



FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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

	3Q 2009	3Q 2008	Inc/(Dec)
	US\$'000	US\$'000	%
Revenue	24,628	23,685	4.0
Profit for the quarter	2,737	672	307.3
Net cash generated from operations	17,628	15,812	11.5
Net Distributable Amount	7,964	15,812	(49.6)
Amount to be distributed	7,964	15,261	(47.8)
Distribution Per Unit ("DPU") (US Cents)			
For the quarter	1.50	3.05	(50.8)
Annualised	6.00	12.20	(50.8)

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 and a half years, and a dollar-weighted average remaining lease period of approximately eight years (excluding extension periods and early buy-out options).

FSL Trust was constituted under a deed of trust 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

	Note	Group			Group		
		3Q 2009	3Q 2008	Inc/ (Dec)	YTD Sep 2009	YTD Sep 2008	Inc/ (Dec)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		24,628	23,685	4.0	74,292	60,959	21.9
Depreciation expense on vessels		(15,324)	(14,748)	3.9	(45,972)	(39,235)	17.2
Management fees		(989)	(959)	3.1	(2,972)	(2,473)	20.2
Trustee fees		(45)	(45)	-	(138)	(107)	29.0
Incentive fees		-	(551)	(100.0)	-	(868)	(100.0)
Other trust expenses		(624)	(810)	(23.0)	(1,843)	(2,424)	(24.0)
Finance income	(a)	1,039	25	N.M.	1,773	1,174	51.0
Finance expenses		(5,946)	(5,900)	0.8	(18,510)	(12,615)	46.7
Profit before income tax		2,739	697	293.0	6,630	4,411	50.3
Income tax expense	(b)	(2)	(25)	(92.0)	(11)	(44)	(75.0)
Profit for the quarter/period		2,737	672	307.3	6,619	4,367	51.6

Notes:

(a) The finance income for 3Q 2009 includes exchange gains of US\$1.0 million arising from (i) the partial repayment of US\$-denominated loans previously extended to certain subsidiaries and (ii) sale of SGD denominated equity placement proceeds to USD.

(b) This relates to tax payable on the taxable interest income on bank deposits.

1(a)(ii) Statements of Comprehensive Income

	Group		Trust	
	3Q 2009	3Q 2008	3Q 2009	3Q 2008
	US\$'000	US\$'000	US\$'000	US\$'000
Profit/(loss) for the quarter	2,737	672	(5,922)	(7,204)
Other comprehensive income:				
Translation differences relating to financial statements of foreign subsidiaries	833	(1,373)	-	-
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	1,374	(2,904)	-	-
Effective portion of changes in fair value of cash flow hedges	(6,990)	(2,736)	(6,990)	(2,736)
Net change in fair value of cash flow hedges transferred to income statement	3,570	1,574	3,570	1,574
Other comprehensive income for the quarter, net of tax	(1,213)	(5,439)	(3,420)	(1,162)
Total comprehensive income for the quarter	1,524	(4,767)	(9,342)	(8,366)

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1(a)(iii) Distribution Statements

	Note	Group			
		3Q 2009	3Q 2008	YTD Sep 2009	YTD Sep 2008
		US\$'000	US\$'000	US\$'000	US\$'000
Profit for the quarter/period		2,737	672	6,619	4,367
Add/(less): Non-cash adjustments	(a)	14,891	14,589	45,083	38,600
Initial direct costs paid		-	-	-	(750)
Incentive fees		-	551	-	868
Net cash generated from operations		17,628	15,812	51,702	43,085
Less: Repayment of secured bank loans		(816)	-	(9,005)	-
Cash retained		(8,848)	-	(9,699)	-
Net distributable amount	(b)	7,964	15,812	32,998	43,085
Less: Incentive fees payable		-	(551)	-	(868)
Add: Income from the previous period to be distributed		-	3	3	-
Amount available for distribution		7,964	15,264	33,001	42,217
Comprising: (i) Tax-exempt distribution		7,942	15,135	32,875	41,826
(ii) Tax-exempt (one-tier) distribution		22	129	126	391
Amount available for distribution		7,964	15,264	33,001	42,217
Amount carried forward to next quarter		-	(3)	-	(3)
Amount to be distributed	(c)	7,964	15,261	33,001	42,214
Units at the end of the period ('000)		598,665	500,359	598,665	500,359
Distribution per unit (US Cents)	(c)	1.50	3.05	6.40	8.44

Notes:

- (a) Non-cash adjustments include depreciation expenses, translation exchange differences, ineffective portion of the change in fair value of the interest rate swap 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.
- (b) Total net cash generated for the quarter amounted to US\$17.6 million. The net distributable amount of US\$8.0 million is derived after deducting (i) a voluntary loan prepayment of US\$0.8 million on 18 September 2009, and (ii) cash retention of US\$8.8 million, of which US\$7.2 million was applied towards voluntary loan prepayment on 1 October 2009.
- (c) Distribution for 3Q 2009

i) Stub distribution for period from 1 July 2009 to 16 September 2009 [^] (US\$'000)	6,587
Outstanding units as at 16 September 2009 ('000)	518,665
Distribution per unit (US cents)	1.27
ii) Distribution for period from 17 September 2009 to 30 September 2009 (US\$'000)	1,377
Outstanding units as at 30 September 2009 ('000)	598,665
Distribution per unit (US cents)	0.23
Amount to be distributed (US\$'000)	7,964
Total distribution per unit for 3Q 2009 (US cents)	1.50

[^] The stub distribution which was announced on 4 September 2009 will be paid on 30 October 2009.

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1(b)(i) Balance Sheets

	30 Sep 2009		31 Dec 2008	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Vessels	862,022	-	905,604	-
Subsidiaries	-	765,997	-	765,997
	862,022	765,997	905,604	765,997
Current assets				
Prepayments and other receivables	302	26,596	345	97,450
Cash and cash equivalents	56,136	54,383	26,716	24,556
	56,438	80,979	27,061	122,006
Total assets	918,460	846,976	932,665	888,003
Equity attributable to unitholders of FSL Trust				
Units in issue	510,347	510,347	477,642	477,642
Reserves	(131,274)	(200,822)	(99,472)	(141,701)
Total equity	379,073	309,525	378,170	335,941
Non-current liabilities				
Secured bank loans	465,075	465,075	509,229	509,229
Derivative liabilities	17,507	17,507	27,178	27,178
	482,582	482,582	536,407	536,407
Current liabilities				
Trade and other payables	3,387	3,202	5,342	5,068
Distribution payable	6,587	6,587	-	-
Lease income received in advance	1,751	-	2,159	-
Derivative liabilities	13,066	13,066	10,548	10,548
Secured bank loan	32,000	32,000	-	-
Current tax payable	14	14	39	39
	56,805	54,869	18,088	15,655
Total liabilities	539,387	537,451	554,495	552,062
Total equity and liabilities	918,460	846,976	932,665	888,003

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

	Note	30 Sep 2009 US\$'000	31 Dec 2008 US\$'000
Secured bank loans	(a)		
Amount repayable within one year		32,000	-
Amount repayable after one year		468,264	513,080
Less: Unamortized debt upfront fees		(3,189)	(3,851)
		497,075	509,229

Note:

- (a) The Trustee-Manager has, on behalf of FSL Trust, put in place total revolving credit facilities of US\$515 million ("combined facility") of which the outstanding loan balance was US\$500.3 million as at 30 September 2009.

In early September 2009, the Trustee-Manager successfully secured a 2-year waiver on the loan-to-value covenant under the combined facility which will extend until the end of 2Q 2011¹ (the "Waiver Period"). During the Waiver Period, the minimum coverage ratio of the charter-free fair market value of FSL Trust's vessel portfolio over its outstanding indebtedness will be reduced from 145% to 100%. FSL Trust will also make quarterly loan repayments of US\$8 million (applied on a pro-rata basis to all the three tranches) during the Waiver Period. In connection with the waiver arrangement, the interest margins of the various tranches are:

Tranche	Facility amount (US\$'million)	Amount drawn as at 30 Sep 2009 (US\$'million)	Loan maturity	Margin above US\$ 3-month Libor before the Waiver Period	Margin above US\$ 3-month Libor during the Waiver Period	Margin above US\$ 3- month Libor after the Waiver Period
A	250	250	27 March 2014	1.00%	1.70%	1.25%
B	200	200	2 April 2012	1.20%	1.70%	1.45%
C	65	50.3	2 April 2012	1.20%	1.70%	1.45%

Please refer to News Releases on 2nd and 3rd September 2009 for more details of the waiver arrangement.

The additional interest expense arising from the higher margins during the Waiver Period will approximate US\$0.7 million per quarter.

As the combined facility is revolving in nature, FSL Trust will be able to re-draw on the committed but undrawn portion of the facility post the Waiver Period.

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.

¹ Subject to documentation closing

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

FSL Trust has hedged its interest rate risk through a combination of interest rate swaps and/or natural hedges to fix the interest rates until the maturities of the facilities. For interest rate swaps, the all-in effective interest rates range from 4.74% per annum to 6.94% per annum (assuming the higher margins under the Waiver Period applies). Arising from the voluntary loan prepayments made since 1Q 2009, one of the cash flow hedge relationships became 82% effective as at 30 September 2009. The ineffective portion of the change in fair value of the interest rate swap for the quarter was US\$31,000, and was reflected in finance expenses in this quarter.

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1(c) Consolidated Cash Flow Statements

	Note	Group			
		3Q 2009	3Q 2008	YTD Sep 2009	YTD Sep 2008
		US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:					
Profit before income tax		2,739	697	6,630	4,411
Adjustments for:					
Depreciation expense on vessels		15,324	14,748	45,972	39,235
Amortization of debt upfront fees and initial direct costs		419	346	1,252	774
Interest income		(24)	(154)	(137)	(451)
Interest expense		5,641	5,681	17,333	11,977
Ineffective portion of changes in fair value of interest rate swaps		31	-	376	-
Equity-settled unit-based payment transactions		-	551	-	867
Exchange differences		(560)	120	(1,203)	(655)
		23,570	21,989	70,223	56,158
Changes in working capital:					
Prepayments and other receivables		6	42	(65)	507
Trade and other payables		(41)	358	(221)	1,077
Lease income received in advance		23	(35)	(408)	(978)
Cash generated from operations		23,558	22,354	69,529	56,764
Income taxes paid		(12)	-	(36)	(1)
Cash flows from operating activities		23,546	22,354	69,493	56,763
Investing activities:					
Acquisition of vessels		-	-	-	(283,328)
Interest received		24	138	163	478
Cash flows from investing activities		24	138	163	(282,850)
Financing activities:					
Net proceeds from issuance of units	(a)	28,304	-	28,304	-
Proceeds from borrowings (net of transaction costs)		-	(741)	-	279,819
Distribution to unitholders		(12,708)	(14,003)	(36,662)	(39,053)
Repayment of secured bank loans		(816)	-	(12,816)	-
Interest paid		(5,771)	(2,569)	(19,062)	(8,758)
Cash flows from financing activities		9,009	(17,313)	(40,236)	232,008
Net increase in cash and cash equivalents		32,579	5,179	29,420	5,921
Cash and cash equivalents at beginning of period		23,557	19,225	26,716	18,483
Cash and cash equivalents at end of period		56,136	24,404	56,136	24,404
Comprising:-					
Cash at Bank		20,429	6,090	20,429	6,090
Short-term deposits		35,707	18,314	35,707	18,314
		56,136	24,404	56,136	24,404

Note:

- (a) Pursuant to an equity placement exercise conducted in September 2009, 80 million new units were allotted and issued on 17 September 2009 at the issue price of S\$0.525 per unit (11% discount to adjusted volume weighted average price). The total net proceeds from this equity issuance amounted to US\$28.3 million (or S\$40.8 million).

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

	Note	Units in Issue US\$'000	Hedging Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Profit/(Losses) US\$'000	Total Equity US\$'000
2009						
Group						
At 1 July 2009		482,043	(26,777)	2,994	(89,721)	368,539
Changes in equity for the quarter:						
Units issued pursuant to equity placement	(a)	28,304	-	-	-	28,304
Distribution to unitholders		-	-	-	(19,294)	(19,294)
Total comprehensive income for the quarter		-	(3,420)	2,207	2,737	1,524
At 30 September 2009		510,347	(30,197)	5,201	(106,278)	379,073

	Units in Issue US\$'000	Hedging Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Equity Compensation Reserve US\$'000	Accumulated Profit/(Losses) US\$'000	Total Equity US\$'000
2008						
Group						
At 1 July 2008	476,852	(10,743)	11,177	239	(37,702)	439,823
Changes in equity for the quarter:						
Units issued as payment for incentive fees	239	-	-	(239)	-	-
Units to be issued as payment for incentive fees	-	-	-	551	-	551
Distribution to unitholders	-	-	-	-	(14,003)	(14,003)
Total comprehensive income for the quarter	-	(1,162)	(4,277)	-	672	(4,767)
At 30 September 2008	477,091	(11,905)	6,900	551	(51,033)	421,604

Note:

- (a) Pursuant to an equity placement exercise conducted in September 2009, 80 million new units were allotted and issued on 17 September 2009 at the issue price of S\$0.525 per unit (11% discount to adjusted volume weighted average price). The total net proceeds from this equity issuance amounted to US\$28.3 million (or S\$40.8 million).

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

	Note	Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
		US\$'000	US\$'000	US\$'000	US\$'000
2009 Trust					
At 1 July 2009		482,043	(26,777)	(145,409)	309,857
Changes in equity for the quarter:					
Units issued pursuant to equity placement	(a)	28,304	-	-	28,304
Distribution to unitholders		-	-	(19,294)	(19,294)
Total comprehensive income for the quarter		-	(3,420)	(5,922)	(9,342)
At 30 September 2009		510,347	(30,197)	(170,625)	309,525

	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 July 2008	476,852	(10,743)	239	(60,040)	406,308
Changes in equity for the quarter:					
Units issued as payment for incentive fees	239	-	(239)	-	-
Units to be issued as payment for incentive fees	-	-	551	-	551
Distribution to unitholders	-	-	-	(14,003)	(14,003)
Total comprehensive income for the quarter	-	(1,162)	-	(7,204)	(8,366)
At 30 September 2008	477,091	(11,905)	551	(81,247)	384,490

Note:

- (a) Pursuant to an equity placement exercise conducted in September 2009, 80 million new units were allotted and issued on 17 September 2009 at the issue price of S\$0.525 per unit (11% discount to adjusted volume weighted average price). The total net proceeds from this equity issuance amounted to US\$28.3 million (or S\$40.8 million).

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

	Note	3Q 2009 Units	FY 2008 Units
At the beginning of the period		518,665,077	500,000,000
Units issued during the period	(a)	80,000,000	1,270,000
At the end of the period		598,665,077	501,270,000

Note:

- (a) Pursuant to an equity placement exercise conducted in September 2009, 80 million new units were allotted and issued on 17 September 2009 at the issue price of S\$0.525 per unit (11% discount to adjusted volume weighted average price).

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 Singapore 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 23 October 2009 on the interim financial report of FSL Trust and its subsidiaries for the quarter ended 30 September 2009 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 year ended 31 December 2008.

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

IAS 1 (revised 2007) becomes effective for the Group beginning 1 January 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are presented in a separate statement of comprehensive income. IAS 1 (revised 2007) does not have any impact on the Group's financial position or results.

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

	3Q 2009	3Q 2008	YTD Sep 2009	YTD Sep 2008
Basic and diluted earnings per unit is based on:				
Profit for the quarter/period (US\$'000)	2,737	672	6,619	4,367
Weighted average number of issued units ('000)	530,839	500,260	514,066	500,105
Potential units issuable as payment for incentive fees ('000)	-	911^	-	911^
Weighted average number of issued units and potential units issuable ('000)	530,839	501,171	514,066	501,016
Basic earnings per unit based on the weighted average number of units in issue (US Cents)	0.52	0.13	1.29	0.87
Diluted earnings per unit based on weighted average number of issued units and potential units issuable (US Cents)	0.52	0.13	1.29	0.87
Number of issued units at end of quarter/period ('000)	598,665	500,359	598,665	500,359
Distribution per unit (US Cents)	1.50	3.05	6.40	8.44

^ The new units were issued in November 2008.

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

	Note	30 Sep 2009		31 Dec 2008	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.63	0.52	0.75	0.67

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		
	3Q 2009	3Q 2008	Inc/ (Dec)	YTD Sep 2009	YTD Sep 2008	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	24,628	23,685	4.0	74,292	60,959	21.9
Depreciation expense on vessels	(15,324)	(14,748)	3.9	(45,972)	(39,235)	17.2
Management fees	(989)	(959)	3.1	(2,972)	(2,473)	20.2
Trustee fees	(45)	(45)	-	(138)	(107)	29.0
Incentive fees	-	(551)	(100.0)	-	(868)	(100.0)
Other trust expenses	(624)	(810)	(23.0)	(1,843)	(2,424)	(24.0)
Finance income	1,039	25	N.M.	1,773	1,174	51.0
Finance expenses	(5,946)	(5,900)	0.8	(18,510)	(12,615)	46.7
Profit before income tax	2,739	697	293.0	6,630	4,411	50.3
Income tax expense	(2)	(25)	(92.0)	(11)	(44)	(75.0)
Profit for the quarter/period	2,737	672	307.3	6,619	4,367	51.6

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8. Review of Performance (cont'd)

3Q 2009 vs 3Q 2008

Lease revenue grew 4.0% (+US\$0.9 million) to US\$24.6 million in 3Q 2009 compared to 3Q 2008. The increase was primarily due to the acquisition and leaseback of the third containership from Yang Ming Marine Transport Corporation in October 2008.

Operating expenditure was relatively unchanged at US\$17.0 million.

Finance income rose US\$1.0 million mainly due to the exchange gains arising from (i) the partial repayment of US\$-denominated loans previously extended to certain subsidiaries and (ii) sale of SGD denominated equity placement proceeds to USD.

Net profit for the quarter increased 307.3% (+US\$2.1 million) to US\$2.7 million.

Distribution Statements

	Note	Group			
		3Q 2009	3Q 2008	YTD Sep 2009	YTD Sep 2008
		US\$'000	US\$'000	US\$'000	US\$'000
Profit for the quarter/period		2,737	672	6,619	4,367
Add/(less): Non-cash adjustments	(a)	14,891	14,589	45,083	38,600
Initial direct costs paid		-	-	-	(750)
Incentive fees		-	551	-	868
Net cash generated from operations		17,628	15,812	51,702	43,085
Less: Repayment of secured bank loans		(816)	-	(9,005)	-
Cash retained		(8,848)	-	(9,699)	-
Net distributable amount		7,964	15,812	32,998	43,085
Less: Incentive fees payable		-	(551)	-	(868)
Add: Income from the previous period to be distributed		-	3	3	-
Amount available for distribution		7,964	15,264	33,001	42,217
Comprising: (i) Tax-exempt distribution		7,942	15,135	32,875	41,826
(ii) Tax-exempt (one-tier) distribution		22	129	126	391
Amount available for distribution		7,964	15,264	33,001	42,217
Amount carried forward to next quarter		-	(3)	-	(3)
Amount to be distributed	(b)	7,964	15,261	33,001	42,214
Units at the end of the period ('000)		598,665	500,359	598,665	500,359
Distribution per unit (US Cents)	(b)	1.50	3.05	6.40	8.44

Notes:

(a) Non-cash adjustments include depreciation expenses, translation exchange differences, ineffective portion of the change in fair value of the interest rate swap and amortization of certain debt upfront fees and initial direct costs.

(b) Distribution for 3Q 2009

i) Stub distribution from 1 July 2009 to 16 September 2009^ (US\$'000)	6,587
Outstanding units as at 16 September 2009 ('000)	518,665
Distribution per unit (US cents)	1.27
ii) Distribution from 17 September 2009 to 30 September 2009 (US\$'000)	1,377
Outstanding units as at 30 September 2009 ('000)	598,665
Distribution per unit (US cents)	0.23
Amount to be distributed (US\$'000)	7,964
Total distribution per unit for 3Q 2009 (US cents)	1.50

^ The stub distribution which was announced on 4 September 2009 will be paid on 30 October 2009.

8. Review of Performance (cont'd)

For 3Q 2009, FSL Trust generated a net cash from operations of US\$17.6 million, of which 45% or US\$8.0 million will be distributed to unitholders. This equates to a DPU of US1.50¢ for the current quarter under review. The residual cash of US\$9.6 million was applied primarily towards voluntary loan prepayment of US\$8 million of which US\$0.8 million and US\$7.2 million were prepaid on 18 September and 1 October 2009 respectively.

The Net Distributable Amount per unit ("DAU") for this quarter is US1.50¢. The Trustee-Manager will not be entitled to any incentive fees for this quarter, as such fees are only payable if the DAU exceeds US2.45¢ (15% above the forecasted DPU of US2.13¢).

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 June 2009.

10. Outlook and Prospects

FSL Trust's business is robust and its portfolio of lease contracts continues to deliver predictable and stable cash flows for the Trust.

Arising from the recent equity placement exercise, which raised US\$28.3 million in net proceeds, FSL Trust is presently evaluating a number of attractive acquisition-and-leaseback proposals. This will enable the Trust to further diversify its portfolio by investing in modern vessels with good quality counterparties. Further, the current scarcity of credit also presents an opportune time to select and structure accretive transactions which will increase unitholders' value.

The Trustee-Manager is providing a DPU guidance of US1.50 cents for 4Q 2009. This represents an annualized yield of approximately 14% based on the closing price of S\$0.605 as at 22 October 2009.

The Trustee-Manager will continue to focus on prudent capital and risk management, and to remain vigilant to developments in the global shipping and capital markets.

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11. Distribution

(a) Current financial period

Any distributions declared for the current financial period	:	Yes
Amount for period from 1 July 2009 to 16 September 2009	:	US\$6,587,046
Amount for period from 17 September 2009 to 30 September 2009	:	US\$1,376,930
Distribution Type	:	Cash, Tax-exempt Distribution
Stub Distribution Rate for period from 1 July 2009 to 16 September 2009	:	US1.27 cents per unit
Distribution Rate for period from 17 September 2009 to 30 September 2009	:	US0.23 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\$15,260,950
Distribution Period	:	1 July 2008 to 30 September 2008
Distribution Type	:	Cash, Tax-exempt Distribution
Distribution Rate	:	US3.05 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

- Distribution for period from 1 July 2009 to 16 September 2009	:	30 October 2009
- Distribution for period from 17 September 2009 to 30 September 2009	:	26 November 2009

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- (d) Books closure date : The Transfer Books and Register of Unitholders of FSL Trust will be closed at 5.00 p.m. on 2 November 2009 for the purposes of determining each unitholder's entitlement to the Distribution of US0.23 cents. Unitholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with units at 5.00 p.m. on 2 November 2009 will be entitled to the Distribution to be paid on 26 November 2009.
- (e) Currency election procedures : Unitholders whose units are held directly through CDP will receive their distribution in the Singapore dollar equivalent of the US0.23 cents declared. Unitholders who wish to elect to receive the distribution in US dollars can do so by submitting a "Currency Election Notice" by 13 November 2009.

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

Not applicable.

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 interim financial results of the Group for the quarter ended 30 September 2009 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
23 October 2009



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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

23 October 2009

Dear Sirs

First Ship Lease Trust Review of Interim Financial Information

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 September 2009, income statement, statement of comprehensive income, 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 Singapore 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 LLP

Public Accountants and
Certified Public Accountants

Singapore
23 October 2009