



(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 Half Year Ended 30 June 2008

The financial information set out in Item 1 (a), (b), (c), (d) of this announcement for the six months ended 30 June 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 30 June 2008, PST owned ten container vessels which were chartered to Pacific International Lines (Private) Limited (PIL) on bareboat basis for the tenures of up to an average of 8 years.

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1(a) Consolidated Income Statement for the Half Year Ended 30 June 2008

	Notes	Group 3 months ended 30 Jun		Inc/ (Dec) %	Group 6 months ended 30 Jun		Inc/ (Dec) %
		2008	2007		2008	2007	
		US\$'000	US\$'000		US\$'000	US\$'000	
Gross revenue	(a)	10,041	8,609	17	18,892	17,123	10
Depreciation		(2,859)	(3,219)	(11)	(5,333)	(6,438)	(17)
Management fees		(402)	(344)	17	(756)	(685)	10
Trustee fees		(15)	(13)	15	(28)	(27)	4
Other expenses		(133)	(123)	8	(374)	(249)	50
Finance income	1(a)(i)	3,880	2,439	59	319	2,235	(86)
Finance expense	1(a)(i)	(2,166)	(1,811)	20	(3,903)	(3,706)	5
Net profit before tax		8,346	5,538	51	8,817	8,253	7
Income tax expense	(b)	(5)	(15)	(67)	(10)	(30)	(67)
Net profit after tax		8,341	5,523	51	8,807	8,223	7

1(a)(i) Finance income and expense

	Notes	Group 3 months ended 30 Jun		Inc/ Dec) %	Group 6 months ended 30 Jun		Inc/ (Dec) %
		2008	2007		2008	2007	
		US\$'000	US\$'000		US\$'000	US\$'000	
Interest income:							
- Bank deposits		55	107	(49)	138	218	(37)
- Interest rate swaps	(c)	-	49	NM	-	102	NM
Fair value gains on interest rate swaps	(d)	3,825	2,283	68	181	1,915	(91)
		3,880	2,439	59	319	2,235	(86)
Interest expense:							
- Bank loans		(1,466)	(1,811)	(19)	(2,817)	(3,706)	(24)
- Interest rate swaps	(c)	(696)	-	NM	(1,082)	-	NM
Amortisation of debt issuance cost		(4)	-	NM	(4)	-	NM
		(2,166)	(1,811)	20	(3,903)	(3,706)	5

NM: Not Meaningful

Explanatory notes:

- (a) Gross revenue consists of bareboat charter income from nine container vessels and 33 days of charter income from Kota Naga which was delivered and commenced charter on 28 May 2008.
- (b) This relates to tax payable on the taxable interest income on bank deposits.
- (c) This relates to the net realized interest income and expenses arising from the settlement of the fixed and floating portions of interest rate swaps.
- (d) 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.

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1(a)(ii) Consolidated Distribution Statement for the Half Year Ended 30 June 2008

	Notes	Group 3 months ended 30 Jun		Inc/ (Dec) %	Group 6 months ended 30 Jun		Inc/ (Dec) %
		2008 US\$'000	2007 US\$'000		2008 US\$'000	2007 US\$'000	
Net profit after tax		8,341	5,523	51	8,807	8,223	7
Add: Non-tax deductible/ (chargeable) items	(a)	(931)	952	NM	5,210	4,549	15
Less: Repayment of borrowings		(3,240)	(2,875)	13	(6,116)	(5,750)	6
Income available for distribution		4,170	3,600	16	7,901	7,022	12
Add: Income from prior year / period retained for working capital	(b)	523	-	NM	583	104	NM
Less: Income to be retained for working capital	(c)	(1,020)	-	NM	(1,542)	-	NM
Income to be distributed		3,673	3,600	2	6,942	7,126	(3)
Comprising:							
(i) Tax-exempt distribution		3,673	3,508	5	6,942	6,835	2
(ii) Tax-exempt (one-tier) income	(d)	-	92	NM	-	291	NM
Income to be distributed		3,673	3,600	2	6,942	7,126	(3)

Explanatory notes:

- (a) Non-tax deductible items comprise mainly depreciation, trustee fee, foreign currency loss/gain and non-tax deductible fair value gains/losses from interest rate swaps.
- (b) This relates to net taxable income of PST 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	
		30 Jun 08 US\$'000	31 Dec 07 US\$'000	30 Jun 08 US\$'000	31 Dec 07 US\$'000
ASSETS					
Non-current assets					
Vessels	(a)	331,896	251,202	331,896	251,202
Investment in subsidiaries		-*	-	-*	-
Current assets					
Other receivables		88	63	88	63
Cash and cash equivalents		9,412	8,457	9,412	8,457
		<u>9,500</u>	<u>8,520</u>	<u>9,500</u>	<u>8,520</u>
Total assets		<u>341,396</u>	<u>259,722</u>	<u>341,396</u>	<u>259,722</u>
LIABILITIES					
Non-current liabilities					
Secured bank loans		174,873	97,289	174,873	97,289
Current liabilities					
Charter income received in advance	(b)	1,729	1,514	1,729	1,514
Other payables		468	390	463	390
Secured bank loans		13,699	11,501	13,699	11,501
Interest rate swaps	(c)	3,945	4,125	3,945	4,125
Current tax payable		10	61	10	61
		<u>19,851</u>	<u>17,591</u>	<u>19,846</u>	<u>17,591</u>
Total liabilities		<u>194,724</u>	<u>114,880</u>	<u>194,719</u>	<u>114,880</u>
NET ASSETS		<u>146,672</u>	<u>144,842</u>	<u>146,677</u>	<u>144,842</u>
UNITHOLDERS' FUND					
Units in issue		146,667	146,667	146,667	146,667
Accumulated profit/ (loss)		5	(1,825)	10	(1,825)
Total unitholders' funds		<u>146,672</u>	<u>144,842</u>	<u>146,677</u>	<u>144,842</u>

Explanatory notes:

- (a) 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.
- (b) Charter income is payable 30 days in advance according to the charter party of the container vessels.
- (c) This relates to the fair value of interest rate swaps transacted to manage the interest rate risk 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

	Group	
Note	As at 30 Jun 08 US\$'000	As at 31 Dec 07 US\$'000
Secured bank loans		
Amount repayable within one year	13,721	11,501
Less: Unamortised debt issuance cost	(22)	-
	13,699	11,501
Amount repayable after one year	174,953	97,289
Less: Unamortised debt issuance cost	(80)	-
	174,873	97,289
Total	188,572	108,790

(a)

Explanatory notes:

(a) PST has total secured term loan facilities of US\$189 million as at 30 June 2008. Monthly repayments of the term loans are made over the next 1 month to 9 years. 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 82% of its secured term loans at a weighted average rate of 5.60% per annum. These interest rate swaps are secured via priority mortgage on certain vessels, and assignment of insurances, charter income and bareboat charter agreement for certain vessels.

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1(c) Consolidated Group Cash Flow Statement

	Group		Group	
	3 months ended 30 Jun 2008	2007	6 months ended 30 Jun 2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities				
Net profit before tax	8,346	5,538	8,817	8,253
Adjustments for:				
Depreciation	2,859	3,219	5,333	6,438
Amortisation of debt issuance cost	4	-	4	-
Fair value gains on interest rate swaps	(3,825)	(2,283)	(181)	(1,915)
Interest expenses	2,162	1,811	3,899	3,706
Interest income	(55)	(156)	(138)	(320)
Operating profit before working capital changes	9,491	8,129	17,734	16,162
Changes in working capital:				
Other receivables	24	2	(41)	1
Other payables	(115)	(29)	25	33
Charter income received in advance	205	(95)	215	(95)
Cash generated from operations	9,605	8,007	17,933	16,101
Income tax paid	-	(43)	(61)	(43)
Cash flows generated from operating activities	9,605	7,964	17,872	16,058
Investing activities				
Interest income received	53	170	156	325
Purchase of container vessels	(43,014)	-	(86,027)	-
Cash flows (used in)/generated from investing activities	(42,961)	170	(85,871)	325
Financing activities				
Distribution paid to unitholders	(3,269)	(3,505)	(6,977)	(7,009)
Interest expense paid	(2,163)	(1,811)	(3,899)	(3,706)
Debt issuance cost paid	-	-	(54)	-
Proceeds from interest-bearing loans	43,000	-	86,000	-
Repayment of interest-bearing bank loans	(3,240)	(2,875)	(6,116)	(5,750)
Cash flows generated from/(used in) financing activities	34,328	(8,191)	68,954	(16,465)
Net increase/(decrease) in cash and cash equivalents	972	(57)	955	(82)
Cash and cash equivalents at beginning of the period	8,440	8,623	8,457	8,648
Cash and cash equivalents at the end of the period	9,412	8,566	9,412	8,566

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

Group	Units in issue 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

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

Trust	Units in issue 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	-	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

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

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

	Trust	
	6 months ended 30 Jun	
	2008	2007
	Units	Units
At the beginning and end of the period	337,000,000	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	
	6 months ended 30 Jun	
	2008	2007
	Units	Units
Number of units issued	337,000,000	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 half year ended 30 June 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.

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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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.

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\$1.4 million in depreciation charges for the half year ended 30 June 2008.

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

	Group		Group	
	3 months ended 30 Jun 2008	30 Jun 2007	6 months ended 30 Jun 2008	30 Jun 2007
Weighted average number of units as at end of period ('000)	337,000	337,000	337,000	337,000
Earnings per unit for the period based on the weighted average number of units in issue				
- basic and diluted (US cents)	<u>2.48</u>	<u>1.64</u>	<u>2.61</u>	<u>2.44</u>
Distribution per unit for the period (US cents)				
(i) Tax-exempt income	1.09	1.04	2.06	2.03
(ii) Tax-exempt (one-tier) income	-	0.02	-	0.07
Total	<u>1.09</u>	<u>1.06</u>	<u>2.06</u>	<u>2.10</u>

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

	Group		Trust	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
	US\$	US\$	US\$	US\$
Net asset value per unit	<u>0.44</u>	<u>0.43</u>	<u>0.44</u>	<u>0.43</u>

8 Review of performance of the Group

Gross revenue for half year ended 30 June 2008 (Q2FY08) was US\$1.77 million higher than the corresponding period in 2007 (Q2FY07). This was due mainly to full quarter's contribution from Kota Nabil which was delivered and commenced charter on 10 March 2008 and 33 days charter income of US\$381,000 from a new vessel, Kota Naga, which was delivered and commenced charter on 28 May 2008. The revenue is from the bareboat charter of PST's container vessels, which were contracted for up to an average of about 8 years. Management fees have increased accordingly with the delivery of the new vessels during the year.

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Depreciation was lower by US\$1.11 million (or 17%) for Q2FY08 mainly due to the impact of the change in residual value of the vessels in Q4FY07 and change in the useful life of the vessels from 25 to 30 years in the period under review.

Other expenses comprise mainly professional fees, regulatory fees, vessel tonnage tax, advertising and other administrative expenses. The increase of US\$0.12 million 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\$2.23 million in Q2FY07 to US\$0.32 million in Q2FY08. The decrease was mainly due to the volatility in USD interest rate environment during the first half of 2008 which resulted in net fair value gains on interest rate swaps totaling US\$0.18 million for Q2FY08 versus US\$1.91 million in Q2FY07. 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 income on bank deposits have decreased from US\$0.22 million to US\$0.14 million in Q2FY08.

Finance expenses increased from US\$3.71 million in Q2FY07 to US\$3.90 million in Q2FY08. The increase was mainly due to the secured bank loan drawn down to finance the purchase of Kota Nabil and Kota Naga of US\$86 million during the period.

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\$80.69 million mainly due to the delivery of Kota Nabil on 10 March 2008 of US\$43 million and Kota Naga on 28 May 2008 of US\$43 million, partially offset by depreciation of US\$5.33 million. This has resulted in an increase in the secured bank loans of US\$80 million as a term loan was drawn down to finance purchase of the vessel, partially offset by repayment of term loan of US\$6.12 million. Cash and cash equivalent increased mainly from the cash flows generated from operating activities. Cash flows generated from financing activities were offset against the cash flows used in investing activities.

Interest rate swaps liabilities decreased by US\$0.18 million mainly due to the net change in fair value on the interest rate swaps for the period as a result of the increase in USD interest rate as at 30 June 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 adjustment recently, as a result of higher cost of operation (especially bunker costs) as well as slowing growth in exports from China and most of Asia. Freight rates for container vessels are expected to trend downwards in the 3rd quarter (and possibly to continue into the 4th quarter). The charter rate index for containerships, BOXI, fell by some 11% since March.

Elsewhere, in the other shipping sectors, there are signs of softening, whilst the outlook for world economic growth is unclear. The high costs of operation and the inflated asset prices,

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coupled with record high freight rates, may not be sustainable market conditions. As a result, certain market sectors might undergo adjustments.

The current volatile shipping market could present PST with opportunities to grow its fleet, as conditions stabilized. Nevertheless, 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.

11 Distribution

(a) **Current Financial Period Reported On** ⁽¹⁾

Name of distribution	Tax-Exempt	Tax-Exempt (One-Tier)	Total
Distribution type	Cash	Cash	Cash
Distribution per unit (cents)	1.09	-	1.09
Tax rate	Tax-exempt ⁽³⁾	Tax-exempt ⁽⁴⁾	Tax exempt

(b) **Corresponding period of the immediately preceding financial period** ⁽²⁾

Name of distribution	Tax-Exempt	Tax-Exempt (One-Tier)	Total
Distribution type	Cash	Cash	Cash
Distribution per unit (cents)	1.04	0.02	1.06
Tax rate	Tax-exempt ⁽³⁾	Tax-exempt ⁽⁴⁾	Tax exempt

Note:

⁽¹⁾ Distribution for the period from 1 April 2008 to 30 June 2008.

⁽²⁾ Distribution for the period from 1 April 2007 to 30 June 2007.

⁽³⁾ 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.

⁽⁴⁾ 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: 28 August 2008

(d) Books Closure Date: The Transfer Books and Register of unitholders of (Pacific Shipping Trust (PST) will be closed on 5 p.m. on 31 July 2008 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 31 July 2008 will be entitled to the Distribution to be paid on 28 August 2008.

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

Not applicable.

13 Negative assurance confirmation on interim financial results under SGX Listing Rule 705(4) of the Listing Manual

The board of directors of PST Management Pte. Ltd. do hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the financial results for the half year ended 30 June 2008 to be false or misleading.

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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
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
22 July 2008