retained in prior periods.
- (c) This relates to the portion of PST's income (10% of the Distributable Amount and interest income) that is to be retained for future working capital purposes.
- (d) This relates to interest income from bank deposits (net of tax) from prior periods.

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1(b)(i) Balance Sheets, together with a comparative statement as at the end of the immediately preceding financial year.

	Notes	Group		Trust	
		31 Dec 08 US\$'000	31 Dec 07 US\$'000	31 Dec 08 US\$'000	31 Dec 07 US\$'000
ASSETS					
Non-current assets					
Vessels	(i)	462,429	251,202	462,429	251,202
Investment in subsidiaries		-*	-	-*	-
Current assets					
Inventory	(ii)	485	-	485	-
Other receivables		213	63	213	63
Cash and cash equivalents		13,812	8,457	13,812	8,457
		<u>14,510</u>	<u>8,520</u>	<u>14,510</u>	<u>8,520</u>
Total assets		476,939	259,722	476,939	259,722
LIABILITIES					
Non-current liabilities					
Secured bank loans	1(b)(ii)	212,896	97,289	212,896	97,289
Current liabilities					
Trade payables		603	-	603	-
Charter income received in advance	(iii)	1,258	1,514	1,258	1,514
Other payables		769	390	764	390
Secured bank loans	1(b)(ii)	17,082	11,501	17,082	11,501
Interest rate swaps	(iv)	20,766	4,125	20,766	4,125
Current tax payable		38	61	38	61
		<u>40,516</u>	<u>17,591</u>	<u>40,511</u>	<u>17,591</u>
Total liabilities		253,412	114,880	253,407	114,880
NET ASSETS		223,527	144,842	223,532	144,842
UNITHOLDERS' FUND					
Units in issue		237,033	146,667	237,033	146,667
Hedging reserve	(v)	(15,661)	-	(15,661)	-
Accumulated profit/(loss)		2,155	(1,825)	2,160	(1,825)
Total unitholders' funds		223,527	144,842	223,532	144,842

Explanatory notes:

- (i) PST reviewed the useful lives of its vessels in accordance with the requirements under FRS 16 Property, Plant and Equipment. To better reflect the useful lives, the vessels' estimated useful life has been extended from 25 to 30 years since 1 January 2008.
- (ii) Inventory comprises of the unused lubricant on board of the two time chartered vessels.
- (iii) Charter income is payable 30 days in advance according to the charter party of the container vessels.
- (iv) This relates to the fair value of interest rate swaps transacted to manage the cash flow variability arising from the interest payment on the bank loans.
- (v) Hedging reserve relates to the effective portion of the change in fair value of the interest rate swaps which was entered to hedge the cash flow variability arising from the interest payment on the bank loans.

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

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1(b)(ii) Aggregate amount of group borrowings

	Note	Group	
		As at 31 Dec 08 US\$'000	As at 31 Dec 07 US\$'000
Secured bank loans			
Amount repayable within one year		17,103	11,501
Less: Unamortised debt issuance cost		(21)	-
	1(b)(i)	<u>17,082</u>	<u>11,501</u>
Amount repayable after one year		213,035	97,289
Less: Unamortised debt issuance cost		(139)	-
	1(b)(i)	<u>212,896</u>	<u>97,289</u>
Total	(a)	<u>229,978</u>	<u>108,790</u>

Explanatory notes:

- (a) PST has total secured term loan facilities of US\$230 million as at 31 December 2008. Repayments of the secured bank loans were made on a monthly basis. The term loans bear interest at floating rates and are secured on all the existing container vessels with mortgages, assignment of the insurances, charter income and bareboat charter agreements.

PST has entered into interest rate swaps to fix the floating interest rates on its secured term loans at a weighted average rate of 5.08% per annum. These interest rate swaps are secured via priority mortgage on certain vessels, and assignment of insurances, charter income and bareboat charter and time charter agreements for certain vessels.

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1(c) Consolidated Group Cash Flow Statement

	Group		Group	
	3 months ended 31 Dec 2008	2007	12 months ended 31 Dec 2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Net profit before tax	6,369	1,664	18,372	10,522
Adjustments for:				
Depreciation	3,894	2,421	12,393	12,079
Amortisation of debt issuance cost	30	-	120	-
Fair value losses on interest rate swaps	-	2,509	980	3,350
Interest expenses	2,743	1,674	9,215	7,114
Interest income	(147)	(110)	(348)	(542)
Operating profit before working capital changes	12,889	8,158	40,732	32,523
Changes in working capital:				
Inventory	(269)	-	(485)	-
Other receivables	128	11	(126)	(6)
Trade and other payables	(1,247)	63	943	141
Charter income received in advance	(235)	(189)	(256)	(473)
Cash generated from operations	11,266	8,043	40,808	32,185
Income tax paid	-	-	(60)	(43)
Cash flows generated from operating activities	11,266	8,043	40,748	32,142
Investing activities				
Interest income received	151	116	362	537
Purchase of container vessels	(68,798)	-	(223,620)	-
Cash flows (used in)/generated from investing activities	(68,647)	116	(223,258)	537
Financing activities				
Distribution paid to unitholders	(3,705)	(3,674)	(14,355)	(14,255)
Interest expense paid	(2,743)	(1,674)	(9,215)	(7,114)
Debt issuance cost paid	(86)	-	(280)	-
Proceeds from issue of new units	-	-	92,254	-
Units issue cost paid	(1,708)	-	(1,888)	-
Proceeds from interest-bearing loans	48,300	-	203,300	-
Repayment of interest-bearing bank loans	(4,005)	(2,875)	(81,951)	(11,501)
Cash flows generated from/(used in) financing activities	36,053	(8,223)	187,865	(32,870)
Net increase/(decrease) in cash and cash equivalents	(21,328)	(64)	5,355	(191)
Cash and cash equivalents at beginning of the period	35,140	8,521	8,457	8,648
Cash and cash equivalents at the end of the period	13,812	8,457	13,812	8,457

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1(d)(i) Statement of Changes in Unitholders' Funds

Group	Units in issue US\$'000	Hedging Reserve^(a) US\$'000	Accumulated profits/(loss) US\$'000	Total US\$'000
2008				
As at 1 January	146,667	-	(1,825)	144,842
Profit for the period	-	-	466	466
Distributions to unitholders	-	-	(3,707)	(3,707)
As at 31 March	146,667	-	(5,066)	141,601
Profit for the period	-	-	8,341	8,341
Distributions to unitholders	-	-	(3,270)	(3,270)
As at 30 June	146,667	-	5	146,672
Units issued	92,254	-	-	92,254
Units issue cost	(1,892)	-	-	(1,892)
Profit for the period	-	-	3,181	3,181
Distributions to unitholders	-	-	(3,673)	(3,673)
As at 30 September	237,029	-	(487)	236,542
Units issue cost	4	-	-	4
Effective portion of fair value change of cash flow hedges	-	(15,661)	-	(15,661)
Profit for the period	-	-	6,347	6,347
Distributions to unitholders	-	-	(3,705)	(3,705)
As at 31 December	237,033	(15,661)	2,155	223,527
2007				
As at 1 January	146,667	-	1,969	148,636
Profit for the period	-	-	2,700	2,700
Distributions to unitholders	-	-	(3,504)	(3,504)
As at 31 March	146,667	-	1,165	147,832
Profit for the period	-	-	5,523	5,523
Distributions to unitholders	-	-	(3,505)	(3,505)
As at 30 June	146,667	-	3,183	149,850
Profit for the period	-	-	589	589
Distributions to unitholders	-	-	(3,572)	(3,572)
As at 30 September	146,667	-	200	146,867
Profit for the period	-	-	1,649	1,649
Distributions to unitholders	-	-	(3,674)	(3,674)
As at 31 December	146,667	-	(1,825)	144,842

Footnotes

- ^(a) Hedging reserve relates to the effective portion of the change in fair value of the interest rate swaps which was entered to hedge the interest rate risk of the bank loans.

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1(d)(i) Statement of Changes in Unitholders' Funds (Cont'd)

	Units in issue	Hedging Reserve^(a)	Accumulated profits/(loss)	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Trust</u>				
2008				
As at 1 January	146,667	-	(1,825)	144,842
Profit for the period	-	-	477	477
Distributions to unitholders	-	-	(3,707)	(3,707)
As at 31 March	146,667	-	(5,055)	141,612
Profit for the period	-	-	8,335	8,335
Distributions to unitholders	-	-	(3,270)	(3,270)
As at 30 June	146,667	-	10	146,677
Units issued	92,254	-	-	92,254
Units issue cost	(1,892)	-	-	(1,892)
Profit for the period	-	-	3,181	3,181
Distributions to unitholders	-	-	(3,673)	(3,673)
As at 30 September	237,029	-	(482)	236,547
Units issue cost	4	-	-	4
Effective portion of fair value change of cash flow hedges	-	(15,661)	-	(15,661)
Profit for the period	-	-	6,347	6,347
Distributions to unitholders	-	-	(3,705)	(3,705)
As at 31 December	237,033	(15,661)	2,160	223,532
<u>Trust</u>				
2007				
As at 1 January	146,667	-	1,969	148,636
Profit for the period	-	-	2,700	2,700
Distributions to unitholders	-	-	(3,504)	(3,504)
As at 31 March	146,667	-	1,165	147,832
Profit for the period	-	-	5,523	5,523
Distributions to unitholders	-	-	(3,505)	(3,505)
As at 30 June	146,667	-	3,183	149,850
Profit for the period	-	-	589	589
Distributions to unitholders	-	-	(3,572)	(3,572)
As at 30 September	146,667	-	200	146,867
Profit for the period	-	-	1,649	1,649
Distributions to unitholders	-	-	(3,674)	(3,674)
As at 31 December	146,667	-	(1,825)	144,842

Footnotes

- ^(a) Hedging reserve relates to the effective portion of the change in fair value of the interest rate swaps which was entered to hedge the interest rate risk of the bank loans.

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1(d)(ii) Details of any changes in the units

	Trust		Trust	
	3 months ended	31 Dec	12 months ended	31 Dec
	2008	2007	2008	2007
	Units	Units	Units	Units
At the beginning of the period	589,750,000	337,000,000	337,000,000	337,000,000
Units issued during the period				
– Preferential Offering	-	-	252,750,000	-
At end of the period	589,750,000	337,000,000	589,750,000	337,000,000

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding years

	Trust	
	12 months ended	31 Dec
	2008	2007
	Units	Units
Number of units issued	589,750,000	337,000,000

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not Applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures for the financial year ended 31 December 2008 have been extracted from the Interim Financial Information which has been reviewed by the auditors in accordance with the Singapore Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

3 Where the figures have been audited, or reviewed, the auditors’ report (including any qualifications or emphasis of matter)

Please see the attached review report.

4 Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2007 except for the following.

As at 1 January 2008, PST reviewed the useful lives of its vessels in accordance with the requirements under FRS 16 Property, Plant and Equipment. To better reflect the useful lives, the estimated useful lives of the vessels have been extended from 25 to 30 years.

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On 1 October 2008, PST adopted hedge accounting prospectively, the effective portion of the change in fair value of the interest rate swaps designated as hedging instruments in cash flow hedges were recognized in the hedging reserve.

5 If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

There has been no change in the accounting policies and methods of computation adopted by PST Group except for the following.

As at 1 January 2008, PST reviewed the useful lives of its vessels in accordance with the requirements under FRS 16 Property, Plant and Equipment. To better reflect the useful lives, the estimated useful lives of the vessels have been extended from 25 to 30 years. The impact arising from the change in useful life was a decrease of US\$3.0 million in depreciation charges for the financial year ended 31 December 2008.

On 1 October 2008, PST adopted hedge accounting prospectively in line with the industry's practice, the effective portion of the change in fair value of the interest rate swaps designated as hedging instruments in cash flow hedges were recognized in the hedging reserve. As at 31 December 2008, the effective portion of the cash flow hedge of US\$15.7 million have been recognized in the hedging reserve.

6 Earnings per unit (EPU) and distribution per unit (DPU) for the financial period

	Group			
	3 months ended 31 Dec 2008	31 Dec 2007	12 months ended 31 Dec 2008	31 Dec 2007
Weighted average number of units as at end of period	589,750,000	337,000,000	401,223,360	337,000,000
Earnings per unit for the period based on the weighted average number of units in issue				
- basic (US cents)	1.08	0.49	4.57	3.10
- diluted (US cents)	1.08	0.49	4.57	3.10
Number of units in issue at end of period	589,750,000	337,000,000	589,750,000	337,000,000
Distribution per unit for the period (US cents)				
(i) Tax-exempt income	0.93	1.08	4.09	4.18
(ii) Tax-exempt (one-tier) income	-	0.02	-	0.11
Total	0.93	1.10	4.09	4.29

7 Net asset value (NAV) per unit based on units issued at the end of the period.

	Group		Trust	
	31 Dec 08 US\$	31 Dec 07 US\$	31 Dec 08 US\$	31 Dec 07 US\$
Net asset value per unit	0.38	0.43	0.38	0.43

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8 Review of performance of the Group

Gross revenue for the financial year ended 31 December 2008 (FY08) was US\$44.6 million which was US\$10.1 million higher than the corresponding period in 2007 (FY07) of US\$34.5 million. This was due mainly to the contribution from the new vessels delivered during the year, namely, Kota Naga, Kota Nabil, CSAV Laja and CSAV Lauca. Management fees have increased in line with higher revenue arising from the delivery of new vessels during the year.

Depreciation increased from US\$12.1 million in FY07 to US\$12.4 million in FY08 mainly due to the increase in depreciation of the new vessels delivered during the year. This is partially offset by the impact of the change in residual value of the vessels in FY07 and change in the useful life of the vessels from 25 to 30 years in the period under review.

Fleet management fees comprises mainly crew related expenses, insurance, lubricant expenses and other operating expenses related to the two time chartered vessel, CSAV Laja and CSAV Lauca, which were chartered on 16 September and 12 November 2008 respectively.

Trustee fees increased consistently with the growth in assets base in PST in the period under review.

Other expenses comprises mainly of professional fees, regulatory fees, vessel tonnage tax, insurance and other administrative expenses. The increase of US\$0.2 million from US\$0.6 million in FY07 to US\$0.8 million in FY08 was mainly due to expenses incurred in relation to the acquisition and charter of 4 new vessels which was approved by the unitholders at the Extraordinary General Meeting held on 22 February 2008.

Finance income decreased from US\$0.5 million to US\$0.3 million mainly due to lower interest income of US\$0.1 million on bank deposits as a result of the low interest rate environment in the current period. Interest income on interest rate swaps in FY07 was US\$0.1 million compared to nil in FY08.

Finance expenses decreased from US\$10.5 million in FY07 to US\$10.3 million in FY08. Interest expense on bank loans decreased from US\$7.1 million in FY07 to US\$6.4 million in FY08 mainly due to the repayment of loan principal during the year. PST adopted hedge accounting on 1 October 2008, thus the net fair value gains or losses on interest rate swaps will be recognized in the hedging reserve instead of the Profit and Loss account. However, previous quarters' net fair value losses in interest rate swap of US\$0.98 million recognized prior to the adoption of hedge accounting will remain in the Profit and Loss Account. The interest rate swap contracts were entered into to fix PST's bank loan interest rate. The fair value changes will not have an impact on the income to be distributed. As a result of the volatility in the USD interest rates, interest expense on interest rate swaps have increased to US\$2.8 million in FY08 versus nil in FY07.

Income tax expense decreased mainly due to decrease in interest income from bank deposits. Tax is payable on the taxable interest income on bank deposits.

The net book value of the vessels increased by US\$211.2 million from US\$251.2 million in FY07 to US\$462.4 million in FY08 mainly due to the delivery of Kota Nabil on 10 March 2008, Kota Naga on 28 May 2008 million, CSAV Laja on 15 September 2008 and CSAV Lauca on 11 November 2008, partially offset by depreciation of US\$12.4 million. This has resulted in an increase in secured bank loans of US\$121.0 million from US\$108.8 million in FY07 to US\$230 million in FY08 as term loans were drawn down to part finance purchase of the vessels during the year. This was partially offset by repayment of term loans of US\$81.9 million during the year.

Inventory comprises of the unused lubricant on board of the two time chartered vessels. The increase was mainly due to the time charter of the CSAV vessels.

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8 Review of performance of the Group (Cont'd)

Cash and cash equivalent increased mainly from operating activities as a result of the increase in revenue during the year under review.

Trade payables comprises of an amount of US\$0.6 million for fleet management expenses incurred on the time chartered vessels.

Other payables increased by US\$0.4 million to US\$0.8 million mainly due to the accrual of fleet management expenses of US\$0.3 million.

Interest rate swaps liabilities increased by US\$16.6 million mainly due to the net change in fair value on the interest rate swaps for the period as a result of the decrease in USD interest rate as at 31 December 2008.

9 Where a forecast, or a prospect statement, has been previously disclosed to unitholders, any variance between it and the actual results

No forecast statement for financial year 2008 has been disclosed.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The containership market has been going through a period of adjustments in the past quarter, as a result of slowing global economic activities and liquidity crunch, which has in turn led to reducing demand for maritime carrying capacities. Freight rates for container vessels had been on the downward trend in the fourth quarter, and is likely to continue into 2009. The charter rate index for containerships, BOXI, fell by some 53% since end of September.

Elsewhere, in the other shipping sectors, there are varying levels of market weakening (in terms of vessel earnings and resale prices) whilst the outlook for world economic growth is bearish, especially in the dry bulk sector where freight rates have fallen more than 90% for the larger vessels. The historically high spot charter rates and the inflated asset prices have proved to be unsustainable, and the dry bulk market sector is likely to remain depressed for an extended period of time.

Barring any unforeseen circumstances, PST believes that the current volatility experienced in the shipping markets, equity capital markets and debt markets are unlikely to have any material impact on PST's income and distribution due to the long term charters it has in place as well its prudent debt management strategy.

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11 Distribution

(a) **PST Units (for period from 1 October 2008 to 31 December 2008)**

Name of distribution	Tax-Exempt	Tax-Exempt (One-Tier)	Total
Distribution type	Cash	Cash	Cash
Distribution per unit (cents)	0.93	-	0.93
Tax rate	Tax-exempt ⁽²⁾	Tax-exempt ⁽³⁾	Tax exempt

(b) **Corresponding period of the immediately preceding financial period** ⁽¹⁾

Name of distribution	Tax-Exempt	Tax-Exempt (One-Tier)	Total
Distribution type	Cash	Cash	Cash
Distribution per unit (cents)	1.08	0.02	1.10
Tax rate	Tax-exempt ⁽²⁾	Tax-exempt ⁽³⁾	Tax exempt

Note:

⁽¹⁾ Distribution for the period from 1 October 2007 to 31 December 2007.

⁽²⁾ These distributions are made out of PST'S Net Tax-Exempt Income. All unitholders are exempt from Singapore income tax on the distributions made by PST out of its Net Tax-Exempt Income regardless of whether they are corporate unitholders or individuals.

⁽³⁾ These distributions are made out of PST's Net Taxable Income. All unitholders are exempt from Singapore income tax on the distributions made by PST out of its Net Taxable Income regardless of whether they are corporate unitholders or individuals. The unitholders may not claim a corresponding tax credit/refund for the tax paid at PST's level of PST's Taxable Income less allowable expenses.

(c) Date payable: 27 February 2009

(d) Books Closure Date: The Transfer Books and Register of unitholders of (Pacific Shipping Trust (PST) will be closed on 5 p.m. on 30 January 2009 for the purposes of determining unitholder's entitlement to the distribution of profits.

Unitholders whose Securities Accounts with The Central Depository (Pte) Limited (CDP) are credited with shares at 5.00 p.m. on 30 January 2009 will be entitled to the Distribution to be paid on 27 February 2009.

12 If no distribution has been declared/(recommended), a statement to that effect

Not applicable.

13 Segmented revenue and results for business or geographical segments (of the Group)

No business segment information has been prepared as the Trust is involved only in the chartering out of vessels. No geographical segment information has been prepared as the Trust's operations are located only in Singapore.

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- 14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

- 15 Breakdown of sales

	Group		
	31 Dec 08	31 Dec 07	Inc/(Dec)
	US\$'000	US\$'000	%
(a) Gross revenue reported for the first half year	18,892	17,123	10
(b) Net profit after tax for the first half year	8,807	8,223	7
(c) Gross revenue reported for second half year	25,745	17,406	48
(d) Net profit after tax for the second half year	9,528	2,238	NM

- 16 Breakdown of the total distribution for the latest full year and its previous full year

	31 Dec 08	31 Dec 07
	US\$'000	US\$'000
Annual distribution to unitholders	<u>14,355</u>	<u>14,255</u>

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17 Interested Person Transaction

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
	US\$'000	US\$'000	US\$'000	US\$'000
Pacific International Lines (Private) Limited				
- Charterhire income	40,549	34,529	-	-
- Charter of vessels	-	^(a) 67,452	-	-
- Ship Management Service	39	^(b) 180	-	-
PST Management Pte. Ltd.				
- Management fees	1,775	1,381	-	-
- Trustee fees	67	53	-	-
- Acquisition fees	1,362	-	-	-
Tranpac Holdings Inc., Panama (100% owned subsidiary of PIL)				
- Purchase of vessels	222,200	^(c) 222,200	-	-

Explanatory notes:

- ^(a) Includes bareboat charterparty agreement signed on 27 November 2007 for the full contracted value
- ^(b) Ship Management Agreement signed on 14 September 2008 for the full contracted value
- ^(c) Memoranda of Agreement signed on 14 September and 27 November 2007 for the full contracted value

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This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, changes in operating expenses, trust expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

ON BEHALF OF THE DIRECTORS

Benedict Kwek Gim Song
Chairman

Alvin Cheng Yu-Dong
Chief Executive Officer

**BY ORDER OF THE BOARD OF PST MANAGEMENT PTE. LTD.
AS TRUSTEE-MANAGER OF PACIFIC SHIPPING TRUST**

Lim Ka Bee
Company Secretary
20 January 2009