

Ship Finance International Limited

Subsidiaries Accounted For as 'Investment in associates'

Second Quarter 2019 Unaudited Preliminary Accounts

SFL Deepwater Ltd.

SFL Hercules Ltd.

SFL Linus Ltd.

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2019	Mar 31, 2019
Total operating revenue	4,858	4,959
Net operating income	4,858	4,959
Interest expense, related party	(1,271)	(1,271)
Interest expense, other	(2,494)	(2,534)
Other items	21	4
Net income	1,114	1,158

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2019	Mar 31, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	5,788	3,736
Due from related parties	2,826	2,936
Other current assets	15,414	15,060
<i>Long term</i>		
Investment in finance leases	294,563	298,508
Total assets	318,591	320,240
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	15,769	15,769
Other current liabilities	2,250	2,321
<i>Long term</i>		
Long term interest bearing debt	180,032	183,974
Amounts due to related parties - long term	111,660	110,410
Stockholders' equity	8,880	7,766
Total liabilities and stockholders' equity	318,591	320,240

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended Jun 30, Mar 31, 2019 2019	
OPERATING ACTIVITIES Net income Adjustments to reconcile net income to net cash provided by operating activities: Other items Change in operating assets and liabilities Net cash provided by (used in) operating activities	1,114 1,250 39 2,403	1,158 1,266 (623) 1,801
INVESTING ACTIVITIES Repayment of finance lease Net cash provided by investing activities	3,591 3,591	3,882 3,882
FINANCING ACTIVITIES Repayments of long and short term debt Net cash used in financing activities	(3,942) (3,942)	(3,943) (3,943)
Net increase (decrease) in cash and cash equivalents Cash at beginning of period Cash and cash equivalents at period end	2,052 3,736 5,788	1,740 1,996 3,736

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2019	Mar 31, 2019
Total operating revenue	4,695	4,841
Net operating income	4,695	4,841
Interest expense, related party	(900)	(900)
Interest expense, other	(2,786)	(2,774)
Other items	(141)	(110)
Net income	868	1,057

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2019	Mar 31, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	-	1,984
Due from related parties	2,553	2,669
Other current assets	16,295	15,929
<i>Long term</i>		
Investment in finance leases	282,125	286,294
Total assets	300,973	306,876
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,154	12,115
Amounts due to related parties - current	1,672	8,546
Other current liabilities	1,262	1,298
<i>Long term</i>		
Long term interest bearing debt	193,846	197,746
Amounts due to related parties - long term	80,000	80,000
Stockholders' equity	8,039	7,171
Total liabilities and stockholders' equity	300,973	306,876

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2019	Mar 31, 2019
OPERATING ACTIVITIES		
Net income	868	1,057
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	139	157
Other items	(6,874)	(1,579)
Change in operating assets and liabilities	80	(1,279)
Net cash provided by (used in) operating activities	(5,787)	(1,644)
INVESTING ACTIVITIES		
Repayment of finance lease	3,803	3,628
Net cash provided by investing activities	3,803	3,628
FINANCING ACTIVITIES		
Repayments of long and short term debt	-	-
Net cash used in financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(1,984)	1,984
Cash at beginning of period	1,984	-
Cash and cash equivalents at period end	-	1,984

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2019	Mar 31, 2019
Total operating revenue	6,823	7,113
Net operating income	6,823	7,113
Interest expense, related party	(1,361)	(1,361)
Interest expense, other	(3,199)	(3,206)
Other items	6	(21)
Net income	2,269	2,525

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2019	Mar 31, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	3,181	3,781
Due from related parties	164	222
Other current assets	13,786	16,653
<i>Long term</i>		
Investment in finance leases	368,306	371,793
Total assets	385,437	392,449
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,097	13,414
Amounts due to related parties - current	4,670	14,695
Other current liabilities	2,471	386
<i>Long term</i>		
Long term interest bearing debt	224,020	228,044
Amounts due to related parties - long term	121,000	121,000
Stockholders' equity	17,179	14,910
Total liabilities and stockholders' equity	385,437	392,449

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

SECOND QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Jun 30, 2019	Mar 31, 2019
OPERATING ACTIVITIES		
Net income	2,269	2,525
Adjustments to reconcile net income to net cash provided by operating activities:		
Other items	(10,025)	(7,023)
Change in operating assets and liabilities	2,143	52
Net cash provided by (used in) operating activities	(5,613)	(4,446)
INVESTING ACTIVITIES		
Repayment of finance lease	6,354	8,227
Net cash provided by investing activities	6,354	8,227
FINANCING ACTIVITIES		
Repayments of long and short term debt	(1,341)	-
Net cash used in financing activities	(1,341)	-
Net increase (decrease) in cash and cash equivalents	(600)	3,781
Cash at beginning of period	3,781	-
Cash and cash equivalents at period end	3,181	3,781