



**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 REDEPLOYS VESSELS FOR REVENUE STABILITY IN  
DIFFICULT SHIPPING MARKET**

- Successful redeployment of a product tanker on spot to time charter and active trading of three chemical tankers in 2QFY12
- Revenue stability enhanced with the delivery of two chemical tankers into the 'Nordic Siva' pool

**Singapore, 23 July 2012** - FSL Trust Management Pte. Ltd. ("**FSLTM**"), as trustee-manager of First Ship Lease Trust ("**FSL Trust**" or the "**Trust**"), announced today the financial results of FSL Trust for the second quarter ended 30 June 2012 ("**2QFY12**").

FSL Trust recorded a 1.9% (+US\$0.5 million) increase in revenue to US\$29.2 million compared to the same quarter last year ("**2QFY11**"). This comprised bareboat charter revenue of US\$18.1 million, freight income of US\$10.5 million and time charter revenue of US\$0.6 million.

Bareboat charter revenue fell 14.3% (-US\$3.0 million) year-on-year mainly due to the payment default of PT Berlian Laju Tanker Tbk for three chemical tankers since February 2012. Rentals from vessels leased to **TORM A/S** were reduced in 2QFY12 as the leases were being restructured<sup>1</sup>. Freight income rose 38.9% (+US\$2.9 million) as a result of the redeployment of the three chemical tankers in the spot market offset by weaker freight income from the two product tankers, *FSL Singapore* and *FSL Hamburg*. In mid-May 2012, *FSL Singapore* ceased trading in the spot market and commenced employment on a time charter basis with **Petróleo Brasileiro S.A. ("**Petrobras**")**, contributing a time charter revenue of US\$0.6 million.

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<sup>1</sup> Refer to press release "FSL Trust renegotiates charter terms for **TORM** product tankers" dated 10 April 2012.

The Trust incurred higher voyage and vessel operating expenses<sup>2</sup> of US\$8.3 million, an increase of 95.1% (+US\$4.1 million), as there were three more vessels trading in the spot market compared to 2QFY11. Other operating expenses<sup>3</sup> rose 3.8% (+US\$0.6 million) to US\$16.9 million mainly attributable to a non-recurring vessel related expense of US\$1.1 million, which arose from the redelivery of the three chemical tankers and the change in technical manager for *FSL Singapore* and *FSL Hamburg*, offset by lower depreciation expense (-US\$0.2 million).

Overall, the Trust reported a net loss of US\$2.5 million for 2QFY12 against a net loss of US\$0.5 million in the same period last year. The financial results of 2QFY11 included a provision for a call on a banker's guarantee of US\$2.5 million in relation to the arrest of *FSL Hamburg* in China in June 2010<sup>4</sup>.

The Trust secured a temporary relaxation of two of its loan covenants from its lenders, specifically the security value-to-loan ratio and the debt service coverage ratio, from 30 June 2012 to 30 June 2013. In connection with the temporary relaxation, FSL Trust is restricted from paying any distributions to unitholders during the 12 months. Hence, no distributions have been declared for the reported quarter.

Net cash generated from operations declined by 14.1% to US\$11.6 million in 2QFY12. Cash and cash equivalents stood at US\$30.8 million as at 30 June 2012, after paying down the outstanding loan balance by US\$11.0 million this quarter.

## **VESSEL PORTFOLIO PERFORMANCE AND UPDATE**

20 out of 25 vessels in the Trust's portfolio continue to be employed on long-term bareboat charters with a dollar-weighted average remaining lease period of approximately five and a half years<sup>5</sup>.

The three chemical tankers, *FSL New York*, *FSL London* and *FSL Tokyo* were traded in the spot market subsequent to their redeliveries and generated a bareboat charter equivalent

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<sup>2</sup> Voyage and vessel operating expenses include bunkers, port charges, crew and vessel related operating costs.

<sup>3</sup> Other operating expenses consist of depreciation, management fees, trustee fees and other trust expenses.

<sup>4</sup> Refer to press release "Update on Daxin proceedings in Japan and PRC" dated 18 July 2011.

<sup>5</sup> Excluding extension periods and early buy-out options.

revenue of US\$2.0 million for 2QFY12. In July 2012, *FSL New York* and *FSL Tokyo* joined the 'Nordic Siva' chemical tanker pool while *FSL London* is expected to enter the same pool in the third quarter of 2012.

*FSL Singapore* and *FSL Hamburg* continued to trade in the product tanker spot market during the quarter and generated a time charter equivalent revenue of US\$1.4 million for their spot voyages. This was 70.1% lower compared to 2QFY11 mainly due to lower freight rates achieved, timing difference in recognition of freight income and expenses, loss of spot charter revenue from mid-May 2012 for *FSL Singapore* and loss of approximately 20 employment days as preparations were made for her time charter employment with Petrobras.

Vessel operating expenses for the two product tankers were marginally lower year-on-year due to cost savings arising from the change in technical manager. Including the time charter revenue from *FSL Singapore*, the two product tankers generated a bareboat charter equivalent revenue of US\$0.7 million, 78.6% lower than the same quarter last year. *FSL Hamburg* is expected to commence her three-year time charter with Petrobras in the third quarter of 2012 at a gross daily time charter rate of US\$14,000.

## **OUTLOOK**

Mr. Philip Clausius, Chief Executive Officer of FSLTM said: "The outlook of the shipping industry remains bleak. In order to better prepare ourselves for the challenges ahead, we proactively negotiated and secured the relaxation on two of our loan covenants, providing the Trust with temporary relief over the next 12 months. Whilst we will be restricted from making distributions during the period, any surplus cash which is retained will go towards strengthening our balance sheet for future growth. The Board will review the distribution payout after June 2013.

We are pleased to report that we are making good progress in the redeployment of our vessels that were previously trading in the volatile spot market. By the third quarter of 2012, we will have two product tankers on three-year time charters with Petrobras and three chemical tankers in the 'Nordic Siva' pool in addition to our vessels on long-term bareboat leases. This will provide us with better cash flow visibility as we face a fragile shipping industry.

We continue to generate a stable revenue base from our vessels leased on long-term bareboat charters and maintain adequate cash flows to meet our interest and loan principal repayments."

**Conference Call for 2QFY12 Results**

FSLTM will host a conference call for all registered participants on Tuesday, 24 July 2012 at 10.00 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 12.00pm (Singapore time) on Wednesday, 25 July 2012.

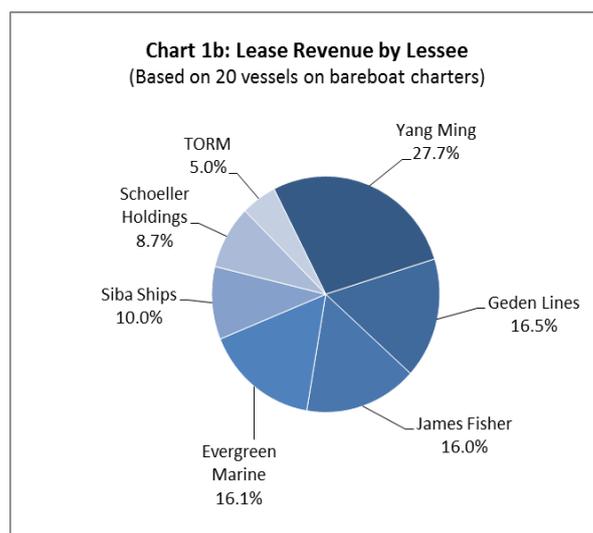
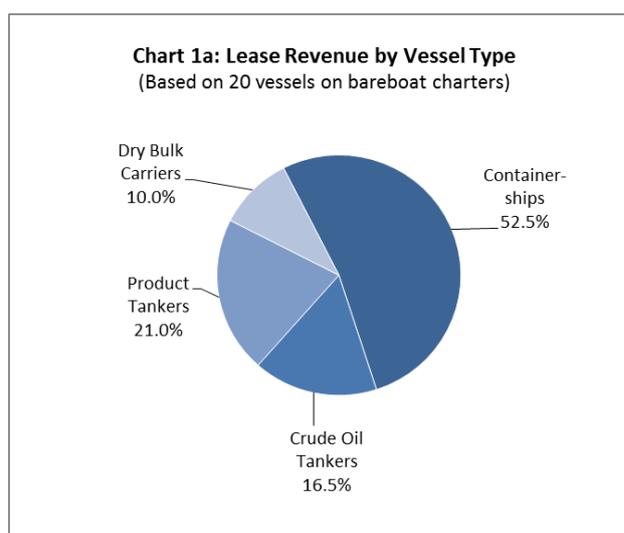
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## APPENDIX

### A. Summary of FSL Trust Consolidated Results

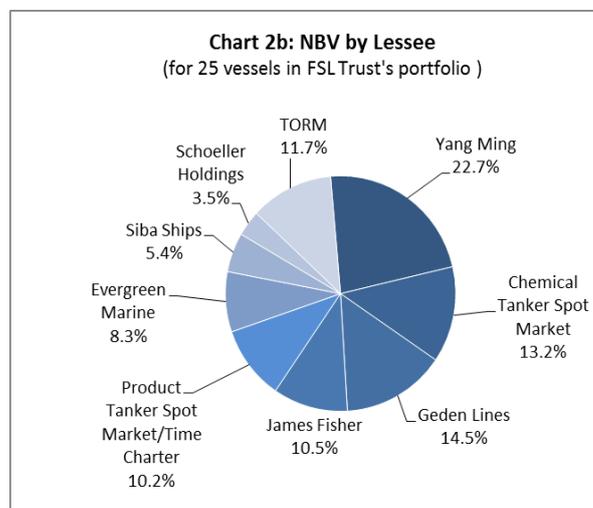
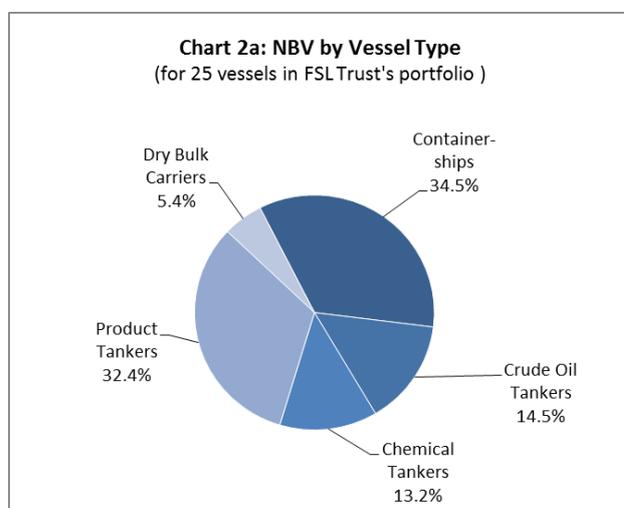
	2Q 2012 US\$'000	2Q 2011 US\$'000	Inc/(Dec) %	FY 2011 US\$'000
Revenue	29,247	28,700	1.9	110,714
Loss for the quarter	(2,479)	(491)	N.M.	(17,066)
Net cash generated from operations	11,580	13,486	(14.1)	63,846
Amount to be distributed	-	5,732	(100.0)	18,293
Distribution Per Unit ("DPU") (US Cents)				
For the period	-	0.95	(100.0)	2.95
Annualised	-	3.80	(100.0)	-

### B. Revenue by Vessel Type and By Lessee for the 20 Vessels on Long-Term Bareboat Charter



Note: Based on actual lease revenue for 2Q 2012.

### C. Net Book Value by Vessel Type and By Lessee/Deployment for the Trust's 25 Vessels



Note: Net book value as at 30 June 2012 is US\$750.2 million.

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

First Ship Lease Trust (“FSL Trust” or the “Trust”) is a provider of leasing services on a long-term bareboat charter basis to the international shipping industry. The Trust has a diversified portfolio of 25 modern and high quality vessels, comprising seven containerships, 11 product tankers, three chemical tankers, two crude oil tankers and two dry bulk carriers.

FSL Trust is managed by FSL Trust Management Pte. Ltd., the trustee-manager. The trustee-manager aims to grow and diversify the Trust’s portfolio through accretive acquisitions of vessels with leases, to increase predictable cash flow generation and to provide regular cash distributions to unitholders of the Trust.

FSL Trust is listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) and its American Depository Receipts (ADRs) are quoted on the PrimeQX tier of International OTCQX. FSL Trust is a component stock of the FTSE ST Maritime Index and the MSCI Global Micro Cap index.

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*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.*

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## **Contacts:**

### **FSL Trust Management Pte. Ltd.**

Ms. Wylun LIU

Telephone: +65 6500-9087

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

### **OakTree Advisers**

Ms. Jasmine ZHAO

Telephone: +65 6100-1811

Email: [Jasminezhao@oaktreadvisers.com](mailto:Jasminezhao@oaktreadvisers.com)