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## For immediate release

# FSL TRUST IMPROVES OPERATIONAL PROFILE; DEPLOYS ALL REDELIVERED VESSELS ON LONGER TERM EMPLOYMENT

- Revenue stability enhanced; two product tankers time chartered to Petrobras and three chemical tankers deployed in the 'Nordic Siva' pool
- Cash reserves rose to US\$33.2 million; improving resilience against uncertainties in shipping market
- Revenue continues to be at risk

**Singapore, 29 October 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 third quarter ended 30 September 2012 ("3QFY12").

In 3QFY12, FSL Trust successfully delivered its three chemical tankers into the 'Nordic Siva' pool as well as a second product tanker, *FSL Hamburg*, to Petróleo Brasileiro S.A. ("Petrobras") for the commencement of her three-year time charter. Prior to their redeployment, these vessels were trading in the spot market where earnings were more volatile.

Revenue declined 6.5% to US\$26.7 million against the same period last year. However, after deducting voyage and vessel operating expenses, revenue on a bareboat charter equivalent ("BBCE") basis fell 5.6% year-on-year to US\$22.4 million. The breakdown of revenue by charter types is as follows:-

	3QFY12 US\$'000	3QFY11 US\$'000	Decrease %
Rentals from vessels on bareboat charter	18,250	23,592	(22.6)
BBCE revenue of vessels in:-			
- Time charter	976	-	N.M.
- Pool	1,437	-	N.M.
- Spot	1,769	172	N.M.
Total bareboat charter/BBCE revenue	22,432	23,764	(5.6)

i) Bareboat Charter

Rentals from vessels on bareboat charter fell 22.6% year-on-year to US\$18.3 million. This was mainly due to the payment default by the subsidiaries of PT Berlian Laju Tanker Tbk for three chemical tankers since February 2012 and the lower rentals from vessels leased to TORM A/S (“**TORM**”) as the leases were being restructured. Despite the lower rentals received in 3QFY12, the long-term bareboat charters continue to underpin the overall earnings of FSL Trust.

ii) Time Charter

From 16 May 2012, *FSL Singapore* entered the time charter with Petrobras and hence she enjoyed the full three months of time charter income. *FSL Hamburg*, however, entered a similar time charter with Petrobras on 23 August 2012. The gross daily time charter rate for each vessel is US\$14,000. On a combined basis, these two vessels contributed BBCE revenue of US\$1.0 million from their time charter employment during the quarter.

iii) Pool

The ‘Nordic Siva’ pool commenced deployment of the Trust’s chemical tankers, *FSL New York* and *FSL Tokyo* in July 2012 and the third chemical tanker, *FSL London* in August 2012. Collectively, these vessels generated net pool revenue of US\$2.9 million. After deducting vessel operating expenses, these vessels earned BBCE revenue of US\$1.4 million in 3QFY12.

iv) Spot

Total freight income of US\$3.8 million was derived from the three chemical tankers before they entered the ‘Nordic Siva’ pool and from *FSL Hamburg* before she started her time charter with Petrobras. After deducting voyage and vessel operating expenses, these vessels generated BBCE revenue of US\$1.8 million in 3QFY12. For the same period last year, only *FSL Hamburg* and *FSL Singapore* traded in the spot market and these vessels contributed BBCE revenue of US\$172,000.

Other operating expenses declined 8.0% year-on-year to US\$16.0 million. The lower expenditure was due mainly to lower depreciation from the three chemical tankers (-US\$1.0

million) and from the two vessels leased to TORM (-US\$0.3 million), arising from the changes in the expected useful life and residual value of the vessels.

Consequently, FSL Trust achieved a marginal improvement of 1.0% in net operating income to US\$6.5 million. After accounting for finance expenses and other non-operating items, the Trust reported a small loss of US\$186,000 compared to a small profit of US\$152,000 in the same quarter last year.

Net cash generated from operations declined 11.0% year-on-year to US\$13.9 million and the Trust continued to pay its regular loan amortisation of US\$11.0 million during the quarter. In line with the temporary loan covenant relaxation obtained in June 2012, no distributions have been declared. Cash and cash equivalents rose to US\$33.2 million as at 30 September 2012 (US\$30.8 million as at 30 June 2012).

## **VESSEL PORTFOLIO PROFILE**

20 out of 25 vessels in the Trust's portfolio remain employed on long-term bareboat charters whilst two vessels are employed on time charters. As at 30 September 2012, these 22 vessels have a dollar-weighted average remaining lease period of approximately five years<sup>1</sup>. Including the remaining three chemical tankers employed in the pool, the combined portfolio of 25 vessels has a dollar-weighted average age of approximately seven years.

As an update to the Trust's announcement relating to its TORM charters made on 3 October 2012<sup>2</sup>, FSLTM would like to add that subject to technical completion of TORM's restructuring agreement, FSL Trust will receive an equity stake amounting to approximately 2.5% in the enlarged share capital of TORM in return for permanently amending the terms on its two charter contracts.

## **OUTLOOK**

Mr. Philip Clausius, Chief Executive Officer of FSLTM said: "With the successful redeployment of our two product tankers and three chemical tankers from spot market to time charter and pool employment, we can expect more stable earnings from our vessel portfolio. Together with the

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<sup>1</sup> Excluding extension periods and early buy-out options.

<sup>2</sup> Press release: "FSL Trust provides update on TORM charters", dated 3 October 2012.

loan covenant relaxation previously obtained from our lenders, this improves our operational profile and should stand us in good stead to ride out the challenges ahead.

However, some of our lessees continue to be under pressure and there is possibility of further downside risks. We will stay vigilant and continue to manage our vessel portfolio responsibly to secure a sustainable future for the Trust.”

**Conference Call for 3QFY12 Results**

FSLTM will host a conference call for all registered participants on Tuesday, 30 October 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, 31 October 2012.

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## **APPENDIX**

### **A. Summary of FSL Trust Consolidated Results**

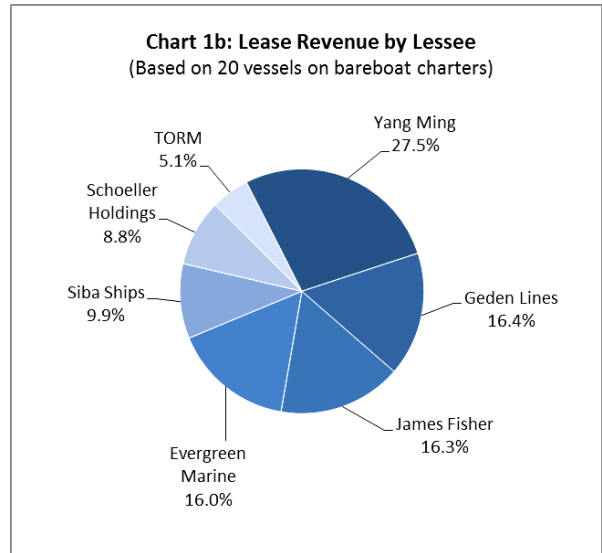
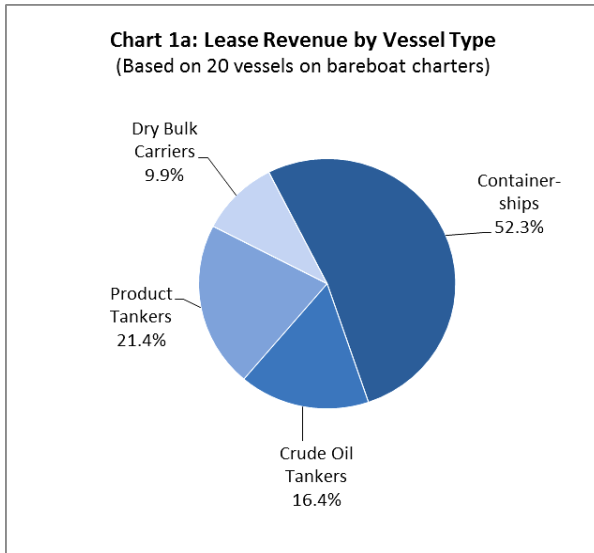
	<b>3QFY12 US\$'000</b>	<b>3QFY11 US\$'000</b>	<b>Decrease %</b>	<b>FY2011 US\$'000</b>
Revenue	26,720	28,587	(6.5)	110,714
(Loss)/Profit for the period	(186)	152	N.M.	(17,066)
Net cash generated from operations	13,890	15,614	(11.0)	63,846
Amount to be distributed	-	6,219	(100.0)	18,293
Distribution Per Unit ("DPU") (US Cents)				
For the period	-	0.95	(100.0)	2.95
Annualised	-	3.80	(100.0)	-

### **B. 3QFY12 Revenue by Charter Type**

	<b>Bareboat charter US\$'000</b>	<b>Time charter US\$'000</b>	<b>Pool US\$'000</b>	<b>Spot US\$'000</b>	<b>Total US\$'000</b>
Revenue	18,250	1,771	2,918	3,781	26,720
Less: Voyage and vessel operating expenses	0	(795)	(1,481)	(2,012)	(4,288)
Total bareboat charter/BBCE revenue	18,250	976	1,437	1,769	22,432

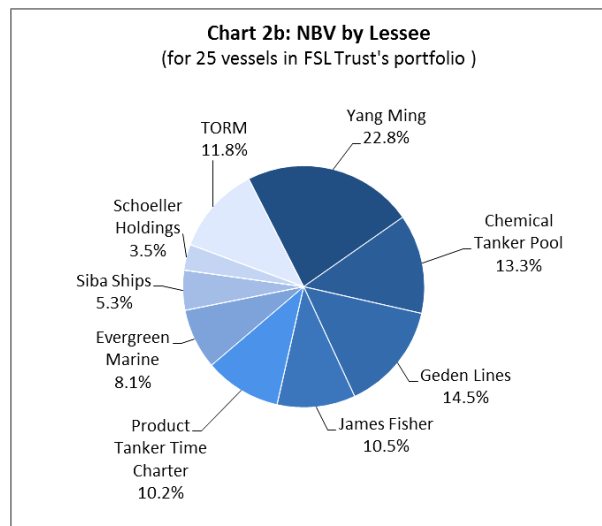
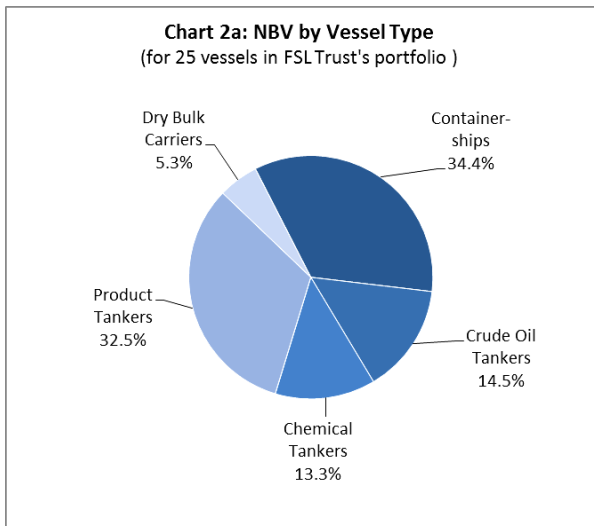
Note: Depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.

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



Note: Based on actual lease revenue for 3QFY12.

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



Note: Net book value as at 30 September 2012 is US\$736.6 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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