

SFL Corporation Ltd.

Subsidiaries Accounted For as 'Investment in associates'

Third Quarter 2019 Unaudited Preliminary Accounts

SFL Deepwater Ltd.

SFL Hercules Ltd.

SFL Linus Ltd.

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2019	Jun 30, 2019
Total operating revenue	4,671	4,858
Net operating income	4,671	4,858
Interest expense, related party	(1,271)	(1,271)
Interest expense, other	(2,358)	(2,494)
Other items	(40)	21
Net income	1,002	1,114

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Sep 30, 2019	Jun 30, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	7,913	5,788
Due from related parties	2,782	2,826
Other current assets	15,775	15,414
<i>Long term</i>		
Investment in finance leases	290,440	294,563
Total assets	316,910	318,591
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	2,199	2,250
<i>Long term</i>		
Long term interest bearing debt	176,090	180,032
Amounts due to related parties - long term	112,970	111,660
Stockholders' equity	9,882	8,880
Total liabilities and stockholders' equity	316,910	318,591

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Deepwater Ltd. (*West Taurus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2019	Jun 30, 2019
OPERATING ACTIVITIES		
Net income	1,002	1,114
Adjustments to reconcile net income to net cash provided by operating activities:		
Other items	1,310	1,250
Change in operating assets and liabilities	(7)	39
Repayment of finance lease	3,762	3,591
Net cash provided by (used in) operating activities	6,067	5,994
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Repayments of long and short term debt	(3,942)	(3,942)
Net cash used in financing activities	(3,942)	(3,942)
Net increase (decrease) in cash and cash equivalents	2,125	2,052
Cash at beginning of period	5,788	3,736
Cash and cash equivalents at period end	7,913	5,788

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2019	Jun 30, 2019
Total operating revenue	4,508	4,695
Net operating income	4,508	4,695
Interest expense, related party	(900)	(900)
Interest expense, other	(2,674)	(2,786)
Other items	96	(141)
Net income	1,030	868

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

BALANCE SHEET <i>(in thousands of \$)</i>	Sep 30, 2019	Jun 30, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	1,760	-
Due from related parties	2,519	2,553
Other current assets	16,669	16,295
<i>Long term</i>		
Investment in finance leases	277,773	282,125
Total assets	298,721	300,973
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,154	16,154
Amounts due to related parties - current	2,476	1,672
Other current liabilities	1,214	1,262
<i>Long term</i>		
Long term interest bearing debt	189,808	193,846
Amounts due to related parties - long term	80,000	80,000
Stockholders' equity	9,069	8,039
Total liabilities and stockholders' equity	298,721	300,973

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Hercules Ltd. (*West Hercules*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2019	Jun 30, 2019
OPERATING ACTIVITIES		
Net income	1,030	868
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	-	139
Other items	804	(6,874)
Change in operating assets and liabilities	(14)	80
Repayment of finance lease	3,978	3,803
Net cash provided by (used in) operating activities	5,798	(1,984)
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Repayments of long and short term debt	(4,038)	-
Net cash used in financing activities	(4,038)	-
Net increase (decrease) in cash and cash equivalents	1,760	(1,984)
Cash at beginning of period	-	1,984
Cash and cash equivalents at period end	1,760	-

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

INCOME STATEMENT <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2019	Jun 30, 2019
Total operating revenue	6,545	6,823
Net operating income	6,545	6,823
Interest expense, related party	(1,361)	(1,361)
Interest expense, other	(3,071)	(3,199)
Other items	-	6
Net income	2,113	2,269

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

BALANCE SHEET <i>(in thousands of \$)</i>	Sep 30, 2019	Jun 30, 2019
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	5,982	3,181
Due from related parties	164	164
Other current assets	14,023	13,786
<i>Long term</i>		
Investment in finance leases	364,663	368,306
Total assets	384,832	385,437
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	16,097	16,097
Amounts due to related parties - current	6,031	4,670
Other current liabilities	2,417	2,471
<i>Long term</i>		
Long term interest bearing debt	219,995	224,020
Amounts due to related parties - long term	121,000	121,000
Stockholders' equity	19,292	17,179
Total liabilities and stockholders' equity	384,832	385,437

SUBSIDIARIES ACCOUNTED FOR AS INVESTMENT IN ASSOCIATES

THIRD QUARTER 2019 (UNAUDITED)

SFL Linus Ltd. (*West Linus*)

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended	
	Sep 30, 2019	Jun 30, 2019
OPERATING ACTIVITIES		
Net income	2,113	2,269
Adjustments to reconcile net income to net cash provided by operating activities:		
Other items	1,361	(10,025)
Change in operating assets and liabilities	(54)	2,143
Repayment of finance lease	3,406	6,354
Net cash provided by (used in) operating activities	6,826	741
INVESTING ACTIVITIES		
Net cash provided by investing activities	-	-
FINANCING ACTIVITIES		
Repayments of long and short term debt	(4,025)	(1,341)
Net cash used in financing activities	(4,025)	(1,341)
Net increase (decrease) in cash and cash equivalents	2,801	(600)
Cash at beginning of period	3,181	3,781
Cash and cash equivalents at period end	5,982	3,181