



First Ship Lease Trust

2Q FY11 Results Presentation



FSL Trust Management Pte. Ltd.
as Trustee-Manager for FSL Trust

www.FSLTrust.com

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Certain statements in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “plan”, “potential”, “may”, “should”, “expect”, “pending”, and similar expressions identify forward-looking statements.

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FSL Trust may, from time to time, make additional written and oral forward-looking statements, including our reports to unitholders. We do not undertake to update any forward-looking statements that may be made from time to time by or on behalf of FSL Trust.



Results Highlights

Cheong Chee Tham
Chief Financial Officer
FSL Trust Management

2QFY11 Activities

- **Acquisition of 2 product tankers from TORM Singapore Pte. Ltd.**
 - TORM Margrethe & TORM Marie
 - Acquired each at cost of US\$46 million
 - Leased back on 7-year bareboat charter
 - Financed by bank borrowing of \$46 million and equity/cash

- **Placement of 56 million units**
 - Raised US\$15 million (net)
 - Issue fully underwritten by OCBC
 - Issued at S\$0.35, which is at 6.4% discount to the volume weighted average price of S\$0.374
 - Proceeds used to fund the US\$46 million acquisition of TORM Marie

- **Update on Daxin proceedings in Japan and PRC**
 - Judgment passed by court of Japan – In favour of the Trust
 - Judgment passed by court in PRC – In favour of Daxin
 - Allowed Daxin to call on the banker's guarantee of US\$2.5 million

2QFY11 Highlights

- **Revenue**

- 27.4% above 2QFY10's US\$22.5 million (before the US\$6.0 million one-off security deposit received in 2QFY10) due mainly to higher freight income from the two product tankers trading in the spot market
- 20.0% higher than 1QFY11's US\$23.9 million due to higher freight income from the two product tankers trading in the spot market and charter income from the two newly acquired TORM vessels

- **Loss**

- Reduced loss against 1QFY11's US\$2.0 million and 2QFY10's US\$6.1 million
- Would have achieved a net profit of US\$2.0 million if provision of US\$2.5 million for expected call by Daxin Petroleum Pte. Ltd. on banker's guarantee is excluded.

Maintains US 0.95¢ DPU for 2QFY11

represents annualised tax-exempt yield of 13.3%*

- Long-term bareboat charters, including the two recently acquired TORM vessels, continue to underpin earnings
- Cash flow remains healthy. DPU is Trust's 17th consecutive quarterly payment since IPO

Financial Highlights	2QFY11	2QFY10	Y-O-Y % change	1HFY11
Revenue	28,700	28,528	0.6	52,552
Loss for the quarter/half year	(491)	(6,106)	(92.0)	(2,486)
Net cash from operations	13,486	17,256	(21.8)	25,025
Net Distributable Amount	5,732	5,688	0.8	11,419
Amount to be distributed	5,732	5,688	0.8	11,419
Distribution per unit for the period (US cts)	0.95	0.95	-	1.90

* Based on FSL Trust closing price of S\$0.345 per unit on 20 July 2011 and as exchange rate of US\$1.00 = S\$1.21

Product Tankers Profitable in 2QFY11

- **Revenue**

- Time charter equivalent (2QFY11 :US\$4.5 million, 1HFY11 : US\$4.6 million)
- Bareboat charter equivalent (2QFY11 :US\$3.2 million, 1HFY11 :US\$2.1 million)

- **Profit**

- Also profitable in 1QFY11 if freight income of US\$1.6 million due to freight carried in 1QFY11 were recognised in the same period

	2Q 2011	1H 2011
Freight Income	7.569	10.645
Voyage expenses	(3.037)	(6.018)
Time-Charter Equivalent revenue	4.532	4.627
Less: crew cost, vessel maintenance and other operating expenses	(1.306)	(2.544)
Bareboat Charter Equivalent revenue	3.226	2.083

Update On Daxin Proceedings In Japan and PRC

- **Favourable judgment passed by court in Japan**
 - In favour of the Trust and set aside arrest of vessel by Daxin
 - If there is no appeal, security deposit of approximately US\$1.6 million is expected to be released by the Japanese court in due course

- **Unfavourable judgment passed by court in PRC**
 - In favour of Daxin in its bunker claims case against its affiliate Rovina
 - Judgment sum US\$2.4 million, plus interest (less than Daxin's full claim)

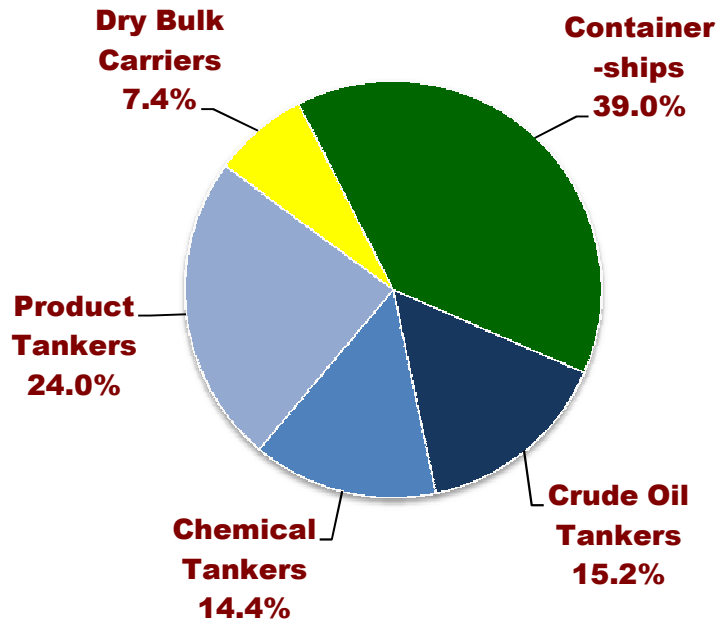
- **Ongoing claims before Supreme Court of Singapore**
 - Claiming various remedies against Daxin, its affiliates and officers/representatives, including all loss and damage suffered in connection with arrests of FSL Singapore and FSL Hamburg

Maintains a diversified lease revenue base

No single lessee accounts for more than 21% of lease revenue

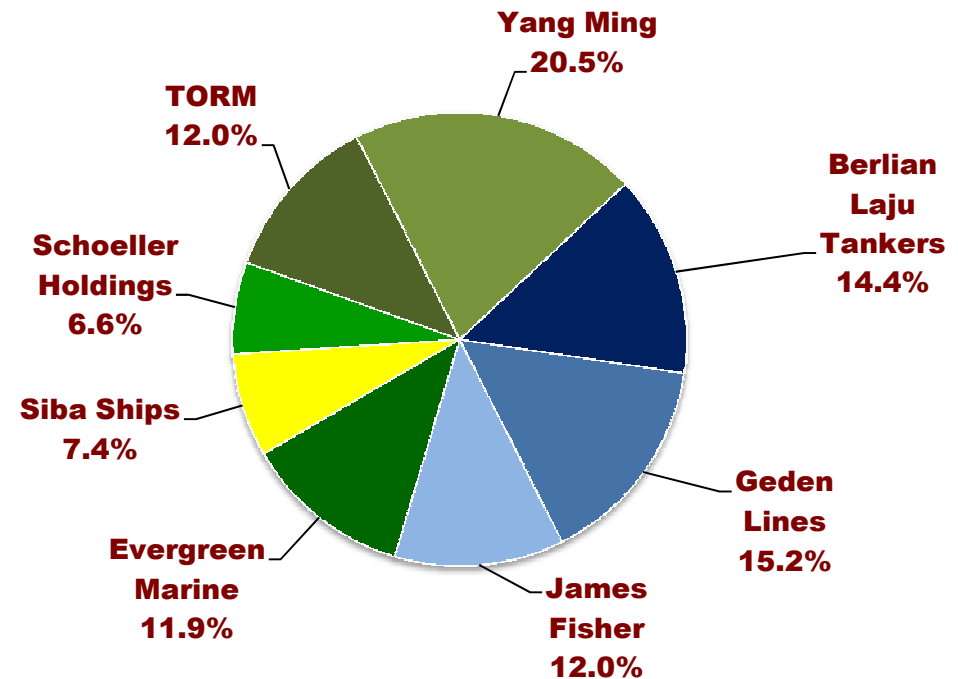
Lease Revenue by Vessel Type

(For 23 vessels on bareboat charters)



Lease Revenue by Lessee

(For 23 vessels on bareboat charters)



The lease revenue is based on an annualised bareboat lease revenue of US\$98 million, which assumes the daily lease rate from the two vessels leased to Geden Lines are fixed at US\$20,335 per vessel.

Looking Ahead

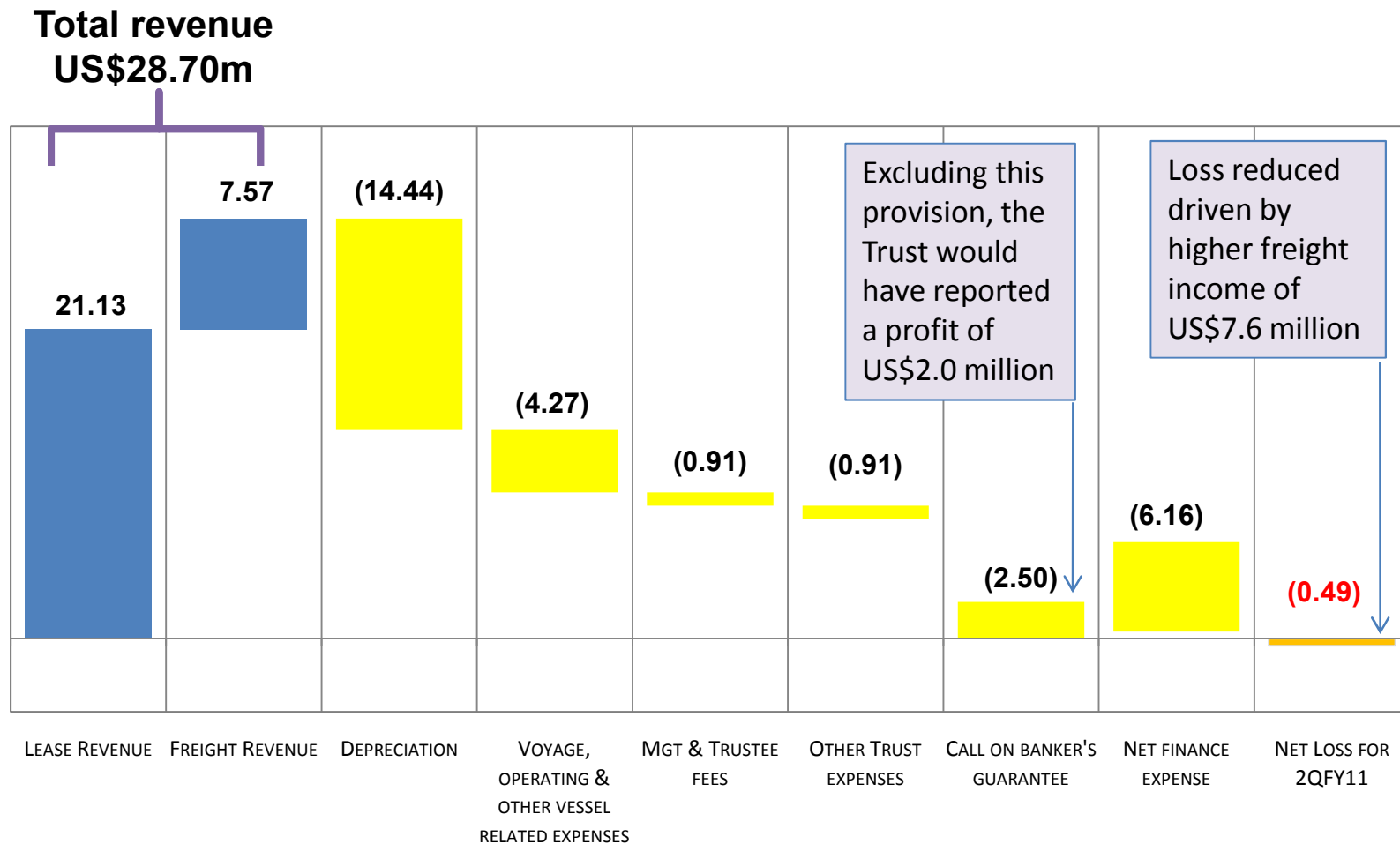
- Growing appetite for alternative shipping finance presents ample opportunities to grow and diversify the Trust's portfolio
- Back on course to grow recurring earnings base
 - Existing portfolio of 23 vessels on long-term bareboat charters remains the core focus
 - 2 newly acquired product tankers on lease to TORM will add to stable and predictable income stream
- 'FSL Hamburg' and 'FSL Singapore'
 - Signs of softer rates in early 3QFY11. Hence, earnings from the two product tankers may be dampened.
 - Currently exploring longer-term employment options



Financial Highlights

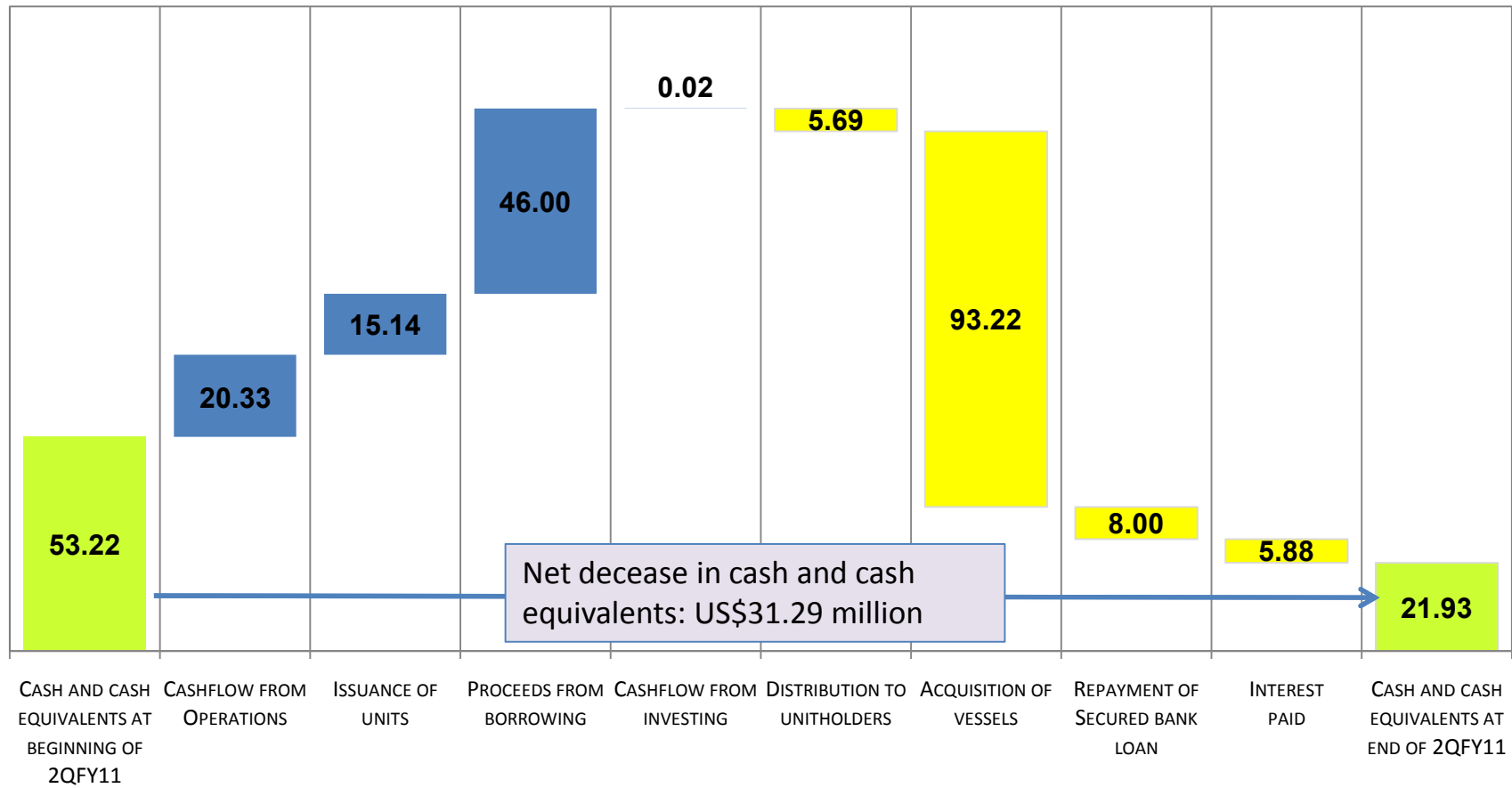
Higher Freight Income Lifts 2QFY11 Earnings

US\$ Millions



Cash Position Remains Sound

US\$ Millions



Credit Facility – Refinancing Immediate Focus


- Tranches B and C of the Credit Facility mature on 2 Apr 2012
- FSLTM is in advanced discussions with its lenders on the refinancing and are expected to finalise in the near term

Tranche	Facility amount (US\$'million)	Amount drawn as at 30 Jun 2011 (US\$'million)	Loan maturity	Margin above US\$ 3-month Libor ⁽¹⁾
A	250	247.7 ⁽²⁾	27 Mar 2014	1.70%
B	200	198.1 ⁽²⁾	2 Apr 2012	1.70%
C*	65	44.5	2 Apr 2012	1.70%

*Commitment amount for this tranche was reduced by US\$3.75 million every quarter from 20 September 2010.

Note 1: Post amendment period which ended on 30 June 2011, the margins for all 3 tranches have been reduced to 1.25% above US\$ 3-month Libor for Tranche A and 1.45% above US\$ 3-month Libor for Tranche B and C.

Note 2: US\$25.6 million under Tranche A and US\$20.4 million under Tranche B (totalling US\$46.0 million drawn during the amendment period for the acquisition of the TORM vessels) attracts a margin of 1.70% above US\$ 3-month Libor till maturity of the loans.



Thank You!
Q & A

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