Global Ship Lease, Inc.
Form 6-K
August 17, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16 UNDER

THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: August 17, 2011

Commission File Number 001-34153

GLOBAL SHIP LEASE, INC.

(Exact name of Registrant as specified in its Chatter)

c/o Portland House,

Stag Place,

London SWIE 5RS,

United Kingdom

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-I Rule 101 (b)(1).

Yes ¨ No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(7).

Yes ¨ No x

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82

Information Contained in this Form 6-K Report

Attached hereto as Exhibit I is a press release dated August 15, 2011 of Global Ship Lease, Inc. (the Company) reporting the Company s financial results for the second quarter of 2011. Attached hereto as Exhibit II are the Company s interim unaudited consolidated financial statements for the three month period ended June 30, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	GLOBAL SHIP LEASE, INC.
Date: August 17, 2011	By: /s/ Ian J. Webber Ian J. Webber
	Chief Executive Officer

Exhibit I

Investor and Media Contacts:

The IGB Group

Michael Cimini

212-477-8261

Global Ship Lease Reports Results for the Second Quarter of 2011

LONDON, ENGLAND August 15, 2011 Global Ship Lease, Inc. (NYSE:GSL), a containership charter owner, announced today its unaudited results for the three and six months ended June 30, 2011.

Second Quarter and Year To Date Highlights

- Reported revenue of $38.8 million for the second quarter 2011, down slightly from $39.6 million for the second quarter 2010 due mainly to 27 days offhire in second quarter 2011 for planned drydockings. Revenue for the six months ended June 30, 2011 was $77.9 million compared to $78.8 million for the six months ended June 30, 2010 due to planned drydockings in 2011

- Reported net loss of $11.7 million for the second quarter 2011, after $13.6 million non-cash impairment charge relating to the fair value of purchase options and $3.8 million non-cash interest rate derivative mark-to-market loss. For the second quarter 2010 the reported net loss was $5.0 million, after $12.5 million non-cash mark-to-market loss. Excluding the impairment charge and mark-to-market items, normalized net income(1) was $5.8 million for the second quarter 2011 compared to normalized net income of $7.5 million for the second quarter 2010

- For the six months ended June 30, 2011 the reported net loss was $0.9 million, after the impairment charge and $1.2 million mark-to-market gain. The reported net loss of $1.7 million for the six months ended June 30, 2010 was after a mark-to-market loss of $17.3 million. Normalized net income for the six months ended June 30, 2011 was $11.6 million compared to $15.7 million for the six months ended June 30, 2010

- Generated $25.7 million EBITDA(1) for the second quarter 2011, down on $27.4 million for the second quarter 2010 due mainly to reduced revenue and increased costs as a result of planned drydockings. EBITDA for the six months ended June 30, 2011 was $52.0 million, compared to $55.7 million for the six months ended June 30, 2010 due mainly to planned drydockings in first quarter 2011 and increased crew costs

- Repaid $10.0 million in debt during the second quarter of 2011; Repaid $23.9 million year-to-date and $90.1 million since August of 2009

Ian Webber, Chief Executive Officer of Global Ship Lease, stated, With an EBITDA of $25.7 million for the second quarter, our 17 long-term fixed rate time charters continue to generate consistent, stable and predictable cash flows. During the quarter, utilization levels once again remained high. Although we are currently seeing a slowdown in the recovery of containerized shipping, our business model insulates us from the direct impact of volatile freight markets. The average remaining term of our charters is more than 8.8 years on a weighted basis with no renewals until the end of 2012; our fleet represents a total contracted revenue stream of $1.3 billion. We continue to believe that the Company s business model supports the delivery of dividends to shareholders over the long-term and the Board will continue to evaluate the dividend policy on a quarterly basis.

Mr. Webber continued, We do not have any purchase obligations and have continued to use our cash flow to pay down debt. Since August 2009, we have paid down $90.1 million including $23.9 million year-to- date. We remain committed to maintaining a strong balance sheet for the benefit of our shareholders.

SELECTED FINANCIAL DATA UNAUDITED

(thousands of U.S. dollars)

	Three months ended June 30, 2011	Three months ended June 30, 2010	**Six months ended June 30, 2011**	Six months ended June 30, 2010
Revenue	**38,774**	39,611	**77,878**	78,762
Operating Income	**2,102**	17,438	**18,378**	35,843
Net (Loss)	**(11,693)**	(4,954)	**(854)**	(1,672)
EBITDA (1)	**25,736**	27,422	**51,961**	55,698
Normalised Net Income (1)	**5,754**	7,500	**11,631**	15,661

(1) 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 $38.8 million in the three months ended June 30, 2011, down $0.8 million on revenue of $39.6 million for the comparative period in 2010. The decrease in revenue is due mainly to 27 days offhire for planned dry-docking of three vessels. During the three months ended June 30, 2011, there were 1,547 ownership days, the same as the comparable period in 2010. The 27 days offhire for dry-dockings and five unplanned offhire days in the three months ended June 30, 2011, gives a utilization of 97.9%. In the comparable period of 2010, there was no off-hire, representing utilization of 100.0%.

For the six months ended June 30, 2011, revenue was $77.9 million, down $0.9 million on revenue of $78.8 million in the comparative period, mainly due to the effect of the drydockings noted above.

The table below shows fleet utilization for the three and six months ended June 30, 2011 and 2010 and for the year ended December 31, 2010.

	Three months ended			Six months ended			Year ended
Days	June 30, 2011	June 30, 2010	Change	June 30, 2011	June 30, 2010	Change	Dec 31, 2010
Ownership days	1,547	1,547	0%	3,077	3,077	0%	6,205

Planned offhire scheduled drydock	(27)	0		(30)	0		0
Unplanned offhire	(5)	0		(5)	(2)		(3)
Operating days	1,515	1,547	(2)%	3,042	3,092	(1)%	6,202
Utilization	97.9%	100.0%		98.9%	99.9%		99.9%

The drydocking of two vessels had been completed by June 30, 2011 with a further five vessels due to be drydocked in the second half of 2011 and six in 2012. This will lead to increased planned offhire compared to 2010 when no vessels were drydocked.

Vessel Operating Expenses

Vessel operating expenses, which include costs of crew, lubricating oil, spares and insurance, were $11.3 million for the three months ended June 30, 2011. The average cost per ownership day was $7,275, up $261 or 3.7% on $7,014 for the rolling four quarters ended March 31, 2011. The increase is due to increased crew costs, from the third quarter 2010, as a result of inflation and adverse exchange rate movements as a portion of crew costs are denominated in euros, together with costs expensed in the three months ended June 30, 2011 relating to the drydockings such as for bunker fuel consumed in steaming to and from the drydock facilities. The second quarter 2011 average daily cost was up 11% from the average daily cost of $6,565 for the comparative period in 2010 due to increased crew costs and costs incurred in connection with drydocking.

For the six months ended June 30, 2011 vessel operating expenses were $22.3 million or an average of $7,247 per day compared to $19.7 million in the comparative period or $6,418 per day.

Depreciation

Depreciation of $10.0 million for the three months ended June 30, 2011 was the same as in the comparative period in 2010 as there were no changes to the fleet.

Depreciation for the six months ended June 30, 2011 was $19.9 million, the same as in the comparative period.

General and Administrative Costs

General and administrative costs incurred were $1.9 million in the three months ended June 30, 2011, compared to $2.1 million for the comparable period in 2010.

For the six months ended June 30, 2011, general and administrative costs were $3.8 million compared to $3.9 million for the comparable period in 2010.

Impairment charge

On November 8, 2010, the Company signed agreements with the sellers of two 4,250 TEU new buildings to (i) terminate the Company s obligations under contracts entered into in September 2008 to purchase the vessels on their delivery to the sellers by the builder, which was anticipated to be at the end of 2010 and (ii) grant the Company options to purchase the vessels on the first anniversary of their delivery by the builder to the sellers. Intangible assets totaling $13.6 million relating to these purchase options were recognized at the fair value of the purchase options on the date of the agreement.

The purchase options are to be declared by September 16, 2011 for one vessel and October 4, 2011 for the other, with the purchases to be completed approximately 90 days later. The purchase of these vessels was always predicated on achieving a strong return for shareholders by acquiring the vessels, which had time charters attached, at an attractive price and securing financing on favorable terms. Whilst the Company continues to discuss the financing of these vessels with various providers of capital, obtaining committed finance on terms that will deliver the required returns will be challenging. Accordingly, the Company has decided to write off the intangible assets relating to these purchase options. The underlying agreements providing the purchase options are not affected.

Other operating income

Other operating income in the three months ended June 30, 2011 was $0.1 million, the same as the comparative period.

For the six months ended June 30, 2011, other operating income was $0.2 million compared to $0.6 million in the comparative period which included $0.5 million tax refund relating to Marathon Acquisition Corp. prior to August 14, 2008.

EBITDA

As a result of the above, EBITDA was $25.7 million for the three months ended June 30, 2011 down from $27.4 million for the three months ended June 30, 2010.

EBITDA for the six months to June 30, 2011 was $52.0 million compared to $55.7 million in 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, 2011 was $5.1 million. The Company s borrowings under its credit facility averaged $519.0 million during the three months ended June 30, 2011. There were $48.0 million preferred shares throughout the period giving total average borrowings through the three months ended June 30, 2011 of $567.0 million. Interest expense in the comparative period in 2010 was $6.0 million on average borrowings, including the preferred shares, of $632.1 million.

For the six months ended June 30, 2011, interest expense, excluding the effect of interest rate derivatives which do not qualify for hedge accounting, was $10.7 million. The Company s borrowings under its credit facility averaged $525.8 million during first half 2011. There were $48.0 million preferred shares throughout the period. Interest expense in first half 2010 was $11.9 million based on average borrowings, including the preferred shares, of $633.2 million in the period.

Interest income for the three and six months ended June 30, 2011 and 2010 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 an $8.7 million loss in the three months ended June 30, 2011, reflecting current LIBOR rates and movements in the forward curve for interest rates. Of this amount, $4.9 million was a realized loss for settlements of swaps in the period and $3.8 million was an unrealized loss for revaluation of the balance sheet position. This compares to a $16.4 million loss in the three months ended June 30, 2010 of which $3.9 million was a realized loss and $12.5 million was an unrealized loss.

For the six months ended June 30, 2011 the total loss from derivative hedging instruments was $8.5 million of which $9.7 million was realized and $1.2 million was an unrealized gain compared to a total loss in the six months ended June 30, 2010 of $25.7 million of which $8.3 million was a realized loss and $17.3 million was an unrealized loss.

At June 30, 2011, the total mark-to-market unrealized loss recognized as a liability on the balance sheet was $43.3 million.

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

Taxation

Taxation for the three and six months ended June 30, 2011 and 2010 was not material.

Net Income/Loss

Net loss for the three months ended June 30, 2011 was $11.7 million after $13.6 million non-cash impairment charge relating to the fair value of purchase options and $3.8 million non-cash interest rate derivative mark-to-market loss. For the three months ended June 30, 2010 net loss was $5.0 million, after $12.5 million non-cash interest rate derivative mark-to-market loss. Normalized net income, excluding the effect of the non-cash impairment charge and non-cash interest rate derivative mark-to-market and losses, was $5.8 million for the three months ended June 30, 2011 and $7.5 million for the three months ended June 30, 2010.

Net loss was $0.9 million for the six months ended June 30, 2011 after the non-cash impairment charge and $1.2 million non-cash interest rate derivative mark-to-market gain. For the six months ended June 30, 2010 net loss was $1.7 million including $17.3 million non-cash interest rate derivative mark-to-market loss. Normalized net income was $11.6 million for the six months ended June 30, 2011 and $15.7 million for the six months ended June 30, 2010.

Credit Facility

The leverage ratio under the loan-to-value test as at April 30, 2011 was less than 75% and greater than 65%. Accordingly, the interest margin applied on amounts borrowed under the credit facility decreased by 50 basis points to 3.00% with effect from May 1, 2011. Further, the full cash sweep to prepay borrowings no longer applies and prepayments are fixed at $10 million per quarter.

Finally, Global Ship Lease may resume the payment of dividends to common shareholders.

The next loan-to-value test including updated market values of the Company s vessels will be as at November 30, 2011.

In the three months ended June 30, 2011 a total of $10.0 million of debt was prepaid leaving a balance outstanding of $509.0 million.

Dividend

Global Ship Lease is not currently paying a dividend on common shares.

In order to achieve the objective of distributing sustainable dividends to shareholders over the long-term and grow the Company accretively, the Board of Directors reviews the Company s dividend policy on a quarterly basis, taking into consideration capital structure, growth opportunities, industry fundamentals, asset value trends and future financial performance including cash flow, among others factors.

Fleet

The following table provides information about the on-the-water fleet of 17 vessels chartered to CMA CGM.

Vessel Name	Capacity in TEUs [1]	Year Built	Purchase Date by GSL	Remaining Charter Term (years)	Daily Charter Rate
Ville d Orion	4,113	1997	December 2007	1.50	$ 28,500
Ville d Aquarius	4,113	1996	December 2007	1.50	$ 28,500
CMA CGM Matisse	2,262	1999	December 2007	5.50	$ 18,465
CMA CGM Utrillo	2,262	1999	December 2007	5.50	$ 18,465
Delmas Keta	2,207	2003	December 2007	6.50	$ 18,465
Julie Delmas	2,207	2002	December 2007	6.50	$ 18,465
Kumasi	2,207	2002	December 2007	6.50	$ 18,465
Marie Delmas	2,207	2002	December 2007	6.50	$ 18,465
CMA CGM La Tour	2,272	2001	December 2007	5.50	$ 18,465
CMA CGM Manet	2,272	2001	December 2007	5.50	$ 18,465
CMA CGM Alcazar	5,089	2007	January 2008	9.50	$ 33,750
CMA CGM Château d If	5,089	2007	January 2008	9.50	$ 33,750
CMA CGM Thalassa	11,040	2008	December 2008	14.50	$ 47,200
CMA CGM Jamaica	4,298	2006	December 2008	11.50	$ 25,350
CMA CGM Sambhar	4,045	2006	December 2008	11.50	$ 25,350
CMA CGM America	4,045	2006	December 2008	11.50	$ 25,350
CMA CGM Berlioz	6,621	2001	August 2009	10.25	$ 34,000

(1) Twenty-foot Equivalent Units.

Conference Call and Webcast

Global Ship Lease will hold a conference call to discuss the Company s results for the three months ended June 30, 2011 today, Monday, August 15, 2011 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: 87071587

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 Monday, August 29, 2011 at (866) 247-4222 or (631) 510-7499. Enter the code 87071587 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 2010 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, 2011 of 7.3 years. All of the current vessels are fixed on long-term charters to CMA CGM with an average remaining term of 7.6 years, or 8.8 years on a weighted basis.

Reconciliation of Non-U.S. GAAP Financial Measures

A. EBITDA

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. 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 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. 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.

EBITDA UNAUDITED

(thousands of U.S. dollars)

		Three months ended Jun 30, 2011	Three months ended Jun 30, 2010	Six months ended Jun 30, 2011	Six Months ended Jun 30, 2010
Net (loss)		(11,693)	(4,954)	(854)	(1,672)
Adjust:	Depreciation	9,989	9,984	19,938	19,855
	Impairment charge	13,645		13,645	
	Interest income	(10)	(60)	(23)	(95)
	Interest expense	5,058	6,048	10,668	11,904
	Realized and unrealized loss (gain) on interest rate derivatives	8,671	16,389	8,492	25,663
	Income tax	76	15	95	43
EBITDA		25,736	27,422	51,961	55,698

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 Jun 30, 2011	Three months ended Jun 30, 2010	Six months ended Jun 30, 2011	Six months ended Jun 30, 2010
Net loss				