

Ship Finance International Limited

Subsidiaries Accounted For as 'Investment in associate'

Fourth Quarter 2009 Unaudited Preliminary Accounts

SFL West Polaris Limited

SFL Deepwater Ltd.

Front Shadow Inc.

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATE

FOURTH QUARTER 2009 (UNAUDITED)

SFL West Polaris Limited (West Polaris)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
Total operating revenue ⁽¹⁾	13,923	15,443	57,547	28,156
Total operating expenses	(1)	-	(45)	(132)
Operating income	13,922	15,443	57,502	28,024
Interest income	1	-	2	14
Interest expense	(8,471)	(8,928)	(34,961)	(14,396)
Other financial items	(2)	(29)	(67)	(288)
Net income⁽²⁾	5,450	6,486	22,476	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>	Dec 31, 2009	Dec 31, 2008
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	1	14
Due from related parties	37,862	15,099
Other current assets	74,139	69,667
<i>Long term</i>		
Investment in finance leases	689,473	763,612
Deferred charges	3,217	4,130
Total assets	804,692	852,522
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	72,250	69,750
Other current liabilities	5,153	5,710
Amounts due to related parties	-	-
<i>Long term</i>		
Long term interest bearing debt	546,458	618,708
Derivative instruments payable - long term	31,630	43,325
Stockholders equity ⁽¹⁾	149,201	115,029
Total liabilities and stockholders' equity	804,692	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

FOURTH QUARTER 2009 (UNAUDITED)

SFL West Polaris Limited (West Polaris)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
OPERATING ACTIVITIES				
Net income	5,450	6,486	22,476	13,354
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortisation	230	230	912	425
Additional income accrued in initial period	-	-	-	(3,089)
Advances from/ (Repaid to) parent company	(5,645)	(5,564)	(22,826)	(4,260)
Change in operating assets and liabilities	(295)	(254,265)	(493)	(5,130)
Net cash Provided by operating activities	(260)	(253,113)	69	1,300
INVESTING ACTIVITIES				
Purchase of vessel	-	-	-	(845,000)
Repayment of finance lease	18,073	14,811	69,667	14,811
Net cash provided by investing activities	18,073	14,811	69,667	(830,189)
FINANCING ACTIVITIES				
Debt fees paid	-	(218)	-	(4,555)
Proceeds from long term debt	-	250,000	-	700,000
Repayments of long term debt	(17,812)	(11,542)	(69,750)	(11,542)
Equity investment by parent company	-	-	-	145,000
Net cash used in financing activities	(17,812)	238,240	(69,750)	828,903
Net increase in cash and cash equivalents	1	(62)	(13)	14
Cash at beginning of period	-	76	14	-
Cash and cash equivalents at period end	1	14	1	14

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

SFL Deepwater Ltd. (West Hercules & West Taurus)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
Total operating revenue ⁽¹⁾	21,969	15,035	91,816	15,035
Total operating expenses	(1)	(128)	(50)	(128)
Operating income	21,968	14,907	91,766	14,907
Interest income	2	-	4	-
Interest expense	(9,570)	(6,301)	(39,237)	(6,301)
Other financial items	(76)	(100)	(244)	(100)
Net income ⁽²⁾	12,324	8,506	52,289	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>	Dec 31, 2009	Dec 31, 2008
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	2	11,547
Due from related party	50,880	-
Other current assets	152,056	131,946
<i>Long term</i>		
Investment in finance leases	1,396,214	1,548,270
Deferred charges	15,176	19,067
Derivative instruments receivable	-	-
Total assets	1,614,328	1,710,830
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	155,833	137,125
Amounts due to Parent Company	-	263,286
Other current liabilities	8,284	6,108
<i>Long term</i>		
Long term interest bearing debt	1,099,417	1,005,667
Derivative instruments payable - long term	1,785	6,057
Stockholders equity ⁽¹⁾	349,009	292,587
Total liabilities and stockholders' equity	1,614,328	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

FOURTH QUARTER 2009 (UNAUDITED)

SFL Deepwater Ltd. (West Hercules & West Taurus)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
OPERATING ACTIVITIES				
Net income	12,324	8,506	52,289	8,506
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	994	603	3,943	603
Additional income accrued in initial period	-	(2,208)	-	(2,208)
Advances from / (Repaid to) parent company	(12,142)	13,624	(44,696)	13,624
Advances from / (Repaid to) Related party	-	250,000	(250,000)	250,000
Change in operating assets and liabilities	(667)	5,770	(17,295)	5,770
Net cash Provided by operating activities	509	276,295	(255,759)	276,295
INVESTING ACTIVITIES				
Purchase of vessel	-	(1,690,000)	-	(1,690,000)
Repayment of finance lease	36,722	12,131	131,808	12,131
Net cash provided by investing activities	36,722	(1,677,869)	131,808	(1,677,869)
FINANCING ACTIVITIES				
Debt fees paid	-	(19,671)	(52)	(19,671)
Proceeds from long term debt	-	1,150,000	250,000	1,150,000
Repayments of long term debt	(37,229)	(7,208)	(137,542)	(7,208)
Equity investment by parent company	-	290,000	-	290,000
Net cash used in financing activities	(37,229)	1,413,121	112,406	1,413,121
Net increase in cash and cash equivalents	2	11,547	(11,545)	11,547
Cash at beginning of period	-	-	11,547	-
Cash and cash equivalents at period end	2	11,547	2	11,547

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

Front Shadow Inc. (Golden Shadow)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
Total operating revenue ⁽¹⁾	267	413	1,109	1,632
Total operating expenses	-	-	(13)	(2)
Operating income	267	413	1,096	1,630
Interest expense	(39)	(160)	(231)	(708)
Other financial items	(1)	2	(1)	17
Net income ⁽²⁾	227	255	864	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>	Dec 31, 2009	Dec 31, 2008
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	-	1,666
Due from related parties	-	-
Other current assets	1,882	-
<i>Long term</i>		
Investment in finance leases	21,562	23,444
Deferred charges	64	73
Total assets	23,508	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
Other current liabilities	5	5
Amounts due to parent company	1,390	1,870
<i>Long term liabilities</i>		
Long term interest bearing debt	14,460	16,520
Sellers Credit in favor of Golden Ocean	2,600	2,600
Stockholders equity ⁽¹⁾	2,993	2,128
Total liabilities and stockholders' equity	23,508	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

FOURTH QUARTER 2009 (UNAUDITED)

Front Shadow Inc. (Golden Shadow)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Twelve months ended	
	Dec 31, 2009	Dec 31, 2008	Dec 31, 2009	Dec 31, 2008
OPERATING ACTIVITIES				
Net income	227	255	864	939
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	2	2	10	10
Change in operating assets and liabilities	228	(19)	(1)	(43)
Net cash Provided by operating activities	457	238	873	906
INVESTING ACTIVITIES				
Repayment of finance lease	456	397	1,666	1,522
Net cash provided by investing activities	456	397	1,666	1,522
FINANCING ACTIVITIES				
Repayment of long term debt	-	-	(2,060)	(2,060)
Debt fees paid	-	-	-	-
Advances from/ (Repaid to) parent company	(913)	(1,474)	(479)	(1,471)
Net cash used in financing activities	(913)	(1,474)	(2,539)	(3,531)
Net increase in cash and cash equivalents	-	(839)	-	(1,103)
Cash at beginning of period	-	839	-	1,103
Cash and cash equivalents at period end	-	-	-	-