

# OCEAN YIELD ASA

## Fourth Quarter and Preliminary Results 2014





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## FOURTH QUARTER AND PRELIMINARY RESULTS 2014

Oslo, 25<sup>th</sup> February 2015, Ocean Yield ASA ("Ocean Yield" or the "Company") announces results for the fourth quarter and preliminary results for the year ending 31<sup>st</sup> December, 2014.

### HIGHLIGHTS

- The Board of Directors has declared a dividend of USD 0.1425 per share for Q4 2014. This is an increase of 0.50 cents per share compared with the previous quarter. On an annualized basis, the dividend equals USD 0.57 per share. Based on the closing share price as of 25<sup>th</sup> February 2015, this is a dividend yield of 9.4% p.a.
- EBITDA was USD 53.9 million for the fourth quarter 2014 compared with USD 52.7 million for the fourth quarter of 2013.
- Net profit after tax was USD 30.5 million for the fourth quarter 2014 compared with USD 26.5 million for the fourth quarter of 2013.



- In December, Ocean Yield acquired the diving support and offshore construction vessel *SBM Installer* for USD 150 million in combination with a 12-year bareboat charter to the SBM Offshore Group.
- In December, Ocean Yield agreed to sell the 1991 built seismic vessel *Geco Triton* for USD 8.2 million to Western Geco.
- In December, Ocean Yield agreed with one of its banks to increase an existing loan facility with USD 50.5 million, secured against the FPSO *Dhirubhai-1*. The proceeds will be used for funding the equity portion of new investments and for general corporate purposes.
- At the end of the fourth quarter, the charter backlog was USD 2.3 billion in revenues and USD 2.2 billion on an EBITDA basis, with an average weighted tenor of 9.5 years.

Selected key financial figures for the fourth quarter 2014 compared with the fourth quarter of 2013 and the full year 2014 compared with 2013:

Consolidated key numbers - USD million	Q4 2014	Q4 2013	Jan-Dec 2014	Jan-Dec 2013
Revenues	62.1	60.6	249.3	239.0
EBITDA	53.9	52.7	216.7	207.7
Operating result (EBIT)	27.1	25.9	116.4	106.1
Net profit before tax	30.5	26.5	100.8	82.7

## MAIN EVENTS DURING THE FOURTH QUARTER

- The Board of Directors has declared a quarterly dividend payment of USD 0.1425 per share. This is in line with the Company's strategy to pay attractive and growing dividends to its shareholders. The dividend of USD 0.1425 per share is on an annualized basis equal to USD 0.57 per share. The dividend will be paid on or about 12<sup>th</sup> March 2015 to shareholders as of 2<sup>nd</sup> March 2015 registered with the Norwegian Central Securities Depository (the "VPS") as of 4<sup>th</sup> March 2015 (the "Record Date"). The ex-dividend date will be 3<sup>rd</sup> March 2015.
- In December, Ocean Yield acquired the diving support and offshore construction vessel *SBM Installer* for USD 150 million in combination with a 12-year bareboat charter back to the SBM Offshore Group ("SBM"). SBM has certain options to acquire the vessel during the charter period, with the first option being exercisable at the end of year five. The bareboat charterer is SBM Offshore Services Inc., fully guaranteed by SBM Holding Inc. S.A. The vessel was built in 2013 and was delivered to Ocean Yield on 17<sup>th</sup> December 2014. The bareboat charter commenced immediately upon delivery. Ocean Yield established a single purpose company for the ownership of the vessel, in which SBM owns 25%. A USD 110 million loan facility for the long term financing of the vessel was established with a group of banks on attractive terms, with no recourse to Ocean Yield. SBM provides floating production solutions to the offshore energy industry, over the full product life-cycle and is listed on Euronext, Amsterdam.
- In December, Ocean Yield agreed to sell the 1991 built seismic vessel *Geco Triton* for USD 8.2 million to the charterer Western Geco. The vessel was bareboat chartered to Western Geco until December 2015 and the sales price included full prepayment of remaining charterhire. The book value of the vessel was USD 12 million; hence a book loss of USD 3.8 million has been recorded in the fourth quarter. Net cash proceeds from the sale were USD 8.2 million, as there was no debt attached to the vessel.
- In December, Ocean Yield agreed with a bank to increase an existing loan facility with USD 50.5 million. The facility is secured against the FPSO *Dhirubhai-1*, with repayments starting after the first-priority loan has been paid down. Maturity is in September 2018. The proceeds will be used for funding the equity portion of new investments and general corporate purposes. At the end of the fourth quarter, this facility was undrawn.

- The FPSO *Dhirubhai-1*, which is on a long-term charter to Reliance Industries Ltd., showed steady performance in the quarter. As previously communicated, the FPSO was shut down for safety precautions during the cyclone *Hud-Hud* in November. This negatively affected the Net profit with USD 1.1 million in the fourth quarter. The operational utilisation in Q4, including the abovementioned shutdown was 97.9%.

## EVENTS AFTER THE BALANCE SHEET DATE

- In January 2015, Ocean Yield agreed with the banks financing the vessel *Aker Wayfarer* to convert the existing loan facility from NOK into USD. The loan was converted at a USD/NOK spot exchange rate of 7.70, resulting in a total of USD 107.1 million outstanding under this loan facility at the time of conversion. At the same time, it was agreed with AKOFS Offshore AS to convert 70% of the charter rate nominated in NOK into USD using the USD/NOK forward curve. The conversion has been done with an average exchange rate of USD/NOK 7.33. Ocean Yield is in the process of refinancing this vessel, in order to optimise the long-term financing with the extended bareboat charter. This new facility will include a refinancing of existing debt and long-term financing of the modification of the vessel.

## FOURTH QUARTER FINANCIAL REVIEW

- Operating revenues for Q4 2014 were USD 62.1 million compared with USD 60.6 million for Q4 2013. The revenues were negatively affected by the shutdown of the FPSO during the cyclone *Hud-Hud* and as a result of reclassification of the *Aker Wayfarer* from operating lease to finance lease. The effect related to the vessel *Aker Wayfarer* is approximately USD 3.4 million, however this has no cash impact. Vessel operating expenses, which are related to the operation of the FPSO *Dhirubhai-1*, were USD 3.9 million for Q4 2014, compared with USD 2.7 million for Q4 2013. Wages and other personnel expenses were USD 2.4 million for Q4 2014, compared with USD 4.0 million for Q4 2013. Other operating expenses were USD 1.9 million for Q4 2014 compared with USD 1.2 million for Q4 2013.
- Depreciation and amortization was USD 23.1 million in Q4 2014, compared with USD 26.8 million in Q4 2013. Approximately USD 2.8 million of the reduction is a result of the reclassification of the *Aker Wayfarer* from operating lease into a finance lease.
- Financial income was USD 4.7 million in Q4 2014 as compared with USD 3.0 million in Q4 2013. USD 4.6 million of Financial income is related to the bonds in American Shipping Company, where the Company holds bonds with a book value of USD 180.9 million as of Q4 2014. This is about 93% of par value, which was USD 194.4 million.
- Financial expenses were USD 9.6 million in Q4 2014, as compared with USD 9.3 million in Q4 2013. Foreign exchange gains were USD 22.4 million in Q4 2014, compared with USD 3.3 million in Q4 2013. This comes as a result of the movements in the USD/NOK exchange rate, since Ocean Yield's bond loan is denominated in NOK. Mark-to-market of derivatives was negative USD 15.5 million in Q4 2014, as compared with negative USD 0.6 million in Q4 2013. The negative mark-to-market amount is related to the cross currency interest rate swap on the Company's unsecured bond loan and various interest rate swaps entered into in connection with the financing of the Company's vessels. Approximately USD 12.8 million of the mark-to-market amount is related to the cross currency interest rate swap. This comes as a result of the significant strengthening of the USD against the NOK during Q4 2014 and has no cash impact in the quarter.
- Income tax expense was positive USD 1.5 million in Q4 2014, compared with a positive figure of USD 4.1 million in Q4 2013.
- The Net profit after tax for Q4 2014 was USD 30.5 million compared with USD 26.5 million for Q4 2013.
- At the end of the fourth quarter, the company had cash of USD 76.4 million, compared with USD 148.2 million at the end of the third quarter 2014. During the fourth quarter, the Company has made

further payments to the shipyards related to the gas-carrier and car-carrier newbuildings, in addition to the USD 30 million of equity investment in the *SBM Installer* and about USD 14 million in instalments related to the modification works on the vessel *Aker Wayfarer*. The USD 50.5 million increase to an existing loan facility mentioned above was undrawn at the end of the fourth quarter.

## 2014 FINANCIAL REVIEW

- Operating revenues for 2014 were USD 249.3 million as compared with USD 239.0 million for 2013. EBITDA was USD 216.7 million in 2014, compared with USD 207.7 million in 2013. The increase in revenue comes as a result of delivery of additional vessels to the fleet. Depreciation was USD 96.4 million for the year, compared with USD 101.6 million in 2013. The reason for the reduction is mainly lower depreciation related to the FPSO *Dhirubhai-1* during 2014 and reclassification of the vessel *Aker Wayfarer* from operating lease to finance lease. Operating profit was USD 116.4 million in 2014 as compared with USD 106.1 million for 2013.
- Financial income was USD 30.2 million in 2014, compared with USD 19.7 million in the of 2013. The increase is related to the bonds in American Shipping Company, where a one-off pre-tax profit of USD 11.5 million was recognized in Q1 2014. Financial expenses were USD 50.2 million in 2014, compared with USD 35.6 million in 2013. The increase in financial expenses is mainly related to one-off expenses in connection with the refinancing of Ocean Yield's bond loan, refinancing of bank debt and increased debt related to the financing of new vessels. Foreign exchange gains were USD 29.6 million for 2014, compared to a foreign exchange loss of USD 0.1 million in 2013. Mark-to-market of derivatives was negative USD 22.5 million in 2014, as compared with negative USD 10.0 million for 2013.
- Income tax expense was negative USD 2.8 million for 2014, compared with positive USD 2.5 million for 2013. The majority of the tax expense in 2014 is related to the one-off profit recognized on the bonds in American Shipping Company in Q1 2014.
- Net profit after tax was USD 100.8 million in 2014, compared with USD 82.7 million in 2013.
- Book equity was USD 718.7 million at the end of 2014 compared with USD 703.7 million at the end of 2013. The equity ratio was 39.7% at the end of 2014 compared with 42.1% at the end of 2013. Total assets were USD 1,810.9 million at the end of 2014, compared with USD 1,672.2 million in Q4 2013. As a result of the joint ownership of the vessel *SBM Installer*, a minority interest of USD 10.6 million has been recorded in the balance sheet at the end of 2014.

## FLEET STATUS

The charter backlog at the end of the fourth quarter was USD 2.3 billion in revenues and USD 2.2 billion on an EBITDA basis. Average remaining contract tenor (weighted by EBITDA) at the end of the fourth quarter 2014 was 9.5 years.

Vessel	Vessel type	Client	Contract expiry	Remaining tenor (years)	EBITDA Backlog USDm*
Aker Wayfarer	Subsea	Akastor	Sep-27	12.8	436
Dhirubhai-1	FPSO	Reliance	Sep-18	3.7	408
Lewek Connector	Subsea	Ezra/EMAS AMC	Oct-22	7.8	298
Höegh Car Carriers (6 vessels)	Car Carrier	Höegh Autoliners	Jun-22/Apr-26	11.1	426
Far Senator / Far Statesman	AHTS	Farstad	Mar/June-25	10.3	179
LEG Carrier (3 vessels)	Gas Carriers	Hartmann/SABIC	Sep/Dec -26	10.0	314
SBM Installer	Subsea	SBM Offshore	Dec-26	12.0	187
Total					2 248
Number of vessels (including 5 newbuildings)					15

\* *Figures are based on management's estimates regarding operating expenses on the Dhirubhai-1 which may be subject to change in addition to certain purchase options in bareboat charter contracts not being exercised and adjusted for finance lease effects on Aker Wayfarer.*

## RISKS

The Company is exposed to a number of risks, including counterparty risk, operating risk on the FPSO *Dhirubhai-1*, interest rate risk, currency risk, vessel construction risk and residual value risk. The reduction in oil prices does not have a direct impact on the Company, as all our vessels are on fixed, long-term charters. However, if the oil price should stay low for an extended period, some of our counterparties may be negatively affected. For a more detailed description of risk factors, please refer to the annual report for 2013, which is available on [www.oceanyield.no](http://www.oceanyield.no).

## STRATEGY AND OUTLOOK

During the fourth quarter we have experienced quite volatile markets with a substantial reduction in the price of oil. Despite the fact that some of the shipping and oil-service segments may be challenging in 2015, we do not expect this to have negative effects on the earnings of Ocean Yield as all vessels are on long term charter to relatively strong counterparties. The current market may provide interesting investment opportunities and we intend to continue with our investment strategy with focus on modern vessels with long term charters to strong counterparties. With respect to future growth, we already have five newbuildings under construction and one vessel that will be modified, which will contribute to a growth in EBITDA of about 30 %, once all vessels are delivered.

Ocean Yield has increased the dividend every quarter after the IPO in July 2013. Based on a substantial contract backlog and a strong balance sheet the company should be well positioned to continue to pay attractive and increasing quarterly dividends going forward.

**25<sup>th</sup> February 2015**

Ocean Yield ASA

**Trond Brandsrud**

*Chairman*

**Kjell Inge Røkke**

*Director*

**Annicken Gann Kildahl**

*Director*

**Anne Christin Døvingen**

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# Ocean Yield ASA Group condensed consolidated financial statement for the fourth quarter 2014

## Income statement

		3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
<i>Amounts in USD million</i>	<i>Note</i>	2014	2014	2013	2014	2013
Operating revenues	5	65.4	62.1	60.6	249.3	239.0
Vessel operating expenses	6	(3.7)	(3.9)	(2.7)	(14.6)	(14.2)
Wages and other personnel expenses	7	(3.1)	(2.4)	(4.0)	(9.5)	(9.5)
Other operating expenses		(4.5)	(1.9)	(1.2)	(8.4)	(7.6)
<b>EBITDA</b>	5	<b>54.2</b>	<b>53.9</b>	<b>52.7</b>	<b>216.7</b>	<b>207.7</b>
Depreciation and amortization	10	(25.7)	(23.1)	(26.8)	(96.4)	(101.6)
Loss from sale of vessel		-	(3.8)	-	(3.8)	-
<b>Operating profit</b>		<b>28.5</b>	<b>27.1</b>	<b>25.9</b>	<b>116.4</b>	<b>106.1</b>
Financial income	8	4.8	4.7	3.0	30.2	19.7
Financial expenses		(11.2)	(9.6)	(9.3)	(50.2)	(35.6)
Foreign exchange gains/losses		5.8	22.4	3.3	29.6	(0.1)
Mark to market of derivatives	9	(3.0)	(15.5)	(0.6)	(22.5)	(10.0)
<b>Net financial items</b>		<b>(3.6)</b>	<b>2.0</b>	<b>(3.6)</b>	<b>(12.9)</b>	<b>(26.0)</b>
<b>Net profit before tax</b>		<b>24.9</b>	<b>29.0</b>	<b>22.4</b>	<b>103.6</b>	<b>80.2</b>
Income tax expense		(0.4)	1.5	4.1	(2.8)	2.5
<b>Net profit after tax</b>		<b>24.5</b>	<b>30.5</b>	<b>26.5</b>	<b>100.8</b>	<b>82.7</b>
Weighted average number of shares outstanding		134.1	134.1	133.8	134.1	116.7
Basic and diluted earnings per share (USD)		<b>0.18</b>	<b>0.23</b>	<b>0.20</b>	<b>0.75</b>	<b>0.71</b>

## Total comprehensive income

		3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
<i>Amounts in USD million</i>		2014	2014	2013	2014	2013
Net profit after tax for the period		24.5	30.5	26.5	100.8	82.7
<b>Other comprehensive income, net of income tax</b>						
<b>Items that will not be reclassified to the income statement:</b>						
Re-measurements of defined benefit liability (asset)		-	(0.2)	0.1	(0.2)	0.1
<b>Total for items that will not be reclassified to the income statement</b>		<b>-</b>	<b>(0.2)</b>	<b>0.1</b>	<b>(0.2)</b>	<b>0.1</b>
<b>Items that are or may be reclassified to the income statement:</b>						
Change in fair value of available for sale financial assets		-	-	8.4	-	8.4
Reclassification of gains on available for sale financial assets included in Financial Income		-	-	-	(8.4)	-
Currency translation differences		(4.8)	(14.0)	(4.5)	(19.9)	(9.7)
<b>Total for items that are or may be reclassified to the income statement</b>		<b>(4.8)</b>	<b>(14.0)</b>	<b>3.9</b>	<b>(28.3)</b>	<b>(1.3)</b>
<b>Total change in other comprehensive income, net of income tax</b>		<b>(4.8)</b>	<b>(14.2)</b>	<b>4.0</b>	<b>(28.4)</b>	<b>(1.3)</b>
<b>Total comprehensive income for the period</b>		<b>19.7</b>	<b>16.4</b>	<b>30.5</b>	<b>72.3</b>	<b>81.4</b>

Attributable to:

Equity holders of the parent

19.7	16.3	30.5	72.3	81.4
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Non-controlling interests

-	0.1	-	0.1	-
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**Total comprehensive income for the period**

<b>19.7</b>	<b>16.4</b>	<b>30.5</b>	<b>72.3</b>	<b>81.4</b>
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## Balance Sheet

<i>Amounts in USD million</i>	Note	30 September 2014	31 December 2014	31 December 2013
<b>ASSETS</b>				
Vessels and equipment	10	1 194.6	1 308.0	1 281.1
Intangible assets		38.3	38.3	38.3
Deferred tax assets		11.6	11.4	10.5
Finance lease receivables and related assets (Aker Wayfarer)	12	165.5	159.7	-
Investments in AMSC bonds	8	177.9	180.9	168.3
Other interest-bearing long term receivables		20.7	20.6	24.6
<b>Total non-current assets</b>		<b>1 608.5</b>	<b>1 719.0</b>	<b>1 522.9</b>
Trade receivables and other interest-free receivables		13.6	15.6	16.4
Cash and cash equivalents		148.2	76.4	132.9
<b>Total current assets</b>		<b>161.8</b>	<b>92.0</b>	<b>149.3</b>
<b>Total assets</b>		<b>1 770.3</b>	<b>1 810.9</b>	<b>1 672.2</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital		222.3	222.3	221.6
Treasury shares		( 0.1)	( 0.0)	-
Other paid-in capital		453.8	453.8	452.6
<b>Total paid-in capital</b>	<b>14</b>	<b>676.0</b>	<b>676.1</b>	<b>674.2</b>
Retained earnings and translation reserves		34.0	32.0	29.5
<b>Total equity attributable to equity holders of the parent</b>		<b>710.0</b>	<b>708.1</b>	<b>703.7</b>
Non-controlling interests		-	10.6	-
<b>Total equity</b>		<b>710.0</b>	<b>718.7</b>	<b>703.7</b>
Interest-bearing debt	13	858.7	852.9	744.8
Deferred tax liabilities		2.6	( 0.0)	0.2
Pension liabilities		0.3	0.6	0.4
Mobilization fee and advances		43.7	41.2	68.1
Other interest-free long term liabilities		1.6	1.7	0.8
<b>Total non-current liabilities</b>		<b>906.9</b>	<b>896.3</b>	<b>814.3</b>
Interest-bearing short term debt	13	120.6	141.6	127.0
Current provisions		1.4	1.4	-
Trade and other payables		31.4	52.9	27.1
<b>Total current liabilities</b>		<b>153.3</b>	<b>195.9</b>	<b>154.1</b>
<b>Total liabilities</b>		<b>1 060.3</b>	<b>1 092.2</b>	<b>968.4</b>
<b>Total equity and liabilities</b>		<b>1 770.3</b>	<b>1 810.9</b>	<b>1 672.2</b>



## Change in equity

	3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
<i>Amounts in USD million</i>	2014	2014	2013	2014	2013
<b>Balance at the beginning of the period</b>	<b>707.1</b>	<b>710.0</b>	<b>687.8</b>	<b>703.7</b>	<b>533.0</b>
Net profit after tax for the period	24.5	30.5	26.5	100.8	82.7
Other comprehensive income	(4.8)	(14.2)	4.0	(28.4)	(1.3)
<b>Total comprehensive income</b>	<b>19.7</b>	<b>16.4</b>	<b>30.5</b>	<b>72.3</b>	<b>81.4</b>
New equity in Ocean Yield ASA	-	-	0.2	1.9	148.1
Expenses related to raising new equity, net of tax	-	-	1.3	-	(3.5)
Dividend	(17.4)	(18.5)	(16.0)	(69.1)	(56.0)
Net change of treasury shares	0.7	0.2	-	(0.7)	-
Impact of implementing IAS 19R, net of tax	-	-	-	-	0.8
Non-controlling interests	-	10.5	-	10.5	-
<b>Balance at the end of the period</b>	<b>710.0</b>	<b>718.7</b>	<b>703.7</b>	<b>718.7</b>	<b>703.7</b>

## Cash flow statement

	3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
<i>Amounts in USD million</i>	2014	2014	2013	2014	2013
Profit before tax	24.9	29.0	22.4	103.6	80.2
Depreciation and amortization	25.7	23.1	26.8	96.4	101.6
Other changes in operating activities	3.2	(9.4)	(5.2)	(16.7)	(25.2)
<b>Net cash flow from operating activities</b>	<b>53.8</b>	<b>42.7</b>	<b>44.0</b>	<b>183.3</b>	<b>156.5</b>
Acquisition of property, plant and equipment	(58.9)	(172.9)	(9.1)	(367.8)	(255.5)
Proceeds from sale of vessels	-	8.2	-	8.2	-
Repayment of finance lease receivable	-	4.0	-	4.0	-
Net change in long term receivables	(0.1)	(16.5)	(4.5)	(18.1)	(4.5)
Transfer to restricted cash	-	-	2.3	-	-
<b>Net cash flow from investing activities</b>	<b>(59.0)</b>	<b>(177.2)</b>	<b>(11.3)</b>	<b>(373.7)</b>	<b>(260.0)</b>
Proceeds from issuance of long-term interest-bearing debt	112.0	109.4	-	474.0	178.7
Repayment of long-term interest-bearing debt	(43.5)	(38.9)	(34.7)	(281.5)	(132.3)
Proceeds from issuance of short-term interest-bearing debt	-	-	-	-	20.0
Repayment of short-term interest-bearing debt	-	-	-	-	(20.0)
Dividend paid	(17.4)	(18.5)	(16.0)	(69.1)	(56.0)
Proceeds from issuance of new equity	0.0	(0.0)	0.2	1.9	143.3
Non-controlling interests	-	10.5	-	10.5	-
Net change of Treasury shares	0.7	0.2	-	(0.7)	-
<b>Net cash flow from financing activities</b>	<b>51.7</b>	<b>62.8</b>	<b>(50.6)</b>	<b>135.0</b>	<b>133.6</b>
<b>Net change in cash and cash equivalents</b>	<b>46.5</b>	<b>(71.7)</b>	<b>(17.9)</b>	<b>(55.4)</b>	<b>30.1</b>
Exchange rate differences	(1.1)	(0.1)	2.2	(1.2)	(1.7)
Cash and cash equivalents at beginning of the period	102.8	148.2	148.7	132.9	104.6
<b>Cash and cash equivalents at the end of the period</b>	<b>148.2</b>	<b>76.4</b>	<b>132.9</b>	<b>76.4</b>	<b>132.9</b>

# Notes to the condensed consolidated interim financial statements for Ocean Yield ASA for the fourth quarter 2014

## Note 1 Introduction – Ocean Yield ASA

Ocean Yield ASA is a company domiciled in Norway. The condensed consolidated interim financial statements for the fourth quarter and twelve months ending 31st December 2014 comprise Ocean Yield ASA and its subsidiaries (together referred to as the “Group”). The financial statement for the fourth quarter 2014 includes the financial statements of the parent company, Ocean Yield ASA and its subsidiaries.

The consolidated financial statements of the Group for the year ended 31st December 2013 and quarterly reports are available at [www.oceanyield.no](http://www.oceanyield.no).

## Note 2 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by EU, and the Norwegian additional requirements in the Securities Trading Act. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31st December 2013.

A number of standards, amendments to standards and interpretations are effective from 1st January 2014 and have been applied in preparing these consolidated financial statements:

IFRS 10 Consolidated Financial statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities, in addition amendments to the standards IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The new standards and amendments to standards have not had any significant impact on the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements, which have not been subject to audit or review by independent accountants, were approved by the Board of Directors on 25th February 2015.

## Note 3 Significant accounting principles

The Group has as of 1st January 2014, implemented the new standards and amendments to standards specified in Note 2. Other accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31st December 2013.

## Note 4 Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The most significant judgments made by management in preparing these condensed consolidated interim financial statements in applying the Group's accounting policies, and the key sources of estimation uncertainty, are the same as those applied to the consolidated financial statements as at and for the year ended 31st December 2013.

## Note 5 Operating segments

Ocean Yield identifies segments based on the Group's management and internal reporting structure.

<b>Operating revenues</b>	3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
<i>Amounts in USD million</i>	2014	2014	2013	2014	2013
FPSO	34.6	34.1	34.6	136.8	139.2
Other Oil Service	26.0	21.8	26.0	100.0	99.8
Gas Carriers	-	-	-	-	-
Car Carriers	4.8	6.1	-	12.5	-
<b>Operating revenues</b>	<b>65.4</b>	<b>62.1</b>	<b>60.6</b>	<b>249.3</b>	<b>239.0</b>

<b>EBITDA</b>	3rd Quarter	4th Quarter	4th Quarter	Jan - Dec	Jan - Dec
<i>Amounts in USD million</i>	2014	2014	2013	2014	2013
FPSO	25.8	28.0	29.8	111.7	116.1
Other Oil Service	26.0	21.6	25.9	99.7	99.4
Gas Carriers	(0.0)	(0.0)	-	(0.0)	-
Car Carriers	4.8	6.1	-	12.3	-
Other companies and eliminations	(2.4)	(1.8)	(3.0)	(6.9)	(7.8)
<b>EBITDA</b>	<b>54.2</b>	<b>53.9</b>	<b>52.7</b>	<b>216.7</b>	<b>207.7</b>

The reduction in revenue under Other Oil Service from Q3 2014 to Q4 2014 is related to the reclassification of Aker Wayfarer from Operating Lease to Finance Lease. Please refer to note 12 for further details on the Aker Wayfarer.

## Note 6 Vessel operating expenses

Vessel operating expenses are related to operating expenses for the Dhirubhai-1.

## Note 7 Wages and other personnel expenses

Wages and personnel expenses were USD 2.4 million in Q4 2014 compared with USD 4.0 million in Q4 2013. This includes all land based personnel in Ocean Yield and Aker Floating Production, which counted a total of 18 persons as of Q4 2014.

The Company's share related bonus payments are accrued on a quarterly basis. The amount recorded is based on the closing share price as of 30<sup>th</sup> December 2014.

## Note 8 Financial income

Financial income in Q4 2014 is mainly related to the investment in AMSC bonds. Ocean Yield owns 93.05% of the unsecured bonds issued by American Shipping Company ASA 07/18, with maturity in 2018. In December 2013 AMSC carried out a recapitalization of the company where the bond loan agreement was amended with effect from 3 January 2014. In the amended bond loan agreement the bond loan is denominated in USD with an interest of LIBOR + 6.00% p.a. (changed from NOK and NIBOR + 4.75% p.a.). The structure of the loan was changed from an all PIK (payment in kind) interest structure to 50/50 PIK/cash interest. The bonds under the amended agreement were recognized at their fair value 3<sup>rd</sup> January 2014, and have been classified as Interest bearing long-term receivables. Subsequent to initial recognition the bonds are measured at amortized cost using the effective interest method less any impairment losses. In the fourth quarter, Interest income of USD 4.6 million was recorded related to the AMSC bonds.



## Note 9 Mark to market of derivatives and other financial instruments recorded at fair value

Mark-to-market of derivatives was negative USD 15.5 million in Q4 2014. This is mainly related to a NOK 590 million cross currency interest rate swap to hedge part of the NOK 1,000 million bond loan issued by Ocean Yield and certain other interest rate swaps related to vessel financings. In March 2014 Ocean Yield successfully completed a new unsecured bond issue of NOK 600 million with maturity in March 2019. The net proceeds were used to purchase back the bonds issued in 2012, see Note 13. As a consequence of this, the cross currency interest rate swap was amended with effect from 26th March 2014. NOK 590 million has been swapped from NIBOR+3.90% p.a. to LIBOR+4.603% p.a. (previously from NIBOR+6.50% p.a. to LIBOR+7.07%p.a.) until September 2017. At the end of December 2014 the cross currency interest rate swap is the Group's most significant financial instrument recorded at fair value, and is considered by the Group to be a level 2 financial instrument under the fair value hierarchy.

## Note 10 Vessels and equipment

Material changes in vessels and equipment during 2014:

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Gas Carriers	Car Carriers	Other	Total
Balance at 1 January	514.6	713.7	-	51.7	1.2	1 281.1
Acquisitions	0.1	150.2	-	178.1	0.4	328.8
Advances	-	-	24.8	14.2	-	39.0
Disposals	-	(12.0)	-	-	-	( 12.0)
Depreciation	(56.8)	(34.0)	-	(5.3)	(0.3)	( 96.4)
Effect of movements in foreign exchange	-	(45.7)	-	-	-	( 45.7)
Change from operating lease to finance lease	-	(186.8)	-	-	-	( 186.8)
<b>Balance at 31 December 2014</b>	<b>458.0</b>	<b>485.2</b>	<b>24.8</b>	<b>238.7</b>	<b>1.3</b>	<b>1 308.0</b>

## Note 11 Contractual obligations

Ocean Yield had as per 31st December 2014 the following contractual obligations related to the purchase of vessels:

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Gas Carriers	Car Carriers	Total
Already paid	-	14.0	24.3	24.9	63.2
2015	-	19.3	48.6	12.5	80.3
2016	-	55.9	170.1	87.2	313.2
<b>Total contractual obligations</b>	<b>-</b>	<b>89.2</b>	<b>243.0</b>	<b>124.6</b>	<b>456.7</b>
Total remaining payments		75.2	218.7	99.6	393.5
Estimated/ secured bank financing	50.5*	71.4	180.0	94.0*	395.9

\*Already secured bank commitments

The obligations above related to the Other Oil Service segment is related to the modification work on the vessel Aker Wayfarer. The accounting related to the vessel was changed from operating lease to finance lease in Q3 2014, see note 12. Instalments related to the modification work are presented with the finance lease receivable, and is not included in vessels and equipment in note 10. Ocean Yield expects that about 80% of the modification work will be funded by bank financing.

The obligations above related to the Gas Carriers segment is related to three LEG carriers, scheduled for delivery in Q3 and Q4 2016. Ocean Yield expects that about USD 180 million of the investment in the three gas carriers will be funded by bank financing.

The obligations above related to the Car Carriers segment is related to two PCTC vessels, which will be delivered in January and April 2016. Long term financing have been secured for the two PCTC vessels for a total of USD 94 million.

We expect that the total remaining contractual obligations of USD 393.5 million will be covered by bank financing (including the new USD 50.5 million bank facility).

## Note 12 Finance lease receivables

Finance lease receivables of USD 159.7 million at 31st December 2014 are related to the vessel Aker Wayfarer.

The vessel Aker Wayfarer has been operating on a ten year bareboat charter to Aker Oilfield Services AS, a wholly owned subsidiary of Akastor ASA (previously part of Aker Solutions ASA) until 2020. In September 2014 the bareboat charter was extended until 2027. The existing bareboat charter rate for the vessel will continue unchanged until September 2020, and a new bareboat charter rate has been agreed for the period from 2020 until 2027. In addition, a bareboat charter rate covering an additional investment has been agreed from the second half of 2016 until expiry of the contract in 2027. Aker Oilfield Services AS has options to purchase the vessel in 2021, 2026 and 2027.

As a result of the amendments and extension of the bareboat charter for the vessel Aker Wayfarer, the accounting of the vessel has been changed from operating lease to finance lease with effect from the end of Q3 2014. The book value of the vessel was derecognized from the balance sheet, and a receivable equal to the net investment in the lease was recognized as an interest-bearing long term receivable in Q3 2014. Income will be reported in the income statement as operating revenue in a way that produces a constant rate of return on the investment during the contract period adjusted from time to time due to changes in the estimated residual value. Depreciation will no longer be calculated and reported on the derecognized asset. In Q4 2014 USD 6.0 mill has been recognized as operating revenue related to the finance lease. On a cash basis, USD 8.5 million was received during the quarter.

The net finance lease receivables as of 31st December 2014 was as follows:

<i>Amounts in USD million</i>	Gross Investment in finance lease receivables	Effect of discounting	Present value of minimum lease payments
<i>Lease payments receivable:</i>			
Less than one year	28.5		26.5
Between one and five years	161.7		106.3
More than five years	304.0		86.1
<i>Lease investments:</i>			
Less than one year	-		-
Between one and five years	(89.2)		(73.3)
More than five years	-		-
<b>Total</b>	<b>405.1</b>	<b>(259.4)</b>	<b>145.7</b>
Instalments paid related to modification of Aker Wayfarer			14.0
<b>Total finance lease receivable</b>			<b>159.7</b>

The gross investment above includes an unguaranteed residual value of USD 59 million in 2027.

## Note 13 Interest-bearing debt

Material changes in interest-bearing debt (short term and long term) during Jan - Dec 2014:

<i>Amounts in USD million</i>	FPSO	Other Oil Service	Car Carriers	Other/elim	Total
Balance at 1 January	272.5	501.9	-	97.4	871.8
New loans	-	111.3	199.3	163.3	474.0
Instalments	(76.9)	(48.6)	(50.6)	-	(176.1)
Repurchase of bonds	-	-	-	(105.5)	(105.5)
Loss from repurchase of bonds	-	-	-	8.1	8.1
Effect of movements in foreign exchange and loan fees amortized	0.4	(49.2)	(0.2)	(28.8)	(77.8)
<b>Total interest-bearing debt</b>	<b>196.0</b>	<b>515.4</b>	<b>148.6</b>	<b>134.5</b>	<b>994.6</b>
Long-term	116.2	464.3	137.9	134.5	852.9

Short-term loan	-	-	-	-	-
1st year instalments	79.8	51.1	10.7	-	141.6
<b>Total interest-bearing debt</b>	<b>196.0</b>	<b>515.4</b>	<b>148.6</b>	<b>134.5</b>	<b>994.6</b>

On 17 March 2014 Ocean Yield successfully completed a new unsecured bond issue of NOK 600 million with maturity in March 2019. The bond loan has a coupon of NIBOR + 3.90% p.a. The net proceeds were used to purchase back the bonds issued in 2012. As of 31 December 2014 Ocean Yield has purchased all of the bonds issued in 2012. In July 2014 Ocean Yield completed a tap issue of NOK 400 million in the Norwegian bond market at a price of 101.05. The price equalled a credit spread of NIBOR+3.65% p.a. The Company now has NOK 1,000 million outstanding in OCY 02 with maturity in March 2019.

## Note 14 Share capital and dividends

In Q4 2014 certain members of senior management have acquired a total of 54,999 of the company's treasury shares. As of 31st December 2014, the Company had a share capital of NOK 1,341,921,110 divided into 134,192,111 ordinary shares, each having a par value of NOK 10.00. Total treasury shares held were 23,070.

In Q4 2014 USD 18.5 million was paid in dividends, following the announcement of the Q3 2014 Results. USD 69.1 million has been paid in dividends in total in the period January until December 2014.

## Note 15 Events after the balance sheet date

In January 2015 certain members of senior management have acquired a total of 353,385 shares in the Company. The purchase of shares is made as part of the Company's management incentive program. The purchase price of NOK 35.2 per share equals the closing share price of the Ocean Yield share on 30<sup>th</sup> December 2014, less a discount of 20%, reflecting that the shares have a lock-up period of three years. The share price at 30<sup>th</sup> December 2014 was NOK 44.00. A total of 353 385 new shares has been issued, with net cash proceeds of approximately NOK 12.4 million. The issued share capital, post the capital increase, will amount to NOK 1,345,454,960 divided into 134,545,496 shares having a par value of NOK 10.00.

In January 2015, Ocean Yield agreed with the banks financing the Aker Wayfarer to convert the existing loan facility from NOK into USD. The loan was converted at a USD/NOK exchange rate of 7.70, resulting in a total of USD 107.1 million outstanding under this loan facility at the time of conversion. At the same time, it was agreed with AKOFS Offshore AS to convert 70% of the charter rate nominated in NOK into USD using the forward USD/NOK curve. The conversion has been done with an average exchange rate of USD/NOK 7.33.