




---

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

---

First Ship Lease Trust (“FSL Trust” or “the Trust”) is a shipowner and a provider of leasing services on a bareboat charter basis to the international shipping industry and is listed on the Singapore Exchange Securities Trading Limited (“SGX”).

As at 30 June 2015, FSL Trust has a modern, high quality and diversified portfolio of 23 vessels consisting of seven containerships, eleven product tankers, three chemical tankers and two crude oil tankers. 14 vessels are employed on long-term bareboat charters as at 30 June 2015 and have a dollar-weighted average remaining lease period of approximately four years (excluding extension periods and early buy-out options). The remaining nine vessels are employed on time charter arrangements, spot and in pools. The combined portfolio of 23 vessels has a dollar-weighted average age of approximately nine years.

**Summary of FSL Trust Consolidated Results**

	<b>2Q 2015</b>	<b>2Q 2014</b>	<b>Inc/ (Dec)</b>	<b>1H 2015</b>	<b>1H 2014</b>	<b>Inc/ (Dec)</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
Revenue	27,514	22,945	19.9	52,297	45,381	15.2
Profit/(Loss) for the quarter/period	6,155	1,000	515.5	11,215	(3,952)	N.M.
Net cash generated from operations	16,972	12,838	32.2	31,157	21,922	42.1

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**1(a)(i) Consolidated Income Statements**

Note	Group					
	2Q 2015	2Q 2014	Inc/ (Dec)	1H 2015	1H 2014	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>	27,514	22,945	19.9	52,297	45,381	15.2
Depreciation expense on vessels	(11,485)	(12,645)	(9.2)	(22,991)	(25,682)	(10.5)
Voyage expenses	(829)	-	100.0	(829)	37	N.M.
Vessel operating expenses	(5,327)	(3,908)	36.3	(10,534)	(9,847)	7.0
Management fees	(838)	(702)	19.4	(1,735)	(1,409)	23.1
Trustee fees	(29)	(31)	(6.5)	(59)	(64)	(7.8)
Other Trust expenses	(524)	(632)	(17.1)	(960)	(1,452)	(33.9)
Impairment loss on available-for-sale financial assets	-	(89)	(100.0)	-	(89)	(100.0)
<b>Results from operating activities</b>	<b>8,482</b>	<b>4,938</b>	<b>71.8</b>	<b>15,189</b>	<b>6,875</b>	<b>120.9</b>
Other income	988	-	100.0	1,007	-	100.0
Finance income	1	6	(83.3)	6	11	(45.5)
Finance expenses	(3,304)	(3,945)	(16.2)	(6,653)	(9,416)	(29.3)
Gain on disposal of available-for-sale financial assets (a)	-	-	N.M.	1,710	-	100.0
Loss on disposal of vessels (b)	-	-	N.M.	-	(1,405)	(100.0)
<b>Profit/(Loss) before tax</b>	<b>6,167</b>	<b>999</b>	<b>517.3</b>	<b>11,259</b>	<b>(3,935)</b>	<b>N.M.</b>
Income tax expense	(12)	1	N.M.	(44)	(17)	158.8
<b>Profit/(Loss) for the quarter/period</b>	<b>6,155</b>	<b>1,000</b>	<b>515.5</b>	<b>11,215</b>	<b>(3,952)</b>	<b>N.M.</b>

Note:

- (a) This relates to the disposal of the entire shareholdings in TORM A/S for a total consideration of US\$2.6 million in January 2015.
- (b) This relates to the disposal of the two dry bulk carriers in March 2014.

**1(a)(ii) Statements of Comprehensive Income**

	Group			
	2Q 2015	2Q 2014	1H 2015	1H 2014
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit/(Loss) for the quarter/period</b>	<b>6,155</b>	<b>1,000</b>	<b>11,215</b>	<b>(3,952)</b>
<b>Other comprehensive income/(losses)</b>				
<b>Items that are or may be classified subsequently to profit or loss:</b>				
Translation differences relating to financial statements of foreign subsidiaries	378	(167)	(869)	(112)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	(158)	-	(331)
Effective portion of changes in fair value of cash flow hedges	(235)	(2,601)	(638)	(2,603)
Net change in fair value of cash flow hedges transferred to income statement	331	2,433	701	4,418
Net change in fair value of available-for-sale financial assets	-	(2,349)	-	(1,812)
Net change in fair value of available-for-sale financial assets reclassified to income statement	-	89	-	89
<b>Other comprehensive income/(loss), net of tax</b>	<b>474</b>	<b>(2,753)</b>	<b>(806)</b>	<b>(351)</b>
<b>Total comprehensive income/(loss)</b>	<b>6,629</b>	<b>(1,753)</b>	<b>10,409</b>	<b>(4,303)</b>

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**1(a)(iii) Distribution Statements**

	Note	Group			
		2Q 2015	2Q 2014	1H 2015	1H 2014
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit/(Loss) for the quarter/ period</b>		6,155	1,000	11,215	(3,952)
Add: Non-cash adjustments	(a)	10,817	11,838	19,942	25,874
<b>Net cash generated from operations</b>		16,972	12,838	31,157	21,922
Less: Repayment of secured bank loans		(11,000)	(8,500)	(22,000)	(17,000)
Prepayment of secured bank loans	(b)	-	-	-	-
<b>Income available for distribution</b>		5,972	4,338	9,157	4,922
Add: Utilisation of cash retained from previous periods		-	-	-	-
Less: Cash retained in the current period		(5,972)	(4,338)	(9,157)	(4,922)
<b>Net distributable amount</b>	(c)	-	-	-	-
Amount available for distribution		-	-	-	-
Comprising: (i) Tax-exempt distribution		-	-	-	-
(ii) Tax-exempt (one-tier) distribution		-	-	-	-
<b>Amount to be distributed</b>		-	-	-	-
Units at the end of the quarter ('000)		644,420	654,665	644,420	654,665
<b>Distribution per unit (US Cents)</b>		-	-	-	-

Notes:

(a) Non-cash adjustments

	Group			
	2Q 2015	2Q 2014	1H 2015	1H 2014
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation expense on vessels	11,147	12,342	22,294	25,379
Impairment loss on available-for-sale financial assets	-	89	-	89
Unrealised exchange differences	10	(149)	37	(320)
Loss on disposal of vessels	-	-	-	1,405
Gain on disposal of available-for-sale financial assets	-	-	(1,710)	-
Amortisation of deferred income	(361)	(361)	(722)	(722)
Amortisation of initial direct costs	21	(83)	43	43
	10,817	11,838	19,942	25,874

(b) In Q1 and Q2 of 2014, a total of US\$22.0 million of the proceeds from the sale of the two dry bulk vessels was applied to Prepayment and Repayment of secured bank loans in the amounts of US\$17.0 million and US\$5.0 million respectively. As these amounts were not generated from operations they have not been included in this statement.

(c) No distribution has been recommended by the Board for the second quarter of 2015. The income available for distribution this quarter has been retained.

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**1(b)(i) Statements of Financial Position**

		30 Jun 2015		31 Dec 2014	
		Group	Trust	Group	Trust
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>					
Vessels		531,881	-	556,019	-
Subsidiaries		-	423,725	-	423,725
Available-for-sale financial assets		-	-	919	-
Derivative assets		79	79	339	339
		531,960	423,804	557,277	424,064
<b>Current assets</b>					
Inventories		370	-	-	-
Derivative assets		238	238	122	122
Trade and other receivables		6,914	64	4,767	32,241
Cash and cash equivalents	(a)	41,752	28,688	32,750	21,605
		49,274	28,990	37,639	53,968
<b>Total assets</b>		581,234	452,794	594,916	478,032
<b>Equity attributable to unitholders of FSL Trust</b>					
Units in issue		524,128	524,128	525,412	525,412
Reserves		(248,270)	(374,142)	(258,679)	(367,157)
<b>Total equity</b>		275,858	149,986	266,733	158,255
<b>Non-current liabilities</b>					
Secured bank loans	(b)	252,192	252,192	273,642	273,642
Derivative liabilities		191	191	155	155
Deferred income		2,845	-	3,567	-
		255,228	252,383	277,364	273,797
<b>Current liabilities</b>					
Trade and other payables		1,834	5,351	1,296	664
Lease income received in advance		1,796	-	2,763	-
Derivative liabilities		1,074	1,074	1,316	1,316
Secured bank loans	(b)	44,000	44,000	44,000	44,000
Deferred income		1,444	-	1,444	-
		50,148	50,425	50,819	45,980
<b>Total liabilities</b>		305,376	302,808	328,183	319,777
<b>Total equity and liabilities</b>		581,234	452,794	594,916	478,032

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**1(b)(i) Statements of Financial Position (cont'd)**

Note:

(a) Cash and cash equivalents comprise:

	30 Jun 2015		31 Dec 2014	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Restricted cash <sup>^</sup>	2,629	2,629	10,000	10,000
Cash at Bank	36,249	25,965	19,878	11,512
Short-term deposits	2,874	94	2,872	93
Cash and cash equivalents	41,752	28,688	32,750	21,605
Less: Restricted cash	(2,629)	(2,629)	(10,000)	(10,000)
Cash and cash equivalents in the statement of cash flows	39,123	26,059	22,750	11,605

<sup>^</sup> This relates to the cash proceeds from the sale of TORM A/S shares in 1Q 2015. (see paragraph (b)). The security deposit of US\$10.0 million placed with the security agent of the amortising loan facility was released in 1Q 2015.

**(b) Aggregate Amount of Group's Borrowings and Debt Securities**

	30 Jun 2015	31 Dec 2014
	US\$'000	US\$'000
<b>Secured bank loans</b>		
Amount repayable within one year	44,000	44,000
Amount repayable after one year	254,531	276,531
Less: Unamortised debt upfront fees	(2,339)	(2,889)
	296,192	317,642

The Trustee-Manager, on behalf of FSL Trust, secured a 6-year amortising term loan facility in December 2011 and the outstanding loan balance was US\$296.2 million as at 30 June 2015.

The interest margin of the term loan:

<u>VTL ratio</u>	<u>Margin over US\$ 3-month LIBOR</u>
>100% to 140%	3.0%
>140% to 180%	2.8%
>180%	2.6%

As at 30 June 2015, the Trust is in compliance with the terms of the original loan agreement.

For 2Q 2015, the applicable margin over US\$ 3-month LIBOR was 3.0%. The VTL ratio will be assessed semi-annually.

(b) Aggregate Amount of Group's Borrowings and Debt Securities (cont'd)

The term loan is secured on the following:

- (i) a first priority mortgage over the Group's vessels in the portfolio;
- (ii) a first priority assignment of the Group's rights, title, interest in the insurances to and for each vessel, including insurance for hull and machinery, protection and indemnity and war risks;
- (iii) a first priority assignment of the Group's rights, title and interest in and to the charter agreements and the charter income of each vessel;
- (iv) a pledge over the Group's shares in TORM or upon disposal, the cash proceeds from the sale of these shares; and
- (v) pledge of the shares of all the vessel-owning subsidiaries.

FSL Trust has hedged part of its interest rate risk through a combination of interest rate swaps and/or natural hedges to fix the interest rates. The fixed interest rates range from 1.06% per annum to 1.65% per annum.

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**1(c) Consolidated Cash Flow Statements**

	Group			
	2Q 2015	2Q 2014	1H 2015	1H 2014
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities:</b>				
Profit/(Loss) before tax	6,167	999	11,259	(3,935)
Adjustments for:				
Depreciation expense on vessels	11,485	12,645	22,991	25,682
Impairment loss on available-for-sale financial assets	-	89	-	89
Amortisation of debt upfront fees and initial direct costs	398	424	802	853
Amortisation of deferred income	(361)	(361)	(722)	(722)
Interest income	(1)	(6)	(6)	(11)
Interest expense	2,992	3,576	6,056	8,897
Loss on disposal of vessels	-	-	-	1,405
Gain on disposal of available-for-sale financial assets	-	-	(1,710)	-
Unrealised exchange differences	10	(149)	37	(320)
	20,690	17,217	38,707	31,938
Changes in working capital:				
Trade and other receivables	(455)	1,360	(2,151)	(3)
Inventories	(346)	996	(370)	1,185
Trade and other payables	414	(7,571)	497	(4,726)
Lease income received in advance	375	(538)	(967)	(2,588)
<b>Cash generated from operations</b>	20,678	11,464	35,716	25,806
Income tax paid	(12)	-	(44)	(17)
<b>Cash flows from operating activities</b>	20,666	11,464	35,672	25,789
<b>Investing activities:</b>				
Interest received	1	6	10	11
Net proceed on disposal of vessels	-	-	-	22,234
Net proceed on disposal of available-for-sale financial assets	-	-	2,629	-
Costs incurred for dry-docking	-	(178)	(10)	(443)
<b>Cash flows from/ (used in) investing activities</b>	1	(172)	2,629	21,802
<b>Financing activities:</b>				
Repayment of secured bank loans	(11,000)	(8,500)	(22,000)	(22,000)
Prepayment of secured bank loans	-	-	-	(17,000)
Interest paid	(3,052)	(3,579)	(6,015)	(9,105)
Security deposit	-	-	10,000	-
Pledged deposit	-	-	(2,629)	-
Purchase of the Trust's units	(1,284)	-	(1,284)	-
<b>Cash flows used in financing activities</b>	(15,336)	(12,079)	(21,928)	(48,105)
Net increase/(decrease) in cash and cash equivalents	5,331	(787)	16,373	(514)
Cash and cash equivalents at beginning of period	33,792	10,640	22,750	10,367
Cash and cash equivalents at end of period	39,123	9,853	39,123	9,853
<b>Comprising:-</b>				
Cash at Bank	36,249	6,983	36,249	6,983
Short-term deposits	2,874	2,870	2,874	2,870
	39,123	9,853	39,123	9,853

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**1(d)(i) Statements of Changes in Unitholders' Funds**

**2015**

**Group**

At 1 April 2015  
Cancellation of units bought back  
Total comprehensive income for the quarter  
At 30 June 2015

Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
525,412	(1,044)	(6,780)	-	(247,075)	270,513
(1,284)	-	-	-	-	(1,284)
-	96	378	-	6,155	6,629
524,128	(948)	(6,402)	-	(240,920)	275,858

**2014**

**Group**

At 1 April 2014  
Total comprehensive income/(loss) for the quarter  
At 30 June 2014

Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
525,412	(1,905)	(1,543)	2,260	(261,138)	263,086
-	(168)	(325)	(2,260)	1,000	(1,753)
525,412	(2,073)	(1,868)	-	(260,138)	261,333

**2015**

**Trust**

At 1 April 2015  
Cancellation of units bought back  
Total comprehensive income/(loss) for the quarter  
At 30 June 2015

Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000
525,412	(1,044)	(369,673)	154,695
(1,284)	-	-	(1,284)
-	96	(3,521)	(3,425)
524,128	(948)	(373,194)	149,986

**2014**

**Trust**

At 1 April 2014  
Total comprehensive loss for the quarter  
At 30 June 2014

Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000
525,412	(1,905)	(353,873)	169,634
-	(168)	(4,362)	(4,530)
525,412	(2,073)	(358,235)	165,104



---

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

---

**1(d)(ii)(iii) Details of any changes in Units**

	<b>2Q 2015 Units</b>	<b>FY 2014 Units</b>
At the beginning of the period	654,665,077	654,665,077
Units issued during the period	-	-
Units cancelled during the period	(10,245,400)	-
At the end of the period	644,419,677	654,665,077

**1(d)(iv) Sales, Transfers, Disposal, Cancellation and/or use of Treasury Units**

Not applicable.

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

The figures have not been audited or reviewed by the auditors.

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

Not applicable.

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

FSL Trust has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2014.

**5. If there are any changes in the accounting policies and methods 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 are no changes.

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

6. Earnings per unit (“EPU”) and Distribution per unit (“DPU”) for the current financial period reported on and the corresponding period of the immediately preceding financial year

	Group			
	2Q 2015	2Q 2014	1H 2015	1H 2014
Basic and diluted earnings per unit is based on:				
Profit/(Loss) for the quarter/ period (US\$'000)	6,155	1,000	11,215	(3,952)
Weighted average number of issued units (basic and diluted) ('000)	648,239	654,665	651,434	654,665
Basic and diluted earnings per unit based on weighted average number of units in issue (US Cents)	0.95	0.15	1.72	(0.60)
Number of issued units at end of quarter ('000)	644,420	654,665	644,420	654,665
Distribution per unit (US Cents)	-	-	-	-

7. Net Asset Value (“NAV”) per unit based on units at the end of the current financial period reported on and immediately preceding financial year

	Note	30 Jun 2015		31 Dec 2014	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.43	0.23	0.41	0.24

Note:

- (a) Net asset value per unit was calculated based on the applicable number of units issued as at the end of the respective period/year.

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

**8. Review of Performance**

The breakdown of the revenue (on a bareboat charter/bareboat charter equivalent (“BBCE”) basis) by the respective charter types and the net result from operations are as follows:

2Q 2015 vs 2Q 2014

	Group		
	2Q 2015	2Q 2014	Inc/(Dec)
	US\$'000	US\$'000	%
Rentals from vessels on bareboat charter	14,943	14,408	3.7
BBCE revenue of vessels on:-			
-Time charter	1,981	2,228	(11.1)
-Pool	3,502	2,212	58.3
-Spot	594	-	100.0
Total bareboat charter/BBCE revenue	21,020	18,848	11.5
Less:			
Depreciation expense on vessels <sup>1</sup>	(11,147)	(12,456)	(10.4)
Management fees	(838)	(702)	19.4
Trustee fees	(29)	(31)	(6.5)
Other Trust expenses <sup>2</sup>	(524)	(632)	(17.1)
Impairment loss on available-for-sale financial assets	-	(89)	(100.0)
Other operating expenses	(12,538)	(13,910)	(9.9)
<b>Results from operating activities</b>	<b>8,482</b>	<b>4,938</b>	<b>71.8</b>
Other income	988	-	100.0
Finance income	1	6	(83.3)
Finance expenses	(3,304)	(3,945)	(16.2)
<b>Profit before tax</b>	<b>6,167</b>	<b>999</b>	<b>517.3</b>
Income tax expense	(12)	1	N.M.
<b>Profit for the quarter</b>	<b>6,155</b>	<b>1,000</b>	<b>515.5</b>

a. Bareboat charter/BBCE revenue

Bareboat charter

Bareboat charter rentals increased by 3.7% (US\$0.5 million), mainly affected by:

- the better performance of the 2 LR2 tankers, TORM Margrethe and Torm Marie, US\$2.5 million; offset with
- the expiry of bareboat lease for FSL Busan and FSL Santos (US\$1.6 million), subsequent to which the revenue is classified as “Pool/RSA” revenue; and
- Cumbrian Fisher and Clyde Fisher bareboat contracts renewed at a lower daily rate (US\$0.3 million).

The rentals derived from the remaining 10 vessels under bareboat leases continued to support the overall earnings of FSL Trust.

<sup>1</sup> For this analysis, depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.

<sup>2</sup> Included in the other Trust expenses are vessel inspection fees, valuation fees, insurance, directors fees, professional fees, take over costs, printing, investor relations and others.

## 8. Review of Performance (cont'd)

### Time charter

#### i) Product tanker

The two vessels (*FSL Hamburg* and *FSL Singapore*) are employed on time charter arrangements with Petróleo Brasileiro S.A. These vessels together generated a net time charter revenue of US\$2.1 million. After deducting vessel operating expenses, these vessels generated BBCE revenue of US\$0.9 million in the quarter under review. *FSL Singapore* time charter with Petróleo Brasileiro S.A. ended on 31 May 2015.

#### ii) Crude oil tanker

*FSL Shanghai*, deployed on a time charter arrangement with Tesoro Corporation since July 2014 generated a BBCE revenue of \$0.8 million in the quarter under review.

*FSL Hong Kong* was deployed on a time charter arrangement with Tesoro Corporation from 14 June 2015 and generated a BBCE revenue of \$0.3 million in the quarter under review.

### Pool/RSA

#### i) Chemical tanker

The three chemical tankers are employed in 'Nordic Tankers 19,000 Stainless Steel Pool'. Collectively, these vessels generated net pool revenue of US\$4.0 million. After deducting vessel operating expenses, these vessels earned BBCE revenue of US\$1.8 million in the quarter under review.

#### ii) Crude oil tanker

*FSL Hong Kong*, employed on a RSA (Revenue Sharing Agreement) since December 2013, generated a BBCE revenue of US\$1.0 million in the quarter under review. She was trading on spot for one month before entering her time charter arrangement with Tesoro Corporation on 14 June 2015.

#### iii) Containership

*FSL Busan (ex Cape Ferro)* and *FSL Santos (ex Cape Falcon)* were redelivered to FSL Trust in July 2014 and employed in a 1200-1400/1700 TEU earnings pool which is managed by HANSE Bereederung GmbH ('Hanse Pool'). Collectively, these vessels generated net pool revenue of US\$1.5 million. After deducting vessel operating expenses, these vessels earned BBCE revenue of US\$0.7 million in the quarter under review.

### Spot

- i) *FSL Hong Kong* was deployed in the spot market for the period from 15 May to 14 June 2015 and generated US\$0.9 million of freight income in the quarter under review. After deducting voyage and vessel operating expenses, *FSL Hong Kong* generated BBCE revenue of US\$0.2 million in the quarter under review.

**8. Review of Performance (cont'd)**

- ii) *FSL Singapore* was deployed in the spot market since 1 June 2015 after its time charter agreement matured and generated US\$1.0 million of freight income in the quarter under review. After deducting voyage and vessel operating expenses, *FSL Singapore* generated BBCE revenue of US\$0.4 million in the quarter under review.

b. Other operating expenses

Other operating expenses declined 9.9% (US\$1.4 million) due mainly to:

- Lower depreciation expenses of US\$1.3 million arising from changes in the expected useful life and residual value for certain vessels taken last year.

c. Results from operating activities

On an overall basis, FSL Trust generated an operating profit of US\$8.5 million in this quarter as compared to US\$4.9 million over the same period last year.

d. Finance expenses

Finance expenses in Q2 2015 including exchange loss of US\$26,000 (2Q 2014: exchange gain of US\$133,000) decreased 16.2% (US\$0.6 million) mainly due to:

- lower outstanding indebtedness arising from prepayment of US\$22.0 million in 1Q 2014.
- the expiration of high cost interest rate SWAPs in FY 2014 resulting in lower finance expense.

For 2Q 2015, FSL Trust achieved net profits of US\$6.2 million.

**9. Variance from Prospect Statement**

Not applicable.

**10. Outlook and Prospects**

The outlook for the Trust continues to improve. Our strong bareboat charter counterparties continue to perform and we have been able to maintain profitability and secure time charters at improved rates which should secure the financial position of the Trust going forward.

---

**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

---

**11. Distribution**

**(a) Current financial period**

Any distributions declared for the : No  
current financial period

**(b) Corresponding Period of the Immediate Preceding Financial Period**

Any distributions declared for the : No  
previous corresponding period

**12. If no distribution has been declared/recommendeded, a statement to that effect**

No distribution has been declared.

**13. If the Group has obtained a general mandate from unitholders for Interested Party Transaction ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

FSL Trust does not have any unitholders' mandate for IPT.

**14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the board of directors which may render the interim financial results of the Group for the quarter ended 30 June 2015 to be false or misleading in any material aspect.

<p>This announcement 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 other companies, 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.</p>
--

BY ORDER OF THE BOARD  
FSL TRUST MANAGEMENT PTE. LTD.  
(COMPANY REGISTRATION NO. 200702265R)  
AS TRUSTEE-MANAGER OF FIRST SHIP LEASE TRUST

Alan Hatton  
Chief Executive Officer  
4 August 2015



**FSL Trust Management Pte. Ltd.**  
as Trustee Manager for First Ship Lease Trust  
9 Temasek Boulevard, #19-03 Suntec Tower Two, Singapore 038989  
Tel: 65 6836 3000 Fax: 65 6836 6001 Co. Reg. No. 200702265R

For Immediate Release

## **FSL Trust secures revenue of US\$27.5 million in 2QFY15 and a 32% increase in cash generation**

- Profit of US\$6.2 million, a 516% improvement from the corresponding period
- Net cash generated from operations increased by 32%
- Revenue growth of 20% from US\$22.9 million to US\$27.5 million in 2QFY15

**Singapore, 4 August 2015** – FSL Trust Management Pte. Ltd. (“FSLTM”), as a trustee-manager of First Ship Lease Trust (“FSL Trust” or “the Trust”) announced today that the Trust generated a net profit of US\$6.2 million for the second quarter ended 30 June 2015 (“2QFY15”). Profit for the quarter increased by over 500% compared to the corresponding period the previous year (“2QFY14”). With the continued improvement in performance the Trust enjoyed its fifth consecutive quarter of profitability.

The Trust maintained its momentum in the period under review with a 32% increase in net cash generated from operations to US\$17.0 million in 2QFY15 compared to US\$12.8 million in 2QFY14. There was also an increase in revenue by 20% to US\$27.5 million in 2QFY15 compared to US\$22.9 million in 2QFY14. The revenue has been growing steadily due to the Trust strategically deploying its redelivered vessels and securing time charters at improved rates.

Significant progress has been achieved over the past six months by the Trust following the compliance of its loan covenants in January 2015. Other key achievements from the start of the year include:

- Gain of US\$1.7 million from the disposal of TORM shares in January
- Securing a new two-year time charter agreement with a leading US oil refiner on improved rates for FSL Hong Kong in April
- Strengthening of the Board through the appointment of Michael Gray as Independent Director in May
- Securing new time charter agreements with a leading global commodities trader on improved rates for FSL Shanghai, FSL Hamburg and FSL Singapore in July

Commenting on the Trust, Chief Executive Officer of FSLTM, Alan Hatton said, “We have seen a notable improvement in net profit. With improved revenue, lower overall operating expenses, and improved operating results compared to a year ago, the Trust is better positioned to deliver value and enhanced business performance to unitholders going forward”.

## **2QFY15 Financial Performance**

In 2QFY15, total bareboat charter/BBCE revenue grew 11.5% year-on-year to US\$21.0 million. This improvement reflects the higher BBCE revenue achieved by vessels employed by the Trust on bareboat charters, in pools, revenue-sharing arrangements and in the spot market, balancing out the lower time charter revenue.

“Following the conclusion of 2QFY15, we secured new time charter contracts for three tankers with a leading global commodities trader. The time charter agreements are expected to commence during the second half of this year and are anticipated to generate up to US\$61.0 million in revenue for the Trust over the next three years. The new rates are substantially higher than existing time charter rates for the three vessels and this will ensure positive cash flow for the Trust,” Alan Hatton said.

“We have made significant progress thus far and the outlook of the Trust continues to improve.” he added.

## **2QFY15 Results Conference Call**

FSLTM will host a conference call for all registered participants on Wednesday, 5 August 2015 at 9.00 am (Singapore time) to discuss the results. An audio recording of the conference call will be available on FSL Trust’s website at [www.FSLTrust.com](http://www.FSLTrust.com) from 12.00 pm (Singapore time) on Thursday, 6 August 2015.

[END]



**About First Ship Lease Trust (Bloomberg: FSLT SP; Reuters: FSLT.SI; OTCQX: FSHPY)**

First Ship Lease Trust ("FSL Trust" or the "Trust") is a shipowner and a provider of leasing services on a long-term bareboat charter basis to the international shipping industry. The Trust has a diversified portfolio of 23 modern and high-quality vessels, comprising seven containerships, 11 product tankers, three chemical tankers and two crude oil tankers. FSL Trust is listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) and its American Depositary Receipts (ADRs) are quoted on the PrimeQX tier of International OTCQX.

---

This news 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 other companies, 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 the current view of management on future events.

---

**Contacts:**

FSL Trust Management Pte. Ltd.

Ms. Tayalni NEDIEAN

Telephone: +65 6500 9087

Email: [tnediean@firstshiplease.com](mailto:tnediean@firstshiplease.com)

Ms. Lucy MILES

Telephone: +65 6333 3449

Email: [lmiles@bellpottinger.com](mailto:lmiles@bellpottinger.com)



# **FSL Trust**

2Q FY2015 Financial Results  
5 August 2015

## Key milestones in 2015

- Announced compliance with the original 2011 loan agreement in January
- Gain of US\$1.7 million from the disposal of TORM shares in January
- Secured a new two-year time charter agreement with Tesoro on improved rates for FSL Hong Kong in April
- Strengthened the Board through the appointment of Michael Gray as Independent Director and Chairman of the audit committee in May
- Secured new time charter agreements with a leading global commodities trader on improved rates for FSL Shanghai, FSL Hamburg and FSL Singapore in July

## 2QFY15 – Key financial highlights

- Net cash generated from operations increased by 32.2% year-on-year to US\$17.0 million
- Generated profit of US\$6.2 million, more than 500% improvement from corresponding period
- Revenue growth of 19.9% from US\$22.9 million to US\$27.5 million in 2QFY15
- Overall operating expenses to revenue ratio improved, generating an operating profit of US\$8.5 million in 2QFY15 versus US\$4.9 million in 2QFY14
- Gearing improved from 56.5% as at 2QFY14 to 51.8% as at 2QFY15 <sup>(1)</sup>

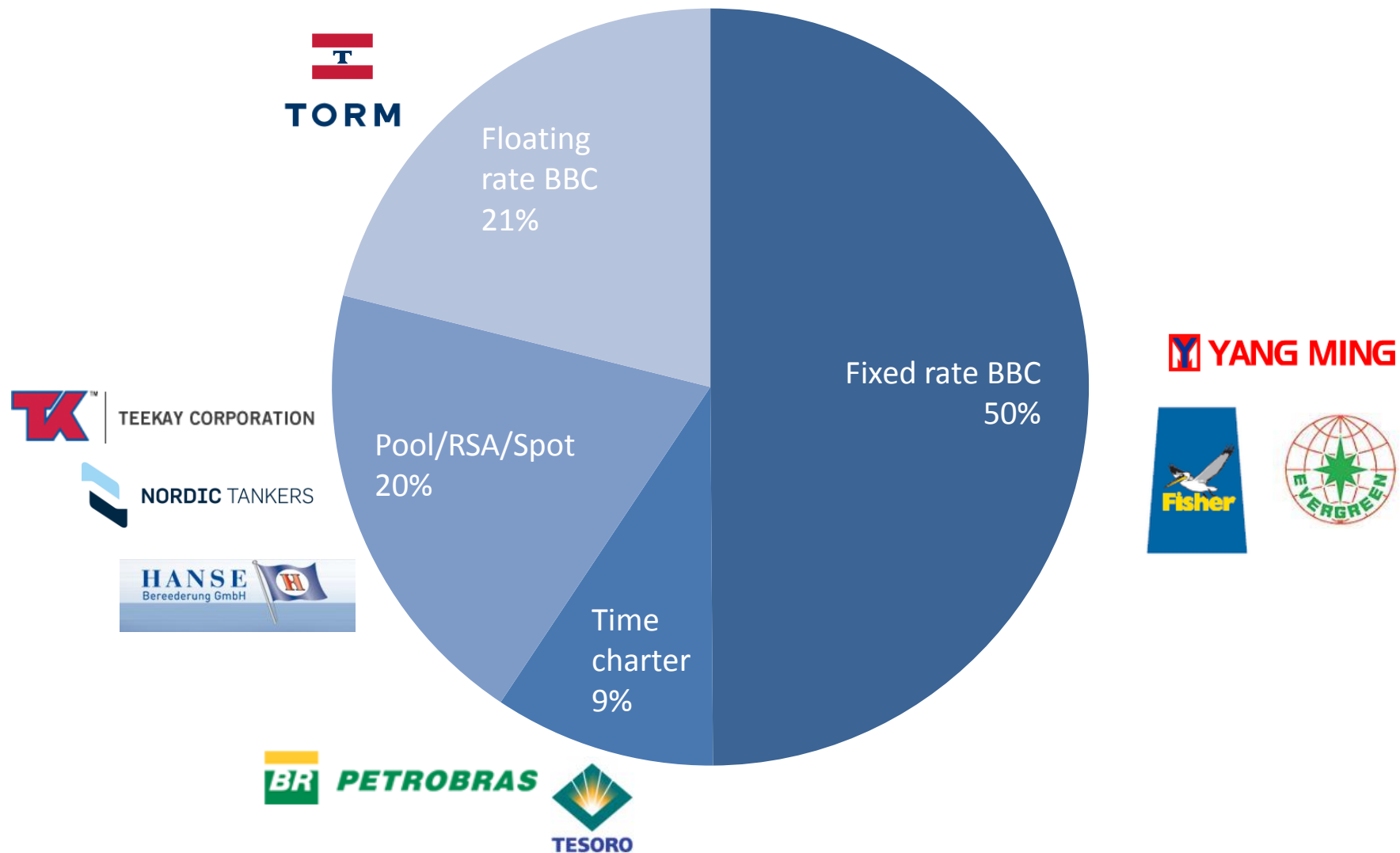
Note 1: Gearing ratio = secured bank loans/(total unitholders' funds + secured bank loans)

## Performance review

US\$'000	2QFY15	2QFY14	Inc/(Dec) %
Revenue	27,514	22,945	19.9
Operating profit	8,482	4,938	71.8
Profit/(Loss) for the quarter	6,155	1,000	515.5
Net cash generated from operations	16,972	12,838	32.2
Debt outstanding	296,192	317,642	(6.75)

- Revenue increased due to Trust's improved deployment of its redelivered vessels and securing time charters at improved rates
- Strong improvement in net profit and net cash generated from operations

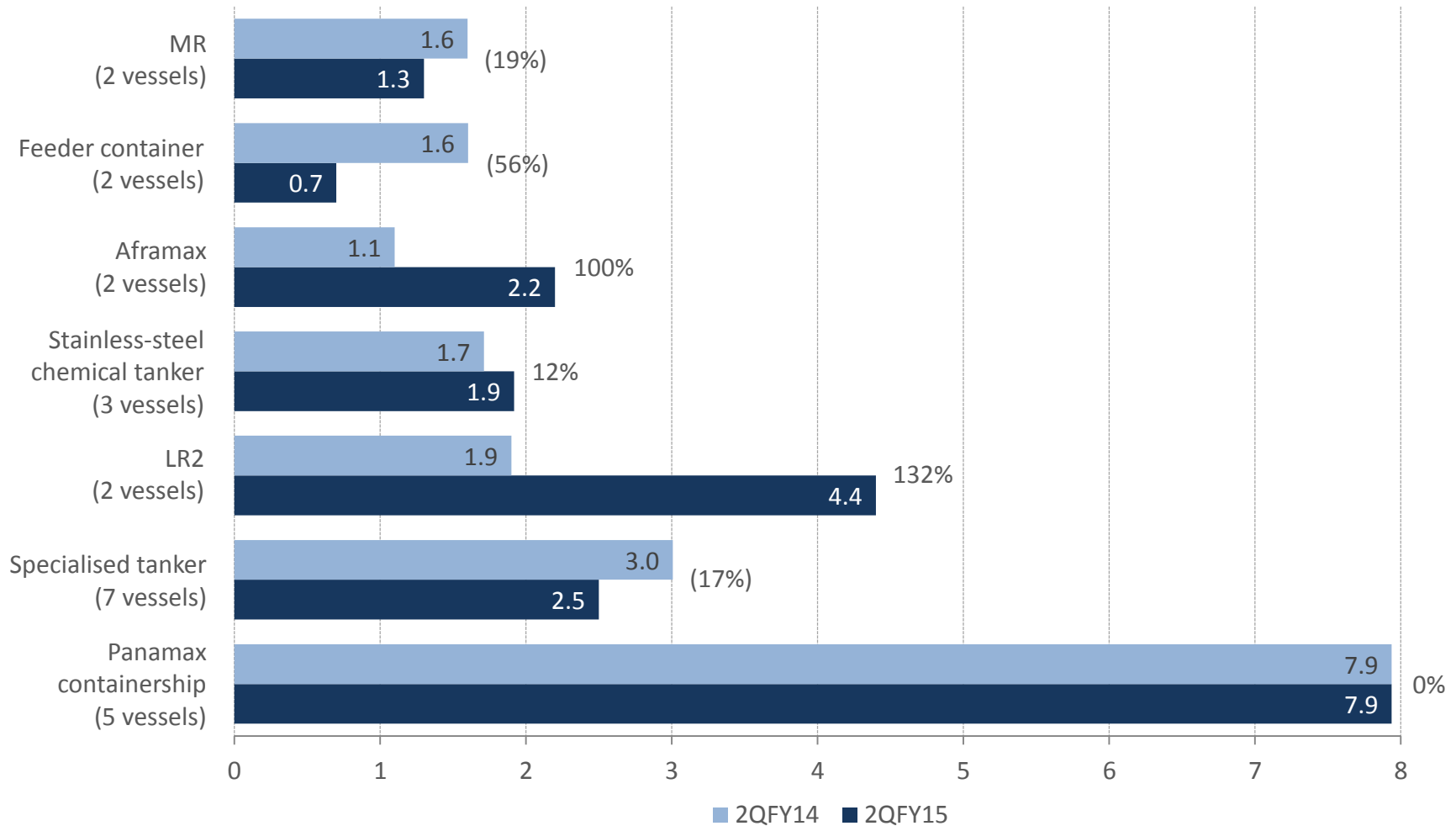
# Fleet deployment by revenue<sup>(1)</sup>



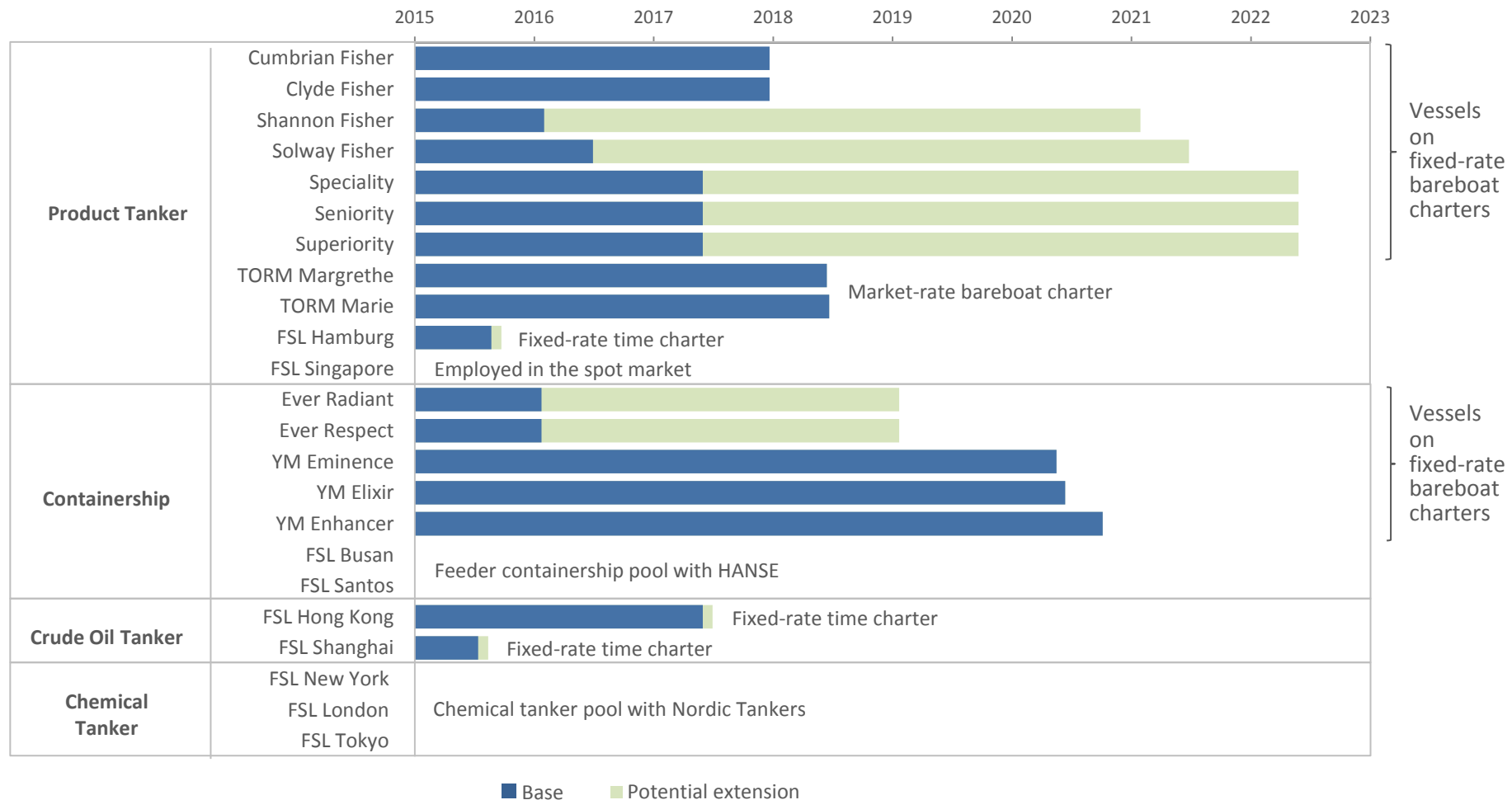
Note 1: BBCE revenue for the 3 months ended 30 June 2015

# Operational performance

BBCE revenue by vessel type (US\$ million)



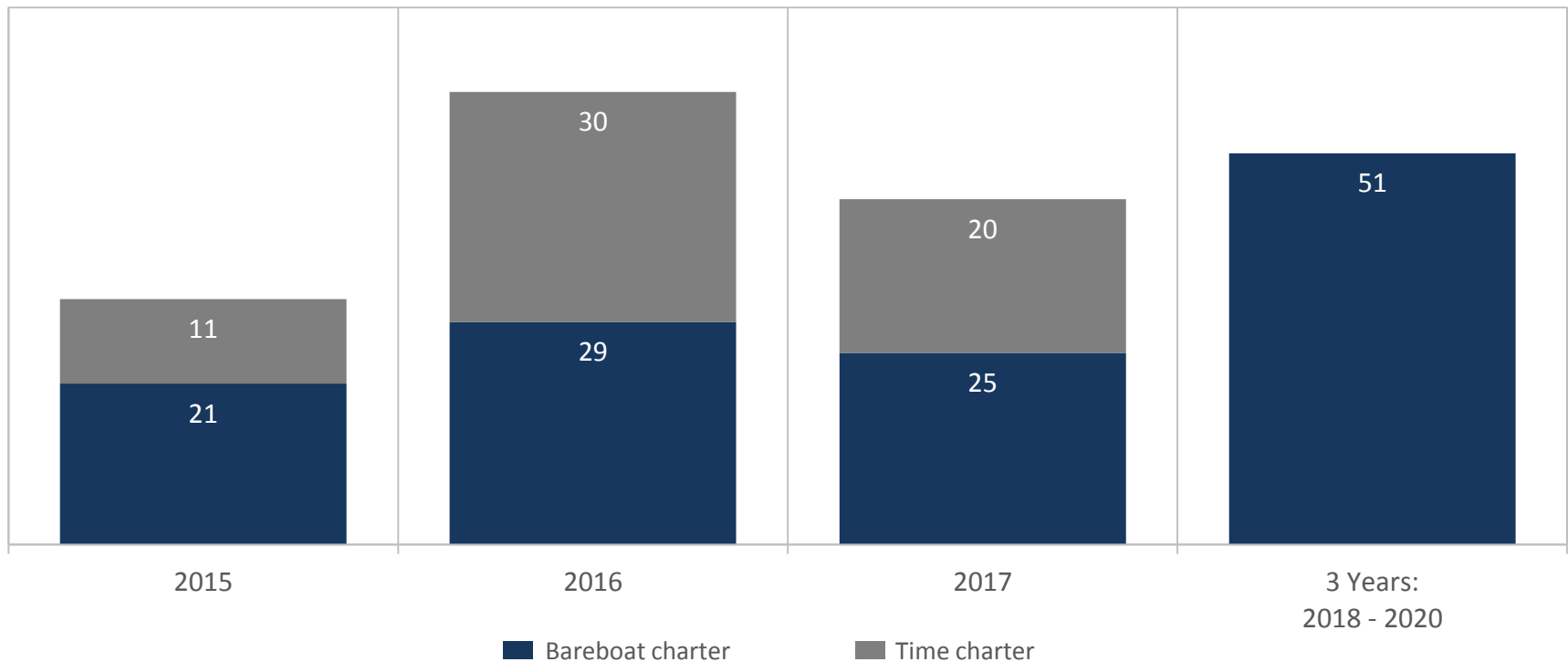
# Lease maturity of vessels





# Revenue backlog

Remaining contracted revenue stood at US\$187 million<sup>(1)</sup>  
as of 30 June 2015



Note 1: Based on revenue from 12 bareboat charters (excluding the TORM charters on variable rates) and from time charter contracts with Tesoro, Petrobras and Trafigura

# Scheduled dry docks for FY2015

## FSL managed fleet - Vessels planned for dry docking

---

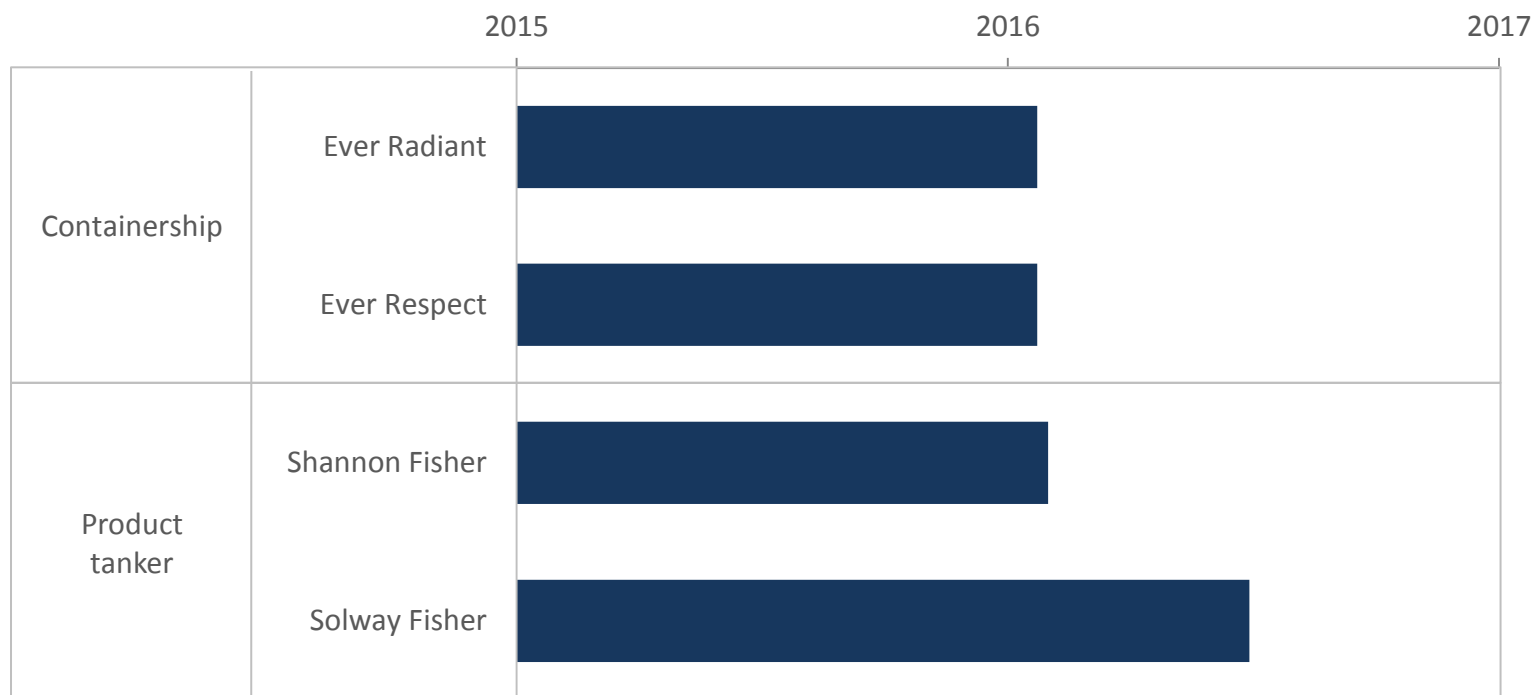
Vessel	Date
FSL Hamburg	4Q FY2015
FSL Singapore	4Q FY2015

## Latest dry dock

---

Vessel	Date
FSL London	4Q FY2014

# Upcoming scheduled redeliveries



- Four vessels on fixed rate bareboat charters redelivering in 2016

## ➤ Summary

- Strong financial performance achieved while maintaining good momentum – significant increase in profit and net cash generated
- Secured new time charters contracts for four tankers, all on improved rates

## ➤ Outlook

- Outlook for the Trust continues to improve, however revenue is expected to be affected in 2H 2015 due to dry docking of FSL Hamburg & FSL Singapore
- Focus is on ensuring the replacement of bareboat charter revenue in 2016, maintaining profitability and continuing to deliver long term value to unitholders

Thank You