



**FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

TABLE OF CONTENTS

Item No.	Description	Page No.
-	Summary of First Ship Lease Trust Consolidated Results	2
-	Introduction	2
1(a)(i)	Consolidated Income Statements	3
1(a)(ii)	Distribution Statements	4
1(b)(i)	Balance Sheets	5
1(b)(ii)	Aggregate Amount of Group's Borrowings and Debt Securities	6
1(c)	Consolidated Cash Flow Statements	7
1(d)(i)	Statements of Changes in Unitholders' Funds	8-9
1(d)(ii)(iii)	Details of any changes in Units	10
1(d)(iv)	Sales, Transfers, Disposal, Cancellation and/or use of Treasury Units	10
2 & 3	Review Statement	10
4 & 5	Changes in Accounting Policies	10
6	Earnings per Unit ("EPU") and Distribution per Unit ("DPU")	10
7	Net Asset Value ("NAV") per Unit	11
8	Review of Performance	11-13
9	Variance from Prospect Statement	13
10	Outlook and Prospects	13
11 & 12	Distribution	14-15
13 & 14	Segmental Information	15
15	Breakdown of Revenue and Net Profit	15
16	Breakdown of Total Distribution	16
17	Confirmation by the Board	16

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

Summary of First Ship Lease Trust ("FSL Trust") Consolidated Results

	4Q 2008	4Q 2007	Inc/(Dec)	FY 2008
	US\$'000	US\$'000	%	US\$'000
Revenue	25,662	15,079	70.2	86,621
Net profit after tax	456	1,882	(75.8)	4,823
Net Distributable Amount	16,029	12,100	32.5	59,114
Amount to be distributed	15,439	12,100	27.6	57,653
Distribution Per Unit ("DPU") (US Cents)				
For the period	3.08	2.42	27.3	11.52
Annualised	12.32	9.68	27.3	-

INTRODUCTION

First Ship Lease Trust ("FSL Trust") is a provider of leasing services on a bareboat charter basis to the international shipping industry. It has a modern, high quality and diverse portfolio of 23 vessels consisting of seven containerships, nine product tankers, three chemical tankers, two dry bulk carriers and two crude oil tankers. These vessels have a dollar-weighted average age of approximately four years, and a dollar-weighted average remaining lease period of approximately nine years (excluding extension periods and early buy-out options).

FSL Trust was constituted under a Trust Deed dated 19 March 2007 entered with FSL Trust Management Pte. Ltd. as its trustee-manager. FSL Trust seeks to become the leading provider of leasing services on a bareboat charter basis to the international shipping industry. To achieve this, FSL Trust Management Pte. Ltd. will focus on rapidly growing the vessel portfolio of FSL Trust through accretive acquisitions with long-term bareboat charters. FSL Trust was listed on 27 March 2007 on the Singapore Exchange Securities Trading Limited ("SGX-ST") with an initial portfolio of 13 vessels.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

1(a)(i) Consolidated Income Statements

	Note	Group			Group		
		4Q 2008	4Q 2007	Inc/ (Dec)	FY 2008	FY 2007 Note (a)	Inc/ (Dec)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		25,662	15,079	70.2	86,621	40,596	113.4
Depreciation expense on vessels		(15,509)	(10,360)	49.7	(54,744)	(28,573)	91.6
Management fees		(1,023)	(609)	68.0	(3,496)	(1,629)	114.6
Trustee fees		(44)	(28)	57.1	(151)	(77)	96.1
Incentive fees		(590)	-	100.0	(1,458)	-	100.0
Other trust expenses		(231)	(443)	(47.9)	(2,655)	(1,046)	153.8
Finance income	(b)	(63)	193	(132.6)	1,111	460	141.5
Finance expenses		(7,834)	(1,914)	309.3	(20,449)	(3,340)	512.2
Net profit before tax		368	1,918	(80.8)	4,779	6,391	(25.2)
Income tax write-back/(expense)	(c)	88	(36)	344.4	44	(88)	150.0
Net profit after tax		456	1,882	(75.8)	4,823	6,303	(23.5)

Notes:

- (a) FSL Trust was constituted on 19 March 2007. The initial vessel portfolio and its respective leases were acquired on 27 March 2007, which was the listing date. The results for FY 2007 were for operating activities for the period from 27 March 2007 to 31 December 2007.
- (b) The finance income for 4Q 2008 included translation exchange losses of US\$131,000 arising from the partial repayment of US\$-denominated loans extended to certain subsidiaries. Similarly, for FY 2008, the finance income included translation exchange gains of US\$524,000. The functional currency of these subsidiaries is different from FSL Trust.
- (c) This relates to tax write-back/(payable) on the taxable interest income on bank deposits.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

1(a)(ii) Distribution Statements

	Note	Group			
		4Q 2008	4Q 2007	FY 2008	FY 2007
		US\$'000	US\$'000	US\$'000	Note (a) US\$'000
Net profit after tax		456	1,882	4,823	6,303
Add/(less): Non-cash adjustments	(b)	14,983	10,467	53,583	28,819
Initial direct costs paid		-	(249)	(750)	(372)
Incentive fees	(c)	590	-	1,458	-
Net distributable amount	(c)	16,029	12,100	59,114	34,750
Less: Incentive fees payable	(c)	(590)	-	(1,458)	-
Add: Income from the previous period to be distributed		3	-	-	-
Amount available for distribution		15,442	12,100	57,656	34,750
Comprising: (i) Tax-exempt distribution		15,182	11,951	57,005	34,383
(ii) Tax-exempt (one-tier) distribution		260	149	651	367
Amount available for distribution		15,442	12,100	57,656	34,750
Amount carried forward to next period		(3)	-	(3)	-
Amount to be distributed		15,439	12,100	57,653	34,750
Units at the end of the period ('000)		501,270	500,000	501,270	500,000
Distribution per unit for the period (US Cents)		3.08	2.42	11.52	6.95

Notes:

- (a) FSL Trust was constituted on 19 March 2007. The initial vessel portfolio and its respective leases were acquired on 27 March 2007, which was the listing date. The results for FY 2007 were for operating activities for the period from 27 March 2007 to 31 December 2007.
- (b) Non-cash adjustments include depreciation expenses, translation exchange differences and amortization of certain debt upfront fees and initial direct costs. Initial direct costs are transaction expenses incurred in the origination of new leases. These costs are capitalized and amortized into earnings in proportion to the recognition of lease income.
- (c) The Net Distributable Amount ("DAU") of US\$16,029,000 or US3.198¢ per unit exceeds US2.450¢ (115% of benchmark quarterly DPU of US2.13¢) for the quarter under review. Accordingly, pursuant to the computation described in the Trust Deed, an incentive fee of US\$590,000 is payable to the Trustee-Manager.

The Trustee-Manager has elected to receive 99.98% of the incentive fees in the form of new units to be issued, with the balance 0.02% in the form of cash. The issue of new units is subject to the in-principle approval of the Singapore Exchange Securities Trading Limited. The Trustee-Manager has waived its entitlement to the distribution for the quarter under review.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

1(b)(i) Balance Sheets

	31 Dec 2008		31 Dec 2007	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Vessels	905,604	-	609,806	-
Subsidiaries	-	765,997	-	528,766
	905,604	765,997	609,806	528,766
Current assets				
Prepayments and other receivables	345	97,450	945	64,594
Cash and cash equivalents	26,716	24,556	18,483	15,744
	27,061	122,006	19,428	80,338
Total assets	932,665	888,003	629,234	609,104
Equity attributable to unitholders of FSL Trust				
Units in issue	477,642	477,642	476,775	476,775
Reserves	(99,472)	(141,701)	(17,365)	(34,622)
Total equity	378,170	335,941	459,410	442,153
Non-current liability				
Secured bank loan	509,229	509,229	158,091	158,091
Current liabilities				
Trade and other payables	5,342	5,068	782	644
Lease income received in advance	2,159	-	2,731	-
Derivative liabilities	37,726	37,726	8,136	8,136
Current tax payable	39	39	84	80
	45,266	42,833	11,733	8,860
Total liabilities	554,495	552,062	169,824	166,951
Total equity and liabilities	932,665	888,003	629,234	609,104

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

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

	Note	31 Dec 2008 US\$'000	31 Dec 2007 US\$'000
Secured bank loans	(a)		
Amount repayable within one year		-	-
Amount repayable after one year		513,080	159,580
Less: Unamortized debt upfront fees		(3,851)	(1,489)
		509,229	158,091

Note:

(a) The Trustee-Manager has, on behalf of FSL Trust, put in place total revolving credit facilities of US\$515 million ("combined facility"). As at 31 December 2008, US\$1.92 million has not been drawn.

The combined facility 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; and
- (iii) a first priority assignment of the Group's rights, title and interest in and to the bareboat charter agreement and the charter income of each vessel.

The combined facility comprises three tranches:

Tranche	Facility Amount (US\$)	Margin above US\$ 3-month Libor	Remarks
A	250 million	1.0%	7-year non-amortizing repayable in full on 27 March 2014
B	200 million	1.2%	4-year non-amortizing repayable in full on 2 April 2012
C	65 million	1.2%	Amortize linearly from US\$65 million to US\$35 million on a quarterly basis starting from September 2010 to its maturity on 2 April 2012

At the time of the respective drawdowns, the Trustee-Manager, on behalf of FSL Trust, has entered into interest rate swaps to convert the floating interest rates into fixed rates for the remaining term of the facilities. The all-in effective interest rates range from 4.24% per annum to 6.24% per annum.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

1(c) Consolidated Cash Flow Statements

	Group			
	4Q 2008	4Q 2007	FY 2008	FY 2007
	US\$'000	US\$'000	US\$'000	Note (a)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:				
Net profit before tax	368	1,918	4,779	6,391
Adjustments for:				
Depreciation expense on vessels	15,509	10,360	54,744	28,573
Amortization of debt upfront fees and initial direct costs	398	107	1,172	245
Interest income	(156)	(182)	(607)	(449)
Interest expense	7,585	1,748	19,562	2,712
Equity-settled unit-based payment transactions	590	-	1,457	-
Exchange differences	131	-	(524)	-
	24,425	13,951	80,583	37,472
Changes in working capital:				
Prepayments and other receivables	17	5	524	(870)
Trade and other payables	(889)	315	188	654
Lease income received in advance	406	1,552	(572)	2,731
Cash generated from operations	23,959	15,823	80,723	39,987
Income taxes paid	-	-	(1)	(4)
Cash flows from operating activities	23,959	15,823	80,722	39,983
Investing activities:				
Acquisition of vessels	(70,781)	(114,454)	(354,109)	(631,333)
Interest received	170	133	648	374
Cash flows from investing activities	(70,611)	(114,321)	(353,461)	(630,959)
Financing activities:				
Proceeds from issuance of units	-	-	-	490,000
Transaction costs on issuance of units	-	-	-	(13,225)
Distribution to unitholders	(15,261)	(11,150)	(54,314)	(22,650)
Proceeds from borrowings (net of transaction costs)	70,662	114,130	350,481	157,915
Interest paid	(6,437)	(1,649)	(15,195)	(2,581)
Cash flows from financing activities	48,964	101,331	280,972	609,459
Net increase in cash and cash equivalents	2,312	2,833	8,233	18,483
Cash and cash equivalents at beginning of period	24,404	15,650	18,483	-
Cash and cash equivalents at end of period	26,716	18,483	26,716	18,483
Comprising:-				
Cash at Bank	7,591	3,443	7,591	3,443
Short-term deposits	19,125	15,040	19,125	15,040
	26,716	18,483	26,716	18,483

Note:

- (a) FSL Trust was constituted on 19 March 2007. The initial vessel portfolio and its respective leases were acquired on 27 March 2007, which was the listing date. The results for FY 2007 were for operating activities for the period from 27 March 2007 to 31 December 2007.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

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

	Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Equity Compensation Reserve	Accumulated Profit/(Losses)	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2008 Group						
At 1 October 2008	477,091	(11,905)	6,900	551	(51,033)	421,604
Translation differences relating to financial statements of foreign subsidiaries	-	-	(1,430)	-	-	(1,430)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	(1,968)	-	-	(1,968)
Effective portion of changes in fair value of cash flow hedges	-	(26,237)	-	-	-	(26,237)
Net change in fair value of cash flow hedges transferred to income statement	-	416	-	-	-	416
Net losses recognized directly in equity	-	(25,821)	(3,398)	-	-	(29,219)
Profit for the period	-	-	-	-	456	456
Total recognized (expense)/income for the period	-	(25,821)	(3,398)	-	456	(28,763)
Units issued in lieu of incentive fees	551	-	-	(551)	-	-
Units to be issued in lieu of incentive fees	-	-	-	590	-	590
Distribution to unitholders	-	-	-	-	(15,261)	(15,261)
At 31 December 2008	477,642	(37,726)	3,502	590	(65,838)	378,170

	Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Accumulated Profit/(Losses)	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2007 Group					
At 1 October 2007	476,775	(3,155)	1,680	(7,079)	468,221
Translation differences relating to financial statements of foreign subsidiaries	-	-	858	-	858
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	4,580	-	4,580
Effective portion of changes in fair value of cash flow hedges	-	(5,125)	-	-	(5,125)
Net change in fair value of cash flow hedges transferred to income statement	-	144	-	-	144
Net (losses)/gains recognized directly in equity	-	(4,981)	5,438	-	457
Profit for the period	-	-	-	1,882	1,882
Total recognized (expense)/income for the period	-	(4,981)	5,438	1,882	2,339
Distribution to unitholders	-	-	-	(11,150)	(11,150)
At 31 December 2007	476,775	(8,136)	7,118	(16,347)	459,410

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

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

	Units in Issue	Hedging Reserve	Equity Compensation Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2008 Trust					
At 1 October 2008	477,091	(11,905)	551	(81,247)	384,490
Effective portion of changes in fair value of cash flow hedges	-	(26,237)	-	-	(26,237)
Net change in fair value of cash flow hedges transferred to income statement	-	416	-	-	416
Net losses recognized directly in equity	-	(25,821)	-	-	(25,821)
Loss for the period	-	-	-	(8,057)	(8,057)
Total recognized expense for the period	-	(25,821)	-	(8,057)	(33,878)
Units issued in lieu of incentive fees	551	-	(551)	-	-
Units to be issued in lieu of incentive fees	-	-	590	-	590
Distribution to unitholders	-	-	-	(15,261)	(15,261)
At 31 December 2008	477,642	(37,726)	590	(104,565)	335,941

	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000
2007 Trust				
At 1 October 2007	476,775	(3,155)	(13,114)	460,506
Effective portion of changes in fair value of cash flow hedges	-	(5,125)	-	(5,125)
Net change in fair value of cash flow hedges transferred to income statement	-	144	-	144
Net losses recognized directly in equity	-	(4,981)	-	(4,981)
Loss for the period	-	-	(2,222)	(2,222)
Total recognized expense for the period	-	(4,981)	(2,222)	(7,203)
Distribution to unitholders	-	-	(11,150)	(11,150)
At 31 December 2007	476,775	(8,136)	(26,486)	442,153

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

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

	Note	4Q 2008 Units	31 Dec 2007 Units
At the beginning of the period		500,359,000	-
Units issued during the period	(a)	911,000	500,000,000
At the end of the period		501,270,000	500,000,000

Note:

- (a) 911,000 units were issued in November 2008 in lieu of incentive fees to the Trustee-Manager for quarter ended 30 September 2008.

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**

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 period ended 31 December 2007.

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**

There are no changes.

6. **Earnings per Unit ("EPU") and Distribution per Unit ("DPU") for the financial period**

	4Q 2008	4Q 2007	FY 2008	FY 2007
Weighted average number of units ('000)	500,943	500,000	500,315	500,000
Earnings per unit based on the weighted average number of units in issue (US Cents)	0.09	0.38	0.96	1.26
Number of units issued at end of period ('000)	501,270	500,000	501,270	500,000
Distribution per unit for the period (US Cents)	3.08	2.42	11.52	6.95

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

7. Net Asset Value (“NAV”) per Unit based on units at the end of the period

	Note	31 Dec 2008		31 Dec 2007	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.75	0.67	0.92	0.88

Note:

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

8. Review of Performance

Consolidated Income Statements

	Group			Group		
	4Q 2008	4Q 2007	Inc/ (Dec)	FY 2008	FY 2007 Note (a)	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	25,662	15,079	70.2	86,621	40,596	113.4
Depreciation expense on vessels	(15,509)	(10,360)	49.7	(54,744)	(28,573)	91.6
Management fees	(1,023)	(609)	68.0	(3,496)	(1,629)	114.6
Trustee fees	(44)	(28)	57.1	(151)	(77)	96.1
Incentive fees	(590)	-	100.0	(1,458)	-	100.0
Other trust expenses	(231)	(443)	(47.9)	(2,655)	(1,046)	153.8
Finance income	(63)	193	(132.6)	1,111	460	141.5
Finance expenses	(7,834)	(1,914)	309.3	(20,449)	(3,340)	512.2
Net profit before tax	368	1,918	(80.8)	4,779	6,391	(25.2)
Income tax write-back/(expense)	88	(36)	344.4	44	(88)	150.0
Net profit after tax	456	1,882	(75.8)	4,823	6,303	(23.5)

4Q 2008 vs 4Q 2007

For 4Q 2008, FSL Trust’s lease revenue rose 70.2% (+US\$10.6 million) compared to the same period last year. The strong growth is attributable to the following DPU accretive acquisitions: (a) two crude oil tankers from Geden Lines in April 2008 and (b) three containerships from Yang Ming Marine Transport Corporation in May 2008, June 2008 and October 2008, respectively.

Total operating expenditure rose 52.1% (+US\$6.0 million) to US\$17.4 million primarily due to higher depreciation expense (+US\$5.1 million) on account of the increased portfolio of vessels. Vessels acquired after the Initial Public Offering (“IPO”) of FSL Trust were funded by debt. This resulted in the higher finance expenses incurred in 4Q 2008 (+US\$5.9 million). A portion of the higher finance expenses for 4Q 2008 included an additional interest expense of US\$597,000 arising from higher interest levied by FSL Trust’s lenders in early October 2008 upon the invocation of the Market Disruption Clause. The lenders did not invoke this clause during the latest round of interest rate resets in late December 2008/early January 2009.

FSL Trust was capitalized entirely by equity at its IPO. As new vessels are acquired and financed 100% by debt, the net profit of FSL Trust will fall as the periodic interest expense and depreciation expense charged relating to the acquired vessels exceed the lease rentals received. As a result, net profit fell 75.8% to US\$0.5 million in 4Q 2008 compared to the same period last year.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

8. Review of Performance (cont'd)

Financial Year 2008 vs Financial Year 2007

For the year ended 31 December 2008, FSL Trust's revenue more than doubled to US\$86.6 million compared to its initial year of operations from 27 March 2007 to 31 December 2007. The increase was primarily attributable to the 5 vessels acquired in 2008 as well as the full year impact of 5 vessels acquired in 2007 post-IPO.

Operating expenditure went up 99.5% (+US\$31.2 million) to US\$62.5 million primarily on account of higher depreciation due to the larger portfolio of vessels as well as increase in various fees payable to the Trustee-Manager. The higher finance expense of US\$20.4 million incurred in 2008 versus US\$3.3 million in 2007 was a result of debt-funded vessel acquisitions post-IPO. As a result, net profit for 2008 fell 23.5% (-US\$1.5 million) to US\$4.8 million.

Distribution Statements

	Note	Group			
		4Q 2008	4Q 2007	FY 2008	FY 2007
		US\$'000	US\$'000	US\$'000	Note (a) US\$'000
Net profit after tax		456	1,882	4,823	6,303
Add/(less): Non-cash adjustments	(b)	14,983	10,467	53,583	28,819
Initial direct costs paid		-	(249)	(750)	(372)
Incentive fees		590	-	1,458	-
Net distributable amount		16,029	12,100	59,114	34,750
Less: Incentive fees payable		(590)	-	(1,458)	-
Add: Income from the previous period to be distributed		3	-	-	-
Amount available for distribution		15,442	12,100	57,656	34,750
Comprising: (i) Tax-exempt distribution		15,182	11,951	57,005	34,383
(ii) Tax-exempt (one-tier) distribution		260	149	651	367
Amount available for distribution		15,442	12,100	57,656	34,750
Amount carried forward to next period		(3)	-	(3)	-
Amount to be distributed		15,439	12,100	57,653	34,750
Units at the end of the period ('000)		501,270	500,000	501,270	500,000
Distribution per unit for the period (US Cents)		3.08	2.42	11.52	6.95

The quarter under review falls under the Subordination Period (27 March 2007 (listing date) to 30 June 2009). During this Subordination Period, the Sponsor¹ has agreed to subordinate its entitlement to the distribution in respect of 50% of its Units, and the Trustee-Manager has agreed to subordinate its management fees should the forecasted Net Distributable Amount ("DAU") per unit be not achieved in any quarter.

Notes:

- (a) FSL Trust was constituted on 19 March 2007. The initial vessel portfolio and its respective leases were acquired on 27 March 2007, which was the listing date. The results for FY 2007 were for operating activities for the period from 27 March 2007 to 31 December 2007.
- (b) Includes non-cash adjustments like depreciation expenses, translation exchange differences and amortization of certain debt upfront fees and initial direct costs.

¹ The Sponsor is FSL Holdings Pte. Ltd. (formerly known as First Ship Lease Pte. Ltd.). The Sponsor Group owns 30.3% of the units in FSL Trust as at 31 December 2008.

8. Review of Performance (cont'd)

Net distributable amount which represents the surplus cash from the operations of the Trust (before accounting for incentive fees) rose 32.5% to US\$16.0 million. This resulted in a DAU per unit for 4Q 2008 of US3.198¢. As this exceeds the targeted minimum DAU of US2.343¢ for this quarter set during the IPO, the Sponsor and the Trustee-Manager do not have to surrender any of their distributions and management fees, respectively, during this Subordination Period.

The Trustee-Manager is entitled to an incentive fee as the DAU per unit of US3.198¢ exceeds US2.450¢ (115% of benchmark quarterly DPU of US2.13¢). According to the computation described in the Trust Deed and based on the quarter's DAU per unit of US3.198¢, an incentive fee of US\$590,000 is payable to the Trustee-Manager. After accounting for the incentive fees, unitholders will receive a DPU of US3.08¢, a 27.3% increase over 4Q 2007, and a 1.0% increase over the previous quarter.

Distribution Reinvestment Scheme

For the quarter ended 31 December 2008, the Board has determined that the Distribution Reinvestment Scheme will not apply for this quarter.

9. Variance from Prospect Statement

The results for the current quarter under review are broadly in line with the previous statement made in the financial announcement for the quarter ended 30 September 2008.

10. Outlook and Prospects

As part of a broader business review for FSL Trust, the Board of Directors has completed a review of FSL Trust's distribution policy. In view of the uncertainties in the shipping and capital markets, the Board has determined that it is prudent to reduce the 100% payout ratio of FSL Trust to increase financial flexibility going forward.

Beginning 1Q 2009, the Trustee-Manager will provide DPU guidance on a quarterly basis until longer term visibility returns. For 1Q 2009, the Trustee-Manager is targeting a DPU of US2.45¢, which represents about 75-80% of the expected distributable cash flow. The retained cash will be applied to reduction of financial gearing and potentially to funding growth opportunities when they become available.

FSL Trust is a robust business extremely well-positioned in generally very trying economic and shipping markets. It has long-term secure cash flows, no unfunded capital expenditure nor near-term refinancing needs. The Board continues to focus on maximizing unitholders' value by improving balance sheet strength, considering capital management measures and seeking growth opportunities.

**FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

11. Distribution

(a) Current financial period

Any distributions declared for the current financial period	:	Yes
Amount	:	US\$15,439,116
Distribution Period	:	1 October 2008 to 31 December 2008
Distribution Type	:	Cash, Tax-exempt Distribution
Distribution Rate	:	US3.08 cents per unit
Par Value of units	:	Not applicable
Tax Rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of FSL Trust.

(b) Corresponding Period of the Immediate Preceding Financial Period

Any distributions declared for the previous corresponding period	:	Yes
Amount	:	US\$12,100,000
Distribution Period	:	1 October 2007 to 31 December 2007
Distribution Type	:	Cash, Tax-exempt Distribution
Distribution Rate	:	US2.42 cents per unit
Par Value of units	:	Not applicable
Tax Rate	:	Distributions received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits of any taxes paid by the Trustee-Manager of FSL Trust.

(c) Payment Date : 27 February 2009

(d) Books closure date : The Transfer Books and Register of Unitholders of FSL Trust will be closed at 5.00 p.m. on 2 February 2009 for the purposes of determining each Unitholder's entitlement to the Distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with units at 5.00 p.m. on 2 February 2009 will be entitled to the Distribution to be paid on 27 February 2009.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

(e) Currency election procedures : Unitholders whose units are held directly through CDP will receive their distribution in the Singapore dollar equivalent of the US3.08 cents declared. Unitholders who wish to receive the distribution in US dollars can do so by submitting a "Currency Election Notice" by 12 February 2009.

12. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

15. Breakdown of Revenue and Net Profit

	Group		
	FY 2008	FY 2007	Inc/
	US\$'000	Note (a)	(Dec)
		US\$'000	%
(a) Revenue reported for first half year	37,274	12,697	193.6
(b) Net profit after tax reported for first half year	3,695	2,307	60.2
(c) Revenue reported for second half year	49,347	27,899	76.9
(d) Net profit after tax reported for second half year	1,128	3,996	(71.8)

Note:

(a) FSL Trust was constituted on 19 March 2007. The initial vessel portfolio and its respective leases were acquired on 27 March 2007, which was the listing date. The results for FY 2007 were for operating activities for the period from 27 March 2007 to 31 December 2007.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

16. Breakdown of the total distribution (in dollar value) for the financial year ended 31 December 2008

	FY 2008	FY 2007
	US\$	Note (a)
		US\$
In respect of the period:		
1 July 2008 to 30 September 2008	15,260,950	
1 April 2008 to 30 June 2008	14,002,744	
1 January 2008 to 31 March 2008	12,950,000	
1 October 2007 to 31 December 2007	12,100,000	
1 July 2007 to 30 September 2007		11,150,000
19 March 2007 to 30 June 2007		11,500,000

Note:

(a) FSL Trust was constituted on 19 March 2007. The initial vessel portfolio and its respective leases were acquired on 27 March 2007, which was the listing date. The results for FY 2007 were for operating activities for the period from 27 March 2007 to 31 December 2007.

17. Confirmation by the Board

The Board of FSL Trust Management Pte. Ltd. as Trustee-Manager of First Ship Lease Trust, has confirmed that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group for the year ended 31 December 2008 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

Rebecca Cheng Pei Jiuan
 Company Secretary
 21 January 2009