

# **Ship Finance International Limited**

**Subsidiaries Accounted For as 'Investment in associate'**

**First Quarter 2009 Unaudited Preliminary Accounts**

**SFL West Polaris Limited**

**SFL Deepwater Ltd.**

**Front Shadow Inc.**

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE**

**FIRST QUARTER 2009 (UNAUDITED)**

**SFL West Polaris Limited (West Polaris)**

<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>Three months ended</b>		<b>Full year</b>
	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>2008</b>
	<b>2009</b>	<b>2008</b>	<i>(audited)</i>
Total operating revenue <sup>(1)</sup>	14,831	-	15,443
Total operating expenses	(15)	-	-
<b>Operating income</b>	<b>14,816</b>	-	<b>15,443</b>
Interest expense	(8,957)	-	(8,928)
Other financial items		-	(29)
<b>Net income</b> <sup>(2)</sup>	<b>5,859</b>	-	<b>6,486</b>

- (1) The vessel is accounted for as a finance lease asset, and the charter hire is split into 'Finance lease interest income' and 'Repayment of investment in finance leases'. The portion classified as 'Finance lease interest income' is included in Total operating revenues, while 'Repayment of investment in finance leases' appears in the Statement of Cash flows only.
- (2) Net income from this 100% owned subsidiary appears in Ship Finance International Limited's ("SFL" or the "Company") consolidated income statement as 'Results in associate'.

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>Dec 31, 2008</b>
	<b>2009</b>	<b>2008</b>	<b>(audited)</b>
<b>ASSETS</b>			
<i>Short term</i>			
Cash and cash equivalents	-	-	14
Due from related parties	20,091		15,099
Other current assets	70,759	-	69,667
<i>Long term</i>			
Investment in finance leases	745,915	-	763,612
Deferred charges	3,905	-	4,130
<b>Total assets</b>	<b>840,670</b>	-	<b>852,522</b>
<b>LIABILITIES AND STOCKHOLDERS'</b>			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	70,500	-	69,750
Other current liabilities	5,311	-	5,710
Amounts due to related parties	-	-	-
<i>Long term</i>			
Long term interest bearing debt	600,646	-	618,708
Derivative instruments payable - long term	41,392		43,325
Stockholders equity <sup>(1)</sup>	122,821	-	115,029
<b>Total liabilities and stockholders' equity</b>	<b>840,670</b>	-	<b>852,522</b>

- (1) Stockholders' equity in this 100% owned subsidiary appears in the Company's consolidated 'Balance sheet' as 'Investment in associate'.

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE**

**FIRST QUARTER 2009 (UNAUDITED)**

**SFL West Polaris Limited (West Polaris)**

<b>STATEMENT OF CASHFLOWS</b>	<b>Three months ended</b>		<b>Full year</b>
<i>(in thousands of \$)</i>	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>2008</b>
	<b>2009</b>	<b>2008</b>	<i>(audited)</i>
<b>OPERATING ACTIVITIES</b>			
Net income	5,859	-	13,354
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortisation	225	-	425
Additional income accrued in initial period	-	-	(3,089)
Advances from / (paid to) parent company	(4,991)		(4,260)
Change in operating assets and liabilities	(400)	-	(5,130)
<b>Net cash Provided by operating activities</b>	<b>693</b>	<b>-</b>	<b>1,300</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of vessel	-	-	(845,000)
Repayment of finance lease	16,605	-	14,811
<b>Net cash provided by investing activities</b>	<b>16,605</b>	<b>-</b>	<b>(830,189)</b>
<b>FINANCING ACTIVITIES</b>			
Debt fees paid	-	-	(4,555)
Procedes from long term debt	-	-	700,000
Repayments of long term debt	(17,312)		(11,542)
Equity investment by parent company	-	-	145,000
<b>Net cash used in financing activities</b>	<b>(17,312)</b>	<b>-</b>	<b>828,903</b>
Net increase in cash and cash equivalents	<b>(14)</b>	<b>-</b>	<b>14</b>
Cash at beginning of period	14	-	-
<b>Cash and cash equivalents at period end</b>	<b>-</b>	<b>-</b>	<b>14</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE**  
**FIRST QUARTER 2009 (UNAUDITED)**

**SFL Deepwater Ltd. (West Hercules & West Taurus)**

<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>Three months ended</b>		<b>Full year</b>
	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>2008</b>
	<b>2009</b>	<b>2008</b>	<i>(audited)</i>
Total operating revenue <sup>(1)</sup>	24,089	-	15,035
Total operating expenses	(25)	-	(128)
<b>Operating income</b>	<b>24,064</b>	<b>-</b>	<b>14,907</b>
Interest expense	(9,443)	-	(6,301)
Other financial items	(163)	-	(100)
<b>Net income</b> <sup>(2)</sup>	<b>14,458</b>	<b>-</b>	<b>8,506</b>

- (1) The rigs are accounted for as a finance lease assets, and the charter hire is split into 'Finance lease interest income' and 'Repayment of investment in finance leases'. The portion classified as 'Finance lease interest income' is included in Total operating revenues, while 'Repayment of investment in finance leases' appears in the Statement of Cash flows only.
- (2) Net income from this 100% owned subsidiary appears in the Company's consolidated income statement as 'Results in associate'.

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>Dec 31, 2008</b>
	<b>2009</b>	<b>2008</b>	<b>(audited)</b>
<b>ASSETS</b>			
<i>Short term</i>			
Cash and cash equivalents	-	-	11,547
Due from related party	19,718	-	-
Other current assets	143,256	-	131,946
<i>Long term</i>			
Investment in finance leases	1,512,298	-	1,548,270
Deferred charges	18,147	-	19,067
<b>Total assets</b>	<b>1,693,419</b>	<b>-</b>	<b>1,710,830</b>
<b>LIABILITIES AND STOCKHOLDERS'</b>			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	149,229	-	137,125
Amounts due to Parent Company	5,946	-	263,286
Other current liabilities	8,405	-	6,108
<i>Long term</i>			
Long term interest bearing debt	1,216,875	-	1,005,667
Derivative instruments payable - long term	6,330	-	6,057
Stockholders equity <sup>(1)</sup>	306,634	-	292,587
<b>Total liabilities and stockholders' equity</b>	<b>1,693,419</b>	<b>-</b>	<b>1,710,830</b>

- (1) Stockholders' equity in this 100% owned subsidiary appears in the Company's consolidated 'Balance sheet' as 'Investment in associate'.

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE**

**FIRST QUARTER 2009 (UNAUDITED)**

**SFL Deepwater Ltd. (West Hercules & West Taurus)**

<b>STATEMENT OF CASHFLOWS</b>	<b>Three months ended</b>		<b>Full year</b>
<i>(in thousands of \$)</i>	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>2008</b>
	<b>2009</b>	<b>2008</b>	<i>(audited)</i>
<b>OPERATING ACTIVITIES</b>			
Net income	14,458	-	8,506
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	972	-	603
Additional income accrued in initial period	-	-	(2,208)
Advances from / (paid to) parent company	(7,677)		13,624
Advances from / (paid to) Related party	(269,380)		249,662
Change in operating assets and liabilities	2,296	-	6,108
<b>Net cash Provided by operating activities</b>	<b>(259,331)</b>	<b>-</b>	<b>276,295</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of vessel	-	-	(1,690,000)
Repayment of finance lease	24,523	-	12,131
<b>Net cash provided by investing activities</b>	<b>24,523</b>	<b>-</b>	<b>(1,677,869)</b>
<b>FINANCING ACTIVITIES</b>			
Debt fees paid	(52)	-	(19,671)
Proceeds from long term debt	250,000	-	1,150,000
Repayments of long term debt	(26,687)		(7,208)
Equity investment by parent company	-	-	290,000
<b>Net cash used in financing activities</b>	<b>223,261</b>	<b>-</b>	<b>1,413,121</b>
Net increase in cash and cash equivalents	<b>(11,547)</b>	<b>-</b>	<b>11,547</b>
Cash at beginning of period	11,547	-	-
<b>Cash and cash equivalents at period end</b>	<b>-</b>	<b>-</b>	<b>11,547</b>

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE**

**FIRST QUARTER 2009 (UNAUDITED)**

**Front Shadow Inc. (Golden Shadow)**

<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>Three months ended</b>		<b>Full year</b>
	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>2008</b>
	<b>2009</b>	<b>2008</b>	<i>(audited)</i>
Total operating revenue <sup>(1)</sup>	233	448	1,632
Total operating expenses	(6)	-	(2)
<b>Operating income</b>	<b>227</b>	<b>448</b>	<b>1,630</b>
Interest expense	(52)	(223)	(708)
Other financial items	(2)	3	17
<b>Net income</b> <sup>(2)</sup>	<b>173</b>	<b>228</b>	<b>939</b>

- (1) The vessel is accounted for as a finance lease asset, and the charter hire is split into 'Finance lease interest income' and 'Repayment of investment in finance leases'. The portion classified as 'Finance lease interest income' is included in Total operating revenues, while 'Repayment of investment in finance leases' appears in the Statement of Cash flows only.
- (2) Net income from this 100% owned subsidiary appears in the Company's consolidated income statement as 'Results in associate'.

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>Dec 31,</b>
	<b>2009</b>	<b>2008</b>	<b>2008</b>
<b>ASSETS</b>			
<i>Short term</i>			
Cash and cash equivalents	233	642	-
Other current assets	1,726	1,543	1,666
<i>Long term</i>			
Investment in finance leases	22,999	24,725	23,444
Deferred charges	71	80	73
<b>Total assets</b>	<b>25,029</b>	<b>26,990</b>	<b>25,183</b>
<b>LIABILITIES AND STOCKHOLDERS'</b>			
<i>Short term liabilities</i>			
Short term and current portion of long term interest bearing debt	2,060	2,060	2,060
Other current liabilities	11	22	5
Amounts due to parent company	2,567	3,340	1,870
<i>Long term liabilities</i>			
Long term interest bearing debt	15,490	17,550	16,520
Sellers Credit in favor of Golden Ocean	2,600	2,600	2,600
Stockholders equity <sup>(1)</sup>	2,301	1,418	2,128
<b>Total liabilities and stockholders' equity</b>	<b>25,029</b>	<b>26,990</b>	<b>25,183</b>

- (1) Stockholders' equity in this 100% owned subsidiary appears in the Company's consolidated 'Balance sheet' as 'Investment in associate'.

**SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE**

**FIRST QUARTER 2009 (UNAUDITED)**

**Front Shadow Inc. (Golden Shadow)**

<b>STATEMENT OF CASHFLOWS</b>	<b>Three months ended</b>		<b>Full year</b>
<i>(in thousands of \$)</i>	<b>Mar 31,</b>	<b>Mar 31,</b>	<b>2008</b>
	<b>2009</b>	<b>2008</b>	<i>(audited)</i>
<b>OPERATING ACTIVITIES</b>			
Net income	173	228	939
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2	3	10
Change in operating assets and liabilities	6	(26)	(43)
<b>Net cash Provided by operating activities</b>	<b>181</b>	<b>205</b>	<b>906</b>
<b>INVESTING ACTIVITIES</b>			
Repayment of finance lease	385	364	1,522
<b>Net cash provided by investing activities</b>	<b>385</b>	<b>364</b>	<b>1,522</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of long term debt	(1,030)	(1,030)	(2,060)
Debt fees paid	-	-	-
Advances from / (paid to) parent company	697	-	(1,471)
<b>Net cash used in financing activities</b>	<b>(333)</b>	<b>(1,030)</b>	<b>(3,531)</b>
Net increase in cash and cash equivalents	<b>233</b>	<b>(461)</b>	<b>(1,103)</b>
Cash at beginning of period	-	1,103	1,103
<b>Cash and cash equivalents at period end</b>	<b>233</b>	<b>642</b>	<b>-</b>