

Ship Finance International Limited

Subsidiaries Accounted For as 'Investment in associate'

Third Quarter 2009 Unaudited Preliminary Accounts

SFL West Polaris Limited

SFL Deepwater Ltd.

Front Shadow Inc.

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE

THIRD QUARTER 2009 (UNAUDITED)

SFL West Polaris Limited (West Polaris)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Nine months ended		Full year 2008 <i>(audited)</i>
	Sept 30, 2009	Sept 30, 2008	Sept 30, 2009	Sept 30, 2008	
Total operating revenue ⁽¹⁾	14,248	12,714	43,624	12,714	28,156
Total operating expenses	(16)	(132)	(44)	(132)	(132)
Operating income	14,232	12,582	43,581	12,582	28,024
Interest income	-	-	1	-	14
Interest expense	(8,701)	(5,468)	(26,490)	(5,468)	(14,396)
Other financial items	(64)	(246)	(65)	(246)	(288)
Net income⁽²⁾	5,467	6,868	17,027	6,868	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>	Sept 30, 2009	Sept 30, 2008	Dec 31, 2008 <i>(audited)</i>
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	-	76	14
Due from related parties	31,885	68,555	15,099
Other current assets	72,995	-	69,667
<i>Long term</i>			
Investment in finance leases	708,690	781,685	763,612
Deferred charges	3,447	4,142	4,130
Total assets	817,017	854,458	852,522
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	72,000	63,479	69,750
Other current liabilities	5,115	4,096	5,710
Amounts due to related parties	-	251,304	-
<i>Long term</i>			
Long term interest bearing debt	564,521	386,521	618,708
Derivative instruments payable - long term	35,397	-	43,325
Stockholders equity ⁽¹⁾	139,984	149,058	115,029
Total liabilities and stockholders' equity	817,017	854,458	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

THIRD QUARTER 2009 (UNAUDITED)

SFL West Polaris Limited (West Polaris)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Nine months ended		Full year
	Sept 30, 2009	Sept 30, 2008	Sept 30, 2009	Sept 30, 2008	2008 <i>(audited)</i>
OPERATING ACTIVITIES					
Net income	5,467	6,868	17,027	6,868	13,354
Adjustments to reconcile net income to net cash provided by operating activities:	-	-	-	-	-
Depreciation and amortisation	230	195	682	195	425
Additional income accrued in initial period	-	(3,089)	-	(3,089)	(3,089)
Advances from/ (Repaid to) parent company	(6,147)	-	(17,181)	-	(4,260)
Change in operating assets and liabilities	(33)	250,439	(199)	250,439	(5,130)
Net cash Provided by operating activities	(483)	254,413	329	254,413	1,300
INVESTING ACTIVITIES					
Purchase of vessel	-	(845,000)	-	(845,000)	(845,000)
Repayment of finance lease	17,794	-	51,594	-	14,811
Net cash provided by investing activities	17,794	(845,000)	51,594	(845,000)	(830,189)
FINANCING ACTIVITIES					
Debt fees paid	-	(4,337)	-	(4,337)	(4,555)
Procedes from long term debt	-	450,000	-	450,000	700,000
Repayments of long term debt	(17,312)	-	(51,937)	-	(11,542)
Equity investment by parent company	-	145,000	-	145,000	145,000
Net cash used in financing activities	(17,312)	590,663	(51,937)	590,663	828,903
Net increase in cash and cash equivalents	(1)	76	(14)	76	14
Cash at beginning of period	1	-	14	-	1
Cash and cash equivalents at period end	-	76	-	76	15

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE

THIRD QUARTER 2009 (UNAUDITED)

SFL Deepwater Ltd. (West Hercules & West Taurus)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Nine months ended		Full year 2008 <i>(audited)</i>
	Sept 30, 2009	Sept 30, 2008	Sept 30, 2009	Sept 30, 2008	
Total operating revenue ⁽¹⁾	22,448	-	69,849	-	15,035
Total operating expenses	(14)	-	(50)	-	(128)
Operating income	22,434	-	69,799	-	14,907
Interest income	-	-	2	-	-
Interest expense	(9,866)	-	(29,667)	-	(6,301)
Other financial items	-	-	(169)	-	(100)
Net income ⁽²⁾	12,568	-	39,965	-	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>	Sept 30, 2009	Sept 30, 2008	Dec 31, 2008 <i>(audited)</i>
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	-	-	11,547
Due from related party	38,008	-	-
Other current assets	149,064	-	131,946
<i>Long term</i>			
Investment in finance leases	1,435,928	-	1,548,270
Deferred charges	16,170	-	19,067
Derivative instruments receivable	-	-	-
Total assets	1,639,170	-	1,710,830
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	153,604	-	137,125
Amounts due to Parent Company	-	-	263,286
Other current liabilities	8,220	-	6,108
<i>Long term</i>			
Long term interest bearing debt	1,138,875	-	1,005,667
Derivative instruments payable - long term	3,771	-	6,057
Stockholders equity ⁽¹⁾	334,700	-	292,587
Total liabilities and stockholders' equity	1,639,170	-	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

THIRD QUARTER 2009 (UNAUDITED)

SFL Deepwater Ltd. (West Hercules & West Taurus)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Nine months ended		Full year
	Sept 30, 2009	Sept 30, 2008	Sept 30, 2009	Sept 30, 2008	2008 <i>(audited)</i>
OPERATING ACTIVITIES					
Net income	12,568	-	39,965	-	8,506
Adjustments to reconcile net income to net cash provided by operating activities:	-	-	-	-	-
Depreciation and amortization	994	-	2,949	-	603
Additional income accrued in initial period	-	-	-	-	(2,208)
Advances from/ (Repaid to) parent company	(12,678)	-	(32,553)	-	13,624
Advances from/ (Repaid to) Related party	-	-	(250,000)	-	250,000
Change in operating assets and liabilities	(74)	-	(16,629)	-	5,770
Net cash Provided by operating activities	810	-	(256,268)	-	276,295
INVESTING ACTIVITIES					
Purchase of vessel	-	-	-	-	(1,690,000)
Repayment of finance lease	36,000	-	95,085	-	12,131
Net cash provided by investing activities	36,000	-	95,085	-	(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)	-	(100,312)	-	(7,208)
Equity investment by parent company	-	-	-	-	290,000
Net cash used in financing activities	(36,812)	-	149,636	-	1,413,121
Net increase in cash and cash equivalents	(2)	-	(11,547)	-	11,547
Cash at beginning of period	2	-	11,547	-	-
Cash and cash equivalents at period end	-	-	-	-	11,547

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE

THIRD QUARTER 2009 (UNAUDITED)

Front Shadow Inc. (Golden Shadow)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Nine months ended		Full year 2008 <i>(audited)</i>
	Sept 30, 2009	Sept 30, 2008	Sept 30, 2009	Sept 30, 2008	
Total operating revenue ⁽¹⁾	275	382	841	1,219	1,632
Total operating expenses	(5)	-	(13)	(3)	(2)
Operating income	269	382	829	1,216	1,630
Interest expense	(54)	(162)	(192)	(547)	(708)
Other financial items	-	3	(0)	15	17
Net income ⁽²⁾	215	223	637	684	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>	Sept 30, 2009	Sept 30, 2008	December 31, 2008
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	0	839	-
Due from related parties	227	-	-
Other current assets	1,846	1,607	1,666
<i>Long term</i>	-	-	-
Investment in finance leases	22,054	23,900	23,444
Deferred charges	66	76	73
Total assets	24,193	26,422	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	4	25	5
Amounts due to parent company	2,303	3,343	1,870
<i>Long term liabilities</i>	-	-	-
Long term interest bearing debt	14,460	16,520	16,520
Sellers Credit in favor of Golden Ocean	2,600	2,600	2,600
Stockholders equity	2,766	1,874	2,128
Total liabilities and stockholders' equity	24,193	26,422	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

THIRD QUARTER 2009 (UNAUDITED)

Front Shadow Inc. (Golden Shadow)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Nine months ended		Full year
	Sept 30, 2009	Sept 30, 2008	Sept 30, 2009	Sept 30, 2008	2008 <i>(audited)</i>
OPERATING ACTIVITIES					
Net income	215	223	637	684	939
Adjustments to reconcile net income to net cash provided by operating activities:	-	-	-	-	-
Depreciation and amortization	2	2	7	7	10
Change in operating assets and liabilities	(228)	13	(228)	(23)	(43)
Net cash Provided by operating activities	(11)	238	416	668	906
INVESTING ACTIVITIES					
Repayment of finance lease	421	389	1,210	1,125	1,522
Net cash provided by investing activities	421	389	1,210	1,125	1,522
FINANCING ACTIVITIES					
Repayment of long term debt	(1,030)	(1,030)	(2,060)	(2,060)	(2,060)
Debt fees paid	-	-	-	-	-
Advances from/ (Repaid to) parent company	386	-	434	3	(1,471)
Net cash used in financing activities	(644)	(1,030)	(1,626)	(2,057)	(3,531)
Net increase in cash and cash equivalents	(234)	(403)	-	(264)	(1,103)
Cash at beginning of period	234	1,242	-	1,103	1,103
Cash and cash equivalents at period end	-	839	-	839	-