



FIRST SHIP LEASE TRUST
UNAUDITED FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2010

First Ship Lease Trust ("FSL Trust") is a provider of leasing services on a bareboat charter basis to the international shipping industry.

FSL Trust was constituted under a deed of trust dated 19 March 2007 entered with FSL Trust Management Pte. Ltd. as its trustee-manager and was listed on the Singapore Exchange Securities Trading Limited ("SGX") on 27 March 2007.

As at 31 December 2010, FSL Trust 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. 21 vessels are employed on long-term bareboat leases and have a dollar-weighted average remaining lease period of approximately seven years (excluding extension periods and early buy-out options). The remaining 2 product tankers are currently trading in the product tanker spot market. The combined portfolio of vessels has a dollar-weighted average age of approximately five and a half years.

Summary of FSL Trust Consolidated Results

	4Q 2010	4Q 2009	Decrease	FY 2010
	US\$'000	US\$'000	%	US\$'000
Revenue	24,113	24,476	(1.5)	100,494
(Loss)/Profit for the quarter/year	(928)	1,804	N.M.	(5,699)
Net cash generated from operations	12,984	16,156	(19.6)	60,479
Net Distributable Amount	5,688	8,980	(36.7)	26,042
Amount to be distributed	5,688	8,980	(36.7)	26,042
Distribution Per Unit ("DPU") (US Cents)				
For the period	0.95	1.50	(36.7)	4.35
Annualised	3.80	6.00	(36.7)	-

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1(a)(i) Consolidated Income Statements

	Note	Group			Group		
		4Q 2010	4Q 2009	Inc/ (Dec)	FY 2010	FY 2009	Inc/ (Dec)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		24,113	24,476	(1.5)	100,494	98,768	1.7
Depreciation expense on vessels	(a)	(14,259)	(15,323)	(6.9)	(59,058)	(61,295)	(3.6)
Impairment loss on vessels		-	-	-	(7,865)	-	N.M.
Vessel operating expenses		(3,150)	-	N.M.	(5,474)	-	N.M.
Management fees		(855)	(987)	(13.4)	(3,563)	(3,959)	(10.0)
Trustee fees		(43)	(45)	(4.4)	(175)	(183)	(4.4)
Other trust expenses		(426)	(491)	(13.2)	(4,395)	(2,334)	88.3
Finance income		33	28	17.9	249	165	50.9
Finance expenses		(6,349)	(5,879)	8.0	(25,903)	(22,753)	13.8
(Loss)/Profit before income tax		(936)	1,779	N.M.	(5,690)	8,409	N.M.
Income tax write-back/(expense)	(b)	8	25	(68.0)	(9)	14	N.M.
(Loss)/Profit for the quarter/year		(928)	1,804	N.M.	(5,699)	8,423	N.M.

Notes:

- (a) Including depreciation on costs incurred on dry-docking.
- (b) This relates to tax write-back/(expense) on the taxable interest income on bank deposits.

1(a)(ii) Statements of Comprehensive Income

	Group			
	4Q 2010	4Q 2009	FY 2010	FY 2009
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/Profit for the quarter/year	(928)	1,804	(5,699)	8,423
Other comprehensive income:				
Translation differences relating to financial statements of foreign subsidiaries	(473)	(527)	(1,720)	95
Exchange differences on monetary items forming part of net investment in foreign subsidiaries	(703)	(1,238)	(2,659)	(161)
Effective portion of changes in fair value of cash flow hedges	2,563	(895)	(13,449)	(2,189)
Net change in fair value of cash flow hedges transferred to income statement	3,765	3,972	14,572	12,795
Other comprehensive income, net of tax	5,152	1,312	(3,256)	10,540
Total comprehensive income	4,224	3,116	(8,955)	18,963

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1(a)(iii) Distribution Statements

	Note	Group			
		4Q 2010	4Q 2009	FY 2010	FY 2009
		US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/Profit for the quarter/year		(928)	1,804	(5,699)	8,423
Add: Non-cash adjustments	(a)	13,912	14,352	66,178	59,432
Net cash generated from operations		12,984	16,156	60,479	67,855
Less: Repayment of secured bank loans		(8,000)	(816)	(32,000)	(17,005)
Income available for distribution		4,984	15,340	28,479	50,850
Add: Utilisation of cash retained from previous periods		704	-	1,355	-
Less: Cash retained in the current period		-	(6,360)	(3,792)	(8,875)
Net distributable amount	(b)	5,688	8,980	26,042	41,975
Add: Income from the previous period to be distributed		-	-	-	3
Amount available for distribution		5,688	8,980	26,042	41,978
Comprising: (i) Tax-exempt distribution		5,647	8,927	25,802	41,799
(ii) Tax-exempt (one-tier) distribution		41	53	240	179
Amount to be distributed		5,688	8,980	26,042	41,978
Units at the end of the quarter/year ('000)		598,665	598,665	598,665	598,665
Distribution per unit (US Cents)		0.95	1.50	4.35	7.90

Notes:

- (a) Non-cash adjustments include depreciation expenses, impairment loss, translation exchange differences and amortisation 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 capitalised and amortised into earnings in proportion to the recognition of lease income.
- (b) Total net cash generated for the quarter amounted to US\$13.0 million. The net distributable amount of US\$5.7 million is derived after deducting loan repayments totalling US\$8.0 million and utilising cash retained from prior periods.

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1(b)(i) Statements of Financial Position

	31 Dec 2010		31 Dec 2009	
	Group	Trust	Group	Trust
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Vessels	775,023	-	845,187	-
Subsidiaries	-	592,523	-	671,584
Derivative assets	476	476	-	-
	775,499	592,999	845,187	671,584
Current assets				
Inventories	738	-	-	-
Derivative assets	188	188	-	-
Deposits, prepayments and other receivables	3,758	90,743	1,282	96,255
Cash and cash equivalents	55,846	51,790	56,770	56,769
	60,530	142,721	58,052	153,024
Total assets	836,029	735,720	903,239	824,608
Equity attributable to unitholders of FSL Trust				
Units in issue	510,273	510,273	510,273	510,273
Reserves	(167,825)	(262,466)	(129,536)	(205,846)
Total equity	342,448	247,807	380,737	304,427
Non-current liabilities				
Secured bank loans	432,409	432,409	456,292	456,292
Derivative liabilities	14,289	14,289	14,561	14,561
	446,698	446,698	470,853	470,853
Current liabilities				
Trade and other payables	6,204	3,227	4,555	4,393
Lease income received in advance	2,682	-	2,159	-
Derivative liabilities	12,748	12,748	12,935	12,935
Secured bank loan	25,240	25,240	32,000	32,000
Current tax payable	9	-	-	-
	46,883	41,215	51,649	49,328
Total liabilities	493,581	487,913	522,502	520,181
Total equity and liabilities	836,029	735,720	903,239	824,608

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

	Note	31 Dec 2010 US\$'000	31 Dec 2009 US\$'000
Secured bank loans	(a)		
Amount repayable within one year		25,240	32,000
Amount repayable after one year		435,024	460,264
Less: Unamortised debt upfront fees		(2,615)	(3,972)
		457,649	488,292

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\$460.3 million as at 31 December 2010.

The combined facility comprises three tranches:

Tranche	Facility amount (US\$'million)	Amount drawn as at 31 Dec 2010 (US\$'million)	Loan maturity	Margin above US\$ 3-month Libor [^]
A	250	230.1	27 March 2014	1.70%
B	200	184.0	2 April 2012	1.70%
C*	65	46.2	2 April 2012	1.70%

[^] This margin applies till 2Q 2011.

* Commitment amount for this tranche was reduced to US\$61.25 million on 20 September 2010 and will be further reduced by US\$3.75 million every quarter thereafter.

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 after 2Q 2011.

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.

As of the date of this announcement, FSL Trust is in full compliance with the covenants under this credit facility.

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.

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1(c) Consolidated Cash Flow Statements

	Note	4Q 2010	4Q 2009	FY 2010	FY 2009
		US\$'000	US\$'000	US\$'000	US\$'000
Operating activities:					
(Loss)/Profit before income tax		(936)	1,779	(5,690)	8,409
Adjustments for:					
Depreciation expense on vessels	(a)	14,259	15,323	59,058	61,295
Impairment loss on vessels		-	-	7,865	-
Amortisation of debt upfront fees and initial direct costs		466	491	1,911	1,703
Interest income		(33)	(28)	(249)	(165)
Interest expense		6,128	6,035	24,565	23,368
Ineffective portion of changes in fair value of interest rate swaps		-	-	-	376
Unrealised exchange differences		(192)	(414)	(174)	(1,617)
		19,692	23,186	87,286	93,369
Changes in working capital:					
Deposits, prepayments and other receivables		(588)	(2,096)	(2,492)	(2,121)
Inventories		263	-	(738)	-
Trade and other payables		(1,047)	987	1,655	766
Lease income received in advance		970	408	523	-
Cash generated from operations		19,290	22,485	86,234	92,014
Income taxes refund/(paid)		-	13	-	(23)
Cash flows from operating activities		19,290	22,498	86,234	91,991
Investing activities:					
Interest received		31	29	244	192
Costs incurred for dry-docking		(771)	-	(1,496)	-
Cash flows from investing activities		(740)	29	(1,252)	192
Financing activities:					
Net proceeds from issuance of units		-	(74)	-	28,230
Distribution to unitholders		(5,687)	(7,964)	(29,334)	(44,626)
Repayment of secured bank loans		(8,000)	(8,000)	(32,000)	(20,816)
Interest paid		(6,246)	(5,855)	(24,572)	(24,917)
Cash flows from financing activities		(19,933)	(21,893)	(85,906)	(62,129)
Net (decrease)/increase in cash and cash equivalents		(1,383)	634	(924)	30,054
Cash and cash equivalents at beginning of period		57,229	56,136	56,770	26,716
Cash and cash equivalents at end of period		55,846	56,770	55,846	56,770
Comprising:-					
Cash at Bank		4,734	14,851	4,734	14,851
Short-term deposits		48,312	41,919	48,312	41,919
Short-term deposit (restricted)		2,800	-	2,800	-
		55,846	56,770	55,846	56,770

Note:

(a) Including depreciation on costs incurred on dry-docking.

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

2010
Group
At 1 October 2010
Total comprehensive income for the quarter
Contribution by and distribution to
unitholders:
Distribution to unitholders
At 31 December 2010

Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Accumulated Profit/(Losses)	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
510,273	(32,325)	233	(134,270)	343,911
-	6,328	(1,176)	(928)	4,224
-	-	-	(5,687)	(5,687)
510,273	(25,997)	(943)	(140,885)	342,448

2009
Group
At 1 October 2009
Total comprehensive income for the quarter
Contribution by and distribution to
unitholders:
Unit issue costs
Distribution to unitholders
At 31 December 2009

Units in Issue	Hedging Reserve	Foreign Currency Translation Reserve	Accumulated Profit/(Losses)	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
510,347	(30,197)	5,201	(106,278)	379,073
-	3,077	(1,765)	1,804	3,116
(74)	-	-	-	(74)
-	-	-	(1,378)	(1,378)
510,273	(27,120)	3,436	(105,852)	380,737

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

2010
Trust
At 1 October 2010
Total comprehensive income for the quarter
Contribution by and distribution to unitholders:
Distribution to unitholders
At 31 December 2010

Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000
510,273	(32,325)	(224,052)	253,896
-	6,328	(6,730)	(402)
-	-	(5,687)	(5,687)
510,273	(25,997)	(236,469)	247,807

2009
Trust
At 1 October 2009
Total comprehensive income for the quarter
Contribution by and distribution to unitholders:
Unit issue costs
Distribution to unitholders
At 31 December 2009

Units in Issue	Hedging Reserve	Accumulated Losses	Total Equity
US\$'000	US\$'000	US\$'000	US\$'000
510,347	(30,197)	(170,625)	309,525
-	3,077	(6,723)	(3,646)
(74)	-	-	(74)
-	-	(1,378)	(1,378)
510,273	(27,120)	(178,726)	304,427

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

	Note	4Q 2010 Units	FY 2009 Units
At the beginning of the period		598,665,077	501,270,000
Units issued during the period	(a)	-	97,395,077
At the end of the period		598,665,077	598,665,077

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

Except as disclosed in paragraph 5, 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 2009.

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

Depreciation of vessels

Following the pre-mature termination of the long-term bareboat charter agreements, 'FSL Hamburg' and 'FSL Singapore' are currently employed in the product tanker spot market, with a view to place these vessels under time charter. With the change in charter arrangement, the expected useful life of the 2 vessels has been revised from 7 years to 25 years and the basis of estimate for residual value has also changed.

The changes in the expected useful life and residual value of the vessels constitute a change in estimates and the effects of the change have been applied from June 2010 prospectively. The change reduces depreciation expense for the current quarter and for the current year by US\$1.3 million and US\$3.0 million for both vessels.

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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

Depreciation of dry-docking costs

Dry-docking costs are capitalised and depreciated on a straight-line basis over the period to the next scheduled dry-docking, which is generally 5 years.

Revenue recognition for freight income

For the vessels deployed in the product tanker spot market generating freight income, freight income is recognised based on percentage of completion method calculated on a discharge-to-discharge basis.

Inventories

Inventories comprise bunkers and consumable stores. Inventories are stated at the lower of cost and net realisable value. Cost is derived on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. When inventories are consumed, the carrying amount of these inventories is recognised as an expense in the year in which the consumption occurs.

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

	4Q 2010	4Q 2009	FY 2010	FY 2009
Basic and diluted earnings per unit is based on: (Loss)/Profit for the quarter/year (US\$'000)	(928)	1,804	(5,699)	8,423
Weighted average number of issued units (basic and diluted) ('000)	598,665	598,665	598,665	535,389
Basic and diluted earnings per unit based on weighted average number of units in issue (US Cents)	(0.16)	0.30	(0.95)	1.57
Number of issued units at end of quarter/year ('000)	598,665	598,665	598,665	598,665
Distribution per unit (US Cents)	0.95	1.50	4.35	7.90

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

	Note	31 Dec 2010		31 Dec 2009	
		Group	Trust	Group	Trust
Net asset value per unit (US\$)	(a)	0.57	0.41	0.64	0.51

Note:

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

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8. Review of Performance

Consolidated Income Statements

	Group			Group		
	4Q 2010	4Q 2009	Inc/ (Dec)	FY 2010	FY 2009	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	24,113	24,476	(1.5)	100,494	98,768	1.7
Depreciation expense on vessels	(14,259)	(15,323)	(6.9)	(59,058)	(61,295)	(3.6)
Impairment loss on vessels	-	-	-	(7,865)	-	N.M.
Vessel operating expenses	(3,150)	-	N.M.	(5,474)	-	N.M.
Management fees	(855)	(987)	(13.4)	(3,563)	(3,959)	(10.0)
Trustee fees	(43)	(45)	(4.4)	(175)	(183)	(4.4)
Other trust expenses	(426)	(491)	(13.2)	(4,395)	(2,334)	88.3
Finance income	33	28	17.9	249	165	50.9
Finance expenses	(6,349)	(5,879)	8.0	(25,903)	(22,753)	13.8
(Loss)/Profit before income tax	(936)	1,779	N.M.	(5,690)	8,409	N.M.
Income tax write-back/(expense)	8	25	(68.0)	(9)	14	N.M.
(Loss)/Profit for the quarter/year	(928)	1,804	N.M.	(5,699)	8,423	N.M.

Re-delivery, arrest and spot charters of two product tankers

In early May 2010, the charterers of two vessels 'FSL Hamburg' and 'FSL Singapore' (formerly 'Nika I' and 'Verona I', respectively) requested FSL Trust to take delivery of these vessels on the basis that they did not intend to continue to make full lease payments under the bareboat charter lease agreements. Arising from the re-deliveries, cash security deposits of US\$6.0 million (US\$3.0 million per vessel) were recovered from the charterers.

In June 2010, Singapore-based Daxin Petroleum Pte Ltd ("Daxin") arrested 'FSL Singapore' at Shimotsu, Japan and 'FSL Hamburg' at Qingdao, China on the basis that Daxin has not been paid for bunkers supplied to the vessels. FSL Trust subsequently managed to secure the release of 'FSL Singapore' on 17 June 2010 after posting a security deposit of approximately US\$1.6 million with the Japanese court. 'FSL Hamburg' was also released on 17 July 2010 after a banker's guarantee of US\$2.8 million was put up as security.

The financial impact in FY 2010 arising from the re-delivery and arrest of the vessels is summarized below:

	US\$ million
Loss of bareboat charter lease rentals	(9.444)
Impairment loss on vessels	(7.865)
Recognition of cash security deposits	6.000
Recovery of vessel-related expenses	0.101
	(11.208)

Since their release, these vessels have been trading in the product tanker spot market. Both vessels also underwent routine dry-docking during this period: 'FSL Hamburg' in July 2010 and 'FSL Singapore' in November-mid-December 2010.

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8. Review of Performance (cont'd)

The trading performance of these vessels is as follows:-

	4Q 2010	FY 2010
	US\$ million	US\$ million
Freight income	3.397	5.935
Voyage expenses	(1.954)	(2.892)
Time charter equivalent revenue	1.443	3.043
Less: Crew cost, vessel maintenance and others	(1.234)	(2.645)
Bareboat charter equivalent revenue	0.209	0.398

4Q 2010 vs 4Q 2009

Revenue declined marginally by 1.5% (-US\$0.4 million) to US\$24.1 million in 4Q 2010 compared to 4Q 2009. The decline was attributed to the loss of bareboat charter revenue of US\$3.8 million from the two product tankers, 'FSL Hamburg' and 'FSL Singapore', following their re-deliveries in 2Q 2010, offset by freight income earned by the vessels in the spot market post re-deliveries (see above).

Excluding the vessel operating expenses of US\$3.2 million relating to the 2 vessels above, total operating expenditure fell 7.5% (-US\$1.3 million) to US\$15.6 million. The lower expenditure was mainly due to lower depreciation expense arising from change in expected useful lives and residual values of 'FSL Hamburg' and 'FSL Singapore'.

Finance expenses (excluding exchange gains of US\$0.2 million (4Q 2009: US\$0.5 million)) increased 2.7% (+US\$0.2 million) to US\$6.5 million due to the full quarter impact of higher interest margin on outstanding indebtedness. The higher interest margin, which was agreed with the secured lenders in September 2009, only took effect from late October 2009. This increase was slightly offset by reduced principal loan quantum arising from partial repayments.

On an overall basis, a loss of US\$0.9 million was incurred during the current quarter under review.

FY 2010 vs FY 2009

For the year ended 31 December 2010, revenue rose by 1.7% (+US\$1.7 million) to US\$100.5 million compared to FY 2009. Excluding the US\$6.0 million cash security deposits pursuant to the re-delivery of 'FSL Hamburg' and 'FSL Singapore', revenue fell 4.3% (-US\$4.3 million) and was primarily attributed to the loss of bareboat charter revenue from 'FSL Hamburg' and 'FSL Singapore' (see above) offset by freight income from the trading of these vessels in the spot market.

During the year, an impairment loss of US\$7.9 million was recognised for 'FSL Hamburg' and 'FSL Singapore' as their carrying amounts were assessed to have exceeded their estimated recoverable amounts with the pre-mature termination of the related bareboat charters.

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8. Review of Performance (cont'd)

Excluding the vessel operating expenses of US\$5.5 million and impairment loss of US\$7.9 million relating to the 2 re-delivered vessels, operating expenditure decreased 0.9% (-US\$0.6 million) to US\$67.2 million in FY 2010 compared to FY 2009. The lower expenditure was mainly due to lower depreciation expense arising from change in expected useful lives and residual values of 'FSL Hamburg' and 'FSL Singapore' offset by higher other trust expenses.

Finance expenses (excluding exchange gains of US\$0.2 million (FY 2009: US\$2.1 million)) increased 4.9% (+US\$1.2 million) to US\$26.1 million due to the full year impact of higher interest margin on outstanding indebtedness, following the credit facility amendment agreement with the secured lenders in September 2009. The increase was slightly offset by reduced principal loan quantum arising from partial repayments. Exchange gain that resulted mainly from the partial repayment of inter-company US\$-denominated loans previously extended to certain subsidiaries, decreased by US\$1.9 million in FY 2010 as compared to FY 2009.

Since its listing on the SGX in March 2007, FSL Trust suffered its first accounting loss of US\$5.7 million in this year under review, largely attributed to the recognition of US\$7.9 million impairment loss for the two vessels which were re-delivered in 2Q 2010.

Distribution Statements

	Note	Group			
		4Q 2010	4Q 2009	FY 2010	FY 2009
		US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/Profit for the quarter/year		(928)	1,804	(5,699)	8,423
Add: Non-cash adjustments	(a)	13,912	14,352	66,178	59,432
Net cash generated from operations		12,984	16,156	60,479	67,855
Less: Repayment of secured bank loans		(8,000)	(816)	(32,000)	(17,005)
Income available for distribution		4,984	15,340	28,479	50,850
Add: Utilisation of cash retained from previous periods		704	-	1,355	-
Less: Cash retained in the current period		-	(6,360)	(3,792)	(8,875)
Net distributable amount		5,688	8,980	26,042	41,975
Add: Income from the previous period to be distributed		-	-	-	3
Amount available for distribution		5,688	8,980	26,042	41,978
Comprising: (i) Tax-exempt distribution		5,647	8,927	25,802	41,799
(ii) Tax-exempt (one-tier) distribution		41	53	240	179
Amount to be distributed		5,688	8,980	26,042	41,978
Units at the end of the quarter/year ('000)		598,665	598,665	598,665	598,665
Distribution per unit (US Cents)		0.95	1.50	4.35	7.90

Note:

(a) Non-cash adjustments include depreciation expenses, impairment loss, translation exchange differences and amortisation of certain debt upfront fees and initial direct costs.

For 4Q 2010, FSL Trust generated a net cash from operations of US\$13.0 million, of which US\$5.7 million will be distributed to unitholders. This equates to a distribution per unit ("DPU") of US0.95¢ for the current quarter under review. The residual cash was applied primarily towards quarterly loan repayments totalling US\$8.0 million.

The Trustee-Manager is not entitled to any incentive fees as the Net Distributable Amount per unit ("DAU") of US0.95¢ did not meet the incentive fee threshold DAU of US2.45¢.

8. Review of Performance (cont'd)

For the full year ended 31 December 2010, FSL Trust generated net cash from operations of US\$60.5 million of which 43.0% or US\$26.0 million was applied to distribution to unitholders, bringing the total annual DPU to US4.35¢.

Distribution Reinvestment Scheme

For the quarter ended 31 December 2010, the Board has determined that the Distribution Reinvestment Scheme will not apply to the distribution declared for this quarter.

9. Variance from Prospect Statement

Not applicable.

10. Outlook and Prospects

The leases in FSL Trust's vessel portfolio are expected to continue to generate predictable long-term cash flow. This will support regular distributions to our unitholders.

The Trustee-Manager's outlook for 2011 remains uncertain. It is likely going to be a year that poses challenges including oversupply of new ship capacity and uncertainties in the growth of global trade and economy. However, there will be pockets of good opportunities to expand the Trust's portfolio and to grow the long-term recurrent cash flow base. FSL Trust is well-positioned to tap the growth momentum, especially in the rapidly expanding Asia market.

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11. Distribution

(a) Current financial period

Any distributions declared for the current financial period	:	Yes
Amount	:	US\$5,687,318
Distribution Period	:	1 October 2010 to 31 December 2010
Distribution Type	:	Cash, Tax-exempt Distribution
Distribution Rate	:	US0.95 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\$8,979,976
Distribution Period	:	1 October 2009 to 31 December 2009
Distribution Type	:	Cash, Tax-exempt Distribution
Distribution Rate	:	US1.50 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 : 25 February 2011

(d) Books closure date : The Transfer Books and Register of Unitholders of FSL Trust will be closed at 5.00 p.m. on 27 January 2011 for the purposes of determining each unitholder's entitlement to the Distribution of US0.95 cents. Unitholders whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with units at 5.00 p.m. on 27 January 2011 will be entitled to the Distribution to be paid on 25 February 2011.

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(e) Currency election procedures : Unitholders whose units are held directly through CDP will receive their distribution in the Singapore dollar equivalent of the US0.95 cents declared. Unitholders who wish to elect to receive the distribution in US dollars can do so by submitting a "Currency Election Notice" by 11 February 2011.

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 2010	FY 2009	Inc/(Dec)
	US\$'000	US\$'000	%
(a) Revenue reported for first half year	52,960	49,664	6.6
(b) Net (loss)/profit after tax reported for first half year	(5,420)	3,882	N.M.
(c) Revenue reported for second half year	47,534	49,104	(3.2)
(d) Net profit after tax reported for second half year	(279)	4,541	N.M.

16. Breakdown of the total distribution (in dollar value) for the financial year ended 31 December 2010

	FY 2010	FY 2009
	US\$	US\$
In respect of the period:		
1 July 2010 to 30 September 2010	5,687,318	
1 April 2010 to 30 June 2010	5,687,318	
1 January 2010 to 31 March 2010	8,979,976	
1 October 2009 to 31 December 2009	8,979,976	
1 July 2009 to 30 September 2009		7,963,976
1 April 2009 to 30 June 2009		12,707,294
1 January 2009 to 31 March 2009		12,326,220
1 October 2008 to 31 December 2008		15,439,116

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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 2010 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
19 January 2011