



FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2008

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

	Note	2Q 2008 US\$'000	2Q 2007 US\$'000	% Change
Revenue		20,667	12,072	+71.2
Net profit after tax		1,990	2,195	-9.3
Net Distributable Amount		14,243	10,952	+30.0
Amount to be distributed	(a)	14,003	11,500	+21.8
Distribution Per Unit ("DPU") (US Cents)	(b)			
For the period		2.80	2.19^	+27.9
Annualised		11.20	8.76	+27.9

^Actual DPU for the period 19 March 2007 to 30 June 2007 was US2.30¢.

Notes:

- (a) There was no distribution for the period 19 March 2007 to 31 March 2007. The first distribution was for the period 19 March 2007 to 30 June 2007. The amount to be distributed in 2Q 2007 of US\$11.5 million included distributable amount of US\$575,000 earned during the period 19 March 2007 to 31 March 2007.
- (b) FSL Trust's distribution policy is to apply at least 90% of the Net Distributable Amount towards payment of distributions and incentive fees. For 2Q 2008, FSL Trust's distribution policy is to apply 100% of the Net Distributable Amount for distribution to unitholders and incentive fees payment to the Trustee-Manager.

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 22 vessels consisting of six containerships, nine product tankers, three chemical tankers, two dry bulk carriers and two crude oil tankers as at 30 June 2008. These vessels have a dollar-weighted average age of approximately three 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.

On 18 April 2008, FSL Trust acquired two crude oil tankers from privately held Geden Lines under a sale-leaseback arrangement. In addition, FSL Trust entered into a conditional agreement to acquire three containerships from a wholly-owned subsidiary of Taiwan-based and -listed Yang Ming Marine Transport Corporation under a sale-leaseback arrangement. Two vessels were delivered to FSL Trust on 20 May 2008 and on 16 June 2008, respectively. The third vessel to be delivered in October 2008 is subject to financing, documentation and closing. These acquisitions bring FSL Trust's portfolio to a total of 22 vessels as at 30 June 2008 and were immediately accretive to FSL Trust's distribution per unit.

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1(a)(i) Consolidated Income Statements

Note	Group			
	2Q 2008	2Q 2007	1H 2008	1H 2007 Note (a)
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	20,667	12,072	37,274	12,697
Depreciation expense on vessels	(13,256)	(8,702)	(24,487)	(9,161)
Management fees	(841)	(482)	(1,514)	(507)
Trustee fees	(31)	(25)	(62)	(25)
Incentive fees	(239)	-	(317)	-
Other trust expenses	(1,067)	(265)	(1,614)	(276)
Finance income (b)	983	98	1,149	98
Finance expenses	(4,206)	(483)	(6,715)	(497)
Net profit before tax	2,010	2,213	3,714	2,329
Income tax expense (c)	(20)	(18)	(19)	(22)
Net profit after tax	1,990	2,195	3,695	2,307

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 1H 2007 were for operating activities for the period from 27 March 2007 to 30 June 2007.
- (b) The finance income for 2Q 2008 included exchange gains of US\$775,000 arising from the repayment of US\$-denominated loans previously extended to certain subsidiaries. The functional currency of these subsidiaries is different from FSL Trust.
- (c) This relates to tax payable on the taxable interest income on bank deposits.

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1(a)(ii) Distribution Statements

	Note	Group			
		2Q 2008	2Q 2007	1H 2008	1H 2007 Note (a)
		US\$'000	US\$'000	US\$'000	US\$'000
Net profit after tax		1,990	2,195	3,695	2,307
Add/(less): Non-cash adjustments	(b)	12,654	8,775	24,011	9,238
Initial direct costs paid		(640)	(18)	(750)	(18)
Incentive fees	(c)	239	-	317	-
Net distributable amount	(c)	14,243	10,952	27,273	11,527
Less: Incentive fees payable	(c)	(239)	-	(317)	-
Add: Income from the previous period to be distributed		2	575	-	-
Amount available for distribution		14,006	11,527	26,956	11,527
Comprising: (i) Tax-exempt distribution		13,893	11,448	26,694	11,448
(ii) Tax-exempt (one-tier) distribution		113	79	262	79
Amount available for distribution		14,006	11,527	26,956	11,527
Amount carried forward to next period		(3)	(27)	(3)	(27)
Amount to be distributed	(d)	14,003	11,500	26,953	11,500
Units at the end of the period ('000)		500,098	500,000	500,098	500,000
Distribution per unit for the period (US Cents)		2.80	2.19 [^]	5.39	2.30

[^] Actual DPU for the period 19 March 2007 to 30 June 2007 was US2.30¢.

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 1H 2007 were for operating activities for the period from 27 March 2007 to 30 June 2007.

(b) Non-cash adjustments include depreciation expenses, 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\$14,243,000 or US2.848¢ 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\$239,000 is payable to the Trustee-Manager.

The Trustee-Manager has elected to receive 99.99% of the incentive fees in the form of new units to be issued, with the balance 0.01% 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.

(d) There was no distribution for the period 19 March 2007 to 31 March 2007. The first distribution was for the period 19 March 2007 to 30 June 2007.

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1(b)(i) Balance Sheets

	30 Jun 2008		31 Dec 2007	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Vessels	873,303	-	609,806	-
Subsidiaries	-	792,832	-	528,766
	873,303	792,832	609,806	528,766
Current assets				
Derivative assets	347	347	-	-
Prepayments and other receivables	432	47,255	945	64,594
Cash and cash equivalents	19,225	17,156	18,483	15,744
	20,004	64,758	19,428	80,338
Total assets	893,307	857,590	629,234	609,104
Equity attributable to unitholders of FSL Trust				
Units in issue	476,852	476,852	476,775	476,775
Reserves	(37,029)	(70,544)	(17,365)	(34,622)
Total equity	439,823	406,308	459,410	442,153
Non-current liability				
Secured bank loan	438,888	438,888	158,091	158,091
Current liabilities				
Trade and other payables	1,618	1,203	782	644
Lease income received in advance	1,787	-	2,731	-
Derivative liabilities	11,090	11,090	8,136	8,136
Current tax payable	101	101	84	80
	14,596	12,394	11,733	8,860
Total liabilities	453,484	451,282	169,824	166,951
Total equity and liabilities	893,307	857,590	629,234	609,104

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

	Note	30 Jun 2008 US\$'000	31 Dec 2007 US\$'000
Secured bank loans	(a)		
Amount repayable within one year		-	-
Amount repayable after one year		442,380	159,580
Less: Unamortized debt upfront fees		(3,492)	(1,489)
		438,888	158,091

Note:

- (a) The Trustee-Manager has, on behalf of FSL Trust, entered into a US\$200 million secured revolving credit facility on 1 April 2008 ("new facility"). Together with the initial US\$250 million secured revolving credit facility ("existing facility"), FSL Trust has in place a revolving credit facility of US\$450 million ("combined facility"). As at 30 June 2008, US\$7.62 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 right, title, interest and insurance 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 new and existing facilities are repayable in full on 2 April 2012 and 27 March 2014, respectively.

Interest payable on the loans drawn under the new and existing facility is 1.2% and 1.0% above the US\$ 3-month Libor, respectively. 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 4.93% per annum to 6.24% per annum.

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1(c) Consolidated Cash Flow Statements

	Group			
	2Q 2008	2Q 2007	1H 2008	1H 2007 Note (a)
	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:				
Net profit before tax	2,010	2,213	3,714	2,329
Adjustments for:				
Depreciation expense on vessels	13,256	8,702	24,487	9,161
Amortization of debt upfront fees and initial direct costs	302	73	428	77
Interest income	(133)	(98)	(297)	(98)
Interest expense	3,916	239	6,296	239
Equity-settled unit-based payment transactions	239	-	316	-
Exchange differences	(775)	-	(775)	-
	18,815	11,129	34,169	11,708
Changes in working capital:				
Prepayments and other receivables	496	1,521	465	(867)
Trade and other payables	829	4,662	719	617
Lease income received in advance	15	980	(943)	2,159
Cash generated from operations	20,155	18,292	34,410	13,617
Income taxes paid	-	(3)	(1)	(3)
Cash flows from operating activities	20,155	18,289	34,409	13,614
Investing activities:				
Acquisition of vessels	(283,328)	(45,600)	(283,328)	(516,879)
Interest received	118	98	340	98
Cash flows from investing activities	(283,210)	(45,502)	(282,988)	(516,781)
Financing activities:				
Proceeds from issuance of units	-	-	-	490,000
Transaction costs on issuance of units	-	(1,785)	-	(13,094)
Distribution to unitholders	(12,950)	-	(25,050)	-
Proceeds from borrowings (net of transaction costs)	280,560	43,785	280,560	43,785
Interest paid	(3,809)	(207)	(6,189)	(207)
Cash flows from financing activities	263,801	41,793	249,321	520,484
Net increase in cash and cash equivalents	746	14,580	742	17,317
Cash and cash equivalents at beginning of period	18,479	2,737	18,483	-
Cash and cash equivalents at end of period	19,225	17,317	19,225	17,317
Comprising:-				
Cash at Bank	5,410	2,401	5,410	2,401
Short-term deposits	13,815	14,916	13,815	14,916
	19,225	17,317	19,225	17,317

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 1H 2007 were for operating activities for the period from 27 March 2007 to 30 June 2007.

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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 January 2008	476,775	(8,136)	7,118	-	(16,347)	459,410
Translation differences relating to financial statements of foreign subsidiaries	-	-	663	-	-	663
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	2,214	-	-	2,214
Effective portion of changes in fair value of cash flow hedges	-	(10,245)	-	-	-	(10,245)
Net change in fair value of cash flow hedges transferred to income statement	-	283	-	-	-	283
Net (losses)/gains recognized directly in equity	-	(9,962)	2,877	-	-	(7,085)
Profit for the period	-	-	-	-	1,705	1,705
Total recognized expense and income for the period	-	(9,962)	2,877	-	1,705	(5,380)
Units to be issued in lieu of incentive fees	-	-	-	77	-	77
Distribution to unitholders	-	-	-	-	(12,100)	(12,100)
At 31 March 2008	476,775	(18,098)	9,995	77	(26,742)	442,007
Translation differences relating to financial statements of foreign subsidiaries	-	-	467	-	-	467
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	715	-	-	715
Effective portion of changes in fair value of cash flow hedges	-	6,100	-	-	-	6,100
Net change in fair value of cash flow hedges transferred to income statement	-	1,255	-	-	-	1,255
Net gains recognized directly in equity	-	7,355	1,182	-	-	8,537
Profit for the period	-	-	-	-	1,990	1,990
Total recognized income for the period	-	7,355	1,182	-	1,990	10,527
Units issued in lieu of incentive fees	77	-	-	(77)	-	-
Units to be issued in lieu of incentive fees	-	-	-	239	-	239
Distribution to unitholders	-	-	-	-	(12,950)	(12,950)
At 30 June 2008	476,852	(10,743)	11,177	239	(37,702)	439,823

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

	Units in Issue	Hedging Reserve	Equity Compensation Reserve	Accumulated Profit/ (Losses)	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2008					
Trust					
At 1 January 2008	476,775	(8,136)	-	(26,486)	442,153
Effective portion of changes in fair value of cash flow hedges	-	(10,245)	-	-	(10,245)
Net change in fair value of cash flow hedges transferred to income statement	-	283	-	-	283
Net losses recognized directly in equity	-	(9,962)	-	-	(9,962)
Loss for the period	-	-	-	(3,032)	(3,032)
Total recognized expense for the period	-	(9,962)	-	(3,032)	(12,994)
Units to be issued in lieu of incentive fees	-	-	77	-	77
Distribution to unitholders	-	-	-	(12,100)	(12,100)
At 31 March 2008	476,775	(18,098)	77	(41,618)	417,136
Effective portion of changes in fair value of cash flow hedges	-	6,100	-	-	6,100
Net change in fair value of cash flow hedges transferred to income statement	-	1,255	-	-	1,255
Net gains recognized directly in equity	-	7,355	-	-	7,355
Loss for the period	-	-	-	(5,472)	(5,472)
Total recognized income and expense for the period	-	7,355	-	(5,472)	1,883
Units issued in lieu of incentive fees	77	-	(77)	-	-
Units to be issued in lieu of incentive fees	-	-	239	-	239
Distribution to unitholders	-	-	-	(12,950)	(12,950)
At 30 June 2008	476,852	(10,743)	239	(60,040)	406,308

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

	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					
On date of constitution	-	-	-	-	-
Translation differences relating to financial statements of foreign subsidiaries	-	-	(57)	-	(57)
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	(523)	-	(523)
Net losses recognized directly in equity	-	-	(580)	-	(580)
Profit for the period	-	-	-	112	112
Total recognized expense and income for the period	-	-	(580)	112	(468)
Units issued	490,000	-	-	-	490,000
Unit issue costs	(11,309)	-	-	-	(11,309)
At 31 March 2007	478,691	-	(580)	112	478,223
Translation differences relating to financial statements of foreign subsidiaries	-	-	99	-	99
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	-	-	1,177	-	1,177
Effective portion of changes in fair value of cash flow hedges	-	304	-	-	304
Net change in fair value of cash flow hedges transferred to income statement	-	(26)	-	-	(26)
Net gains recognized directly in equity	-	278	1,276	-	1,554
Profit for the period	-	-	-	2,195	2,195
Total recognized income for the period	-	278	1,276	2,195	3,749
Unit issue costs	(1,785)	-	-	-	(1,785)
At 30 June 2007	476,906	278	696	2,307	480,187
Trust					
On date of constitution	-	-	-	-	-
Loss for the period	-	-	-	(22)	(22)
Total recognized expense for the period	-	-	-	(22)	(22)
Units issued	490,000	-	-	-	490,000
Unit issue costs	(11,309)	-	-	-	(11,309)
At 31 March 2007	478,691	-	-	(22)	478,669
Effective portion of changes in fair value of cash flow hedges	-	304	-	-	304
Net change in fair value of cash flow hedges transferred to income statement	-	(26)	-	-	(26)
Net gains recognized directly in equity	-	278	-	-	278
Loss for the period	-	-	-	(585)	(585)
Total recognized income and expense for the period	-	278	-	(585)	(307)
Unit issue costs	(1,785)	-	-	-	(1,785)
At 30 June 2007	476,906	278	-	(607)	476,577

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

	Note	2Q 2008 Units	2Q 2007 Units
At the beginning of the period		500,000,000	500,000,000
Units issued during the period	(a)	98,000	-
At the end of the period		500,098,000	500,000,000

Note:

- (a) 98,000 units were issued in May 2008 in lieu of incentive fees to the Trustee-Manager for quarter ended 31 March 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 been extracted from the Interim Financial Information which has been reviewed by the auditors in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

The Auditors' review report dated 22 July 2008 on the interim financial report of FSL Trust and its subsidiaries for the quarter ended 30 June 2008 is enclosed in the Appendix.

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

	2Q 2008	2Q 2007	1H 2008	1H 2007
Weighted average number of units ('000)	500,053	500,000	500,026	500,000
Earnings per unit based on the weighted average number of units in issue (US Cents)	0.40	0.44	0.74	0.46
Number of units issued at end of period ('000)	500,098	500,000	500,098	500,000
Distribution per unit for the period (US Cents)	2.80	2.30	5.39	2.30

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

	Note	30 Jun 2008		31 Dec 2007	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.88	0.81	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-end.

8. Review of Performance

Consolidated Income Statements

	Group			
	2Q 2008	2Q 2007	1H 2008	1H 2007
	US\$'000	US\$'000	US\$'000	Note (a)
Revenue	20,667	12,072	37,274	12,697
Depreciation expense on vessels	(13,256)	(8,702)	(24,487)	(9,161)
Management fees	(841)	(482)	(1,514)	(507)
Trustee fees	(31)	(25)	(62)	(25)
Incentive fees	(239)	-	(317)	-
Other trust expenses	(1,067)	(265)	(1,614)	(276)
Finance income	983	98	1,149	98
Finance expenses	(4,206)	(483)	(6,715)	(497)
Net profit before tax	2,010	2,213	3,714	2,329
Income tax expense	(20)	(18)	(19)	(22)
Net profit after tax	1,990	2,195	3,695	2,307

Second quarter for FY 2008 vs Second quarter for FY 2007

The acquisitions and concurrent leasebacks of six vessels after 30 June 2007 contributed primarily to the 71.2% increase in lease revenue for 2Q 2008 compared to the same period last year. The six vessels acquired were two product tankers from Groda Shipping & Transportation Ltd. in November 2007, two crude oil tankers from Geden Lines in April 2008 and two containerships from Yang Ming Marine Transport Corporation ("Yang Ming") in May 2008 and June 2008, respectively.

Total operating expenses rose 62.9% to US\$15.4 million primarily due to higher depreciation expense (+US\$4.6 million) on account of the increased portfolio of vessels and higher other trust expenses (+US\$0.8 million) mainly for professional fees. Vessels acquired after the Initial Public Offering ("IPO") of FSL Trust were funded by debt. This resulted in the higher finance expenses (+US\$3.7 million) recorded for 2Q 2008.

FSL Trust was capitalized purely 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 9.3% to US\$2.0 million in 2Q 2008 compared to the same period last year.

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8. Review of Performance (cont'd)

Distribution Statements

	Note	Group			
		2Q 2008	2Q 2007	1H 2008	1H 2007 Note (a)
		US\$'000	US\$'000	US\$'000	US\$'000
Net profit after tax		1,990	2,195	3,695	2,307
Add/(less):					
Non-cash adjustments	(b)	12,654	8,775	24,011	9,238
Initial direct costs paid		(640)	(18)	(750)	(18)
Incentive fees		239	-	317	-
Net distributable amount		14,243	10,952	27,273	11,527
Less: Incentive fees payable		(239)	-	(317)	-
Add: Income from the previous period to be distributed		2	575	-	-
Amount available for distribution		14,006	11,527	26,956	11,527
Comprising:					
(i) Tax-exempt distribution		13,893	11,448	26,694	11,448
(ii) Tax-exempt (one-tier) distribution		113	79	262	79
Amount available for distribution		14,006	11,527	26,956	11,527
Amount carried forward to next period		(3)	(27)	(3)	(27)
Amount to be distributed	(c)	14,003	11,500	26,953	11,500
DPU (US Cents)		2.80	2.19[^]	5.39	2.30

[^] Actual DPU for the period 19 March 2007 to 30 June 2007 was US2.30¢.

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.

The DAU per unit for 2Q 2008 is US2.848¢. This exceeds the targeted minimum DAU of US2.237¢ for this quarter set during the IPO, hence, the Sponsor and the Trustee-Manager do not have to surrender any of their distributions and management fees, respectively.

The Trustee-Manager is entitled to an incentive fee as the DAU per unit of US2.848¢ 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 US2.848¢, an incentive fee of US\$239,000 is payable to the Trustee-Manager. After accounting for the incentive fees, unitholders will receive a DPU of US2.80¢, a 27.9% increase over 2Q 2007, and a 8.1% increase over the previous 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 1H 2007 were for operating activities for the period from 27 March 2007 to 30 June 2007.
- (b) Includes non-cash adjustments like depreciation expenses, exchange differences and amortization of certain debt upfront fees and initial direct costs.
- (c) There was no distribution for the period 19 March 2007 to 31 March 2007. The first distribution was for the period 19 March 2007 to 30 June 2007.

¹ The Sponsor is First Ship Lease Pte. Ltd. The Sponsor owns 30.1% of the units in FSL Trust as at 30 June 2008.

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 31 March 2008.

10. Outlook and Prospects

The third containership to be acquired from Yang Ming in October 2008, costing US\$70.0 million, is subject to financing, documentation and closing. Management is currently in discussions with the lead arrangers of the new US\$200 million revolving credit facility (The Bank of Tokyo-Mitsubishi UFJ Co., Ltd, Singapore Branch and Bayerische Hypo- und Vereinsbank AG, Singapore Branch) to increase the facility to US\$265 million. This increased facility will be drawn to acquire the third containership from Yang Ming. Management will give guidance on the DPU accretion for the acquisition of this vessel once the above financing has been finalised.

With the completion of the third Yang Ming vessel in October 2008, Management would have injected US\$350 million worth of vessels into FSL Trust, exceeding the target of US\$300 million set earlier in the year.

Management will continue to pursue DPU accretive acquisition opportunities to grow FSL Trust and at the same time, explore the various capital raising options to facilitate the growth.

FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2008

11. Distribution

(a) Current financial period

Any distributions declared for the current financial period : Yes

Amount : US\$14,002,744

Distribution Period : 1 April 2008 to 30 June 2008

Distribution Type : Cash, Tax-exempt Distribution

Distribution Rate : US2.80 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\$11,500,000

Distribution Period : 19 March 2007 to 30 June 2007

Distribution Type : Cash, Tax-exempt Distribution

Distribution Rate : US2.30 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) Date Payable : 26 August 2008

(d) Books closure date : The Transfer Books and Register of FSL Trust will be closed at 5.00 p.m. on 30 July 2008 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 30 July 2008 will be entitled to the Distribution to be paid on 26 August 2008.

(e) **Currency election procedures** : Unitholders whose units are held directly through CDP will receive their distribution in the Singapore dollar equivalent of the US2.80 cents declared. Unitholders who wish to receive the distribution in US dollars can do so by submitting a "Distribution Election Notice" to CDP by 13 August 2008.

- Not applicable.

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 interim financial results of the Group for the quarter ended 30 June 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.

Rebecca Cheng Pei Jiuon
Company Secretary
22 July 2008



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The Board of Directors
FSL Trust Management Pte Ltd
(in its capacity as Trustee-Manager
of First Ship Lease Trust)
9 Temasek Boulevard
#19-03 Suntec Tower Two
Singapore 038989

Our ref KT/DK1/016

Contact Kenny Tan
(+65 6213 2836)

Attention: Mr Cheong Chee Tham

22 July 2008

Dear Sirs

First Ship Lease Trust
Review of Interim Financial Information

Introduction

We have reviewed the accompanying financial information of First Ship Lease Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the balance sheet of the Group as at 30 June 2008, the income statement, statement of changes in unitholders' funds and cash flow statement of the Group for the period then ended and certain explanatory notes (the "Interim Financial Information"). Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Restriction on use

Our report is provided on the basis that it is solely for the private information of the directors of FSL Trust Management Pte Ltd and should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes. We do not assume any responsibility or liability for losses occasioned to the directors of FSL Trust Management Pte Ltd, the Trust or any other parties as a result of the circulation, publication, reproduction or use of the report contrary to the provisions of this paragraph.

Yours faithfully



KPMG
Public Accountants and
Certified Public Accountants

Singapore
22 July 2008