



August 14, 2013

Global Ship Lease Reports Results for the Second Quarter of 2013

LONDON, Aug. 14, 2013 (GLOBE NEWSWIRE) -- Global Ship Lease, Inc. (NYSE:[GSL](#)), a containership charter owner, announced today its unaudited results for the three months and six months ended June 30, 2013.

Second Quarter and Year To Date Highlights

- Reported revenue of \$35.9 million for the second quarter 2013. Revenue for the six months ended June 30, 2013 was \$71.1 million
- Reported net income of \$10.1 million for the second quarter 2013, including a \$5.0 million non-cash interest rate derivative mark-to-market gain. For the six months ended June 30, 2013, net income was \$17.4 million, after a \$10.4 million non-cash mark-to-market gain.
- Generated \$22.9 million of Adjusted EBITDA⁽¹⁾ for the second quarter 2013. Adjusted EBITDA for the six months ended June 30, 2013 was \$45.1 million
- Excluding the non-cash mark-to-market items, normalized net income⁽¹⁾ was \$5.1 million for the second quarter 2013 and \$6.9 million for the six months ended June 30, 2013
- Repaid \$10.8 million debt during the second quarter of 2013 for a total repayment of \$199.0 million since the fourth quarter 2009
- Commenced one-year charters for two 4,113 TEU vessels at \$7,000 per vessel per day. The new charters expire on April 30, 2014 plus/minus 30 days at charterer's option

Ian Webber, Chief Executive Officer of Global Ship Lease, stated, "With utilization of our fully time chartered fleet of 17 vessels close to 100%, we generated Adjusted EBITDA of \$22.9 million in the second quarter 2013, allowing us to continue to de-lever the Company."

Mr. Webber continued, "We successfully re-chartered two vessels in the quarter, thereby maintaining a strong and uninterrupted revenue stream, supporting \$45.1 million of Adjusted EBITDA and \$25.6 million of debt repayment in the first half of 2013. With contracted revenue of approximately \$1 billion and an average remaining charter term of seven years, we continue to be well positioned to generate stable cash flow and further amortize our debt despite near-term industry challenges. As we continue to pay down debt, we are actively exploring opportunities to enhance our financial flexibility."

SELECTED FINANCIAL DATA - UNAUDITED

(thousands of U.S. dollars)

	Three months ended <u>June 30,</u> <u>2013</u>	Three months ended <u>June 30,</u> <u>2012</u>	Six months ended <u>June 30,</u> <u>2013</u>	Six months ended <u>June 30,</u> <u>2012</u>
Revenue	35,867	39,233	71,076	77,583
Operating Income	12,796	16,623	24,901	31,822
Net Income	10,128	7,514	17,361	15,464
Adjusted EBITDA (1)	22,922	26,788	45,097	51,956
Normalised Net Income (1)	5,140	6,607	6,919	11,881

(1) Adjusted EBITDA and Normalized net income are non-US Generally Accepted Accounting Principles (US GAAP) measures, as explained further in this press release, and are considered by Global Ship Lease to be useful measures of its performance. Reconciliations of such non-GAAP measures to the interim unaudited financial information are provided in this Earnings Release.

Revenue and Utilization

The 17 vessel fleet generated revenue from fixed rate long-term time charters of \$35.9 million in the three months ended June 30, 2013, down \$3.4 million on revenue of \$39.2 million for the comparative period in 2012 due mainly to reduced revenue for two vessels following charter renewals at lower rates after the initial charters expired in September 2012, offset by less offhire, mainly from reduced levels of planned drydocking. There were 1,547 ownership days in the quarter, the same as the comparable period in 2012. The one day offhire in the three months ended June 30, 2013 gives a utilization of 99.9%. In the comparable period of 2012, there were 21 days offhire, including 12 for planned drydockings and nine unplanned days offhire, for utilization of 98.6%.

For the six months ended June 30, 2013, revenue was \$71.1 million, down \$6.5 million on revenue of \$77.6 million in the comparative period, mainly due to lower revenue from charter renewals and 17 fewer ownership days as 2012 was a leap year, offset by 43 days less offhire.

The table below shows fleet utilization for the three and six months ended June 30, 2013 and 2012 and for the years ended December 31, 2012, 2010 and 2009.

Days	Three months ended		Six months ended		Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31 2009
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012				
Ownership days	1,547	1,547	3,077	3,094	6,222	6,205	6,205	5,968
Planned offhire - scheduled drydock	0	(12)	(21)	(60)	(82)	(95)	0	(32)
Unplanned offhire	(1)	(9)	(6)	(10)	(16)	(11)	(3)	(42)
Operating days	1,546	1,526	3,050	3,024	6,124	6,099	6,202	5,894
Utilization	99.9%	98.6%	99.1%	97.7%	98.4%	98.3%	99.9%	98.8%

There were no drydockings in the second quarter 2013. Two vessels were drydocked in the first quarter 2013 and one further vessel is scheduled to be drydocked in the fourth quarter. Two drydockings are scheduled for 2014, and none in 2015.

Vessel Operating Expenses

Vessel operating expenses, which include costs of crew, lubricating oil, spares and insurance, were \$11.6 million for the three months ended June 30, 2013. The average cost per ownership day in the quarter was \$7,504 up \$175 or 2.4% on \$7,329 for the rolling four quarters ended March 31, 2013. The second quarter 2013 average daily cost compares to \$7,253 for the comparative period, up \$251 or 3.5%. The increase is mostly for higher crew costs.

For the six months ended June 30, 2013 vessel operating expenses were \$23.2 million or an average of \$7,525 per day compared to \$22.9 million in the comparative period or \$7,394 per day.

Depreciation

Depreciation for the three months ended June 30, 2013 was \$10.1 million, compared to \$10.2 million in the comparative period.

Depreciation for the six months ended June 30, 2013 was \$20.2 million, compared to \$20.1 million in the comparative period.

General and Administrative Costs

General and administrative costs were \$1.5 million in the three months ended June 30, 2013, compared to \$1.3 million in the second quarter of 2012.

For the six months ended June 30, 2013, general and administrative costs were \$3.1 million compared to \$2.9 million for 2012. The reduction is due mainly to lower legal and professional fees.

Other Operating Income

Other operating income in the three months ended June 30, 2013 was \$0.2 million, compared to \$0.1 million in the second

quarter 2012.

For the six months ended June 30, 2013, other operating income was \$0.2 million, the same as for the comparative period.

Adjusted EBITDA

As a result of the above, Adjusted EBITDA was \$22.9 million for the three months ended June 30, 2013 down from \$26.8 million for the three months ended June 30, 2012.

Adjusted EBITDA for the six months ended June 30, 2013 was \$45.1 million, compared to \$52.0 million for the comparative period.

Interest Expense

Interest expense, excluding the effect of interest rate derivatives which do not qualify for hedge accounting, for the three months ended June 30, 2013 was \$4.8 million. The Company's borrowings under its credit facility averaged \$410.9 million during the three months ended June 30, 2013. There were \$45.0 million preferred shares throughout the period giving total average borrowings through the three months ended June 30, 2013 of \$455.9 million. Interest expense in the comparative period in 2012 was \$5.3 million on average borrowings, including the preferred shares, of \$519.8 million.

For the six months ended June 30, 2013, interest expense, excluding the effect of interest rate derivatives which do not qualify for hedge accounting, was \$9.7 million. The Company's borrowings under its credit facility and including the \$45.0 million preferred shares, averaged \$463.2 million during the six months ended June 30, 2013. Interest expense for the six months ended June 30, 2012 was \$10.8 million based on average borrowings in that period, including the preferred shares, of \$525.7 million.

Interest income for the three and six months ended June 30, 2013 and 2012 was not material.

Change in Fair Value of Financial Instruments

The Company hedges its interest rate exposure by entering into derivatives that swap floating rate debt for fixed rate debt to provide long-term stability and predictability to cash flows. As these hedges do not qualify for hedge accounting under US GAAP, the outstanding hedges are marked to market at each period end with any change in the fair value being booked to the income and expenditure account. The Company's derivative hedging instruments gave a realized loss of \$2.9 million in the three months ended June 30, 2013 for settlements of swaps in the period, as current LIBOR rates are lower than the average fixed rates. Further, there was a \$5.0 million unrealized gain for revaluation of the balance sheet position given current LIBOR and movements in the forward curve for interest rates. This compares to a realized loss of \$4.6 million and an unrealized gain of \$0.9 million in the three months ended June 30, 2012.

For the six months ended June 30, 2013, the realized loss from hedges was \$8.3 million and the unrealized gain was \$10.4 million. This compares to a realized loss of \$9.1 million and an unrealized gain of \$3.6 million in the six months ended June 30, 2012.

At June 30, 2013, interest rate derivatives totaled \$327.0 million against floating rate debt of \$445.1 million, including the preferred shares. The total mark-to-market unrealized loss recognized as a liability on the balance sheet at June 30, 2013 was \$25.1 million.

Unrealized mark-to-market adjustments have no impact on operating performance or cash generation in the period reported.

Taxation

Taxation for the three months ended June 30, 2013 was \$16,000, compared to \$78,000 in the second quarter of 2012.

Taxation for the six months ended June 30, 2013 was \$39,000, compared to \$68,000 for the comparative period in 2012.

Net Income/Loss

Net income for the three months ended June 30, 2013 was \$10.1 million after \$5.0 million non-cash interest rate derivative mark-to-market gain. For the three months ended June 30, 2012 net income was \$7.5 million after the \$0.9 million non-cash interest rate derivative mark-to-market gain. Normalized net income, which excludes the effect of the non-cash interest rate derivative mark-to-market gains and losses was \$5.1 million for the three months ended June 30, 2013 and \$6.6 million for the three months ended June 30, 2012.

Net income was \$17.4 million for the six months ended June 30, 2013 after a \$10.4 million non-cash interest rate derivative mark-to-market gain. For the six months ended June 30, 2012, net income was \$15.5 million after the \$3.6 million non-cash interest rate derivative mark-to-market gain. Normalized net income was \$6.9 million for the six months ended June 30, 2013 and \$11.9 million for the six months ended June 30, 2012.

Credit Facility

The container shipping industry has been experiencing a significant cyclical downturn. As a consequence, there has been a continued decline in charter free market values of containerships since mid- 2012. While the Company's stable business model largely insulates it from volatility in the freight and charter markets, a covenant in the credit facility with respect to the Leverage Ratio, which is the ratio of outstanding drawings under the credit facility and the aggregate charter free market value of the secured vessels, causes the Company to be sensitive to significant declines in vessel values. Under the terms of the credit facility, the Leverage Ratio cannot exceed 75%. The Leverage Ratio has little impact on the Company's operating performance as cash flows are largely predictable under its business model.

In anticipation of the scheduled test of the Leverage Ratio as at November 30, 2012 when the Company expected that the Leverage Ratio would be between 75% and 90%, the Company agreed with its lenders to waive the requirement to perform the Leverage Ratio test until December 1, 2014. Under the terms of the waiver, the fixed interest margin to be paid over LIBOR increased to 3.75%, prepayments became based on cash flow rather than a fixed amount of \$10 million per quarter, and dividends on common shares cannot be paid.

In the three months ended June 30, 2013 a total of \$10.8 million of debt was repaid leaving a balance outstanding of \$400.1 million.

Dividend

Global Ship Lease is not currently able to pay a dividend on common shares under the terms of the credit facility waiver.

Fleet

The following table provides information, as at June 30, 2013, about the on-the-water fleet of 17 vessels chartered to CMA CGM.

Vessel Name	Capacity in TEUs ⁽¹⁾	Year Built	Purchase by GSL	Remaining Charter Term ⁽²⁾ (years)	Earliest Charter Expiry Date	Daily Charter Rate \$
Ville d'Orion	4,113	1997	Dec 2007	0.8	April 1, 2014	7,000
Ville d'Aquarius	4,113	1996	Dec 2007	0.8	April 1, 2014	7,000
CMA CGM Matisse	2,262	1999	Dec 2007	3.5	Sept 21, 2016	18,465
CMA CGM Utrillo	2,262	1999	Dec 2007	3.5	Sept 11, 2016	18,465
Delmas Keta	2,207	2003	Dec 2007	4.5	Sept 20, 2017	18,465
Julie Delmas	2,207	2002	Dec 2007	4.5	Sept 11, 2017	18,465
Kumasi	2,207	2002	Dec 2007	4.5	Sept 21, 2017	18,465
Marie Delmas	2,207	2002	Dec 2007	4.5	Sept 14, 2017	18,465
CMA CGM La Tour	2,272	2001	Dec 2007	3.5	Sept 20, 2016	18,465
CMA CGM Manet	2,272	2001	Dec 2007	3.4	Sept 7, 2016	18,465
CMA CGM Alcazar	5,089	2007	Jan 2008	7.5	Oct 18, 2020	33,750
CMA CGM Château d'If	5,089	2007	Jan 2008	7.5	Oct 11, 2020	33,750
CMA CGM Thalassa	11,040	2008	Dec 2008	12.5	Oct 1, 2025	47,200
CMA CGM Jamaica	4,298	2006	Dec 2008	9.5	Sept 17, 2022	25,350
CMA CGM Sambhar	4,045	2006	Dec 2008	9.5	Sept 16, 2022	25,350
CMA CGM America	4,045	2006	Dec 2008	9.5	Sept 19, 2022	25,350
CMA CGM Berlioz	6,621	2001	Aug 2009	8.1	May 28, 2021	34,000

(1) Twenty-foot Equivalent Units.

(2) As at June 30, 2013. Plus or minus 90 days at charterer's option other than for Ville d'Orion and Ville d'Aquarius which are plus or minus 30 days.

Global Ship Lease will hold a conference call to discuss the Company's results for the three months ended June 30, 2013 today, Wednesday, August 14, 2013 at 10:30 a.m. Eastern Time. There are two ways to access the conference call:

(1) Dial-in: (866) 966-9439 or (631) 510-7498;

Passcode: 11414502 Please dial in at least 10 minutes prior to 10:30 a.m. Eastern Time to ensure a prompt start to the call.

(2) Live Internet webcast and slide presentation: <http://www.globalshiplease.com>

If you are unable to participate at this time, a replay of the call will be available through Wednesday, August 28, 2013 at (866) 247-4222 or (631) 510-7499. Enter the code 11414502 to access the audio replay. The webcast will also be archived on the Company's website: <http://www.globalshiplease.com>.

Annual Report on Form 20F

Global Ship Lease, Inc has filed its Annual Report for 2012 with the Securities and Exchange Commission. A copy of the report can be found under the Investor Relations section (Annual Reports) of the Company's website at <http://www.globalshiplease.com>. Shareholders may request a hard copy of the audited financial statements free of charge by contacting the Company at info@globalshiplease.com or by writing to Global Ship Lease, Inc, care of Global Ship Lease Services Limited, Portland House, Stag Place, London SW1E 5RS or by telephoning +44 (0) 207 869 8806.

About Global Ship Lease

Global Ship Lease is a containership charter owner. Incorporated in the Marshall Islands, Global Ship Lease commenced operations in December 2007 with a business of owning and chartering out containerships under long-term, fixed rate charters to top tier container liner companies. Global Ship Lease owns 17 vessels with a total capacity of 66,349 TEU with an average age, weighted by TEU capacity, at June 30, 2013 of 9.3 years. All of the current vessels are fixed on Charters to CMA CGM with an average remaining term of 5.7 years, or 7.0 years on a weighted basis.

Reconciliation of Non-U.S. GAAP Financial Measures

A. Adjusted EBITDA

Adjusted EBITDA represents Net income (loss) before interest income and expense including amortization of deferred finance costs, realized and unrealized gain (loss) on derivatives, income taxes, depreciation, amortization and impairment charges. Adjusted EBITDA is a non-US GAAP quantitative measure used to assist in the assessment of the Company's ability to generate cash from its operations. We believe that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Adjusted EBITDA is not defined in US GAAP and should not be considered to be an alternate to Net income (loss) or any other financial metric required by such accounting principles.

ADJUSTED EBITDA - UNAUDITED

(thousands of U.S. dollars)

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Net income (loss)	10,128	7,514	17,361	15,464
Adjust:				
Depreciation	10,126	10,165	20,196	20,134
Interest income	(12)	(21)	(23)	(44)
Interest expense	4,776	5,349	9,676	10,815
Realized loss on interest rate derivatives	2,876	4,610	8,290	9,102
Unrealized (gain) loss on interest rate derivatives	(4,988)	(907)	(10,442)	(3,583)
Income tax	16	78	39	68
Adjusted EBITDA	22,922	26,788	45,097	51,956

B. Normalized net income

Normalized net income represents Net income (loss) adjusted for the unrealized gain (loss) on derivatives, the accelerated write off of a portion of deferred financing costs and impairment charges. Normalized net income is a non-GAAP quantitative measure which we believe will assist investors and analysts who often adjust reported net income for non-operating items such as change in fair value of derivatives to eliminate the effect of non cash non-operating items that do not affect operating performance or cash generated. Normalized net income is not defined in US GAAP and should not be considered to be an alternate to Net income (loss) or any other financial metric required by such accounting principles.

NORMALIZED NET INCOME - UNAUDITED

(thousands of U.S. dollars)

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Net income (loss)	10,128	7,514	17,361	15,464
Adjust:				
Change in value of derivatives	(4,988)	(907)	(10,442)	(3,583)
Normalized net income	5,140	6,607	6,919	11,881

Safe Harbor Statement

This communication contains forward-looking statements. Forward-looking statements provide Global Ship Lease's current expectations or forecasts of future events. Forward-looking statements include statements about Global Ship Lease's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "will" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. These forward-looking statements are based on assumptions that may be incorrect, and Global Ship Lease cannot assure you that these projections included in these forward-looking statements will come to pass. Actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors.

The risks and uncertainties include, but are not limited to:

- future operating or financial results;
- expectations regarding the future growth of the container shipping industry, including the rates of annual demand and supply growth;
- the financial condition of CMA CGM, our sole charterer and only source of operating revenue, and its ability to pay charterhire in accordance with the charters;
- Global Ship Lease's financial condition and liquidity, including its ability to obtain additional waivers which might be necessary under the existing credit facility or obtain additional financing to fund capital expenditures, vessel acquisitions and other general corporate purposes;
- Global Ship Lease's ability to meet its financial covenants and repay its credit facility;
- Global Ship Lease's expectations relating to dividend payments and forecasts of its ability to make such payments including the availability of cash and the impact of constraints under its credit facility;
- future acquisitions, business strategy and expected capital spending;
- operating expenses, availability of crew, number of off-hire days, drydocking and survey requirements and insurance costs;
- general market conditions and shipping industry trends, including charter rates and factors affecting supply and demand;
- assumptions regarding interest rates and inflation;
- changes in the rate of growth of global and various regional economies;
- risks incidental to vessel operation, including piracy, discharge of pollutants and vessel accidents and damage including total or constructive total loss;
- estimated future capital expenditures needed to preserve its capital base;
- Global Ship Lease's expectations about the availability of ships to purchase, the time that it may take to construct new ships, or the useful lives of its ships;
- Global Ship Lease's continued ability to enter into or renew long-term, fixed-rate charters;
- the continued performance of existing long-term, fixed-rate time charters;
- Global Ship Lease's ability to capitalize on its management's and board of directors' relationships and reputations in the containership industry to its advantage;
- changes in governmental and classification societies' rules and regulations or actions taken by regulatory authorities;
- expectations about the availability of insurance on commercially reasonable terms;
- unanticipated changes in laws and regulations including taxation;
- potential liability from future litigation.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Global Ship Lease's actual results could differ materially from those anticipated in forward-looking statements for many reasons specifically as described in Global Ship Lease's filings with the SEC. Accordingly, you should not unduly rely on these forward-looking statements, which speak only as of the date of this communication. Global Ship Lease undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this communication or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks Global Ship Lease describes in the reports it will file from time to time with the SEC after the date of this communication.

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Income

(Expressed in thousands of U.S. dollars except share data)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Operating Revenues				
Time charter revenue	\$ 35,867	\$ 39,233	\$ 71,076	\$ 77,583
Operating Expenses				
Vessel operating expenses	11,609	11,220	23,154	22,877
Depreciation	10,126	10,165	20,196	20,134
General and administrative	1,499	1,316	3,057	2,908
Other operating income	(163)	(91)	(232)	(158)
Total operating expenses	23,071	22,610	46,175	45,761
Operating Income	12,796	16,623	24,901	31,822
Non Operating Income (Expense)				
Interest income	12	21	23	44
Interest expense	(4,776)	(5,349)	(9,676)	(10,815)
Realized loss on interest rate derivatives	(2,876)	(4,610)	(8,290)	(9,102)
Unrealized gain on interest rate derivatives	4,988	907	10,442	3,583
Income before Income Taxes	10,144	7,592	17,400	15,532
Income taxes	(16)	(78)	(39)	(68)
Net Income	\$ 10,128	\$ 7,514	\$ 17,361	\$ 15,464
Earnings per Share				
Weighted average number of Class A common shares outstanding				
Basic	47,588,934	47,481,864	47,588,757	47,481,667
Diluted	47,742,911	47,599,759	47,697,969	47,537,241
Net income per Class A common share				
Basic	\$ 0.21	\$ 0.16	\$ 0.36	\$ 0.33
Diluted	\$ 0.21	\$ 0.16	\$ 0.36	\$ 0.33
Weighted average number of Class B common shares outstanding				
Basic and diluted	7,405,956	7,405,956	7,405,956	7,405,956
Net income per Class B common share				
Basic and diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Global Ship Lease, Inc.

Interim Unaudited Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

	June 30, 2013	December 31, 2012
Assets		
Cash and cash equivalents	\$ 30,957	\$ 26,145
Restricted cash	3	3
Accounts receivable	6,417	14,417
Prepaid expenses	422	795
Other receivables	984	1,165
Deferred financing costs	1,440	1,493
Total current assets	40,223	44,018
Vessels in operation	838,042	856,394
Other fixed assets	16	29
Intangible assets	63	73
Deferred financing costs	2,556	3,166

Total non-current assets	840,677	859,662
Total Assets	\$ 880,900	\$ 903,680
Liabilities and Stockholders' Equity		
Liabilities		
Current portion of long term debt	\$ 55,174	\$ 50,572
Intangible liability – charter agreements	2,119	2,119
Accounts payable	2,667	5,353
Accrued expenses	4,870	5,419
Derivative instruments	10,176	12,225
Total current liabilities	75,006	75,688
Long term debt	344,905	375,104
Preferred shares	44,976	44,976
Intangible liability – charter agreements	16,874	17,931
Deferred tax liability	32	27
Derivative instruments	14,973	23,366
Total long term liabilities	421,760	461,404
Total Liabilities	\$ 496,766	\$ 537,092
Commitments and contingencies	-	-
Stockholders' Equity		
Class A Common stock – authorized 214,000,000 shares with a \$0.01 par value; 47,513,934 shares issued and outstanding (2012 – 47,481,864)	\$ 475	\$ 475
Class B Common stock – authorized 20,000,000 shares with a \$0.01 par value; 7,405,956 shares issued and outstanding (2012 – 7,405,956)	74	74
Additional paid in capital	352,501	352,316
Retained earnings	31,084	13,723
Total Stockholders' Equity	384,134	366,588
Total Liabilities and Stockholders' Equity	\$ 880,900	\$ 903,680

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Cash Flows from Operating Activities				
Net income	\$ 10,128	\$ 7,514	\$ 17,361	\$ 15,464
Adjustments to Reconcile Net income to Net Cash Provided by Operating Activities				
Depreciation	10,126	10,165	20,196	20,134
Amortization of deferred financing costs	330	299	663	613
Change in fair value of derivative instruments	(4,988)	(907)	(10,442)	(3,583)
Amortization of intangible liability	(530)	(530)	(1,059)	(1,059)
Settlements of hedges which do not qualify for hedge accounting	2,876	4,610	8,290	9,102
Share based compensation	102	134	185	247
Decrease (increase) in other receivables and other assets	2,479	993	8,526	495
(Decrease) increase in accounts payable and other liabilities	(983)	(873)	(3,415)	2,121
Unrealized foreign exchange loss (gain)	4	(7)	(2)	8
Net Cash Provided by Operating Activities	19,544	21,398	40,303	43,542
Cash Flows from Investing Activities				
Settlement of hedges which do not qualify for hedge accounting	(2,876)	(4,610)	(8,290)	(9,102)
Cash paid for drydockings	(1,011)	(2,402)	(1,604)	(3,938)
Net Cash Used in Investing Activities	(3,887)	(7,012)	(9,894)	(13,040)
Cash Flows from Financing Activities				
Repayment of debt	(10,797)	(12,069)	(25,597)	(23,855)
Net Cash Used in Financing Activities	(10,797)	(12,069)	(25,597)	(23,855)

Net increase in Cash and Cash Equivalents	4,860	2,317	4,812	6,647
Cash and Cash Equivalents at start of Period	26,097	30,144	26,145	25,814
Cash and Cash Equivalents at end of Period	<u>\$ 30,957</u>	<u>\$ 32,461</u>	<u>\$ 30,957</u>	<u>\$ 32,461</u>
Supplemental information				
Total interest paid	\$ 4,531	\$ 5,146	\$ 9,155	\$ 10,401
Income tax paid	<u>\$ 16</u>	<u>\$ 10</u>	<u>\$ 35</u>	<u>\$ 26</u>

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