



**FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENT AND DISTRIBUTION ANNOUNCEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

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

	1 Jul 2007 to 30 Sep 2007		% Change
	Actual	Projection	
Revenue (US\$'000)	12,819	11,585	10.7
Net profit after tax (US\$'000)	2,114	2,196	(3.7)
Net Distributable Amount (US\$'000)	11,150	10,666	4.5
Amount to be distributed (US\$'000)	11,150	10,650	4.7
Distribution Per Unit ("DPU") (US Cents) - Note (a)			
For the Quarter	2.23¢	2.13¢	4.7
Annualised	8.92¢	8.52¢	4.7

Note:

- (a) FSL Trust's distribution policy for the period from listing date to 31 December 2007 is to apply 100% of the Net Distributable Amount to Unit holders.

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 16 vessels consisting of four containerships, seven product tankers, three chemical tankers and two dry bulk carriers as at 30 September 2007. These vessels have an average age of approximately four years, and an 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.

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1(a)(i) Consolidated Income Statements

	Group Actual 1 Jul 2007 to 30 Sep 2007 Note (a) US\$'000	Group Actual 19 Mar 2007 to 30 Sep 2007 Note (a) US\$'000
Revenue	12,819	25,491
Depreciation	(9,052)	(18,213)
Management fees	(513)	(1,020)
Trustee fees	(24)	(49)
Other trust expenses	(327)	(603)
Finance income	169	267
Finance expense	(928)	(1,400)
Profit before tax	2,144	4,473
Income tax expense	(30)	(52)
Profit after tax	2,114	4,421

Notes:

- (a) No comparative consolidated income statements have been presented as 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. There were no operating activities for the period prior to 27 March 2007.
- (b) This relates to tax payable on the taxable interest income on bank deposits.

1(a)(ii) Distribution Statements

	Group Actual 1 Jul 2007 to 30 Sep 2007 US\$'000	Group Actual 19 Mar 2007 to 30 Sep 2007 US\$'000
Net Profit after tax	2,114	4,421
Add: Non-cash items ((Note (a))	9,009	18,229
Income available for distribution	11,123	22,650
Add: Income from the previous period to be distributed	27	-
Amount available for distribution	11,150	22,650
Comprising:(i) Tax-exempt distribution	11,011	22,432
(ii) Tax-exempt (one-tier) distribution	139	218
Amount available for distribution	11,150	22,650
Amount to be distributed (US\$'000)	11,150	22,650
Units at the end of the quarter/period	500,000,000	500,000,000
Distribution per unit for the quarter/period (US Cents)	2.23	4.53

Note:

- (a) Non-cash items include depreciation expenses and amortization of 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.

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1(b)(i) Balance Sheets as at 30 September 2007

	Actual 30 Sep 2007 Note (a)	
	Group	Trust
	US\$'000	US\$'000
ASSETS		
Non-current assets		
Vessels, net of accumulated depreciation	500,324	-
Investment in subsidiaries	-	119,158
Other receivables	-	373,604
	500,324	492,762
Current assets		
Prepayments and other receivables	900	805
Cash and cash equivalents	15,650	14,356
	16,550	15,161
Total assets	516,874	507,923
LIABILITIES		
Non-current liability		
Secured bank loan	43,903	43,903
Current liabilities		
Derivative liabilities	3,155	3,155
Charter income received in advance	1,179	-
Accounts payables	21	21
Accruals	394	337
Other payables	1	1
	4,750	3,514
Total liabilities	48,653	47,417
Net assets	468,221	460,506
UNITHOLDERS' FUNDS		
Units in issue	490,000	490,000
Reserves	(21,779)	(29,494)
Total unitholders' funds	468,221	460,506

Note:

- (a) No comparative consolidated balance sheets have been presented as 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. There were no operating activities for the period prior to 27 March 2007.

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

	Note	Actual 30 Sep 2007 US\$'000
Secured bank loans	(a)	
Amount repayable within one year		-
Amount repayable after one year		45,450
Less: Unamortized debt upfront fees		(1,547)
		43,903

Note:

- (a) The trustee-manager has, on behalf of FSL Trust, entered into a US\$250 million secured revolving loan facility on 15 February 2007. This facility is primarily secured by:
- (i) a first priority mortgage over the vessels in the portfolio;
 - (ii) a first priority assignment of the lease agreement and earnings; and
 - (iii) a first priority assignment of insurances

US\$45.45 million was drawn in end-May 2007 to finance the acquisition of 3 product tankers from James Fisher Everard Limited and the acquisition fee payable to the trustee-manager. The loan bears interest at 1% above the floating US\$ 3-month Libor. Concurrently, FSL Trust has entered into an interest rate swap to fix the floating interest rate for the remaining term of the facility, resulting in an all-in effective interest rate of 6.24% per annum.

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1(c) Consolidated Cash flow Statements

	Group Actual 1 Jul 2007 to 30 Sep 2007 Note (a) US\$'000	Group Actual 19 Mar 2007 to 30 Sep 2007 Note (a) US\$'000
Cash flows from operating activities:		
Profit before tax	2,144	4,473
Adjustments for:		
Vessel depreciation	9,052	18,213
Amortization of debt upfront fees and initial direct costs	61	138
Interest expense	725	964
Operating profit before working capital changes	11,982	23,788
Increase in prepayments and other receivables	(34)	(900)
(Decrease)/Increase in accounts payables	(26)	21
(Decrease)/Increase in accruals	(110)	317
(Decrease)/Increase in charter income received in advance	(980)	1,179
(Decrease)/Increase in other payables	(173)	1
Cash flows from operations	10,659	24,406
Income tax paid	(1)	(4)
Net cash from operating activities	10,658	24,402
Cash flow from investing activities:		
Acquisition in vessels	-	(516,279)
Deferred initial direct costs	-	(600)
Net cash used in investing activities	-	(516,879)
Cash flow from financing activities:		
Proceeds from issuance of units	-	490,000
Transaction costs on issuance of units	(131)	(13,225)
Distribution to unitholders	(11,500)	(11,500)
Drawdown of secured bank loan (net of transaction costs)	-	43,785
Interest paid	(694)	(933)
Net cash (used in)/from financing activities	(12,325)	508,127
Net (decrease)/increase in cash and cash equivalents	(1,667)	15,650
Cash and cash equivalents at beginning of period	17,317	-
Cash and cash equivalents at end of period	15,650	15,650
Comprising:-		
Cash at Bank	7,624	7,624
Short-term deposits	8,026	8,026
	15,650	15,650

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1(c) Consolidated Cash flow Statements (cont'd)

Notes:

- (a) No comparative consolidated cash flow statements have been presented as 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. There were no operating activities for the period prior to 27 March 2007.

- (b) On 27 March 2007 (listing date), FSL Trust acquired an initial portfolio of 13 vessels for a total consideration of US\$471.3 million. Subsequently, 3 product tankers were acquired on 1 June 2007 from James Fisher Everard Limited for a total consideration of US\$45.0 million.

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1(d)(i) Statements of Changes in Unitholders' Funds for the period from 19 March 2007 to 30 September 2007 (Note(a))

	Units in Issue	Issue Costs	Accumulated Profit/(Losses)	Other reserves	Total Unitholders' funds
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group					
On date of constitution	-	-	-	-	-
Net change in hedging reserve	-	-	-	278	278
Net effect of exchange differences	-	-	-	696	696
Profit for the period	-	-	2,307	-	2,307
Units issued (Note (b))	490,000	-	-	-	490,000
Unit issue costs	-	(13,094)	-	-	(13,094)
Balance as at 30 June 2007	490,000	(13,094)	2,307	974	480,187
Net change in hedging reserve	-	-	-	(3,433)	(3,433)
Net effect of exchange differences	-	-	-	984	984
Profit for the quarter	-	-	2,114	-	2,114
Distribution to unitholders	-	-	(11,500)	-	(11,500)
Unit issue costs	-	(131)	-	-	(131)
Balance as at 30 September 2007	490,000	(13,225)	(7,079)	(1,475)	468,221
Trust					
On date of constitution	-	-	-	-	-
Net change in hedging reserve	-	-	-	278	278
Loss for the period	-	-	(607)	-	(607)
Units issued (Note (b))	490,000	-	-	-	490,000
Unit issue costs	-	(13,094)	-	-	(13,094)
Balance as at 30 June 2007	490,000	(13,094)	(607)	278	476,577
Net change in hedging reserve	-	-	-	(3,433)	(3,433)
Loss for the quarter	-	-	(1,007)	-	(1,007)
Distribution to unitholders	-	-	(11,500)	-	(11,500)
Unit issue costs	-	(131)	-	-	(131)
Balance as at 30 September 2007	490,000	(13,225)	(13,114)	(3,155)	460,506

Notes:

- (a) No comparative movements in unitholders' funds have been presented as FSL Trust was constituted on 19 March 2007. FSL Trust was listed on 27 March 2007.
- (b) 500,000,000 units were issued on 27 March 2007 upon listing on SGX-ST.

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

	Actual 1 Jul 2007 to 30 Sep 2007 Units	Actual 19 Mar 2007 to 30 Sep 2007 Units
At the beginning of the period	500,000,000	-
Units issued during the period	-	500,000,000
At the end of the period	500,000,000	500,000,000

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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 Auditor's review report dated 18 October 2007 on the interim financial report of FSL Trust and its subsidiaries for the quarter ended 30 September 2007 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

Not applicable.

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

Not applicable.

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

	1 Jul 2007 to 30 Sep 2007		19 Mar 2007 to 30 Sep 2007	
	Actual	Projection	Actual	Projection
Weighted average number of units	500,000,000	500,000,000	500,000,000	500,000,000
Earnings per unit based on the weighted average number of units in issue (US Cents)	0.42	0.44	0.88	0.90
Number of units issued at end of period	500,000,000	500,000,000	500,000,000	500,000,000
Distribution per unit for the period (US Cents)	2.23	2.13	4.53	4.38

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

	Note	Actual 30 Sep 2007 (Note (a))	
		Group	Trust
Net asset value per unit (US\$)	(b)	0.94	0.92

Notes:

- (a) No comparative NAV has been presented as FSL Trust was constituted on 19 March 2007. FSL Trust was listed on 27 March 2007.
- (b) The number of units used in the computation of actual NAV is 500,000,000 units, which is the number of units in issue as at 30 September 2007.

8. Review of Performance

Please refer to paragraph 9 for a review of the actual performance against the projection as shown in the Prospectus.

- 9(a) Review of actual against Prorated Projection disclosed in the Prospectus for the period ended 30 September 2007

Consolidated Income Statements

	Group					Increase/ (Decrease) %	
	1 Jul 2007 to 30 Sep 2007 (Note (a))		Increase/ (Decrease) %	19 Mar 2007 to 30 Sep 2007 (Note (a))			Increase/ (Decrease) %
	Actual	Projection		Actual	Projection		
	US\$'000	US\$'000	US\$'000	US\$'000			
Revenue	12,819	11,585	10.7	25,491	23,792	7.1	
Depreciation	(9,052)	(8,402)	7.7	(18,213)	(17,255)	5.6	
Management fees	(513)	(463)	10.8	(1,020)	(952)	7.1	
Trustee fees	(24)	(23)	4.3	(49)	(48)	2.1	
Other trust expenses	(327)	(299)	9.4	(603)	(613)	(1.6)	
Finance income	169	68	148.5	267	134	99.3	
Finance expense	(928)	(256)	262.5	(1,400)	(525)	166.7	
Net profit before tax	2,144	2,210	(3.0)	4,473	4,533	(1.3)	
Income tax expense (Note (b))	(30)	(14)	114.3	(52)	(27)	92.6	
Net profit after tax	2,114	2,196	(3.7)	4,421	4,506	(1.9)	

Notes:

- (a) No comparative consolidated income statements have been presented as 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. There were no operating activities for the period prior to 27 March 2007.
- (b) This relates to tax payable on the taxable interest income on bank deposits.

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9(a) Review of actual against Prorated Projection disclosed in the Prospectus for the period ended 30 September 2007 (cont'd)

Distribution Statements

	1 Jul 2007 to 30 Sep 2007		Increase/ (Decrease) %	19 Mar 2007 to 30 Sep 2007		Increase/ (Decrease) %
	Actual	Projection		Actual	Projection	
	US\$'000	US\$'000		US\$'000	US\$'000	
Net profit after tax	2,114	2,196	(3.7)	4,421	4,506	(1.9)
Add: Non-cash items (Note (a))	9,009	8,470	6.4	18,229	17,395	4.8
Income available for distribution	11,123	10,666	4.3	22,650	21,901	3.4
Add: Income from previous period to be distributed	27	-	N.M.	-	-	N.M.
Amount available for distribution	11,150	10,666	4.5	22,650	21,901	3.4
Comprising:						
(i) Tax exempt distribution	11,011	10,612	3.8	22,432	21,793	2.9
(ii) Tax exempt (one-tier) distribution	139	54	157.4	218	108	101.9
Amount available for distribution	11,150	10,666	4.5	22,650	21,901	3.4
Amount to be distributed	11,150	10,650	4.7	22,650	21,900	3.4
Distribution Per Unit ("DPU") (US Cents)						
For the Period	2.23¢	2.13¢	4.7	4.53¢	4.38¢	3.4

N.M. Not Meaningful

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 DPU be not achieved in any quarter.

The DPU payable for the quarter ended 30 September 2007 is US2.23¢. This exceeds the forecasted quarterly DPU of US2.13¢, hence, the Sponsor and the Trustee-Manager do not have to surrender any of their distributions and management fees, respectively.

The DPU achieved for this quarter is 4.7% higher than the forecasted DPU. The Trustee-Manager will not be entitled to any incentive fees as such fees are only payable if the actual Net Distributable Amount per unit exceeds US2.45¢ (15% above the forecasted DPU of US2.13¢).

Note:

- (a) Includes non-cash items like depreciation and amortization of debt upfront fees and initial direct costs.

¹ The Sponsor is First Ship Lease Pte. Ltd.. As at 30 September 2007, the Sponsor owns 30.1% of the units in FSL Trust.

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9(b) Review of performance for the quarter ended 30 September 2007

Lease revenues grew 10.7% to US\$12.82 million against projection for the quarter under review, contributed primarily from the purchase and concurrent leaseback of three product tankers from James Fisher Everard Limited on 1 June 2007.

Correspondingly, total operating expenses rose 7.9% to US\$9.9 million, due mainly to increased depreciation from the additional acquired vessels.

Financing cost, which amounted to US\$0.9 million, comprised mainly interest expense (US\$0.7 million) incurred for the loan drawn to finance 3 product tankers in June 2007.

Against projection, net profit after tax fell marginally by 3.7% to US\$2.1 million. FSL Trust was capitalized solely by equity at its initial public offering. 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 relating to the acquired vessels exceed the lease rentals received. The profitability of FSL Trust will stabilize once the long-term capital structure of 1:1 debt to equity is achieved.

For the quarter under review, a total of US\$11.15 million was available for distribution to unitholders. FSL Trust's policy is to apply 100% of the Net Distributable Amount to unitholders. Based on the total distributable amount of US\$11.15 million, the DPU is US2.23¢, an increase of 4.7% over the projected DPU.

10. Outlook and Prospects

Management continues to pursue various acquisition opportunities. Based on deal-flow, management believes that the US\$200 million asset acquisition target (of which US\$45 million has been accomplished so far) within a 12-month period from listing date will be comfortably achieved. On a more general level, management believes that the recent credit crisis has resulted in a net positive effect for FSL Trust, as an increasing number of shipping companies is looking for alternative (non-bank) financing solutions. The US\$250 million debt facility that we have put in place at the time of our listing remains over 80% undrawn and available for future acquisitions.

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11. Distribution

(a) Current financial period

Any distributions declared for the current financial period	:	Yes
Amount	:	US\$11,150,000
Distribution Period	:	1 July 2007 to 30 September 2007
Distribution Type	:	Cash, Tax-exempt Distribution
Distribution Rate	:	2.23 US 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 Immediately Preceding Financial Period

Any distributions declared for the previous corresponding period	:	Not applicable
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(c) Date Payable : 23 November 2007

(d) Books closure date : The Transfer Books and Register of FSL Trust will be closed at 5.00 p.m. on 26 October 2007 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 26 October 2007 will be entitled to the Distribution to be paid on 23 November 2007.

(e) Currency election procedures : Unitholders whose units are held directly through CDP will receive their distribution in the Singapore dollar equivalent of the 2.23 US Cents declared. Unitholders who wish to receive the distribution in US dollars can do so by submitting a "Distribution Election Notice" to CDP by 12 November 2007.

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

Not applicable.

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13. 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 interim financial results of the Group for the quarter ended 30 September 2007 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

Cheong Chee Tham
Director
18 October 2007



KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

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/DK/A1P
Contact Kenny Tan
+65 6213 2836

Attention: Mr Cheong Chee Tham

18 October 2007

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 consolidated balance sheets of the Group and the Trust as at 30 September 2007, the related consolidated income statements, statements of changes in unitholders' funds of the Group and the Trust and cash flow statement of the Group for the 3 month 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 (in its capacity as Trustee-Manager) 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
Certified Public Accountants
Singapore
18 October 2007