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**FIRST SHIP LEASE TRUST**  
**UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT**  
**FOR THE SECOND QUARTER AND SIX MONTH PERIOD ENDED 30 JUNE 2019**

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First Ship Lease Trust (“FSL Trust” or the “Trust”) is a Singapore-based business trust which owns a fleet of vessels across major shipping sub-sectors and is listed on the Singapore Exchange Securities Trading Limited (“SGX”).

As at 30 June 2019, FSL Trust had a high quality, well maintained and diversified portfolio of 18 vessels consisting of three containerships, eleven product tankers, two chemical tankers and two crude oil tankers. 10 vessels were employed on long-term bareboat charters as at 30 June 2019 and have a dollar-weighted average remaining lease period of approximately two years (excluding extension periods and early buy-out options). Two vessels were on fixed time charters. The remaining six vessels were employed in pools. The combined portfolio of 18 vessels had a dollar-weighted average age of approximately twelve years.

**Summary of FSL Trust Consolidated Results**

	2Q 2019	2Q 2018	Inc/ (Dec)	1H 2019	1H 2018	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	16,303	16,665	(2.2)	35,393	33,521	5.6
Profit for the quarter/ period	2,032	719	182.6	5,041	1,636	208.1
Income available for distribution	2,988	(7,594)	N.M.	6,242	(7,338)	N.M.
Average number of vessels	18.0	19.0	(5.3)	18.5	19.2	(3.6)

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

		Group					
	Note	2Q 2019	2Q 2018	Inc/ (Dec)	1H 2019	1H 2018	Inc/ (Dec)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		16,303	16,665	(2.2)	35,393	33,521	5.6
Depreciation expense on vessels	(a)	(6,304)	(7,933)	(20.5)	(12,608)	(15,866)	(20.5)
Voyage expenses		79	(833)	N.M.	(438)	(1,862)	(76.5)
Vessel operating expenses		(5,300)	(4,039)	31.2	(10,712)	(8,471)	26.5
Management fees		(457)	(466)	(1.9)	(1,002)	(930)	7.7
Trustee fees		(13)	(15)	(13.3)	(26)	(32)	(18.8)
Other Trust expenses		(318)	(473)	(32.8)	(1,449)	(1,175)	23.3
<b>Results from operating activities</b>		<b>3,990</b>	<b>2,906</b>	<b>37.3</b>	<b>9,158</b>	<b>5,185</b>	<b>76.6</b>
Gain on disposal of vessels	(b)	9	-	100.0	9	886	(99.0)
Finance income		54	-	100.0	54	-	100.0
Finance expenses		(2,021)	(2,187)	(7.6)	(4,180)	(4,433)	(5.7)
<b>Profit before tax</b>		<b>2,032</b>	<b>719</b>	<b>182.6</b>	<b>5,041</b>	<b>1,638</b>	<b>207.8</b>
Income tax expense		-	-	-	-	(2)	(100.0)
<b>Profit for the quarter/period</b>		<b>2,032</b>	<b>719</b>	<b>182.6</b>	<b>5,041</b>	<b>1,636</b>	<b>208.1</b>

Note:

(a) Vessels costs include dry-docking costs.

(b) This relates to the sale of a product tanker in April 2019, a containership and a chemical tanker in January 2018.

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

		Group			
		2Q 2019	2Q 2018	1H 2019	1H 2018
		US\$'000	US\$'000	US\$'000	US\$'000
Profit for the quarter/ period		2,032	719	5,041	1,636
Total comprehensive income, net of tax		2,032	719	5,041	1,636

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

	Note	2Q 2019	2Q 2018	1H 2019	1H 2018
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Profit for the quarter/ period</b>		2,032	719	5,041	1,636
Add: Non-cash adjustments	(a)	5,976	7,220	11,961	13,510
<b>Net cash generated from operations</b>		8,008	7,939	17,002	15,146
Less: Repayment of secured bank loans		(5,020)	-	(10,760)	(6,250)
Prepayment of secured bank loans	(b)	-	(15,533)	-	(16,234)
<b>Income available for distribution</b>		2,988	(7,594)	6,242	(7,338)
Add: Utilisation of cash retained from previous periods		-	7,594	-	7,338
Less: Cash retained in the current period		(2,988)	-	(6,242)	-
<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 end of quarter/ period ('000)		1,593,641	637,457	1,593,641	637,457
Distribution per unit (US Cents)		-	-	-	-

Notes:

(a) Non-cash adjustments

	Group			
	2Q 2019	2Q 2018	1H 2019	1H 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation expense on vessels <sup>1</sup>	5,978	7,530	11,956	15,060
Impairment on vessels	-	-	-	-
Gain on disposal of vessels	(9)	-	(9)	(886)
Amortisation of deferred income	-	(317)	-	(678)
Amortisation of initial direct costs <sup>2</sup>	7	7	14	14
	5,976	7,220	11,961	13,510

(b) In 2Q 2019, cash proceeds of US\$4.2 million from the sale of a product tanker was used to prepay the loan with Hellenic Bank. As the US\$4.2 million was generated from the sale of the product tanker instead of operations, this was not included in this statement. In 2Q 2018, prepayments of US\$15.5 million were made to reduce the outstanding loan balance in 2Q 2018.

(c) No distribution has been recommended by the Board for the second quarter of 2019.

<sup>1</sup> Excluding dry-docking costs.

<sup>2</sup> Excluding deferred arrangement fees.

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

		30 Jun 2019		31 Dec 2018	
		Group	Trust	Group	Trust
Note		US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>					
	Vessels	223,748	-	225,538	-
	Subsidiaries	-	45,312	-	45,312
		223,748	45,312	225,538	45,312
<b>Current assets</b>					
	Trade and other receivables	11,339	74,560	12,760	76,586
	Cash and cash equivalents	48,160	33,455	13,881	1,331
	Non-current asset classified as held-for-sale	-	-	10,989	-
		59,499	108,015	37,630	77,917
	<b>Total assets</b>	<b>283,247</b>	<b>153,327</b>	<b>263,168</b>	<b>123,229</b>
<b>Equity attributable to unitholders of FSL Trust</b>					
	Units in issue	554,313	554,313	523,284	523,284
	Reserves	(362,981)	(407,922)	(368,022)	(407,040)
	<b>Total equity</b>	<b>191,332</b>	<b>146,391</b>	<b>155,262</b>	<b>116,244</b>
<b>Non-current liabilities</b>					
	Secured bank loans	57,341	-	73,765	-
	Convertible bonds	6,515	6,515	6,287	6,287
		63,856	6,515	80,052	6,287
<b>Current liabilities</b>					
	Trade and other payables	2,630	421	2,897	698
	Lease income received in advance	-	-	1,688	-
	Secured bank loans	25,429	-	23,269	-
	Loan from Sponsor	-	-	-	-
		28,059	421	27,854	698
	<b>Total liabilities</b>	<b>91,915</b>	<b>6,936</b>	<b>107,906</b>	<b>6,985</b>
	<b>Total equity and liabilities</b>	<b>283,247</b>	<b>153,327</b>	<b>263,168</b>	<b>123,229</b>

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

Note:

(a) Cash and cash equivalents comprise:

	30 Jun 2019		31 Dec 2018	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at Bank	16,150	1,445	13,881	1,331
Short-term deposits	32,010	32,010	-	-
Cash and cash equivalents	48,160	33,455	13,881	1,331
Less: Restricted cash <sup>^</sup>	(500)	-	(500)	-
Cash and cash equivalents in the Consolidated Statement of Cash Flows	47,660	33,455	13,381	1,331

<sup>^</sup> The restricted cash is the minimum cash balance maintained with the lender in accordance to the loan facility agreement.

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

	30 Jun 2019	31 Dec 2018
	US\$'000	US\$'000
<b>Secured bank loans</b>		
<u>Repayable within one year</u>		
Secured bank loans	26,165	24,258
Less: Unamortised debt transaction costs	(736)	(989)
	25,429	23,269
<u>Repayable after one year</u>		
Secured bank loans	57,831	74,650
Less: Unamortised debt transaction costs	(490)	(885)
	57,341	73,765

In FY 2018, the Trustee-Manager, on behalf of FSL Trust, has through its subsidiaries secured the following term loan facilities:

- (a) US\$50 million facility agreement with Hellenic Bank Public Company Limited ("Hellenic");
- (b) US\$40 million facility agreement with Chailease International Financial Services Co., Ltd. ("Chailease"); and
- (c) US\$18 million facility agreement with Amsterdam Trade Bank N.V. ("ATB").

The weighted average interest margin over LIBOR of the three loans is 4.012%.

The aggregate outstanding face value of the loan facilities was US\$84.0 million as at 30 June 2019.

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

As at 30 June 2019, the Group is in compliance with the terms of the loan agreements.

The term loan facilities are secured on the following:

- (i) a first priority mortgage over the Group's vessels;
- (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; and
- (iv) pledge of the shares of all the vessel-owning subsidiaries.

(c) Convertible Bonds - Group and Trust

Pursuant to the completion of the Bond Issue on 21 May 2018, the Trust raised net proceeds of US\$7.03 million (after deducting bond fees of US\$0.22 million) which were applied towards the repayment of the previous Syndicated Loan in 2Q 2018.

The Statements of Financial Position figure of US\$6.52 million is after adjusting for legal fees of US\$0.45 million, an equity component of US\$0.56 million and interest component of US\$0.50 million.

(d) Loan from Sponsor

On 7 February 2019, the Group announced a bridging loan agreement of US\$25.00 million with FSL Holdings Pte. Ltd., the Sponsor, to partially finance the new shipbuilding contracts for FSL-28, Inc. and FSL-29, Inc.. A first drawdown of US\$10.00 million was then made to facilitate the first instalment of US\$9.76 million, which was paid to COSCO Shipping Heavy Industry (Yangzhou) Co., Ltd on 13 February 2019.

As of 3 June 2019 upon the completion of the Preferential Offering and pursuant to the set-off arrangement, the amount outstanding under the bridging loan of US\$10.00 million and the related outstanding accrued interest of US\$0.22 million were set-off against the subscription monies for New and excess Units.

(e) Shipbuilding Contracts

Plan approval is now completed, and works are proceeding according to schedule, with steel cutting to commence in September 2019.

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**1(c) Consolidated Statement of Cash Flows**

	Group			
	2Q 2019	2Q 2018	1H 2019	1H 2018
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities:</b>				
Profit before tax	2,032	719	5,041	1,638
Adjustments for:				
Depreciation expense on vessels	6,304	7,933	12,608	15,866
Amortisation of debt transaction costs	344	-	648	-
Amortisation of initial direct costs	54	54	108	108
Amortisation of deferred income	-	(317)	-	(678)
Interest income	(54)	-	(54)	-
Interest expense	1,690	2,166	3,539	4,359
Gain on disposal of vessels	(9)	-	(9)	(886)
	10,361	10,555	21,881	20,407
Changes in working capital:				
Trade and other receivables	1,254	(2,033)	1,464	(69)
Inventories	227	(756)	-	(756)
Trade and other payables	(632)	(25)	(458)	46
Lease income received in advance	-	(1,872)	(1,688)	(1,908)
<b>Cash generated from operating activities</b>	<b>11,210</b>	<b>5,869</b>	<b>21,199</b>	<b>17,720</b>
Income tax paid	-	-	-	(2)
<b>Cash flows generated from operating activities</b>	<b>11,210</b>	<b>5,869</b>	<b>21,199</b>	<b>17,718</b>
<b>Investing activities:</b>				
Vessels initial direct costs	(129)	-	(231)	-
Costs incurred for new shipbuilding contracts	-	-	(10,416)	-
Costs incurred for vessel equipment	(132)	-	(279)	-
Interest received	11	-	11	-
Net proceed on disposal of vessels	10,998	-	10,998	19,146
Costs incurred for dry-docking	-	-	-	(6)
<b>Cash flows generated from investing activities</b>	<b>10,748</b>	<b>-</b>	<b>83</b>	<b>19,140</b>
<b>Financing activities:</b>				
Loan from Sponsor	-	-	10,000	-
Repayment of loan to Sponsor	(10,000)	-	(10,000)	-
Net proceeds from preferential offering	31,029	-	31,029	-
Net proceeds from issuance of convertible bonds	-	6,936	-	6,936
Loan drawdown	-	18,000	-	18,000
Pledged deposit	-	(18,000)	-	(18,000)
Payment of upfront closing fees	-	(625)	-	(625)
Repayment of secured bank loans	(5,020)	-	(10,760)	(6,250)
Prepayment of secured bank loans	(4,152)	(15,533)	(4,152)	(35,617)
Interest paid	(1,254)	(2,283)	(3,120)	(4,508)
<b>Cash flows generated from/(used in) financing activities</b>	<b>10,603</b>	<b>(11,505)</b>	<b>12,997</b>	<b>(40,064)</b>
Net increase/(decrease) in cash and cash equivalents	32,561	(5,636)	34,279	(3,206)
Cash and cash equivalents at beginning of period	15,099	15,631	13,381	13,201
Cash and cash equivalents at end of period	47,660	9,995	47,660	9,995
<b>Comprising:-</b>				
Cash at Bank	15,650	24,131	15,650	24,131
Short-term deposits	32,010	-	32,010	-
	47,660	24,131	47,660	24,131

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

	Units in Issue	Option premium on convertible bonds	Foreign Currency Translation Reserve	Accumulated Profit/ (Losses)	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2019 Group</b>					
At 1 April 2019	523,284	560	(6,725)	(358,848)	158,271
Preferential offering	31,029	-	-	-	31,029
Total comprehensive income for the quarter	-	-	-	2,032	2,032
At 30 June 2019	554,313	560	(6,725)	(356,816)	191,332

	Units in Issue	Option premium on convertible bonds	Foreign Currency Translation Reserve	Accumulated Profit/ (Losses)	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2018 Group</b>					
At 1 April 2018	523,284	-	(6,725)	(341,954)	174,605
Issue of convertible bonds - equity component	-	595	-	-	595
Total comprehensive income for the quarter	-	-	-	719	719
At 30 June 2018	523,284	595	(6,725)	(341,235)	175,919

	Units in Issue	Option premium on convertible bonds	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2019 Trust</b>				
At 1 April 2019	523,284	560	(408,145)	115,699
Preferential offering	31,029	-	-	31,029
Total comprehensive loss for the quarter	-	-	(337)	(337)
At 30 June 2019	554,313	560	(408,482)	146,391

	Units in Issue	Option premium on convertible bonds	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2018 Trust</b>				
At 1 April 2018	523,284	-	(418,409)	104,875
Issue of convertible bonds - equity component	-	595	-	595
Total comprehensive loss for the quarter	-	-	(2,489)	(2,489)
At 30 June 2018	523,284	595	(420,898)	102,981



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

	Note	2Q 2019 Units	FY 2018 Units
At the beginning of the period		637,456,577	637,456,577
Units issued during the period		956,184,865	-
At the end of the period		1,593,641,442	637,456,577

There are no treasury shares and no subsidiary holdings as at 30 June 2019 and as at 30 June 2018.

**Preferential Offering**

At the Extraordinary General Meeting of the Trust held on 22 April 2019, Unitholders voted in favour of the Trust's proposed preferential offering. Pursuant to the Preferential Offering, an aggregate of 956,184,865 New Units have been issued by FSL Trust on 7 June 2019.

Following the issue of the New Units, the total number of issued Units in FSL Trust has increased from 637,456,577 Units to 1,593,641,442 Units. The 956,184,865 New Units was listed and quoted on the Main Board of the SGX-ST with effect from 9.00 a.m. on 10 June 2019.

**Convertible Bonds**

On 21 May 2018, the Trust issued US\$7,250,000 in principal amount of Convertible Bonds due in 2020 which are convertible by holders into units of the Trust at any time during the Term at conversion price of US\$0.05687 per unit. The maximum number of New Units that may be issued by the Trust to the Subscriber will be 127,483,735 New Units.

With effect from 7 June 2019, being the date of issue of the New Units pursuant to the Preferential Offering, the Conversion Price was adjusted to S\$0.05644.

The Subscriber had on 15 July 2019 exercised its right to convert the Bonds with an aggregate principal amount of US\$7,250,000 in accordance with the terms and conditions of the Bond Subscription Agreement. The Bonds were converted into 174,416,194 New Units at the Adjusted Conversion Price of S\$0.05644 (equivalent to approximately US\$0.04157 based on an exchange rate of S\$1 to US\$0.7365 on 15 July 2019) for each New Unit.

Following the allotment and issuance of the New Units on 17 July 2019, the total number of issued units in FSL Trust has increased from 1,593,641,442 Units to 1,768,057,636 Units. The 174,416,194 New Units were listed and quoted on the Main Board of the SGX-ST with effect from 9.00 a.m. on 19 July 2019.

1(d)(iv) Sales, transfers, cancellation and/or use of treasury units

Nil.

1(d)(v) Sales, transfers, cancellation and/or use of subsidiary holdings

Nil.

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 2018, except for the adoption of the new or revised International Financial Reporting Standards ("IFRS") applicable for the financial period beginning 1 January 2019.

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

FSL Trust has adopted all the new or revised IFRS that are effective for the financial period beginning 1 January 2019 and are relevant to its operations. The adoption of these IFRS does not have significant financial impact on the Group's financial position or results.

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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			
	2Q 2019	2Q 2018	1H 2019	1H 2018
Basic and diluted earnings/ (loss) per unit is based on:				
Weighted average number of issued units (basic) ('000)	858,115	637,457	748,395	637,457
Basic earnings per unit based on weighted average number of units in issue (US Cents)	0.24	0.11	0.67	0.26
Weighted average number of issued units (diluted) ('000) <sup>(a)</sup>	996,429	694,894	881,324	666,334
Diluted earnings per unit based on weighted average number of units in issue (US Cents) <sup>(b)</sup>	0.23	0.12	0.63	0.26
Number of issued units at end of quarter/ period ('000)	1,593,641	637,457	1,593,641	637,457
Distribution per unit (US Cents)	-	-	-	-

Note:

- (a) For the purpose of calculating the diluted EPU, the weighted average number of units in issue is adjusted to take into account the dilutive effect arising from full conversion of convertible bonds to units.
- (b) For the purpose of calculating the diluted EPU, interest expenses on the convertible bond of US\$0.24 million and US\$0.48 million was added back to the net profit for 2Q 2019 and 1H 2019 respectively.

**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 2019		31 Dec 2018	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.12	0.09	0.24	0.18

Note:

- (a) Net asset value (based on book 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 is as follows:

2Q 2019 vs 2Q 2018

	Group		
	2Q 2019	2Q 2018	Inc/(Dec)
	US\$'000	US\$'000	%
Rentals from vessels on bareboat charter	6,541	8,193	(20.2)
BBCE revenue of vessels on:-			
-Time charter	896	257	248.6
-Pool	3,545	2,043	73.5
-Spot	(226)	897	N.M.
Total bareboat charter/BBCE revenue	10,756	11,390	(5.6)
Less:			
Depreciation expense on vessels <sup>1</sup>	(5,978)	(7,530)	(20.6)
Management fees	(457)	(466)	(1.9)
Trustee fees	(13)	(15)	(13.3)
Other Trust expenses <sup>2</sup>	(318)	(473)	(32.8)
Other operating expenses	(6,766)	(8,484)	(20.3)
<b>Results from operating activities</b>	<b>3,990</b>	<b>2,906</b>	<b>37.3</b>
Gain on disposal of vessels	9	-	100.0
Finance income	54	-	100.0
Finance expenses	(2,021)	(2,187)	(7.6)
<b>Profit before tax</b>	<b>2,032</b>	<b>719</b>	<b>182.6</b>
Income tax expense	-	-	-
<b>Profit for the quarter</b>	<b>2,032</b>	<b>719</b>	<b>182.6</b>

a. Bareboat charter/BBCE revenue

Bareboat charter

Bareboat charter rentals decreased by 20.2% (US\$1.7 million), mainly attributable to:

- i) *FSL Piraeus* (ex. *TORM Margrethe*) bareboat lease expired in June 2018 (US\$0.8 million); and
- ii) *FSL Perth* (ex. *TORM Marie*) bareboat lease expired in July 2018 (US\$0.9 million).

<sup>1</sup> For this analysis, depreciation expense on dry-docking costs is not included in depreciation expense on vessels, but 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) Chemical tankers

The two chemical tankers, *FSL New York* and *FSL London* have been employed on time charter from 12 June 2018 and 19 June 2018 respectively after exiting the spot market. These vessels generated BBCE revenue of US\$0.9 million in the quarter under review.

Pool/Revenue Sharing Agreement ('RSA')

i) Product tankers

*FSL Osaka* entered an MR pool managed by Hafnia Management ('Hafnia Pool') since November 2015. The vessel generated net pool revenue of US\$1.2 million. After deducting vessel operating expenses, the vessel earned BBCE revenue of US\$0.6 million in the quarter under review.

*FSL Hamburg* and *FSL Singapore* entered an MR pool managed by Hafnia Management ('Hafnia Pool') on 7 October 2017 and 23 April 2018 respectively. These vessels together generated net pool revenue of US\$1.1 million. After deducting vessel operating expenses, the vessels earned BBCE revenue of US\$0.3 million in the quarter under review. *FSL Hamburg* was ultimately sold on 04 April 2019.

*FSL Piraeus* and *FSL Perth* entered Sigma Tanker Pool managed by Heidmar Inc. ('Sigma Tanker Pool') on 21 August 2018 and 25 August 2018 respectively. These vessels together generated net pool revenue of US\$2.9 million. After deducting vessel operating expenses, the vessels earned BBCE revenue of US\$1.4 million in the quarter under review.

ii) Crude oil tankers

*FSL Hong Kong* and *FSL Shanghai* are employed on a RSA (Revenue Sharing Agreement) from 14 April 2017 and 12 September 2017 respectively. These vessels together generated net pool revenue of US\$2.7 million. After deducting vessel operating expenses, the vessels earned BBCE revenue of US\$1.2 million in the quarter under review.

b. Other operating expenses

Depreciation expense on vessels decreased by 20.6% (US\$1.6 million) due to lower depreciation arising from impairment on vessels taken last year.

c. Results from operating activities

On an overall basis, FSL Trust generated an operating profit of US\$4.0 million in this quarter, compared to US\$2.9 million over the same period last year.

8. Review of Performance (cont'd)

d. Finance expenses

Finance expenses in 2Q 2019, including an exchange gain of US\$14,000 (2Q 2018: US\$12,000), decreased by 7.6% (US\$0.2 million) mainly due to the lower outstanding indebtedness, offset with bond interest and amortisation of debt transaction costs.

For 2Q 2019, FSL Trust achieved net profits of US\$2.0 million.

9. Variance from Prospect Statement

Not applicable.

10. Outlook and Prospects

Sectors of the market in which the Trust operates are expected to show positive signs during 2H 2019.

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/recommended, a statement to that effect and the reason(s) for the decision

No distribution has been declared this quarter. The Board of Directors will recommence distributions when distributions are sustainable, after providing for fleet renewal.

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 2019 to be false or misleading in any material aspect.

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FIRST SHIP LEASE TRUST  
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT  
FOR THE SECOND QUARTER AND SIX MONTH PERIOD ENDED 30 JUNE 2019

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15. The Trustee-Manager, FSL Trust Management Pte. Ltd., has procured undertakings required under Rule 720(1), from all its directors and executive officers.

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 Mitchell  
Chief Financial Officer  
06 August 2019