JINHUI SHIPPING AND TRANSPORTATION LIMITED

FIRST QUARTER REPORT
FOR THE QUARTER ENDED 31 MARCH 2010

Jinhui Shipping and Transportation Limited

HIGHLIGHTS FOR THE FIRST QUARTER OF 2010:

- Revenue for the quarter: US$76 million
- Net profit for the quarter: US$34 million
- Basic earnings per share: US$0.4067
- Gearing ratio as at 31 March 2010: 52%

The Board of Directors of **Jinhui Shipping and Transportation Limited (the "Company")** is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the quarter ended 31 March 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**3 months ended 31/3/2010 (Unaudited)**	3 months ended 31/3/2009 (Unaudited)	Year ended 31/12/2009 (Audited)
		US$'000	*US$'000*	*US$'000*
Revenue	*2*	**75,625**	82,565	349,340
Net gain on disposal of motor vessels		**-**	-	8,504
Other operating income		**800**	41,014	53,076
Interest income		**786**	490	1,162
Shipping related expenses		**(29,014)**	(48,452)	(180,177)
Staff costs		**(1,214)**	(1,284)	(19,391)
Other operating expenses		**(2,183)**	(13,073)	(16,992)
Operating profit before depreciation and amortization		**44,800**	61,260	195,522
Depreciation and amortization		**(9,534)**	(7,957)	(34,038)
Operating profit		**35,266**	53,303	161,484
Finance costs		**(1,081)**	(2,858)	(7,642)
Profit before taxation		**34,185**	50,445	153,842
Taxation	*3*	**-**	-	-
Net profit for the period / year		**34,185**	50,445	153,842
Other comprehensive income				
Change in fair value of available-for-sale financial assets		**-**	-	44
Total comprehensive income for the period / year attributable to shareholders of the Company		**34,185**	50,445	153,886
Basic earnings per share	*4*	**US$0.4067**	US$0.6002	US$1.8305

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31/3/2010 (Unaudited) US$'000	31/3/2009 (Unaudited) US$'000	31/12/2009 (Audited) US$'000
ASSETS				
Non-current assets				
Property, plant and equipment		**1,058,717**	966,681	977,323
Available-for-sale financial assets		**359**	315	359
		1,059,076	966,996	977,682
Current assets				
Inventories		**42**	501	35
Trade and other receivables		**29,463**	25,085	30,378
Financial assets at fair value through profit or loss		**14,774**	1,712	11,530
Pledged deposits	*5*	**67,238**	15,049	65,970
Bank balances and cash	*6*	**135,118**	103,149	146,621
		246,635	145,496	254,534
Total assets		**1,305,711**	1,112,492	1,232,216
EQUITY AND LIABILITIES				
Capital and reserves				
Issued capital		**4,202**	4,202	4,202
Reserves		**699,466**	561,840	665,281
Total equity		**703,668**	566,042	669,483
Non-current liabilities				
Advance receipt		**6,872**	-	12,936
Secured bank loans		**453,650**	426,916	401,689
		460,522	426,916	414,625
Current liabilities				
Trade and other payables		**81,794**	63,822	87,421
Financial liabilities at fair value through profit or loss		**-**	2,629	-
Secured bank loans		**59,727**	53,083	60,687
		141,521	119,534	148,108
Total equity and liabilities		**1,305,711**	1,112,492	1,232,216

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Capital redemption reserve	Contributed surplus	Employee share-based compensation reserve	Reserve for available-for-sale financial assets	Retained profits	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2009	4,202	72,087	719	16,297	4,758	(32)	417,566	515,597
Total comprehensive income for the period	-	-	-	-	-	-	50,445	50,445
At 31 March 2009	4,202	72,087	719	16,297	4,758	(32)	468,011	566,042
At 1 January 2010	4,202	72,087	719	16,297	4,758	12	571,408	669,483
Total comprehensive income for the period	-	-	-	-	-	-	34,185	34,185
At 31 March 2010	**4,202**	**72,087**	**719**	**16,297**	**4,758**	**12**	**605,593**	**703,668**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**3 months ended 31/3/2010 (Unaudited)**	3 months ended 31/3/2009 (Unaudited)	Year ended 31/12/2009 (Audited)
		US$'000	*US$'000*	*US$'000*
Net cash from operating activities		**28,889**	72,725	207,452
Net cash used in investing activities		**(89,125)**	(96,493)	(100,101)
Net cash from (used in) financing activities		**49,733**	30,369	(38,175)
Net (decrease) increase in cash and cash equivalents		**(10,503)**	6,601	69,176
Cash and cash equivalents at the beginning of period / year		**145,621**	76,445	76,445
Cash and cash equivalents at the end of period / year	*6*	**135,118**	83,046	145,621

NOTES:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and have not been reviewed by our auditors, Grant Thornton. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2009.

2. Revenue

The Group is principally engaged in the businesses of ship chartering and ship owning which are carried out internationally. Revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels.

3. Taxation

Taxation has not been provided as the Group has no assessable profit for all relevant periods / year.

4. Earnings per share

The calculation of basic earnings per share for the quarter ended 31 March 2010 is based on the net profit for the quarter of US$34,185,000 (31/3/2009: US$50,445,000) and the weighted average number of 84,045,341 (31/3/2009: 84,045,341) ordinary shares in issue during the quarter.

The calculation of basic earnings per share for the year ended 31 December 2009 is based on the net profit for the year of US$153,842,000 and the weighted average number of 84,045,341 ordinary shares in issue during the year.

Diluted earnings per share is not shown as there is no potential ordinary share in issue in all relevant periods / year presented.

5. Pledged deposits

As at 31 March 2010 and 31 December 2009, the amounts included US$44.4 million deposits placed with a bank as security for the issuance of a bank guarantee in September 2009 in relation to legal proceedings which are still underway as of date of this report.

6. Bank balances and cash

	31/3/2010 (Unaudited) *US$'000*	31/3/2009 (Unaudited) *US$'000*	31/12/2009 (Audited) *US$'000*
Cash and cash equivalents for condensed consolidated statement of cash flows purpose	**135,118**	83,046	145,621
Bank deposits with more than three months to maturity when placed	**-**	20,103	1,000
	135,118	103,149	146,621

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the quarter ended 31 March 2010.

REVIEW OF OPERATIONS

The Baltic Dry Index stood at 3,005 points on 1 January 2010, hovered around 3,000 points during the quarter and closed at 2,998 points on 31 March 2010. The Group managed to report a net profit of US$34,185,000 for the quarter as compared to the net profit of US$50,445,000 for last corresponding quarter. Basic earnings per share for the quarter was US$0.4067 whereas US$0.6002 was reported in the first quarter of 2009.

Comparing to last corresponding quarter, the Group's revenue for the quarter dropped by 8% to US$75,625,000 as fewer chartered-in vessels were in operation during the quarter, albeit three additional owned vessels were delivered to the Group in March 2010. As the market charter rates in the first quarter of 2010 had outstripped the exceptionally low rates in last corresponding quarter, the Group was able to fix the time-charter contracts at respectable rates that brought stable earnings stream and a positive cash flow to the Group.

The average daily time charter equivalent rates ("TCE") of the Group's fleet were as follows:

	2010 Q1	2009 Q1	2009
	US$	*US$*	*US$*
Capesize	**85,529**	82,500	77,950
Post-Panamax / Panamax	**33,484**	17,311	21,376
Supramax / Handymax	**24,249**	26,955	25,019
In average	**29,206**	30,939	30,149

Comparing to the Group's net profit of US$50,445,000 for the first quarter of 2009, that included the non-recurring income of US$39,712,000 received from a few counterparties to wash out foregoing time-charter contracts and impairment loss of US$10,144,000 provided on trade receivables, the net profit for the quarter dropped 32% to US$34,185,000. Excluding the above-mentioned non-recurring items recognized in 2009, the Group's net profit for the quarter would have been outperformed last corresponding quarter by 64%. The solid improvement in operating results was largely attributable to stable earnings stream from the Group's fleet and the reduction in the Group's shipping related expenses in the quarter.

The Group's shipping related expenses for the quarter was US$29,014,000, representing a decrease of 40% as compared to US$48,452,000 in last corresponding quarter as a result of expiration of time-charter contracts for a few chartered-in vessels with relatively high charter rates. As at 31 March 2010, the Group managed and operated five chartered-in vessels when comparing to eight chartered-in vessels operated as at 31 March 2009.

Due to the expansion of the Group's owned fleet during the quarter, the Group's depreciation and amortization increased by 20% to US$9,534,000 as compared to the last corresponding quarter.

FINANCIAL REVIEW

During the quarter, upon financing of various vessel mortgage loans, and offset by cash used to partially finance the delivery of three additional vessels and installments paid for the newbuildings, the total of the Group's equity and debt securities, bank balances and cash decreased to US$149,892,000 (31/12/2009: US$158,151,000) and bank borrowings increased to US$513,377,000 (31/12/2009: US$462,376,000) as at 31 March 2010.

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, was 52% as at 31 March 2010 (31/12/2009: 45%). With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

During the quarter, capital expenditure on additions of the owned vessels and vessels under construction was US$90,787,000 (31/3/2009: US$91,834,000), and on other property, plant and equipment was US$156,000 (31/3/2009: US$6,000).

As at 31 March 2010, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$519,805,000 (31/12/2009: US$623,915,000), representing the Group's outstanding capital expenditure commitments to acquire sixteen (31/12/2009: nineteen) newbuildings at a total purchase price of approximately US$723,659,000 (31/12/2009: US$867,027,000).

The above capital expenditure commitments included two Supramax newbuildings at a total original cost of US$33,820,000 and JPY3,590,500,000, which were contracted to be disposed to a third party at a total consideration of US$34,255,100 and JPY3,703,031,000 at their expected dates of delivery in October 2010 and August 2012 respectively.

FLEET

The Group's strategy is to maintain a young and modern fleet to serve the growing needs of our customers.

During the quarter, two newly built Supramaxes named as "Jin Ao" and "Jin Heng", and one newly built Post-Panamax named as "Jin Mei" were delivered to the Group.

As at 31 March 2010, the Group had twenty seven owned vessels which included one Post-Panamax, one modern Panamax, twenty four modern grabs fitted Supramaxes and one Handymax.

Apart from the owned vessels, the Group operated five chartered-in vessels which included two Capesizes, one Panamax and two Supramaxes as at 31 March 2010.

Subsequent to the quarter ended 31 March 2010, a newly built Supramax was delivered to the Group on 24 May 2010 and was named as "Jin Yue".

Fleet Details

The fleet details after the quarter ended 31 March 2010 and up to 25 May 2010 was as follows:

	Number of vessels						
	In operation			Newbuildings / New charters			
	Owned	Chartered	Subtotal	Owned [1]	Chartered	Subtotal	Total
Capesize Fleet							
As at 1 April 2010 and 25 May 2010	-	2	2	-	-	-	2
Post-Panamax Fleet							
As at 1 April 2010 and 25 May 2010	1	-	1	1	-	1	2
Panamax Fleet							
As at 1 April 2010 and 25 May 2010	1	1	2	1	-	1	3
Supramax / Handymax Fleet							
As at 1 April 2010	25	2	27	11	-	11	38
Newbuilding delivery	1	-	1	(1)	-	(1)	-
As at 25 May 2010	26	2	28	10	-	10	38
Handysize Fleet							
As at 1 April 2010 and 25 May 2010	-	-	-	1	-	1	1
Total Fleet as at 25 May 2010	28	5	33	13	-	13	46

Note:

1 Includes thirteen newbuildings ordered by the Group as at 25 May 2010, which we expected to take deliveries of one Post-Panamax and two Supramaxes in 2010, one Panamax and five Supramaxes in 2011, two Supramaxes and one Handysize in 2012 and one Supramax in 2013.

According to the Company's best estimation, the activity of the Group's fleet as at 25 May 2010 was as follows:

Owned and Chartered-in Fleet – revenue covered:

		Unit	**2010**	**2011**
Capesize Fleet	Coverage	*%*	100	76
	Operating days covered	*Days*	730	557
	Daily TCE	*US$*	83,691	73,641
Post-Panamax / Panamax Fleet	Coverage	*%*	54	22
	Operating days covered	*Days*	641	353
	Daily TCE	*US$*	35,350	38,200
Supramax / Handymax Fleet	Coverage	*%*	89	39
	Operating days covered	*Days*	8,737	4,329
	Daily TCE	*US$*	26,618	31,707

Chartered-in Fleet – TCE cost:

		Unit	**2010**	**2011**
Capesize Fleet	Operating days	*Days*	730	730
	Daily TCE cost	*US$*	40,750	40,750
Panamax Fleet	Operating days	*Days*	365	259
	Daily TCE cost	*US$*	22,500	22,500
Supramax Fleet	Operating days	*Days*	547	365
	Daily TCE cost	*US$*	28,597	36,000

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

OUTLOOK

In the first few months of 2010, the dry bulk market has been better than expectations, with a strengthening freight market driven primarily by the favourable import policy of China, as well as a general upturn in Asia steel and coal demand and demand for other bulk commodities.

Growth of the dry bulk fleet has risen sharply in the first quarter of 2010, with approximately 18 million dwt gain in the fleet and limited scrapping. So far, the firm demand for dry bulk commodities from Asian countries had absorbed the impact of continued delivery of newbuildings into the global dry bulk fleet. Port congestions due to supply disruptions of dry bulk commodities have also led to longer tonne miles and provided further support to a positive freight environment. However, with recent renewed round of newbuilding orders backed by mining majors (on large ore carriers) as well as new aspired shipowners (on various size of bulk carriers), the risk of oversupply in global tonnages should not be forgotten or ruled out.

Looking at the macro picture, we noticed signs of potentially more rigorous monetary tightening policies to prevent potential overheating economies in countries such as China and Australia, as well as uncertainties in the west due to sovereign debt / credit crisis in some European countries. Against such macro backdrop, we will continue to remind ourselves of possible rainy days ahead, and continue to run our business in a conservative manner.

In the short term, the freight market may receive further support given the robust demand of iron ore and coal from China and Asia. However, we believe the seas could turn rough with little or no notice. We will continue to operate with a cautious and nimble mindset, maintain a first class modern fleet to better serve our customers, seek revenue stability by working with credible counterparties, and further strengthen our financial position with reduction of debt as our top priorities to ensure the long term success of the Company.

PUBLICATION OF FINANCIAL INFORMATION

This report is available on the website of the Company at www.jinhuiship.com and the NewsWeb of the Oslo Stock Exchange at www.newsweb.no.

By Order of the Board

Ng Siu Fai
Chairman

26 May 2010

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