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

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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 September 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 September 2015 and have a dollar-weighted average remaining lease period of approximately three 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**

	3Q 2015	3Q 2014	Inc/ (Dec)	YTD Sep 2015	YTD Sep 2014	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	28,358	23,619	20.1	80,655	69,000	16.9
Profit/(Loss) for the quarter/period	2,849	744	282.9	14,064	(3,208)	N.M.
Income available for distribution	4,971	1,812	174.3	14,128	6,734	109.8

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

	Note	Group					
		3Q 2015	3Q 2014	Inc/ (Dec)	YTD Sep 2015	YTD Sep 2014	Inc/ (Dec)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Revenue</b>		28,358	23,619	20.1	80,655	69,000	16.9
Depreciation expense on vessels		(13,768)	(11,525)	19.5	(36,759)	(37,207)	(1.2)
Voyage expenses		(1,323)	(8)	16437.5	(2,152)	29	N.M.
Vessel operating expenses		(6,287)	(5,251)	19.7	(16,821)	(15,098)	11.4
Management fees		(896)	(684)	31.0	(2,631)	(2,093)	25.7
Trustee fees		(29)	(31)	(6.5)	(88)	(95)	(7.4)
Other Trust expenses		(498)	(531)	(6.2)	(1,458)	(1,983)	(26.5)
Impairment loss on available-for-sale financial assets		-	(1,203)	(100.0)	-	(1,292)	(100.0)
<b>Results from operating activities</b>		<b>5,557</b>	<b>4,386</b>	<b>26.7</b>	<b>20,746</b>	<b>11,261</b>	<b>84.2</b>
Other income		500	-	100.0	1,507	-	100.0
Finance income		3	6	(50.0)	9	17	(47.1)
Finance expenses		(3,211)	(3,675)	(12.6)	(9,864)	(13,091)	(24.7)
Gain on disposal of available-for-sale financial assets	(a)	-	-	N.M.	1,710	-	100.0
Loss on disposal of vessels	(b)	-	27	(100.0)	-	(1,378)	(100.0)
<b>Profit/(Loss) before tax</b>		<b>2,849</b>	<b>744</b>	<b>282.9</b>	<b>14,108</b>	<b>(3,191)</b>	<b>N.M.</b>
Income tax expense		-	-	N.M.	(44)	(17)	158.8
<b>Profit/(Loss) for the quarter/period</b>		<b>2,849</b>	<b>744</b>	<b>282.9</b>	<b>14,064</b>	<b>(3,208)</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			
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit/(Loss) for the quarter/period</b>	<b>2,849</b>	<b>744</b>	<b>14,064</b>	<b>(3,208)</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	40	(2,282)	(829)	(2,394)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	(73)	-	(404)
Effective portion of changes in fair value of cash flow hedges	(465)	(1,921)	(1,103)	(4,524)
Net change in fair value of cash flow hedges transferred to income statement	311	2,916	1,012	7,334
Net change in fair value of available-for-sale financial assets	-	(1,203)	-	(3,015)
Net change in fair value of available-for-sale financial assets reclassified to income statement	-	1,203	-	1,292
<b>Other comprehensive income/(loss), net of tax</b>	<b>(114)</b>	<b>(1,360)</b>	<b>(920)</b>	<b>(1,711)</b>
<b>Total comprehensive income/(loss)</b>	<b>2,735</b>	<b>(616)</b>	<b>13,144</b>	<b>(4,919)</b>

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

		Group			
	Note	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit/(Loss) for the quarter/ period</b>		2,849	744	14,064	(3,208)
Add: Non-cash adjustments	(a)	13,122	12,068	33,064	37,942
<b>Net cash generated from operations</b>		15,971	12,812	47,128	34,734
Less: Repayment of secured bank loans		(11,000)	(11,000)	(33,000)	(28,000)
Prepayment of secured bank loans	(b)	-	-	-	-
<b>Income available for distribution</b>		4,971	1,812	14,128	6,734
Add: Utilisation of cash retained from previous periods		-	-	-	-
Less: Cash retained in the current period		(4,971)	(1,812)	(14,128)	(6,734)
<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)		640,193	654,665	640,193	654,665
<b>Distribution per unit (US Cents)</b>		-	-	-	-

Notes:

(a) Non-cash adjustments

		Group			
		3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
		US\$'000	US\$'000	US\$'000	US\$'000
Depreciation expense on vessels		13,455	11,319	35,749	36,698
Impairment loss on available-for-sale financial assets		-	1,203	-	1,292
Unrealised exchange differences		6	(88)	43	(408)
Loss on disposal of vessels		-	(27)	-	1,378
Gain on disposal of available-for-sale financial assets		-	-	(1,710)	-
Amortisation of deferred income		(361)	(361)	(1,083)	(1,083)
Amortisation of initial direct costs		22	22	65	65
		13,122	12,068	33,064	37,942

(b) In 1Q and 2Q 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 third quarter of 2015. The income available for distribution this quarter has been retained.

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

		30 Sep 2015		31 Dec 2014	
		Group	Trust	Group	Trust
Note		US\$'000	US\$'000	US\$'000	US\$'000
	<b>Non-current assets</b>				
	Vessels	518,297	-	556,019	-
	Subsidiaries	-	423,725	-	423,725
	Available-for-sale financial assets	-	-	919	-
	Derivative assets	-	-	339	339
		518,297	423,725	557,277	424,064
	<b>Current assets</b>				
	Inventories	623	-	-	-
	Derivative assets	174	174	122	122
	Trade and other receivables	3,608	61	4,767	32,241
(a)	Cash and cash equivalents	50,558	34,489	32,750	21,605
		54,963	34,724	37,639	53,968
	<b>Total assets</b>	573,260	458,449	594,916	478,032
	<b>Equity attributable to unitholders of FSL Trust</b>				
	Units in issue	523,673	523,673	525,412	525,412
	Reserves	(245,535)	(377,625)	(258,679)	(367,157)
	<b>Total equity</b>	278,138	146,048	266,733	158,255
	<b>Non-current liabilities</b>				
(b)	Secured bank loans	241,457	241,457	273,642	273,642
	Derivative liabilities	264	264	155	155
	Deferred income	2,484	-	3,567	-
		244,205	241,721	277,364	273,797
	<b>Current liabilities</b>				
	Trade and other payables	2,669	25,669	1,296	664
	Lease income received in advance	1,793	-	2,763	-
	Derivative liabilities	1,011	1,011	1,316	1,316
(b)	Secured bank loans	44,000	44,000	44,000	44,000
	Deferred income	1,444	-	1,444	-
		50,917	70,680	50,819	45,980
	<b>Total liabilities</b>	295,122	312,401	328,183	319,777
	<b>Total equity and liabilities</b>	573,260	458,449	594,916	478,032

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

Note:

(a) Cash and cash equivalents comprise:

	30 Sep 2015		31 Dec 2014	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Restricted cash <sup>^</sup>	2,630	2,630	10,000	10,000
Cash at Bank	45,052	31,765	19,878	11,512
Short-term deposits	2,876	94	2,872	93
Cash and cash equivalents	50,558	34,489	32,750	21,605
Less: Restricted cash	(2,630)	(2,630)	(10,000)	(10,000)
Cash and cash equivalents in the statement of cash flows	47,928	31,859	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 Sep 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	243,531	276,531
Less: Unamortised debt upfront fees	(2,074)	(2,889)
	285,457	317,642

The Trustee-Manager, on behalf of FSL Trust, secured a 6-year amortising term loan facility in December 2011 and the outstanding face value of the loan balance was US\$287.5 million as at 30 September 2015.

The interest margin of the term loan:

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

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

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

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(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.

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

	Group			
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities:</b>				
Profit/(Loss) before tax	2,849	744	14,108	(3,191)
Adjustments for:				
Depreciation expense on vessels	13,768	11,525	36,759	37,207
Impairment loss on available-for-sale financial assets	-	1,203	-	1,292
Amortisation of debt upfront fees and initial direct costs	390	416	1,192	1,269
Amortisation of deferred income	(361)	(361)	(1,083)	(1,083)
Interest income	(3)	(6)	(9)	(17)
Interest expense	2,913	3,482	8,969	12,379
Loss on disposal of vessels	-	(27)	-	1,378
Gain on disposal of available-for-sale financial assets	-	-	(1,710)	-
Unrealised exchange differences	6	(88)	43	(408)
	19,562	16,888	58,269	48,826
Changes in working capital:				
Trade and other receivables	3,306	(1,396)	1,155	(1,399)
Inventories	(253)	(97)	(623)	1,088
Trade and other payables	831	(778)	1,328	(5,504)
Lease income received in advance	(3)	524	(970)	(2,064)
<b>Cash generated from operating activities</b>	<b>23,443</b>	<b>15,141</b>	<b>59,159</b>	<b>40,947</b>
Income tax paid	-	-	(44)	(17)
<b>Cash flows from operating activities</b>	<b>23,443</b>	<b>15,141</b>	<b>59,115</b>	<b>40,930</b>
<b>Investing activities:</b>				
Interest received	3	6	13	17
Net proceed on disposal of vessels	-	27	-	22,261
Net proceed on disposal of available-for-sale financial assets	-	-	2,629	-
Costs incurred for dry-docking	(276)	(460)	(286)	(903)
<b>Cash flows from/ (used in) investing activities</b>	<b>(273)</b>	<b>(427)</b>	<b>2,356</b>	<b>21,375</b>
<b>Financing activities:</b>				
Repayment of secured bank loans	(11,000)	(11,000)	(33,000)	(28,000)
Prepayment of secured bank loans	-	-	-	(22,000)
Interest paid	(2,909)	(3,515)	(8,924)	(12,620)
Security deposit	-	-	10,000	-
Pledged deposit	(1)	-	(2,630)	-
Purchase of the Trust's units	(455)	-	(1,739)	-
<b>Cash flows used in financing activities</b>	<b>(14,365)</b>	<b>(14,515)</b>	<b>(36,293)</b>	<b>(62,620)</b>
Net increase/(decrease) in cash and cash equivalents	8,805	199	25,178	(315)
Cash and cash equivalents at beginning of period	39,123	9,853	22,750	10,367
Cash and cash equivalents at end of period	47,928	10,052	47,928	10,052
<b>Comprising:-</b>				
Cash at Bank	45,052	7,181	45,052	7,181
Short-term deposits	2,876	2,871	2,876	2,871
	47,928	10,052	47,928	10,052

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

	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
<b>2015 Group</b>						
At 1 July 2015	524,128	(948)	(6,402)	-	(240,920)	275,858
Cancellation of units bought back	(455)	-	-	-	-	(455)
Total comprehensive income/ (loss) for the quarter	-	(154)	40	-	2,849	2,735
At 30 September 2015	523,673	(1,102)	(6,362)	-	(238,071)	278,138

	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
<b>2014 Group</b>						
At 1 July 2014	525,412	(2,073)	(1,868)	-	(260,138)	261,333
Total comprehensive income/ (loss) for the quarter	-	995	(2,355)	-	744	(616)
At 30 September 2014	525,412	(1,078)	(4,223)	-	(259,394)	260,717

	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2015 Trust</b>				
At 1 July 2015	524,128	(948)	(373,194)	149,986
Cancellation of units bought back	(455)	-	-	(455)
Total comprehensive income/(loss) for the quarter	-	(154)	(3,329)	(3,483)
At 30 September 2015	523,673	(1,102)	(376,523)	146,048

	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2014 Trust</b>				
At 1 July 2014	525,412	(2,073)	(358,235)	165,104
Total comprehensive income/ (loss) for the quarter	-	995	(4,131)	(3,136)
At 30 September 2014	525,412	(1,078)	(362,366)	161,968



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

	Note	3Q 2015 Units	FY 2014 Units
At the beginning of the period		644,419,677	654,665,077
Units issued during the period		-	-
Units cancelled during the period	(a)	(4,226,700)	-
At the end of the period		640,192,977	654,665,077

Note:

(a) Pursuant to the "Unit Buy-back Mandate" obtained on 29 April 2015.

**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**

Except for the change as disclosed in paragraph 5, 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**

Depreciation on containerships - Ever Radiant and Ever Respect

The residual value of each of the two vessels was reviewed and revised.

The changes in residual value of the vessels constitute a change in estimates. The effects of the change were applied prospectively from July 2015. As a result of the change, depreciation expense for 3Q 2015 increased by US\$2.4 million for the two vessels.

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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			
	3Q 2015	3Q 2014	YTD Sep 2015	YTD Sep 2014
Basic and diluted earnings per unit is based on:				
Profit/(Loss) for the quarter/ period (US\$'000)	2,849	744	14,064	(3,208)
Weighted average number of issued units (basic and diluted) ('000)	642,664	654,665	648,479	654,665
Basic and diluted earnings per unit based on weighted average number of units in issue (US Cents)	0.44	0.11	2.17	(0.49)
Number of issued units at end of quarter ('000)	640,193	654,665	640,193	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 Sep 2015		31 Dec 2014	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.43	0.23	0.41	0.24

Note:

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

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**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:

3Q 2015 vs 3Q 2014

	Group		
	3Q 2015	3Q 2014	Inc/(Dec)
	US\$'000	US\$'000	%
Rentals from vessels on bareboat charter	14,459	13,762	5.1
BBCE revenue of vessels on:-			
-Time charter	2,422	1,816	33.4
-Pool	2,653	2,576	3.0
-Spot	901	-	100.0
Total bareboat charter/BBCE revenue	20,435	18,154	12.6
Less:			
Depreciation expense on vessels <sup>1</sup>	(13,455)	(11,319)	18.9
Management fees	(896)	(684)	31.0
Trustee fees	(29)	(31)	(6.5)
Other Trust expenses <sup>2</sup>	(498)	(531)	(6.2)
Impairment loss on available-for-sale financial assets	-	(1,203)	(100.0)
Other operating expenses	(14,878)	(13,768)	8.1
<b>Results from operating activities</b>	<b>5,557</b>	<b>4,386</b>	<b>26.7</b>
Other income	500	-	100.0
Finance income	3	6	(50.0)
Finance expenses	(3,211)	(3,675)	(12.6)
Disposal of vessels	-	27	(100.0)
<b>Profit before tax</b>	<b>2,849</b>	<b>744</b>	<b>282.9</b>
Income tax expense	-	-	N.M.
<b>Profit for the quarter</b>	<b>2,849</b>	<b>744</b>	<b>282.9</b>

a. Bareboat charter/BBCE revenue

Bareboat charter

Bareboat charter rentals increased by 5.1% (US\$0.7 million), mainly attributed by:

- the better performance of the 2 LR2 tankers, TORM Margrethe and Torm Marie, US\$1.4 million; offset with
- the expiry of bareboat lease for FSL Busan and FSL Santos (US\$0.4 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 tankers

*FSL Hamburg* is employed on time charter arrangements with Petròleo Brasileiro S.A. and generated a net time charter revenue of US\$1.1 million. After deducting vessel operating expenses, the vessel generated BBCE revenue of US\$0.3 million in the quarter under review. *FSL Hamburg* time charter with Petròleo Brasileiro S.A. ended on 21 September 2015.

#### ii) Crude oil tankers

*FSL Shanghai* entered a time charter arrangement with Trafigura Maritime from 17 August 2015 after its time charter agreement with Tesoro Corporation matured and generated a BBCE revenue of \$0.9 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 \$1.2 million in the quarter under review.

### Pool/RSA

#### i) Chemical tankers

The three chemical tankers are employed in 'Nordic Tankers 19,000 Stainless Steel Pool'. Collectively, these vessels generated net pool revenue of US\$4.6 million. After deducting vessel operating expenses, these vessels earned BBCE revenue of US\$2.1 million in the quarter under review.

#### ii) Containerships

*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\$0.5 million in the quarter under review.

### Spot

- i) *FSL Singapore* was deployed in the spot market since 1 June 2015 after its time charter agreement matured and generated US\$2.8 million of freight income in the quarter under review. After deducting voyage and vessel operating expenses, *FSL Singapore* generated BBCE revenue of US\$0.9 million in the quarter under review.

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b. Other operating expenses

Other operating expenses increased by 8.1% (US\$1.1 million) due mainly to:

- Higher depreciation expenses of US\$2.1 million arising mainly from changes in the residual value for the two Evergreen vessels. Please see paragraph 5 for details.
- Included in other trust expenses in 3Q 2014 was an impairment loss of US\$1.2 million in recognition of the decline in the quoted price of the TORM shares.
- Higher management fees of US\$0.2 million arising from better performance of the vessels.

c. Results from operating activities

On an overall basis, FSL Trust generated an operating profit of US\$5.6 million in this quarter as compared to US\$4.4 million over the same period last year.

d. Finance expenses

Finance expenses in 3Q 2015 including exchange loss of US\$19,000 (3Q 2014: exchange gain of US\$112,000) decreased 12.6% (US\$0.5 million) mainly due to:

- lower outstanding indebtedness and the absence of additional interest paid on shortfall amount during the Relaxation Period in 3Q 2014; and
- the declining value of existing swaps.

For 3Q 2015, FSL Trust achieved net profits of US\$2.8 million.

**9. Variance from Prospect Statement**

Not applicable.

**10. Outlook and Prospects**

The outlook for the Trust remains positive. Our bareboat charter counterparties continue to perform and revenue going forward will be improved by the recently announced contracts and MR acquisition.

The Trust is expecting to take delivery of the MR tanker recently purchased for US\$21.8 million in 4QFY15. It also anticipates working capital being required for pool entry and management takeover costs. Furthermore, FSL Hamburg and FSL Singapore are currently undergoing their second special surveys ahead of delivery to their new time charterers. Special surveys are scheduled once every five years and the work undertaken is required for the vessels to comply with class and new time charter requirements. The cost of dry docking the vessels will arise in 4QFY15 and this will negatively affect cash generation in the quarter, but is necessary to ensure that the vessels can earn the significantly higher contracted charter rates.

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**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 September 2015 to be false or misleading in any material aspect.

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.

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  
5 November 2015