

Ship Finance International Limited

Subsidiaries Accounted For as 'Investment in associate'

Second Quarter 2009 Unaudited Preliminary Accounts

SFL West Polaris Limited

SFL Deepwater Ltd.

Front Shadow Inc.

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE

SECOND QUARTER 2009 (UNAUDITED)

SFL West Polaris Limited (West Polaris)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Six months ended		Full year 2008 <i>(audited)</i>
	Jun 30, 2009	Jun 30, 2008	Jun 30, 2009	Jun 30, 2008	
Total operating revenue ⁽¹⁾	14,545	-	29,376	-	28,156
Total operating expenses	(13)	-	(27)	-	(132)
Operating income	14,532	-	29,349	-	28,024
Interest income	1	-	1	-	14
Interest expense	(8,832)	-	(17,788)	-	(14,396)
Other financial items	(2)	-	(2)	-	(288)
Net income ⁽²⁾	5,699	-	11,560	-	13,354

- (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'.

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2,009	Jun 30, 2008	Dec 31, 2008 <i>(audited)</i>
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	1	0	14
Due from related parties	25,753		15,099
Other current assets	71,868	0	69,667
<i>Long term</i>			
Investment in finance leases	727,611	0	763,612
Deferred charges	3,677	0	4,130
Total assets	828,910	0	852,522
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	71,250	0	69,750
Other current liabilities	5,165	0	5,710
Amounts due to related parties	0	0	0
<i>Long term</i>			
Long term interest bearing debt	582,583	0	618,708
Derivative instruments payable - long term	31,358		43,325
Stockholders equity ⁽¹⁾	138,554	0	115,029
Total liabilities and stockholders' equity	828,910	0	852,522

- (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

SECOND QUARTER 2009 (UNAUDITED)

SFL West Polaris Limited (West Polaris)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Six months ended		Full year
	Jun 30, 2009	Jun 30, 2008	Jun 30, 2009	Jun 30, 2008	2008 <i>(audited)</i>
OPERATING ACTIVITIES					
Net income	5,699	-	11,560	-	5,699
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortisation	227	-	452	-	425
Additional income accrued in initial period	-	-	-	-	(3,089)
Advances from/ (Repaid to) parent company	(6,027)	-	(11,034)	-	(4,260)
Change in operating assets and liabilities	219	-	(166)	-	(5,130)
Net cash Provided by operating activities	118	-	812	-	(6,355)
INVESTING ACTIVITIES					
Purchase of vessel	-	-	-	-	(845,000)
Repayment of finance lease	17,195	-	33,800	-	14,811
Net cash provided by investing activities	17,195	-	33,800	-	(830,189)
FINANCING ACTIVITIES					
Debt fees paid	-	-	-	-	(4,555)
Proceeds from long term debt	-	-	-	-	700,000
Repayments of long term debt	(17,312)	-	(34,625)	-	(11,542)
Equity investment by parent company	-	-	-	-	145,000
Net cash used in financing activities	(17,312)	-	(34,625)	-	828,903
Net increase in cash and cash equivalents	1	-	(13)	-	(7,641)
Cash at beginning of period	-	-	14	-	-
Cash and cash equivalents at period end	1	-	1	-	(7,641)

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE

SECOND QUARTER 2009 (UNAUDITED)

SFL Deepwater Ltd. (West Hercules & West Taurus)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Six months ended		Full year 2008 <i>(audited)</i>
	Jun 30, 2009	Jun 30, 2008	Jun 30, 2009	Jun 30, 2008	
Total operating revenue ⁽¹⁾	23,312	-	47,400	-	15,035
Total operating expenses	(15)	-	(36)	-	(128)
Operating income	23,297	-	47,364	-	14,907
Interest income	2	-	2	-	-
Interest expense	(10,358)	-	(19,801)	-	(6,301)
Other financial items	(1)	-	(168)	-	(100)
Net income ⁽²⁾	12,940	-	27,397	-	8,506

- (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'.

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2009	Jun 30, 2008	Dec 31, 2008 <i>(audited)</i>
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	2	-	11,547
Due from related party	25,267	-	-
Other current assets	146,131	-	131,946
<i>Long term</i>			
Investment in finance leases	1,474,861	-	1,548,270
Deferred charges	17,164	-	19,067
Derivative instruments receivable	5,453	-	-
Total assets	1,668,878	-	1,710,830
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	151,417	-	137,125
Amounts due to Parent Company	-	-	263,286
Other current liabilities	8,228	-	6,108
<i>Long term</i>			
Long term interest bearing debt	1,177,875	-	1,005,667
Derivative instruments payable - long term	-	-	6,057
Stockholders equity ⁽¹⁾	331,358	-	292,587
Total liabilities and stockholders' equity	1,668,878	-	1,710,830

- (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

SECOND QUARTER 2009 (UNAUDITED)

SFL Deepwater Ltd. (West Hercules & West Taurus)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Six months ended		Full year
	Jun 30, 2009	Jun 30, 2008	Jun 30, 2009	Jun 30, 2008	2008 <i>(audited)</i>
OPERATING ACTIVITIES					
Net income	12,940	-	27,397	-	8,506
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	983	-	1,955	-	603
Additional income accrued in initial period	-	-	-	-	(2,208)
Advances from / (Repaid to) parent company ⁽¹⁾	(12,198)		(19,875)		13,624
Advances from / (Repaid to) Related party ⁽²⁾	-		(250,000)		250,000
Change in operating assets and liabilities ⁽³⁾	527	-	(16,556)	-	5,770
Net cash Provided by operating activities	2,252	-	(257,079)	-	276,295
INVESTING ACTIVITIES					
Purchase of vessel	-	-	-	-	(1,690,000)
Repayment of finance lease	34,562	-	59,086	-	12,131
Net cash provided by investing activities	34,562	-	59,086	-	(1,677,869)
FINANCING ACTIVITIES					
Debt fees paid	-	-	(52)	-	(19,671)
Proceeds from long term debt	-	-	250,000	-	1,150,000
Repayments of long term debt	(36,812)		(63,500)		(7,208)
Equity investment by parent company	-	-	-	-	290,000
Net cash used in financing activities	(36,812)	-	186,448	-	1,413,121
Net increase in cash and cash equivalents	2	-	(11,545)	-	11,547
Cash at beginning of period	-	-	11,547	-	-
Cash and cash equivalents at period end	2	-	2	-	11,547

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

Front Shadow Inc. (Golden Shadow)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Six months ended		Full year
	Jun 30, 2009	Jun 30, 2008	Jun 30, 2009	Jun 30, 2008	2008 <i>(audited)</i>
Total operating revenue ⁽¹⁾	335	389	567	837	1,632
Total operating expenses	(2)	(3)	(8)	(3)	(2)
Operating income	333	386	559	834	1,630
Interest expense	(83)	(154)	(137)	(373)	(708)
Other financial items	(0)	-	(0)	-	17
Net income ⁽²⁾	250	232	422	461	939

- (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'.

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2009	Jun 30, 2008	December 31, 2008
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	234	1,242	-
Other current assets	1,786	1,575	1,666
<i>Long term</i>			
Investment in finance leases	22,536	24,321	23,444
Deferred charges	69	78	73
Total assets	24,625	27,216	25,183
LIABILITIES AND STOCKHOLDERS' EQUITY			
<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	6	13	5
Amounts due to parent company	1,918	3,343	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 ⁽¹⁾	2,551	1,650	2,128
Total liabilities and stockholders' equity	24,625	27,216	25,183

- (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

SECOND QUARTER 2009 (UNAUDITED)

Front Shadow Inc. (Golden Shadow)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Six months ended		Full year
	Jun 30, 2009	Jun 30, 2008	Jun 30, 2009	Jun 30, 2008	2008 <i>(audited)</i>
OPERATING ACTIVITIES					
Net income	250	232	422	461	939
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	2	2	5	4	10
Change in operating assets and liabilities	(5)	(9)	1	(35)	(43)
Net cash Provided by operating activities	247	225	428	430	906
INVESTING ACTIVITIES					
Repayment of finance lease	403	372	788	736	1,522
Net cash provided by investing activities	403	372	788	736	1,522
FINANCING ACTIVITIES					
Repayment of long term debt	-	3	(1,030)	(1,030)	(2,060)
Advances from/ (Repaid to) parent company	(649)	-	48	3	(1,471)
Net cash used in financing activities	(649)	3	(982)	(1,027)	(3,531)
Net increase in cash and cash equivalents	1	600	234	139	(1,103)
Cash at beginning of period	233	642	-	1,103	1,103
Cash and cash equivalents at period end	234	1,242	234	1,242	-