2018 ANNUAL REPORT

OCEAN YIELD

CONTENTS

OCEAN YIELD IN BRIEF

57
VESSELS

11.0
YEARS AVERAGE CHARTER TENOR

$3.5 BN
EBITDA BACKLOG

159.3M
SHARES

11.2%
DIVIDEND YIELD

1.1 BN
MARKET CAP

22 CONSECUTIVE QUARTERS OF DIVIDENDS

$334M
2018 ADJUSTED EBITDA

$122M
2018 ADJUSTED NET PROFIT

LISTED OSLO STOCK EXCHANGE

All figures as of 31 Dec 2018


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Ocean Yield ("Ocean Yield" or the "Company") is a ship owning company with investments in vessels on long-term charters to a diversified portfolio of counterparties. The company was established in 2012 with a portfolio of three oil-service assets previously controlled by Aker ASA. Since then, the Company has committed close to USD 3.4 billion to new investments in shipping and oil-service vessels and built up a broad and diversified portfolio of assets with long-term charters. Ocean Yield is listed on the Oslo Stock Exchange and has a broad shareholder base, with Aker Capital AS, a subsidiary of Aker ASA as the majority shareholder.

The Company currently has investments in a number of shipping segments, including car carriers, chemical tankers, product tankers, container vessels, crude tankers, dry bulk, oil-service and gas carriers. The Company's fleet as of year-end 2018 consists of 57 vessels, including four newbuildings scheduled for delivery in 2019. The Company has an EBITDA charter backlog of USD 3.5 billion with average remaining contract duration of 11.0 years (weighted by EBITDA). After year-end, the Company has invested in another Suezmax tanker, which increases the fleet to 58 vessels. The Company's business strategy is to enter into long-term charters which gives visibility with respect to future earnings and dividend capacity for the shareholders. The Company has mainly focused on bareboat charters with duration from ten to fifteen years, but may also consider time-charter contracts.

The Company intends to continue to grow and diversify its portfolio of vessels on long-term charters with the aim to continue to pay attractive quarterly dividends to its shareholders.

Consolidated key numbers:

Amounts in USD million	2018	2017	2016
Total revenues and other income	343.4	339.1	294.4
EBITDA	282.7	306.5	265.2
EBITDA adjusted for finance lease effects	333.6	340.7	291.3
Net profit after tax	58.4	129.7	77.5
Adjusted Net profit	121.6	137.7	130.9
Cash and cash equivalents	110.0	98.7	165.5
Total assets	2 726.6	2 443.1	2 574.7
Interest-bearing debt	1 762.9	1 510.4	1 553.8
Net Interest-bearing debt	1 652.9	1 411.7	1 388.3
Total equity	845.7	831.5	815.2
Equity ratio	31.0 %	34.0 %	31.7 %
Dividends declared* per share (USD)	0.76	0.75	0.68

MANAGEMENT

LARS SOLBAKKEN

CEO

Mr. Solbakken (born 1957) has served as CEO of Ocean Yield since the inception in 2012. Before joining Ocean Yield, Mr. Solbakken served as CEO of Norwegian Car Carriers ASA from 2009 through March 2012. From 2006 to 2009 he served as CEO of Ship Finance Management AS and through that position, he also served as CEO of Ship Finance International Limited. In the period from 1997 through 2006, Mr. Solbakken was employed as General Manager of Fortis Bank in Norway and was also responsible for the bank's shipping and oil service activities in Scandinavia. From 1987 to 1997, Mr. Solbakken served in several positions in Christiania Bank (now Nordea Bank). He was Senior Vice President and Deputy for the shipping and offshore and aviation group, head of equity issues and merger and acquisition activities and General Manager for the Seattle Branch. Prior to joining Christiania Bank, Mr. Solbakken worked five years in Wilh. Wilhelmsen ASA as Finance Manager. Mr. Solbakken has a Master of Science degree from the Norwegian School of Economics (NHH).

EIRIK EIDE

CFO

Mr. Eide (born 1970) has served as CFO of Ocean Yield since the inception in 2012. Before joining Ocean Yield, Mr. Eide served as CFO of Ship Finance Management AS, and through that position, he served as CFO of Ship Finance International Ltd. Mr. Eide has been working with shipping and finance for 21 years, with broad transaction and capital markets experience. His employment background includes the position as Head of Shipping and Corporate Finance at Orkla Finans AS, Director Fortis Bank (Nederland) N.V., Oslo Branch and Senior Vice President, DnB NOR (Oslo and London). Mr. Eide has a Master of Business and Economics degree from the Norwegian Business School.

OTHER KEY PERSONNEL

ANDREAS RØDE

HEAD OF BUSINESS DEVELOPMENT AND M&A

Mr. Røde has served as Head of Business Development and M&A since September 2017. Before joining Ocean Yield, Mr. Røde (born 1979) worked in the Corporate Finance department of Danske Bank as Managing Director, Head of Shipping and Offshore. Mr. Røde has more than 13 years of Investment Banking experience from leading financial institutions and has worked on a wide range of M&A, equity and debt capital markets transactions. Mr Røde holds a Master of Arts (MA) in Accounting and Finance from University of Edinburgh and University of California Berkeley.

ANDREAS REKLEV

SENIOR VICE PRESIDENT, INVESTMENTS

Mr. Reklev has served as Senior Vice President, Investments since August 2016. Before joining Ocean Yield, Mr. Reklev (born 1983) was Chief Financial Officer in Team Tankers International, a chemical tanker company listed on the Oslo Stock Exchange. Prior to joining Team Tankers in 2012, Mr. Reklev held various positions in Camillo Eitzen & Co ASA, a diversified shipping company with activities mainly in bulk, gas, and chemical shipping. Mr. Reklev has a Bachelor of Science in Finance from Norwegian Business School.

BOARD OF DIRECTORS

FRANK O. REITE

CHAIRMAN

Frank O. Reite (born 1970) first joined Aker in 1995, and became CFO in Aker ASA in August 2015. He holds a B.A. in business administration from the Norwegian Business School in Oslo. Before he became the CFO in Aker ASA, Mr. Reite was President & CEO of Akastor, and has previously held a variety of executive positions in the Aker group, including overseeing and developing Aker's investments in Converto Capital Fund AS, Havfisk ASA, Norway Seafoods AS and Aker Yards ASA. Mr. Reite also has experience from banking and served as Operating Director at Paine & Partners, a New York-based private equity firm. Mr. Reite is chairman of Ocean Yield.

KJELL INGE RØKKE

DIRECTOR

Kjell Inge Røkke (born 1958), Aker ASA's main owner, has been a driving force in the development of Aker since the 1990s. Mr. Røkke launched his business career with the purchase of a 69-foot trawler in the United States in 1982, and gradually built a leading worldwide fisheries business. In 1996, the Røkke controlled company, RGI, purchased enough Aker shares to become Aker's largest shareholder, and later merged RGI with Aker. Mr. Røkke is currently director of Aker BP, Kvaerner, Ocean Yield, Aker BioMarine and Aker Energy.

ANNE-CHRISTIN DØVIGEN

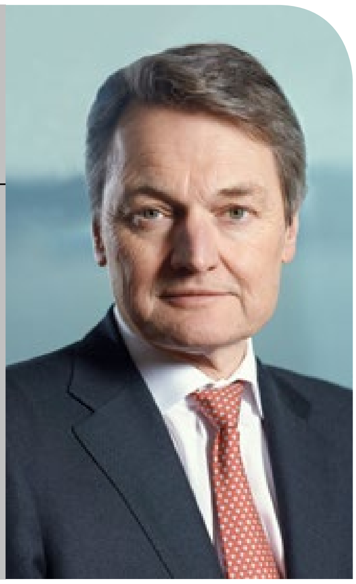
DIRECTOR

Anne-Christin Døvigen (born 1965) is currently employed with GIEK (The Norwegian Export Credit Guarantee Agency) as Senior Vice President. Mrs. Døvigen has extensive experience from the international investment banking industry and has held senior positions at JPMorgan, HSBC and Jefferies International. Mrs. Døvigen has throughout her professional career worked on a number of capital markets and other investment and corporate banking transactions within the maritime sector. She holds a Bachelor with Honours in Economics and Finance from Strathclyde University in Scotland.

JENS ISMAR

DIRECTOR

Jens Ismar (born 1957) is the CEO of Western Bulk Chartering AS, a Norwegian dry bulk company with a commercially controlled fleet of over 150 vessels. Mr. Ismar has a long and diversified background from the shipping industry. Before joining Western Bulk in September 2008, he was with BW Gas as Director for the Chartering and Operations Division. He has also been employed by Inge Steensland AS, Stemoco Shipping AS and Lorentzen & Stemoco AS. Mr Ismar has a Bachelor of Business Administration from the Lund University in Sweden.



ANNICKEN GANN KILDAHL

DIRECTOR

Annicken Gann Kildahl (born 1968) is the CFO at Grieg Star, a Norwegian company within ship owning and management and partner in G2 Ocean, the world's biggest shipping company within the open hatch segment. Mrs. Kildahl has held the position as CFO since 2003 after joining the Grieg Group in 2000. Mrs. Kildahl has extensive experience in corporate finance, asset management and international financing, primarily in relation to the shipping industry. She has previously held positions in the shipping department in Sparebanken NOR and the Torvald Klaveness Group. Mrs. Kildahl has a Master of Business and Economics from the Norwegian School of Management (BI) and is an authorised finance analyst (AFA) from the Norwegian School of Economics (NHH).

BOARD OF DIRECTOR´S REPORT

2018

was another year of expansion for Ocean Yield, as the company invested another USD 666 million in vessels on long-term charters. The Company took delivery of 16 vessels during the year. This includes three Suezmax tankers, seven drybulk vessels, four container vessels and two chemical tankers.

As of year-end 2018, the fleet counted 57 vessels, including four vessels scheduled for delivery in 2019. Including an investment in a Suezmax vessel announced after year-end, the fleet increased to 58 vessels

THE GROUP'S OPERATIONS AND FLEET

Ocean Yield invests in vessels on long-term charters across multiple segments. The fleet as of year-end counted 24 tankers, 10 container vessels (where six are owned 49.9%), 7 oil service vessels, 7 dry-bulk vessels, 6 car carriers, 2 gas carriers and one FPSO. As of year-end 2018, 55 out of 57 vessels were chartered out on long-term contracts with an average duration of 11.0 years.

Ocean Yield's head office is in Bærum, Norway. The bareboat chartered fleet is owned and operated out of Ocean Yield's office in Malta, through a holding company and vessel owning subsidiaries. These entities are subject to ordinary corporate taxation in Malta.

REVIEW OF 2018

In February, Ocean Yield agreed to acquire four VLCC crude tankers with 15-year bareboat charters to companies owned and guaranteed by Okeanis Marine Holdings SA ("Okeanis Marine Holdings"). All four vessels are sub-chartered to the shipping arm of Koch Industries for a period of 5 years. The gross purchase price was USD 83.75 million per vessel, which included a seller's credit of USD 9.5 million, giving a net cash purchase price of USD 74.25 million. The vessels are scheduled for delivery by Hyundai Heavy Industries, South Korea, in Q2-Q3 2019. Okeanis Marine Holdings has certain options to acquire the vessels during the charter period, with the first purchase option exercisable after seven years.

Also in February, the Company agreed to acquire two 2018 built handysize dry bulk vessels with 12-year bareboat charters to companies owned and guaranteed by Louis Dreyfus Armateurs Group ("LDA"). The net cash purchase price was USD 18 million per vessel after seller's credits. LDA has options to acquire the vessels during the charter period, with the first purchase option exercisable after five years in addition to an obligation to repurchase the vessels at the end of year 12. LDA is a French family group engaged in maritime transportation and services, founded more than 160 years ago.

Later in February, Ocean Yield agreed to acquire five modern handysize dry bulk vessels with 10-year bareboat charters to companies owned and guaranteed by Interlink Maritime Corporation ("Interlink Maritime"). The total purchase price was approximately USD 75 million net of pre-paid charter hire. One vessel was built in April 2018, three built in 2015 and one built in 2014. Interlink Maritime has certain options to acquire the vessels during the charter period, with the first purchase option exercisable after five years in addition to an obligation to repurchase the vessels at the end of year 10. Interlink Maritime is an owner and provider of dry bulk vessels to various shipping companies and end-users, with a fleet of 28 handysize vessels, including two newbuildings. The company is majority owned by The Carlyle Group.

In March, the vessel Connector commenced a time-charter on Ørsted's Hornsea Project One for cable-lay installation. The initial charter period was 130 days, but this was later extended several times. The vessel continued to work on this project until the installation of the cable was completed in December 2018.

In June, Ocean Yield announced an agreement to acquire four 2014 built 3,800 TEU container vessels with 12-year bareboat charters to companies owned and guaranteed by CMB NV ("CMB"). The aggregate purchase price was approximately USD 120 million net of pre-paid charter-hire. The vessels were delivered to the Company in early July. CMB has certain options to acquire the vessels during the charter period, with the first purchase option exercisable after five years. CMB is a maritime group founded in 1895 and based in Antwerp, Belgium, with activities within dry bulk- and chemical tanker shipping, container vessels and aviation leasing. After taken private in 2015, CMB is now wholly owned by the Saverys family.

During the second quarter of 2018, Ocean Yield sold its remaining holdings of bonds issued by American Shipping Company ASA ("AMSC") giving sales proceeds of USD 49.6 million.

In July and August, Ocean Yield took delivery of the first two Suezmax tankers on long-term charter to Nordic American Tankers Ltd ("NAT"). The vessels Nordic Aquarius and Nordic Cygnus were successfully delivered from Samsung Heavy Industries' shipyard in South Korea and immediately commenced their 10-year bareboat charters to NAT. The third Suezmax newbuilding, the Nordic Tellus was delivered in October. NAT is a crude tanker company listed on the New York Stock Exchange with a fleet of 23 Suezmax tankers, including three vessels chartered in on long-term bareboat charters from Ocean Yield.

Also in October, Ocean Yield ASA agreed to acquire and took delivery of two 2015 built 37,000 dwt IMO II chemical tankers with 12-year bareboat charters to Ardmore Shipping Corporation ("Ardmore Shipping"). Ardmore Shipping is a New York Stock Exchange listed company with a fleet of 28 product- and chemical tankers ranging from 25,000 to 50,000 dwt. The company is based in Cork, Ireland.

In December, certain subsidiaries of Solstad Offshore ASA ("Solstad") entered into a 6-month standstill period with respect to payment of interest, instalments and charter hire with the secured lenders and other creditors. Ocean Yield has two AHTS vessels built in 2013 on long-term bareboat charter to Solstad. As a result of the standstill, Ocean Yield has recorded an impairment against the book value of the vessels equalling USD 13.4 million in total in the fourth quarter.

During 2018 Ocean Yield continued its policy of paying quarterly dividends to its shareholders. For 2018, USD 119.1 million was paid out in dividends. The Annual General meeting has authorized the Board of Directors of Ocean Yield to resolve and declare dividends for the financial quarters up until the next ordinary general meeting in April 2019. The General Meeting in April 2019 will vote on a new authorization to the Board, for payment of quarterly dividends up until the next General Meeting in 2020.

The FPSO Dhirubhai-1, which is one of the initial assets in the portfolio when Ocean Yield was established in 2012, completed its 10-year contract in India on the 19th of September 2018. Following the expiry of the contract, the parties have agreed on certain outstanding contractual issues related to the 10-year contract. Based on this agreement, Ocean Yield will in sum receive a net cash payment of USD 25.5 million, while a USD 19.5 million impairment was recorded on outstanding receivables in the fourth quarter 2018. In addition, an impairment of USD 9.8 million of goodwill was made. Further, in connection with the decommissioning process in India, where the Company previously has made provisions of USD 30.1 million for field abandonment work, an additional provision of USD 9.1 million was recorded in the fourth quarter 2018. The decommissioning of the subsea infrastructure on the MA field will be completed during 2019/2020.

FINANCING

During 2018, the Company raised further equity in addition to entering into several new secured financing agreements and unsecured bonds issues.

In March, Ocean Yield successfully completed a private placement of 11 million new shares, raising gross proceeds of NOK 759 million. The share issue attracted strong interest and was heavily oversubscribed. As a result, Aker ASA's shareholding, held through the subsidiary Aker Capital AS, was reduced to 61.7%. The proceeds of the share issue were used for further growth and general corporate purposes.

In May, Ocean Yield issued a new 5-year unsecured bond issue of NOK 750 million. The bonds carry a coupon of NIBOR + 3.65% p.a. with quarterly interest payments. The bond issue attracted strong interest and was well oversubscribed. The net proceeds from the bond issue was used to refinance existing debt, finance future growth of the group and general corporate purposes. Following completion of the bond issue, Ocean Yield exercised its call option on OCY02 in accordance with the bond agreement, and repaid NOK 661.0 million which was net outstanding under OCY02.

In June, Ocean Yield entered into a loan agreement with a group of banks for the long-term financing of the three Suezmax crude tankers with 10-year bareboat charter to NAT. The Company raised USD 117 million in long-term financing against this investment. The loan has a repayment profile of 15 years and a tenor of 7 years.

In July and December, Ocean Yield entered into three separate loan agreements with banks and financial institutions for the long-term financing of the four VLCCs with 15-year bareboat charters to Okeanis and five year sub-charter to Koch Industries Inc. The first two VLCCs have been financed on a bilateral basis with two separate banks, with loans having a repayment profile of 15-years and a tenor of 6 years post delivery. The last two VLCCs have been financed through an export credit facility, combined with a commercial bank tranche provided by two banks. This facility has a repayment profile of 15-years and a tenor of 12 years. A total of USD 242.9 million in financing was raised for the four VLCCs.

In June, Ocean Yield entered into a loan agreement with a bank for the long-term financing of the two handy-size dry-bulk vessels with long-term charter to Louis Dreyfus. The loan has a repayment profile of 15 years and a tenor of 7 years. A total of USD 30 million was raised in financing against this investment.

In June, Ocean Yield entered into a loan agreement with a bank for the long-term financing of the five handy-size dry-bulk vessels with long-term charter to Interlink. The loan has a repayment profile of 14 years on average and a tenor of 5 years. A total of USD 64.1 million was raised in financing against this investment.

In August, Ocean Yield entered into a loan agreement with a group of banks for the long-term financing of the four feeder container vessels with long-term charter to CMB. The loan has a repayment profile of 13 years and a tenor of 7 years. A total of USD 94.5 million was raised in financing against this investment.

In November, Ocean Yield entered into a loan agreement with a bank for the long-term financing of the two chemical tankers with long-term charter to Ardmore. The loan has a repayment profile of 13 years on average and a tenor of 7 years. A total of USD 40.0 million was raised in financing against this investment.

As of year end, the fleet is fully financed, including vessels scheduled for delivery in 2019.

EVENTS AFTER YEAR END

In February 2019, a subsidiary of Ocean Yield has entered into an agreement with Aker Energy AS ("Aker Energy") where Aker Energy has an option to bareboat charter the FPSO Dhirubhai-1 for a period of 15-years (plus 5x1 year options) for oil and gas production on the Deepwater Tano Cape Three Points ("DWT/CTP") block in Ghana. Aker Energy holds a 50 percent participating interest in the DWT/CTP in Ghana, and is developing several oil fields towards Plan of Development ("PoD") in 2019 with first oil planned in 2021. Aker Energy is the operator of the DWT/CTP block. Aker Energy will pay Ocean Yield USD 3 million for the option, which needs to be exercised before 1 May 2019. Aker Energy has an option to extend the initial option period by 30 days against additional compensation. If the option is exercised, Ocean Yield will finance the modification of the FPSO against a charter rate that reflects the book value of the unit and the cost of the modification. Ocean Yield will not take any risk related to the modification nor be involved in the operation of the vessel.

In February 2019, Ocean Yield agreed to acquire a modern Suezmax tanker for a consideration of USD 56.0 million with 13-year bareboat charter to Okeanis Eco Tankers Corp ("Okeanis Eco Tankers"). The purchase price includes a seller's credit of USD 7.0 million, giving a net purchase price of USD 49.0 million. The vessel Milos, was built in 2016 by Sungdong Shipbuilding in Korea and is a sister vessel to Poliegos, another Suezmax vessel owned by Ocean Yield. The vessel was delivered to the Company in February 2019. Okeanis Eco Tankers will have certain options to acquire the vessel during the charter period. The Company has entered into a loan agreement with a bank for the long-term financing of the Suezmax tanker with long-term charter to Okeanis Eco Tankers. The loan has a repayment profile of 14 years and a tenor of 7 years. A total of USD 39.2 million was raised in financing against this investment.

BUSINESS SEGMENTS

Ocean Yield defines operating segments based on the Group's internal management- and reporting structure. Ocean Yield's operating segments as of year-end 2018, are as follows:

- *FPSO*
- *Other Oil Service*
- *Car carriers*
- *Container vessels*
- *Tankers*
- *Other Shipping*
- *Other*

FPSO

Amounts in USD million	2018	2017
Total revenues and other income	103.8	140.7
EBITDA	63.6	115.9
Net profit after tax	-10.1	36.0

The segment FPSO consists of the FPSO Dhirubhai-1. The Dhirubhai-1 completed its contract in September 2018 and is now subject to an option agreement with Aker Energy AS for a potential new long-term bareboat contract. The Net profit after tax was negatively affected by write down of receivables of USD 19.5 million and a provision of USD 9.1 million related to decommissioning liabilities on the MA-field in India. In addition an impairment of USD 9.8 million of goodwill related to the FPSO was made in the fourth quarter.

OTHER OIL SERVICE

Amounts in USD million	2018	2017
Total revenues and other income	96.3	79.9
EBITDA	85.8	79.1
Net profit after tax	19.9	30.2

The segment Other Oil Service consists of Ocean Yield's investments in the subsea construction vessel Aker Wayfarer, the subsea construction and cable-lay vessel Connector, the anchor-handling-tug-supply vessels Far Senator and Far Statesman, the offshore construction and diving support vessel SBM Installer and the two platform supply vessels NS Fraya and NS Orla.

The increase in revenues in 2018 compared to 2017 is mainly due to increased revenues for the Connector. The previous bareboat charter was terminated in February 2017. Since then, the vessel has been traded on shorter term time-charters in anticipation of an improved market. As a result of the change to time-charter contract, operating expenses has increased from 0.8 million in 2017 to USD 10.4 million in 2018 . The Net profit after tax was negatively affected by an impairment of the book value of the two AHTS vessels on long-term charter to a subsidiary of Solstad.

CAR CARRIERS

Amounts in USD million	2018	2017
Total revenues and other income	41.5	39.9
EBITDA	41.4	39.8
Net profit after tax	19.2	18.5

Ocean Yield's investments in car carriers are related to six PCTCs on long-term charters to Höegh Autoliners AS. Revenues and Net Profit after tax were in line with 2017.

CONTAINER VESSELS

Amounts in USD million	2018	2017
Total revenues and other income	28.9	24.1
EBITDA	28.8	24.0
Net profit after tax	27.6	21.1

This segment includes Ocean Yield's investment in ten container vessels on long-term charter. Four of the vessels are 3,800 TEU feeder container vessels on-long term charter to companies owned and controlled by CMB. The remaining are included in a 49.9% equity investment in six mega container vessels with 15-year charters to Mediterranean Shipping Company. The investment was done in collaboration with Quantum Pacific Shipping in Singapore, who is the majority shareholder. The investment is accounted for using the equity method.

TANKERS

Amounts in USD million	2018	2017
Total revenues and other income	46.1	38.4
EBITDA	45.8	38.1
Net profit after tax	28.0	23.9

This segment includes Ocean Yield's investments in chemical tankers, product tankers and crude tankers. During 2018, the Company took delivery of three additional Suezmax tankers and two chemical tankers, which upon delivery commenced long-term charters to NAT and Ardmore, respectively.

OTHER SHIPPING

Amounts in USD million	2018	2017
Total revenues and other income	26.9	16.2
EBITDA	26.8	16.1
Net profit after tax	13.6	8.5

This segment includes the Group's investments in all other vessels. As of year-end 2018 the Group has two gas carriers and seven dry bulk vessels.

OTHER

Amounts in USD million	2018	2017
Total revenues and other income	0.0	0.0
EBITDA	-9.6	-6.3
Net profit after tax	-39.7	-8.6

This segment includes any other investments in the Group, in addition to G&A expenses, interest rate expenses related to the Group's bond debt and currency fluctuations. As no revenue was recorded in this segment, the Net profit after tax is negative. This is mainly a result of USD 9.6 million of operating expenses, USD 24.3 million of interest expenses, USD 18.2 million of foreign exchange gains and USD 26.2 million of negative change in fair value of financial instruments.

FINANCIAL REVIEW

CONSOLIDATED FIGURES - INCOME STATEMENT

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the European Union and the additional requirements of the Norwegian Accounting Act as of 31st December 2018.

Operating revenues were USD 236.3 million in 2018 compared with USD 248.4 million in 2017. The decrease in Operating revenue from 2017 mainly relates to the expiry of the contract for the FPSO Dhirubhai-1 in September 2018.

Finance lease revenues were USD 82.9 million in 2018 compared with USD 66.6 million in 2017. The increase is related to delivery of further vessels to the fleet. During the year 2018, Ocean Yield took delivery of another 16 vessels, where all are classified as finance leases.

Income from investment in associates, which is related to the 49.9% investment in Box Holdings Inc., was USD 24.2 million in 2018 compared with USD 24.1 million in 2017. During the fourth quarter of 2018, Ocean Yield increased its ownership in Box Holdings Inc. to 49.9% from 49.5% previously.

Total revenues and other income for 2018 were USD 343.4 million compared with USD 339.1 million for 2017.

Vessel Operating Expenses were USD 23.2 million in 2018 compared with USD 18.2 million in 2017. The increase is mainly related to the vessel Connector, which was operating on a time-charter contract during 2018. Operating expenses for the Connector was USD 9.2 million for 2018. The remaining USD 14.0 million is related to the FPSO Dhirubhai-1.

Write downs on trade receivables were USD 19.5 million in 2018 compared with USD 0 in 2017. The receivables are related to the agreement on outstanding issues with the former charterer of the FPSO.

EBITDA was USD 282.7 million in 2018 compared with USD 306.5 million in 2017. Adjusted for finance lease effects the EBITDA was USD 333.2 million in 2018 compared with USD 340.7 million in 2017. These figures include write-down of receivables of USD 19.5 million in 2018.

Depreciation and amortization was USD 98.7 million in 2018, compared with USD 102.6 million in 2017. The reduction compared with 2017 relates to the FPSO Dhirubhai-1, where the depreciation profile has changed following expiry of the charter contract in September 2018.

Impairment charges and other non-recurring items were USD 32.2 million for the year 2018. Of this, USD 13.4 million is related to an impairment of the book value of the two AHTS vessels on long-term charter to a subsidiary of Solstad Offshore ASA. Further, USD 9.1 million is related to an additional provision for decommissioning liabilities on the MA-field in India, following expiry of the contract for the FPSO and USD 9.8 million is impairment of goodwill related to the FPSO. This compares to zero impairments in 2017.

Financial income was USD 19.2 million in 2018 compared with USD 55.2 million in 2017. In 2018 the Group has sold the bonds in American Shipping Company ASA, resulting in decreased interest income. Financial income also includes foreign exchange gains of USD 16.0 million in 2018, compared with a loss of USD 37.4 million in 2017. The foreign exchange movements are mainly a result of fluctuations in the USD/NOK exchange rate, as Ocean Yield's bond loans are denominated in NOK. The foreign exchange gains had no significant cash impact.

Financial expenses were USD 109.4 million in 2018, compared with USD 109.4 million in 2017. In 2018 the Group had USD 82.3 million in interest expenses compared to USD 67.7 million in 2017. The increase is mainly related to increased long-term debt as a result of vessel deliveries. Financial expenses also includes a negative change in fair value of financial instruments of USD 23.3 million, compared with positive USD 41.8 million in 2017. This is mainly related to the Company's cross currency swaps and interest rate swaps related to vessel financings and the weakening of the NOK against the USD during the fourth quarter. The change in fair value of financial instruments had no significant cash impact.

The Net profit before tax in 2018 was USD 61.6 million compared with USD 149.7 million for 2017.

Tax payable was USD 0.5 million in 2018 compared with USD 2.0 million in 2017.

Change in deferred tax was negative with USD 2.8 million in 2018, compared with negative USD 18.0 million in 2017.

The Net profit after tax for 2018 was USD 58.4 million compared with a Net Profit of USD 129.7 million for 2017. Adjusted for impairments, non-recurring items, currency fluctuations, change in fair value of financial instruments and change in deferred tax, the Net profit after tax was USD 121.6 million in 2018 as compared with USD 137.7 million in 2017.

FINANCIAL POSITION AS OF DECEMBER 31ST 2018

The Ocean Yield Group had total assets as of 31st December 2018 of USD 2,726.6 million, compared to USD 2,443.1 million for 2017. Total equity was USD 845.7 million at the end of 2018 compared with USD 831.5 million at the end of 2017. During 2018, the Company completed a private placement of 11 million new shares, with gross proceeds of NOK 759 million or USD 95.8 million. Other changes in equity include other comprehensive income of negative USD 6.7 million, dividends of USD 119.1 million and USD 14.0 million in dividend to non-controlling interests. USD 12.2 million of the latter was converted to equity after the end of the year. The book equity ratio was 31.0% at the end of 2018, compared with 34.0% at the end of 2017. Cash and cash equivalents at year-end 2018 were USD 110.0 million, in addition to un-drawn credit facilities of USD 32.1 million, giving a total liquidity position of USD 142.1 million. Total interest bearing debt was USD 1,762.9 million year-end 2018, compared to USD 1,510.4 million year-end 2017. Net interest bearing debt was USD 1,652.9 million, compared to USD 1,411.7 million in 2017.

As of year-end 2018, the fleet counted 57 vessels, including four vessels scheduled for delivery in 2019.


3T SWL 1,5M - 15M
ODIM ABAS
SCHAT HARDING
Håkon Seim

CASH FLOW

Net Cash flow from operating activities was USD 192.4 million in 2018, compared to USD 170.3 million for 2017. The difference between the Operating profit before depreciation and amortisation of USD 282.7 million and Net cash flow from operating activities of USD 192.4 is as follows:

Amounts in USD million	2018
EBITDA	**282.7**
Mobilization fee, advances and deferred revenue	-18.2
Write down on trade receivables	19.5
Income from investment in associates	-24.2
Dividend received from investments in associates	22.6
Realized foreign exchange loss	0.9
Other financial expenses	-2.5
Net interest paid	-69.7
Taxes paid	-1.7
Net change in working capital	-16.9
Cash flow from operating activities	**192.4**

Gross cash flow used for investments in vessels, including vessels accounted for as finance leases and investments in associates were USD 415.2 million in 2018. Net cash flow used for investing activities was USD 421.3 million for the year, compared to USD 59.3 million for 2017. The amounts in 2018 are related to the delivery of a total of 16 vessels during the year, which includes three Suezmax tankers, seven drybulk vessels, four container vessels, and two chemical tankers.

Net positive cash flow from financing was USD 241.8 million, compared to a negative cash flow from financing of USD 178.1 million for 2017. The figures for 2018 include repayment of debt of USD 263.4 million, payment of dividends of USD 119.1 million, issuance of new long-term debt of USD 530.8 million, dividends paid to non-controlling interests of USD 1.8 million and issuance of new equity of USD 95.5 million. This compares to issuance of new long-term debt of USD 224.9 million, dividends of USD 110.2 million, repayment of debt of USD 290.8 million and dividends paid to non-controlling interests of USD 2.1 million in 2017.

Net cash flow for the year 2018 was USD 13.0 million, resulting in cash and cash equivalents of USD 110.0 million at the end of the year. This compares to net cash flow of negative USD 67.1 million for 2017. The Company's operating cash flow is sufficient to cover ordinary instalments under the Company's debt facilities. The Company normally finances new investments with a combination of debt and equity, where the operating cash flow from each new investment is sufficient to cover the debt assumed for the relevant project. In addition, the Company had USD 16.1 million of restricted cash deposits. The Group held USD 1.7 million of marketable securities at the end of the year. The Group had capital expenditure commitments related to three newbuildings of USD 206 million at the end of the year, of which a total of USD 197 million of bank financing has been secured.

PARENT COMPANY – OCEAN YIELD ASA

The net profit after tax for the parent company Ocean Yield ASA was negative USD 24.4 million for the year 2018 compared to positive USD 79.4 million for the year 2017. Total assets were USD 2,861.0 million and total equity was USD 579.1 million, resulting in an equity ratio of 20% in the parent company. Total long-term debt was USD 1,322.2 million, of which USD 18.5 million is long-term debt to Group companies.

PRESENTATION OF ANNUAL ACCOUNTS

Ocean Yield's consolidated Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the European Union and the additional requirements of the Norwegian Accounting Act as of 31st December 2018. The financial statements of the parent company Ocean Yield ASA have been prepared and presented in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

GOING CONCERN ASSUMPTION

Pursuant to section 3-3a of the Norwegian accounting act, it is confirmed that the annual accounts have been prepared based on the assumption that Ocean Yield is a going concern and the Board of Directors confirms that this assumption continues to apply.

RISK AND RISK MANAGEMENT

MARKET RISK

As of year-end 2018, 55 out of 57 vessels are on long-term contracts and are hence not directly exposed to short- or medium-term market risk, as these contracts typically have a fixed charter rate throughout the entire period. The Company is, however exposed to market risk and residual value risk related to these vessels upon expiry of charter contract and in the event of a counterparty default. For the FPSO, the Company is exposed to redeployment risk following the completion of the 10-year contract in September 2018. The agreement with Aker Energy announced after year end may result in a new long-term contract for the FPSO, however should this option not be exercised and the Company not be able to secure alternative employment, there is a risk of further impairment related to the book value of the FPSO.

The vessel Connector, which has been operating on a short-term contract during 2018 is being marketed for future employment, both as a subsea construction and cable-lay vessel. Given the current market conditions, there is a risk of reduced utilisation for this vessel during the first half of 2019.

For the AHTS vessels on long-term charter to subsidiaries of Solstad Offshore ASA, a standstill period of 6 months was agreed in December 2018. Following the standstill agreement there is a risk related to the obligations under the charter contracts.

OPERATING RISK

As most of Ocean Yield's vessels are on bareboat charter contracts, the Company is not exposed to operating risk for these vessels, as this is the responsibility of the charterer. However, for the vessel Connector, the Company is responsible for the operations and maintenance of the vessel and hence has full operating risk. For the FPSO Dhirubhai-1, the company is currently exposed to operating risk also for this vessel. The Company has now entered into an option agreement with Aker Energy AS, for a 15-year bareboat charter. If this option is exercised, the Company will no longer be exposed to operating risk for this vessel.

FINANCIAL RISK

The Ocean Yield Group is exposed to different types of financial risk including credit-, liquidity- and market risk (e.g. interest- and currency risk). The Group is using different financial instruments to actively manage its financial exposure. The purpose of risk management is to measure and manage financial risk in a reliable manner, thereby increasing predictability and reducing negative effects on Ocean Yield's financial results.

Ocean Yield ASA has developed a policy on how the financial risk is monitored. The risk is monitored continuously and reported on a regular basis. The main companies in the Group have developed similar policies and guidelines based on the individual company's exposure to the different kinds of financial risks.

Ocean Yield's strategy is to mitigate financial risk, where appropriate, using derivative instruments. This is mainly related to interest rate risk and currency risk. The Company will enter into fixed interest rate agreements for portions of its debt facilities from time to time, in order to hedge interest rate exposure. The ratio of fixed interest rate contracts to its total debt portfolio may vary from time to time, depending on the Company's view of the market. A number of the Company's lease agreements have floating interest rate clauses, where the counterparty is responsible for any increase in underlying interest rates. This significantly improves the overall effective hedging position of the Group.

Most of the Group's revenues are denominated in USD and hence there is limited currency exchange risk in the Group. However, the Company has some exposure to NOK through its bareboat charters for the vessels Far Senator and Far Statesman, Ocean Yield's net bond debt which is issued in NOK, office rentals and salaries. As such, Ocean Yield may from time to time, enter into derivative contracts in order to hedge currency risk related to its fixed revenues. As of year end, the Company had NOK 2,397.5 million net outstanding in bond loans. As of year end 2018 the Company has entered into interest and currency swaps, where NOK 3,100 million has been swapped from NOK to USD.

FINANCING RISK

Ocean Yield is exposed to financing risk since the Company raises external debt on a regular basis for a portion of its investments in vessels, either in the bank market or the bond market. These loans are subject to refinancing typically at maturities ranging between five to twelve years. The loans are subject to certain financial covenants that are reported on a quarterly or semi-annual basis by the Company. Should the appetite or capacity in these markets deteriorate rapidly, the Company may face the risk of increased margins when entering into a new project, or obtaining lower leverage than anticipated in a refinancing. This may negatively impact overall returns. The Company works to reduce these risks by securing financing at the same time or shortly after committing to a new investment and maintaining access to a broad range of capital market products.

CREDIT RISK

Ocean Yield has inherent credit risk through the fact that a counterparty may not be able to meet its obligations under a long term charter contract. In order to mitigate this, the Company charters out the vessels to internationally recognized companies within the shipping and offshore industry. However, as shipping and oil service markets are volatile, there is no complete protection against potential counterparty default. In December 2018 a standstill agreement with certain subsidiaries of Solstad was entered into, due to the distressed situation in Solstad. These subsidiaries, which previously were part of the Farstad Shipping Group, are the counterparties in a long-term bareboat charter for two of the Group's AHTS vessels built in 2013. Ocean Yield also has credit risk related to its trade receivables. The Company's cash and cash equivalents are placed with major international banks with strong credit ratings.

LIQUIDITY RISK

Ocean Yield has inherent liquidity risk in a situation where the Company may be unable to fulfil its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its obligations when due. Management monitors monthly forecasts of the Group's liquidity reserve on the basis of expected cash flows.

SUSTAINABILITY

The section 3-3c in the Norwegian Accounting Act requires that large companies account for their efforts to integrate corporate social responsibility in their business strategies and day-to–day operations. Ocean Yield ASA has chosen to report on its efforts to integrate human rights, labour standards, the environment and anti-corruption measures in a separate document in this Annual Report for 2018 approved by the Board of Directors. Please refer to the Corporate Social Responsibility Statement later in this Annual Report. The assessment encompasses Ocean Yield ASA and subsidiaries consolidated into the Group accounts.

CORPORATE GOVERNANCE

The Company has adopted and implemented a corporate governance regime which, in all material respects, complies with the Norwegian code of practice for Corporate Governance and the Section 3-3b in the Norwegian Accounting Act. A Copy of the Corporate Governance Statement can be found on the Company's web site, www.oceanyield.no

RESEARCH AND DEVELOPMENT

Ocean Yield has not been engaged in research and development during 2018.

ALLOCATION OF PROFIT AND DIVIDEND FOR THE PARENT COMPANY OCEAN YIELD ASA

In 2018, Ocean Yield has paid USD 119.1 million in dividends. A dividend of USD 0.1910 per share, or approximately USD 30.4 million in total, was approved by the Board of Directors on 12th February 2019 for Q4 2018. This was paid on 26th February 2019 and is reflected in the accounts of the parent company Ocean Yield ASA.

The parent company, Ocean Yield ASA had a net loss after tax of USD 24.4 million for the year 2018. The Board of Directors proposes the following allocation of the net loss of USD 24.4 million: USD 121.5 million in dividends and USD 145.8 million from other paid-in capital. The Company intends to continue to expand and diversify its fleet of vessels on long-term charter in order to further increase the Company's earnings and dividend capacity.

OUTLOOK

Including the transaction with Okeanis Eco Tankers announced after year-end, Ocean Yield now has a fleet of 58 vessels, including four VLCCs to be delivered in 2019. Ocean Yield currently has a strong focus on the redeployment of the FPSO Dhirubhai-1 and on the announced agreement with Aker Energy which may result in a new 15-year contract for the vessel.

Ocean Yield continues to see attractive investment opportunities across several segments and will continue to focus on further growth through investments in new projects.

Based on the opportunity for a firm contract on the FPSO, the Company intends to continue its policy of paying attractive quarterly dividends to its shareholders.

BÆRUM 20TH MARCH 2019
OCEAN YIELD ASA

FRANK O. REITE
CHAIRMAN

KJELL INGE RØKKE
DIRECTOR

ANNICKEN GANN KILDAHL
DIRECTOR

ANNE-CHRISTIN DØVIGEN
DIRECTOR

JENS ISMAR
DIRECTOR

LARS SOLBAKKEN
CEO

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

SUSTAINABILITY

Ocean Yield's responsibilities and sustainability challenges are defined within four key areas:

- *ASSETS*
- *CHARTERERS*
- *CULTURE & CONDUCT*
- *OPERATIONS*

ASSETS

PRINCIPLES

We shall aim to ensure that our assets are:

- *Modern and efficient. This implies that we make use of modern technology, and that our assets are developed to meet ever growing challenges related to environmental impacts and resource efficiency.*

EFFORTS AND RESULTS

OUR FLEET

Our fleet as of 2018 consists of modern and efficient vessels. As of year-end 2018, 55 out of 57 vessels in the fleet are on long term bareboat charters to various counterparties within shipping and oil-service, where the counterparty is responsible for the operations.

AMBITIONS

We aim to continue to invest in modern, fuel efficient vessels with eco-design where possible, in relationship with charterers that focus on their environmental responsibility, in order to minimize any negative impact on the environment.

CHARTERERS

PRINCIPLES

We shall aim to build relationships with our charterers:

- *That are of a long term nature*
- *With acceptable counterparties. We conduct thorough due diligence of potential charterers.*
- *With clear expectations with regards to responsible conduct. These expectations include maintenance of the vessels, management of environmental impacts, compliance with any oil pollution- and environmental laws & regulations, as well as interaction with sanctioned countries and trading of vessels in war zones.*

EFFORTS AND RESULTS

We make efforts to ensure that our counterparts are solid and acceptable. Part of these efforts is a thorough due diligence of the solidity and reliability of the potential counterparts. All of our counterparts are well reputed and manage sizeable fleets.

As of year end 2018 average remaining contract tenor (weighted by EBITDA) was 11.0 years.

Our bareboat contracts places clear expectations on appropriate use and maintenance of our vessels. This not only ensures to maximize the useful lives of the vessels through good upkeep, but it also rules out illegal or dangerous activities such as use in areas of violent conflict. Vessels must be kept in safe working order in compliance with international conventions, codes and regulations, including the International Convention for Safety of Life at Sea 1974 (SOLAS), the STCW 95, the ISM Code and the ISPS Code. Vessels must also be insured against damage and at all times be in compliance with laws and regulations including environmental laws and regulations.

AMBITIONS

We aim to continue to develop our portfolio of investments in vessels with long-term charters to internationally well recognized companies within the shipping and offshore industry. Our ambition is to continue to do business with companies that are of solid credit quality with a strong reputation.

CULTURE AND CONDUCT

PRINCIPLES

WORKPLACE

We will strive for a workplace where:

- *The interests of our employees and the people that are engaged by the Company are protected, including their health and safety.*
- *The Company prohibits discrimination against any employee on the basis of age, gender, sexual orientation, disability, race, nationality, political opinions, religion or ethnic background, or any other basis prohibited by law. The Company does not tolerate harassment or degrading treatments in any form by or towards employees.*
- *Every employee has the opportunity to develop their individual skills and talents.*

ENGAGING WITH STAKEHOLDERS

- *Ocean Yield will communicate relevant business information in full and on a timely basis to its employees and external stakeholders.*
- *Ocean Yield is committed to providing the financial markets with quality information on the financial and operational status, enabling investors and analysts to maintain a correct picture of the financial situation as well as risks and opportunities facing it in the future.*
- *Ocean Yield will provide accurate disclosure information to the financial markets in line with all relevant laws and regulations for listed companies on the Oslo Stock Exchange.*

ANTI CORRUPTION AND BRIBERY

Ocean Yield is opposed to all forms of corruption and will make active efforts to ensure that it does not occur in the Company's business activities. Please refer to the anti-corruption policy for further details, which can be found at www.oceanyield.no.

In 2017 our subsidiary Aker Floating Production obtained ISO 37001 anti-corruption certification, as the first Norwegian company with such certification.

ENVIRONMENT

Ocean Yield will act responsibly with an ambition to reduce direct and indirect negative influences on the external environment. Ocean Yield will adhere to relevant international and local laws and standards, seeking to minimize the environmental impact.

EFFORTS AND RESULTS

We acknowledge the benefits of setting down our policies and principles to ensure a common understanding and approach, and to maintain consistency for the future. We have therefore introduced an independent whistle-blower function to ensure that any breach with our policies or laws can be reported without repercussion.

We achieved a sick leave rate of 0.79% in 2018 compared to 3.3% in 2017.

In 2018, Ocean Yield committed to support the "VI" foundation over the next five year period. The foundation aims to become a knowledge- and resource centre providing information and knowledge about opportunities and rights for people with disabilities. The initiative takes a three-pronged approach: 1) working with Olympiatoppen to support elite-level Paralympic athletes, and thereby creating role models; 2) cooperation with individual federations and clubs to improve the facilitation of sports at a grass root level for people with disabilities; 3) facilitate partnerships between the foundation VI, private companies/individuals and public offices to ensure that people with disabilities have the same opportunities and rights as able-bodied people.

EQUALITY

We believe in equal opportunity for men and women. Women accounted for 36% of the total number of employees as of year-end 2018 (32% in 2017). The Board of Directors consists of three men and two women.

AMBITIONS

We will work to ensure that our code of conduct and polices are understood and implemented. This includes a continued zero tolerance policy towards corruption and an equal opportunities employee policy. All employees have also been made aware of and are familiar with our independent whistle-blower function.

OPERATIONS

Ocean Yield currently had as of year end operating responsibility for two vessels, being the FPSO Dhirubhai-1 and the offshore construction and cable lay vessel Connector. For the FPSO, Ocean Yield has in-house technical management through its subsidiary, AFP Operations AS, while for the Connector, technical management is outsourced to Solstad Offshore ASA. Going forward, the plan is to charter the FPSO out on a bareboat charter, where the charterer is responsible for operations and maintenance.

PRINCIPLES

For the FPSO, AFP Operations AS has committed to several sustainability related polices including a code of conduct, an anti-corruption policy, an environmental policy and an occupational health and safety policy. AFP Operations AS operate according to the ISM code, ISO 9001 and ISO 14001 and all international, local and contractual requirements. In addition, during 2017, the subsidiary Aker Floating Production AS obtained ISO 37001, anti-corruption certification.

Key policies adopted include:

- *Abide by the International Safety Management (ISM) code.*
- *Provide a safe and secure working environment that ensures the well-being and good health of employees, clients' representatives, contractor personnel and others affected by our operations.*
- *Aim to minimize negative effects on the environment through no oil spillage and minimal oil in produced water.*

EFFORTS AND RESULTS

Lost Time Incidents (LTIs) have once again been avoided during 2018, and we are now proud to be able to say that the total time without an LTI is now over 9 years.

We provide training, information and procedures to our employees to minimize our environmental footprint. Through our continued ISO 14001 compliance with robust KPIs, targets and monitoring we strive to have the least negative impact we can on the environment.

AMBITIONS

Going into 2019 we will continue to focus on reducing any negative impact on the environment.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Consolidated Income statement and total comprehensive income

Income statement

Amounts in USD million	Note	2018	2017
Operating revenue	7	236.3	248.4
Finance lease revenue	8	82.9	66.6
Income from investments in associates	15	24.2	24.1
Total revenues and other income		**343.4**	**339.1**
Vessel operating expenses		-23.2	-18.2
Wages and other personnel expenses	9	-8.5	-7.4
Other operating expenses	9	-29.0	-7.1
EBITDA		**282.7**	**306.5**
Depreciation and amortization	13,14	-98.7	-102.6
Impairment charges and other non recurring items	10	-32.2	-
Operating profit (EBIT)		**151.8**	**203.8**
Financial income	11	19.2	55.2
Financial expenses	11	-109.4	-109.4
Net financial items	11	**-90.2**	**-54.2**
Net profit before tax		**61.6**	**149.7**
Income tax expense (-) / benefit (+)	12	-3.2	-20.0
Net profit after tax		**58.4**	**129.7**
Attributable to:			
Equity holders of the parent		57.0	128.2
Non-controlling interests		1.4	1.5
Net profit after tax		**58.4**	**129.7**
Basic and diluted earnings per share (USD)	17	**0.36**	**0.86**

Total comprehensive income

Amounts in USD million	Note	2018	2017
Net profit after tax for the period		58.4	129.7
Other Comprehensive income, net of income tax			
Items that will not be reclassified to the income statement			
Remeasurements of defined benefit liability (asset)		-0.0	-0.2
Total for items that will not be reclassified to the income statement		**-0.0**	**-0.2**
Items that are or may be reclassified to the income statement			
Share of other comprehensive income from investment in associates		0.0	-2.3
Change in fair value of financial assets		-4.0	-0.8
Currency translation differences		-2.8	2.2
Total for items that are or may be reclassified to the income statement		**-6.7**	**-0.9**
Total change in other comprehensive income, net of income tax		**-6.7**	**-1.1**
Total comprehensive income		**51.6**	**128.6**
Attributable to:			
Equity holders of the parent		50.3	127.1
Non-controlling interests		1.4	1.5
Total comprehensive income for the period		**51.6**	**128.6**

Consolidated Balance sheet at 31st December

Amounts in USD million	Note	2018	2017
ASSETS			
Vessels and other fixed assets	13	1 195.6	1 310.8
Goodwill	14	-	9.8
Deferred tax assets	12	-	2.8
Investments in associates	15	191.9	188.7
Interest-bearing long term receivables	16	1 188.3	770.7
Other shares and other non-current assets	16	3.2	8.1
Total non-current assets		**2 579.0**	**2 290.8**
Trade receivables and other interest-free receivables	5	37.6	53.5
Cash and cash equivalents	5	110.0	98.7
Total current assets		**147.6**	**152.2**
Total assets		**2 726.6**	**2 443.1**
EQUITY AND LIABILITIES			
Share capital		253.7	239.6
Treasury shares		-0.0	-0.0
Other paid-in capital		387.3	351.4
Total paid-in capital	17	**641.0**	**591.0**
Retained earnings and other reserves		204.7	230.2
Total equity attributable to equity holders of the parent		**845.7**	**821.1**
Non controlling interests		0.0	10.4
Total equity		**845.7**	**831.5**
Interest-bearing long term debt	20	1 572.0	1 401.4
Pension liabilities		0.0	0.4
Non-current provisions	23	-	30.1
Fair value of derivatives		26.7	11.8
Other interest-free long term liabilities	21	12.2	30.6
Total non-current liabilities		**1 610.9**	**1 474.2**
Interest-bearing short term debt	20	190.9	109.0
Current provisions		25.7	-
Trade and other payables		53.3	28.3
Total current liabilities		**269.9**	**137.3**
Total liabilities		**1 880.8**	**1 611.5**
Total equity and liabilities		**2 726.6**	**2 443.1**

BÆRUM, 20TH MARCH 2019
OCEAN YIELD ASA

FRANK O. REITE
CHAIRMAN

KJELL INGE RØKKE
DIRECTOR

JENS ISMAR
DIRECTOR

ANNE-CHRISTIN DØVIGEN
DIRECTOR

ANNICKEN GANN KILDAHL
DIRECTOR

LARS SOLBAKKEN
CEO

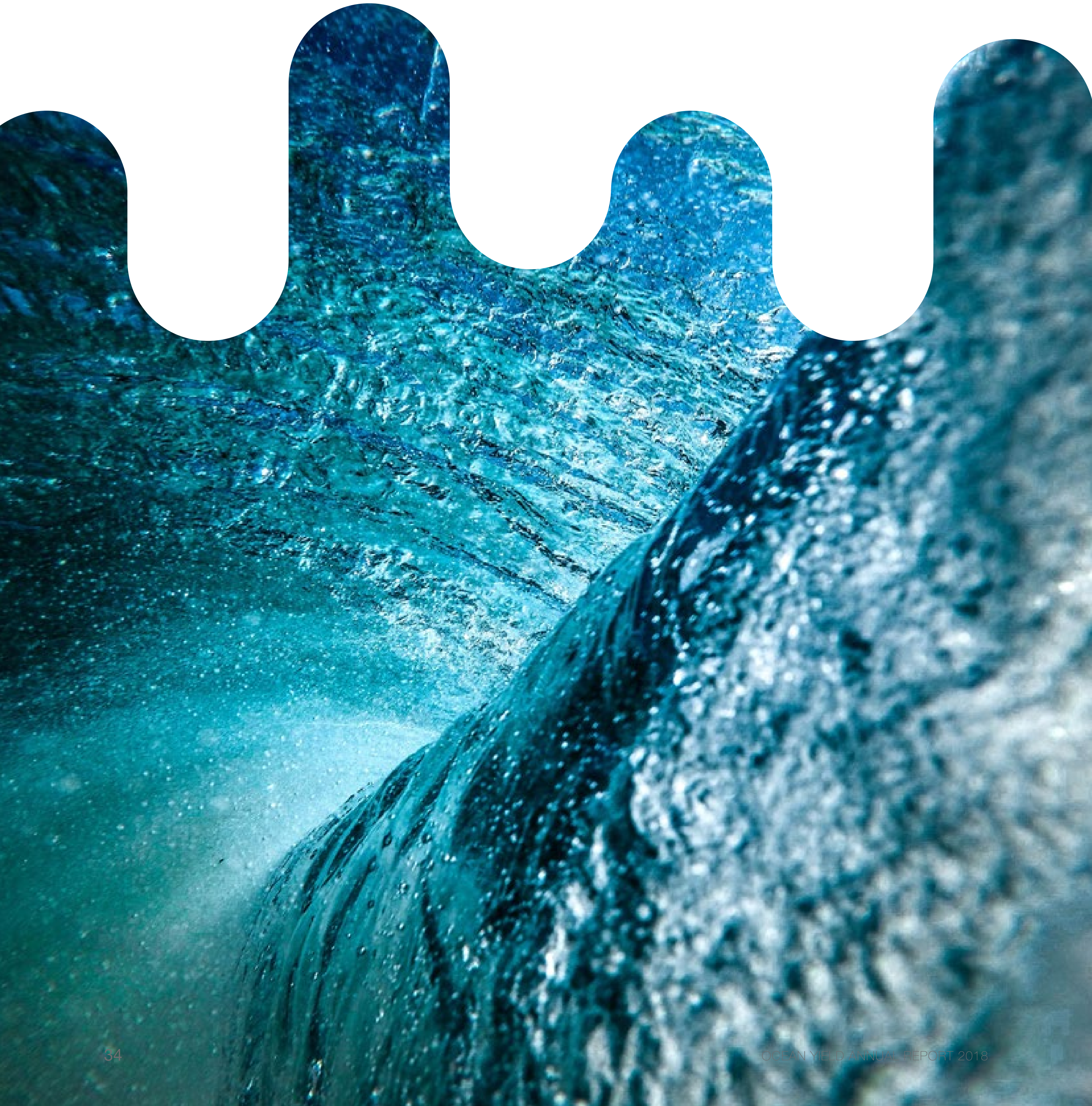
Changes in Equity

Amounts in USD million	Share capital	Share premium	Treasury shares reserve	Fair value reserve	Translation reserve	Retained earnings	Shareholders equity	Non-controlling interests	Total equity
Balance 31st December 2016	**239.6**	**461.8**	**-0.3**	**-**	**-40.9**	**144.0**	**804.2**	**11.0**	**815.2**
Net profit after tax for the period	-	-	-	-	-	128.2	128.2	1.5	129.7
Other comprehensive income	-	-	-	-0.8	2.2	-2.5	-1.1	-	-1.1
Total comprehensive income	-	-	-	-0.8	2.2	125.7	127.1	1.5	128.6
Dividend	-	-110.2	-	-	-	-	-110.2	-2.1	-112.3
Treasury shares sold	-	-	0.1	-	-	-0.0	0.1	-	0.1
Balance 31st December 2017	**239.6**	**351.6**	**-0.2**	**-0.8**	**-38.6**	**269.6**	**821.1**	**10.4**	**831.5**
IFRS 9 effects	-	-	-	-6.4	-	6.4	-	-	-
Balance at 1st January 2018	239.6	351.6	-0.2	-7.2	-38.6	276.0	821.1	10.4	831.5
Net profit after tax for the period	-	-	-	-	-	57.0	57.0	1.4	58.4
Other comprehensive income	-	-	-	-4.0	-2.8	-0.0	-6.7	-	-6.7
Total comprehensive income	-	-	-	-4.0	-2.8	58.4	51.6	-	51.6
Dividend	-	-90.9	-	-	-	-28.3	-119.1	-14.0	-133.1
Issuance of ordinary shares	14.1	83.0	-	-	-	-	97.1	-	97.1
Expenses related to issuance of shares, net of tax	-	-1.2	-	-	-	-	-1.2	-	-1.2
Treasury shares acquired	-	-	-1.3	-	-	-	-1.3	-	-1.3
Treasury shares sold	-	-0.3	1.4	-	-	-	1.1	-	1.1
Non controlling interest's share of intragroup profit	-	-	-	-	-	-2.3	-2.3	2.3	-
Transfer from retained earnings	-	45.2	-	-	-	-45.2	-	-	-
Balance 31st December 2018	**253.7**	**387.4**	**-0.1**	**-11.1**	**-41.4**	**257.2**	**845.7**	**0.0**	**845.7**

Consolidated Cash Flow Statement

Amounts in USD million	Note	2018	2017
Profit before tax		61.6	149.7
Taxes paid		-1.7	-0.1
Net interest expenses (+)		79.9	61.6
Interest paid		-74.6	-63.9
Interest received		4.9	6.6
Impairment charges and other non recurring items	10	32.7	-
Depreciation and amortization	13,14	98.7	102.6
Income from investments in associates	15	-24.2	-24.1
Dividend received from investments in associates		22.6	20.5
Unrealized foreign exchange gain/loss		-15.0	11.7
Change in fair value of financial instruments		23.3	-41.8
Changes in other operating assets and liabilties		-15.7	-52.5
Net cash flow from operating activities		**192.4**	**170.3**
Acquisition of vessels and equipment	13	-2.6	-163.5
Acquisition of vessels accounted for as finance lease receivables	8	-411.0	-47.0
Repayment on finance lease receivables	8	50.9	34.3
Net cash flow from other non-current assets	8	-91.9	-0.5
Investments in associated companies	15	-1.6	-57.7
Net cash flow from interest-bearing long term receivables		34.9	175.2
Net cash flow from investing activities		**-421.3**	**-59.3**
Proceeds from issuance of long term interest-bearing debt	20	530.8	224.9
Repayment of long term interest-bearing debt	20	-263.4	-290.8
Dividend paid	17	-119.1	-110.2
Dividend paid to non-controlling interests		-1.8	-2.1
Net proceeds from issuance of ordinary shares		95.5	-
Net change in treasury shares		-0.1	0.1
Net cash flow from financing activities		**241.8**	**-178.1**
Net change in cash and cash equivalents		**13.0**	**-67.1**
Exchange rate differences		-1.6	0.3
Cash and cash equivalents 1st January		98.7	165.5
Cash and cash equivalents 31st December	**5**	**110.0**	**98.7**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



NOTE 1 CORPORATE INFORMATION

Ocean Yield ASA is a Norwegian company, domiciled in Bærum, Norway, with business address Oksenøyveien 10, Lysaker. The Ocean Yield Group was established at the end of March 2012, with Ocean Yield ASA as the parent company. In July 2013 the company was listed on Oslo Stock Exchange.

The 2018 consolidated financial statements of Ocean Yield ASA incorporate the financial statements of the Company and its subsidiaries owned as of 31st December 2018 (referred to collectively as the "Group" and separately as group companies).

The Group has investments in vessels within oil-service and industrial shipping.

NOTE 2 BASIS FOR PREPARATION AND NEW AND AMENDED STANDARDS

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the European Union, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of 31st December 2018.

The consolidated financial statements for 2018 were approved and authorized for issue by the Board of directors on 20th March 2019. The consolidated financial statements will be presented to the Annual General Meeting on 25th April 2019 for approval.

BASIS OF PREPARATION

The accounting principles presented herein have been applied consistently for the reporting period and for the companies presented in the consolidated financial statements. Comparative figures are reclassified if necessary to conform to current year presentation.

BASIS OF MEASUREMENT

Preparation of the financial statements is based on historical cost, with the following exceptions:

- *Derivative financial instruments are measured at fair value*
- *Financial assets measured at fair value over other comprehensive income*
- *Principles used to determine fair value are described in greater detail in note 4.*

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

These consolidated financial statements are presented in United States Dollars (USD), which is the functional currency of Ocean Yield ASA and most of the group companies. Some group companies have NOK as functional currency.

All financial information presented in USD has been rounded to the nearest million with one decimal, except when otherwise stated. Due to rounding differences there may be some minor inconsistency between total figures.

USE OF ESTIMATES AND JUDGMENT

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of guidelines and principles, as well as the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered relevant under the circumstances. The resulting accounting estimates will, by definition, seldom match actual results, but are based on the best estimate at the time.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimates are revised if the change affects that period, or prospectively for changes in estimates such as the useful lives of vessels or in estimated salvage values. Estimates and assumptions that could have a significant impact on the carrying amounts of assets and liabilities within the next financial year are discussed below.

CLASSIFICATION OF LEASE AGREEMENTS

As of year-end 2018 most of the Group's vessels were chartered on long term contracts. At the inception of the lease agreements an assessment is carried out evaluating whether the agreements should be classified as either operating leases or finance leases. Reference is made to note 3 Accounting principles, section Lease Agreements, note 7 Operating lease revenue and note 8 Finance lease revenue.

IMPAIRMENT OF VESSELS

Ocean Yield has significant investments in vessels. Evaluating whether a vessel is impaired or if an impairment should be reversed, requires a high degree of judgment and may to a large extent depend upon the selection of key future assumptions. Reference is made to note 13 Vessels and other fixed assets.

IMPAIRMENT OF FINANCE LEASE RECEIVABLES

The Group had as of year-end 2018 32 lease agreements that are classified as finance leases. At the end of each reporting period the Group assesses whether there is objective evidence that a finance lease receivable is impaired based upon an assessment of the customer's ability to pay. In addition, the Group regularly assesses whether there have been reductions in the estimated unguaranteed residual values of the leased assets. The assessment on a customer's ability to pay is based upon the Group's historical experience with the customer and an assessment of other information, which is available in the market place, including any alternative use for the vessels. The assessment of changes in unguaranteed residual values involves the use of estimates and assumptions about expected future values. Reference is made to note 8 Finance lease revenue and note 24 Financial instruments.

NEW AND AMENDED STANDARDS

A number of standards, amendments to standards and interpretations are effective from 1st January 2018 and have been applied in preparing these consolidated financial statements;

The implementation of IFRS 9 Financial Instruments was mandatory from 1st January 2018. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, and have replaced the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. The Group have used a modified implementation method, and cumulative impacts of the new standard have thus been recognized in retained earnings as of 1st January 2018. Comparative figures have not been restated. The new standard has however not had significant impact on the measurement of financial assets and changes in equity.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Ocean Yield has financial assets in the following categories: amortized cost and fair value through other comprehensive income. The new standard eliminates the existing IAS 39 categories of “Held to maturity”, “Loans and receivables” and “Available for sale”. At 31st December 2017, the Group had equity investments classified as available-for-sale with a fair value of USD 6.5 million. Under IFRS 9, the Group has designated USD 6.5 million of this as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

Further, IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” model. Each counterparty is assessed separately when estimating the loss allowance for the trade receivables as the Group has a limited number of counterparties and historically few losses. For the finance lease receivables the loans are in substance collateralised by the leased vessels. Most of the Group’s finance lease receivables are net of seller credits and the amounts recognized in the balance sheet are thus less than the fair value of the vessels. Hence, the expected credit losses on these receivables are limited.

Implementation of IFRS 15 “Revenue from Contracts with Customers” was mandatory from 1st January 2018. The standard has replaced existing revenue recognition guidance, including IAS 18 “Revenue”. The standard does not apply to lease contracts that falls within the scope of IAS 17 “Leases”, and the new standard have hence not had significant impact on the financial statements of Ocean Yield. The Group had one contract that fell within the scope of IFRS 15; the operations and maintenance contract for the FPSO Dhirubhai-1. This contract expired in September 2018.

NEW AND AMENDED STANDARDS NOT YET ADOPTED BY THE GROUP

Implementation of IFRS 16 Leases is mandatory from 1st January 2019. The new standard requires companies to bring most of its leases on-balance sheet, recognizing new assets and liabilities. The new standard is not expected to have significant impact on the financial statements of Ocean Yield. Ocean Yield is primarily a lessor and lessor accounting under IFRS 16 remains similar to current practice. The Group has identified two agreements where a right-of-use asset and a lease liability needs to be recognized. The lease liability related to these agreements is estimated to be USD 1.3 million as of year-end 2018.

NOTE 3 ACCOUNTING PRINCIPLES

GROUP ACCOUNTING AND CONSOLIDATION PRINCIPLES

SUBSIDIARIES

Subsidiaries are entities over which the Group has control. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated accounts from the day control is obtained and until control ceases to exist.

INVESTMENTS IN ASSOCIATES

An associate is defined as a company over which the group has significant influence but which is not a subsidiary or a joint arrangement. Significant influence is where the company has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. The Group’s investment in an associate is accounted for using the equity method. The investment is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements includes the Group’s share of the profit and loss and OCI of the associate, until the date on which significant influence ceases to exist.

Dividends received from associates are presented as part of net cash flow from operating activities in the cash flow statement. Received dividends are recognised as a reduction of the book value of the investment.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-Group balances and transactions, and any unrealized income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the entities functional currency using the exchange rates prevailing at the date of each transaction. Monetary assets and liabilities in foreign currencies are translated into the entities functional currency using the exchange rates on the balance sheet date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in other currencies than USD are recognized in the income statement as foreign exchange gains/losses.

GROUP COMPANIES

Financial statements of group companies whose functional currencies are different from the presentation currency (USD) are translated to USD in the following way:

- *Balance sheet items are translated using the exchange rates on the balance sheet date*
- *Profit or loss items are translated using the average exchange rates for the reporting period.*
- *All translation differences are recognized in Other Comprehensive Income.*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are accounted for at acquisition cost less accumulated depreciation and impairment losses. Acquisition cost includes expenditures directly attributable to the asset's acquisition. Estimated costs of dismantling and removing the asset is included in the acquisition cost if an obligation arises from installation of the asset. Borrowing costs attributable to the acquisition, construction or production of a qualifying asset is recognized as part of the acquisition cost of that asset. Other borrowing costs are expensed.

When significant parts of an item of Property, Plant and Equipment have different useful lives, major components are accounted for as separate items of Property, Plant and Equipment.

SUBSEQUENT COST

Ordinary repairs and maintenance costs are charged to the profit and loss in the financial period when they are incurred. The cost of major upgrades or modification of an asset is included in the asset's carrying amount. Major upgrades and modification of an asset is depreciated over the useful lives of the related asset.

DEPRECIATION

Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each major component of an item of property, plant and equipment, taking its residual value into consideration.

Estimated useful lives for the current and comparative periods are as follows:

Vessels	10-30 years
Machinery, vehicles	3-15 years
Other fixed assets	3-10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

Gains and losses on the disposal of assets are determined by comparing the disposal proceeds with the carrying amount.

LEASE AGREEMENTS (AS LESSOR)

As of year-end 2018 most of the vessels owned by the Group were chartered out on long term contracts. When assessing whether an agreement is an operating lease or a finance lease, estimates of the fair value of the vessels at the end of the lease periods and calculations of the present value of the minimum lease payments are the most important factors. Many of the lease contracts include one or more purchase options, and/or options to extend the lease period beyond the firm period. At the inception of the lease, such options are taken into consideration when assessing whether the lease is an operating lease or a finance lease. It is also considered whether the lease agreements contain other elements where risk is transferred to the charterers, such as LIBOR related charter hire adjustments, where some of the interest rate risk is transferred to the charterers.

OPERATING LEASE

Leases in which a significant portion of the risks and rewards of ownership are retained by Ocean Yield are classified as operating leases. Lease assets held pursuant to an operating lease are included in the balance sheet based on the nature of the asset. Direct costs incurred when establishing an operating lease are included in the leased asset's carrying amount and are expensed over the term of the lease on the same basis as the rental income.

FINANCE LEASE

Leases in which substantially all of the risks and rewards of ownership are transferred to the charterer are classified as finance leases. At the inception of the lease the net present value of the minimum lease payments and any discounted unguaranteed residual value are recognized as a non-current receivable.

FINANCIAL ASSETS

Financial assets are presented as current if they contractually will expire or otherwise are expected to be recovered within 12 months after the balance sheet date, or if they are held for the purpose of being traded. Otherwise they are classified as non-current.

LOANS AND RECEIVABLES

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. At year-end 2018 Loans and receivables comprise unsecured bonds as well as trade and other receivables.

CASH AND CASH-EQUIVALENTS

Cash and cash equivalents consist of cash deposits on call with financial institutions and other short-term, highly liquid investments with original maturity of less than three months.

FINANCIAL DERIVATIVES

The Group uses financial derivative instruments to hedge its exposure to foreign currency and interest-rate risks. No hedge accounting has been applied in 2018 or 2017 in the Group companies. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in the income statement as they incur. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit and loss. As further explained in note 15, hedge accounting is applied to mitigate interest rate risk for borrowings in an associated company.

FINANCIAL LIABILITIES

The Group classifies its non-derivative financial liabilities into the Financial liabilities measured at amortized cost category. Such financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. At year-end 2018 and 2017, non-derivative financial liabilities comprise loans and borrowings and trade and other payables.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In such a case, the fee is deferred until the draw-down occurs. To the extent there is low probability that the facility will be drawn down, the fee is capitalized as a pre-payment and amortized over the period of the facility to which it relates.

CURRENT AND DEFERRED INCOME TAX

Income tax in the profit and loss statement for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in Other comprehensive income or directly in equity.

Current tax is the anticipated tax payable on the taxable income for the year, using current tax rates at the balance sheet date, and any adjustment to tax payable related to previous years.

Deferred income tax is stated, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognized for all deductible temporary differences and all carry-forwards of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and carry-forwards can be used.

Deferred tax is not recognized for the following temporary differences:

- *Initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.*
- *Differences relating to investments in subsidiaries and jointly controlled entities, to the extent that it is probable that they will not reverse in the foreseeable future.*

Deferred tax is measured on an undiscounted basis.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on current tax rates (and tax laws) at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and if the deferred tax relates to the same taxable entity or the same tax authority.

The operations of the Group's bareboat fleet has from 2018 been handled from Malta. As a consequence most of the Group's income is subject to corporate taxation in Malta.

REVENUE RECOGNITION

OPERATING LEASE REVENUE

Revenue related to vessel charter agreements that are classified as operating leases are recognized on a straight line basis over the lease term, and classified as operating revenues in the income statement. Contingent rental income, such as bonuses earned based on utilisation, is recognized in profit and loss as it is earned. Payments received from mobilization fees and other up-front fees that do not relate to a separate earnings process are recognized on a straight-line basis over the lease term. The remaining part is recognized in the balance sheet as deferred income.

Income related to the Dhirubhai-1 FPSO have been recognized net of local withholding tax, as this represents the gross inflows of economic benefits received by the Group.

FINANCE LEASE REVENUE

Over the lease term interest on the net investment is recognized in the profit and loss as finance lease revenue in a way that produces a constant rate of return on the investment. Contingent rental income, such as LIBOR related charter hire adjustments, is recognized in profit and loss as earned.

IMPAIRMENT

NON-FINANCIAL ASSETS

The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated annually.

The recoverable amount of an asset or cash generating unit is defined as the greater of its value in use and its fair value, less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a relevant post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For assets that do not generate mainly independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement. Recognition of impairment losses of cash-generating units is allocated first to reduce the carrying amount of any goodwill and then to reduce the carrying amount of the other assets in the unit.

An impairment loss on goodwill is not reversed. For assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's balance sheet carrying amount does not exceed the carrying amount, net of depreciation or amortization, calculated as if no impairment loss had been recognized.

FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

The recoverable amount of the Group's financial assets carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short term to maturity are not discounted.

An impairment loss on financial assets carried at amortized cost, is reversed if a subsequent increase in the recoverable amount can be objectively connected to an event occurring after the impairment loss was recognized in the profit and loss.

DIVIDENDS

Dividends are recorded in the Group's financial statements in the period in which they are approved. Currently the General Meeting has authorized the Board of Directors to resolve and declare dividends based on the Company's annual financial statements for 2017. The authorization is valid until the Annual General Meeting in 2019.

NOTE 4 DETERMINATION OF FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Accounting principles and note disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information on the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

Ocean Yield's Malta office.

- *In the principal market for the asset or liability, or*
- *In the absence of a principal market, in the most advantageous market for the asset or liability*

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- *Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.*
- *Level 2 Valuation techniques for which input that is significant to the fair value measurement is directly or indirectly observable.*
- *Level 3 Valuation techniques for which input that is significant to the fair value measurement is unobservable.*

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

FAIR VALUES HAVE BEEN ESTIMATED USING THE FOLLOWING METHODS:

LOANS AND OTHER LONG TERM RECEIVABLES

Fair value is determined for disclosure purposes. The fair value of Loans and other long term receivables is estimated as the present value of future cash flows, discounted with an applicable discount rate.

FINANCE LEASE RECEIVABLES

Fair value is determined for disclosure purposes. The fair value of finance lease receivables is estimated as the present value of future cash flows, discounted with an applicable discount rate. As of year-end 2018 the Group has 32 lease agreements that are classified as finance leases. The fair value calculation of the finance lease receivables is explained in greater detail in note 24.

TRADE AND OTHER RECEIVABLES

The fair value of trade receivables and other receivables is estimated at the present value of future cash flows of principal and interests, discounted at the market rate of interest at the balance sheet date.

DERIVATIVES

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds), and taking changes in Ocean Yield's credit risk into account. The fair value of interest rate swaps is based on the present value of future cash flows, calculated based on observable market rates and exchange rates on the reporting date, including accrued interest and also taking changes in Ocean Yield's credit risk into account.

NON-DERIVATIVE FINANCIAL LIABILITIES

Fair value is determined for disclosure purposes. The fair value of listed bond debt is based on quoted market prices, while the fair value of other liabilities is calculated based on the present value of future cash flows of principal and interests, discounted at the market rate of interest at the balance sheet date.

NOTE 5 FINANCIAL RISK AND EXPOSURE

FINANCIAL RISK

The Ocean Yield Group is exposed to different types of financial risk including credit-, liquidity- and market risk (e.g. interest- and currency risk). The Group is using different financial instruments to actively manage its financial exposure. The purpose of risk management is to measure and manage financial risk in a reliable manner, thereby increasing predictability and reducing negative effects on Ocean Yield's financial results.

Ocean Yield ASA has developed a policy on how the financial risk is monitored. The risk is monitored continuously and reported on a regular basis. The main companies in the Group have developed similar policies and guidelines based on the individual company's exposure to the different kinds of financial risks.

MARKET RISK

As of year-end 2018, 55 out of 57 vessels are on long-term contracts and are hence not directly exposed to short- or medium-term market risk, as these contracts typically have a fixed charter rate throughout the entire period. However, the Company is exposed to market risk and residual value risk related to the vessels upon expiry of a charter contract and in the event of a counterparty default.

For the FPSO the Company is exposed to redeployment risk following the completion of the 10-year contract in September 2018. The recently announced agreement with Aker Energy may result in a new long-term contract for the FPSO, however should this option not be exercised and the Company not be able to secure alternative employment, there is a risk of further impairment related to the book value of the FPSO.

The vessel Connector, which has been operating on a short-term contract during 2018 is being marketed for future employment, both as a subsea construction and cable-lay vessel. Although there is positive long-term outlook in the subsea installation and cable- lay market, low utilisation can be expected during the first quarter of 2019 due to the winter season.

Following the standstill agreement with certain subsidiaries of Solstad Offshore ASA related to the two AHTS vessels on long-term charters, there is a risk related to the obligations under the charter contracts.

OPERATING RISK

As most of Ocean Yield's vessels are on bareboat charter contracts, the Company is not exposed to operating risk for these vessels, as this is the responsibility of the charterer. However, for the vessel Connector, the Company is responsible for the operations and maintenance of the vessel and hence has full operating risk. For the FPSO Dhirubhai-1, the company is currently exposed to operating risk also for this vessel. The Company has now entered into an option agreement with Aker Energy AS, for a 15-year bareboat charter. If this option is exercised, the Company will no longer be exposed to operating risk for this vessel.

FINANCING RISK

Ocean Yield is exposed to financing risk since the Company raises external debt on a regular basis for a portion of its investments in vessels, either in the bank market or the bondmarket. These loans are subject to refinancing typically at maturities ranging between five to twelve years. The loans are subject to certain financial covenants that are reported on a quarterly or semi-annual basis by the Company. Should the appetite or capacity in these markets deteriorate rapidly, the Company may face the risk of increased margins when entering into a new project, or obtaining lower leverage than anticipated in a refinancing. This may negatively impact overall returns. The Company works to reduce these risks by securing financing at the same time or shortly after committing to a new investment and maintaining access to a broad range of capital market products.

CREDIT RISK

The exposure to credit risk is monitored on an ongoing basis within the Group.

The Group's principal financial assets are bank deposits and cash, finance lease receivables, trade and other receivables and derivatives. The Group's exposure to credit risk is mainly related to finance lease receivables and trade receivables.

The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Credit assessments are performed on all customers.

FINANCIAL INTEREST-BEARING LONG TERM RECEIVABLES

Financial interest-bearing long term receivables mainly consist of finance lease receivables. The finance lease receivables are related to the vessel Aker Wayfarer, four container vessels, twelve chemical tankers, four product tankers, four Suezmax tankers, seven dry bulk vessels and four VLCC crude tankers under construction. Management does not expect any counterparty to fail to meet its obligations.

TRADE RECEIVABLES

Trade receivables included in the Balance Sheet as of year end 2018 are towards customers with a credit rating of BBB or lower.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held with banks and financial institutions with strong credit-ratings. Based on their credit ratings, management does not expect any of these financial institutions to fail to meet their obligations.

DERIVATIVE FINANCIAL INSTRUMENTS

Transactions involving derivative financial instruments are with counterparties with sound credit-ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligation.

EXPOSURE TO CREDIT RISK

The Group has inherent credit risk through the fact that a counterpart may not be able to meet its obligations under a long-term charter contract. In order to mitigate this, the Company charters out the vessels to internationally well-recognized companies within the shipping and offshore industry. However, as shipping and oil service markets are volatile, there is no complete protection against potential counterparty default.

In December 2018, certain subsidiaries of Solstad Offshore ASA ("Solstad") entered into a 6-month standstill period with respect to payment of interest, instalments and charter hire with the secured lenders and other creditors. The Group has two AHTS vessels built in 2013 on long-term bareboat charter to Solstad. Following the standstill agreement, there is a risk related to the obligations under the charter contracts, and an impairment was made on the vessels of USD 13.4 million as of year-end 2018.

The Group's exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Groups exposure to credit risk at the reporting date was:

Exposure to credit risk:

Amounts in USD million	Note	2018 Receivables at amortized cost	2018 Cash and cash equivalents	2018 Total
Financial interest-bearing long term receivables	16	1 172.2	16.1	1 188.3
Other non-current assets		1.4	-	1.4
Trade receivables, other interest-free short term receivables		37.6	-	37.6
Cash and cash equivalents		-	110.0	110.0
Total		**1 211.2**	**126.1**	**1 337.4**

Of the total cash balance year-end 2018, USD 0.4 million was restricted cash. In addition the Group has USD 16.1 million in restricted cash classified as long term assets (see note 16).

Amounts in USD million	Note	2017 Available for sale financial assets	2017 Receivables at amortized cost	2017 Cash and cash equivalents	2017 Total
Financial interest-bearing long term receivables	16	49.0	720.2	1.5	770.7
Other non-current assets		-	1.6	-	1.6
Trade receivables, other interest-free short term receivables		-	53.5	-	53.5
Cash and cash equivalents		-	-	98.7	98.7
Total		**49.0**	**775.4**	**100.2**	**924.6**

The maturity of trade receivables and provisions for impairment loss are as follows:

Amounts in USD million	Gross trade receivables 2018	Provision for impairment loss 2018	Gross trade receivables 2017	Provision for impairment loss 2017
Not past due	1.7	-	24.4	-
Past due 0-30 days	3.5	-	10.5	-
Past due 31-120 days	17.2	-	1.7	-
Past due 121 - 365 days	14.4	-3.7	13.5	-9.5
Past due more than one year	9.5	-9.5	11.4	-2.8
Total trade receivables	**46.2**	**-13.1**	**61.4**	**-12.2**

The movement in allowance for impairment loss during the year was:

Amounts in USD million	2018	2017
Balance 1st January	12.2	6.0
Impairment loss recognized in profit and loss	19.5	6.2
Reversal or use of previously recognized impairment loss	-18.6	-
Balance 31st December	**13.1**	**12.2**

Overdue trade receivables are mainly related to the FPSO Dhirubhai-1, which completed its 10-year contract on the 19th September 2018. Following the expiry of the contract, the parties have been negotiating to obtain agreement on certain contractual issues related to the 10-year contract. Based on this agreement, Ocean Yield will in sum receive a net cash payment of USD 25.5 million. As a result, an impairment of USD 19.5 million on outstanding receivables has been recorded in 2018.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will be unable to fulfil its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its obligations when due. Management monitors monthly forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The figures in the table below represents the contractual undiscounted cash flows related to the Groups liabilities. Interest has been calculated using the interest rates as of year-end.

Overview of contractual maturities of financial liabilities, including estimated interest payments specified per category of interest-bearing liabilities:

	2018 Contractual cash flows incl. estimated interest payments						
Amounts in USD million	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Secured loans	1 489.0	-1 892.8	-90.4	-163.1	-242.9	-1 037.2	-359.3
Unsecured bond issues	273.9	-315.0	-7.3	-7.3	-115.0	-185.4	-
Interest rate swaps	4.1	-2.7	-0.7	-0.6	-1.1	-0.4	-
Forward exchange contracts	38.6	-50.8	-4.3	-10.4	-21.8	-14.3	-
Current provisions	25.7	-25.7	-12.2	-13.5	-	-	-
Trade and other payables	37.3	-25.1	-25.1	-	-	-	-
Total contractual cash flows for liabilities	**1 868.7**	**-2 312.2**	**-140.0**	**-194.9**	**-380.8**	**-1 237.3**	**-359.3**

Trade and other payables as of year-end 2018 includes USD 12.2 million in debt to non-controlling interests, which was converted to equity in January 2019, and hence has no contractual cash flows.

	2017 Contractual cash flows incl. estimated interest payments						
Amounts in USD million	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Secured loans	1 219.2	-1 398.8	-75.7	-75.5	-231.1	-730.0	-286.5
Unsecured bond issues	291.2	-330.1	-7.3	-7.4	-103.3	-212.1	-
Non-current provisions	30.1	-30.9	-	-	-30.9	-	-
Interest rate swaps	8.3	-11.2	-1.4	-1.1	-2.3	-6.3	-
Forward exchange contracts	11.0	-16.4	-2.4	-2.8	-2.2	-9.1	-
Trade and other payables	20.8	-20.8	-20.8	-	-	-	-
Total contractual cash flows for liabilities	**1 580.6**	**-1 808.2**	**-107.5**	**-86.8**	**-369.8**	**-957.5**	**-286.5**

CURRENCY RISK

Ocean Yield operates in the international market which leads to various types of currency exposure for the Group. Currency risks arise through ordinary, future business transactions, capitalized assets and liabilities and when such transactions have been made against payment in a currency other than the functional currency of the respective group company. In addition, currency risk may arise from investments in subsidiaries with a different currency than USD.

Ocean Yield defines levels for the hedging of expected future cash flows. The Company may from time to time utilize currency forward contracts and currency option contracts to reduce currency exposure.

EXPOSURE TO CURRENCY EXCHANGE RISK

The functional currencies of Ocean Yield ASA and its subsidiaries reflect the primary economic environment in which the entities operates. Ocean Yield ASA and most of its subsidiaries has USD as functional currency. Some group companies have NOK as functional currency. For the subsidiaries with functional currency in USD the revenues and interest bearing debt is mainly denominated in USD. For the subsidiaries with functional currency in NOK the revenues and interest bearing debt is mainly denominated in NOK. Hence there is limited currency risk related to the subsidiaries of Ocean Yield ASA.

As of year-end 2018 the Group's exposure to currency risk is mainly related to the bond debt in Ocean Yield ASA, which is denominated in NOK. To reduce some of the currency effects related to the bond debt Ocean Yield ASA has entered into several cross currency interest rate swaps where cash flows in NOK have been swapped to USD. As of year-end 2018 the Group has nine cross currency swaps, where NOK 3,100 million has been swapped from floating rate in NOK to floating rate in USD. Total outstanding bond debt as of year-end 2018 was NOK 2,398 million.

If the USD had appreciated with 10% versus NOK at year-end the effects on the above mentioned items would have been as follows:

	2018		2017	
Amounts in USD million	**Profit before tax**	**Equity**	**Profit before tax**	**Equity**
Foreign exchange gains on Bond loans	21.2	15.5	26.6	19.7
Change in fair value of cross currency interest rate swaps	-27.2	-19.9	-24.3	-18.0
Total	**-6.1**	**-4.4**	**2.3**	**1.7**

INTEREST RATE RISK

The Group's interest rate risk arises from long term borrowings and receivables. Borrowings and receivables issued at variable rates expose the Group to cash flow interest rate risk.

The Group has prepared guidelines for management of interest rate risks. The interest rate policy of Ocean Yield defines levels for the hedging of expected future cash flows. To manage some of the interest rate risk the Group has entered into interest rate swaps related to vessel financings, where floating rate payments have been swapped to fixed rate payments. No hedge accounting has been applied in 2018 and 2017 in the Group companies. As further explained in note 15, hedge accounting is applied to mitigate interest rate risk for borrowings in an associated company.

In addition, in several of the Group's lease agreements the charter rates are subject to a LIBOR adjustment.

EXPOSURE TO INTEREST RATE RISK

As of 31st December the interest rate profile of the Group's interest-bearing financial instruments was as follows:

Amounts in USD million	2018	2017
Fixed rate instruments:		
Financial assets	261.1	318.9
Financial liabilities	-382.2	-389.9
Net fixed rate instruments	-121.1	-70.9
Variable rate instruments:		
Financial assets	1 037.2	550.5
Operating leases with LIBOR adjustment	284.7	298.3
Financial liabilities	-1 380.7	-1 120.5
Net variable rate instruments	-58.8	-271.8
Net interest-bearing debt (-) / asset (+)	**-179.9**	**-342.7**

The terms of the Groups interest rate swaps as of year-end were as follows:

Amounts in USD million	2018	2017
Swap amount	325.1	320.1
Weighted average fixed interest rate (swapped from LIBOR)	3.12 %	3.06 %
Weighted average remaining years	2.5	2.8

SENSITIVITY ANALYSIS RELATED TO INTEREST RATES

Borrowings and receivables issued at variable rates expose the Group to cash flow interest rate risk. At year-end 2018 the Group has USD 58.0 million (271.8 million year-end 2017) in net variable rate instruments. An increase in the LIBOR rate of 100 basis points would decrease the Group's annual net interest expenses of USD 2.2 million (increase of USD 0.2 million based on year-end 2017) and an increase in the NIBOR rate of 100 basis points would increase the Group's annual net interest expenses of USD 2.8 million (USD 2.9 million based on year-end 2017). The figures do not include changes in MTM of interest rate swaps.

NOTE 6 OPERATING SEGMENTS

Ocean Yield defines operating segments based on the Group's internal management- and reporting structure. The Group's chief operating decision makers, responsible for the allocation of resources and assessment of performance in the different operating segments, is defined as the Board of Directors, CEO and CFO.

Recognition and measurement applied to segment reporting are consistent with the accounting principles applied when preparing the consolidated financial statements. Transactions between segments are conducted at market terms and conditions.

Ocean Yield's operating segments are as follows:

- **FPSO**
  This segment relates to the Group's investment in floating production, storage and offloading vessels (FPSO). As of 31st December 2018 this segment consists of the FPSO Dhirubhai-1.

- **Other Oil Service**
  Vessels operating within the oil sector, except for FPSOs are included in this segment. As of 31st December 2018 this segment includes the two anchor handling tug supply vessels (AHTS) Far Senator and Far Statesman, the construction vessel Aker Wayfarer, the offshore construction and cable lay vessel Connector, the diving support and offshore construction vessel SBM Installer and the two Platform Supply vessels NS Orla and NS Frayja.

- **Car Carriers**
  This segment includes the Group's investments in car carriers. As of 31st December 2018 the Group has six pure car truck carriers (PCTC); Höegh Beijing, Höegh Xiamen, Höegh Jacksonville, Höegh Jeddah, Höegh Tracer and Höegh Trapper.

- **Container vessels**
  This segment includes the Group's investments in container vessels. As of year-end 2018 the Group has four container vessels; Barcelona Express, Genoa Express, Detroit Express and Livorno Express. In addition the Group's 49.9% equity investment in six mega container vessels is included in the segment.

- **Tankers**
  This segment includes the Group's investments in tankers. As of 31st December 2018 the Group has twelve chemical tankers; Navig8 Aronaldo, Navig8 Aquamarine, Navig8 Amessi, Navig8 Azotic, Navig8 Topaz, Navig8 Tourmaline, Navig8 Tanzanite, Navig8 Turquoise, Navig8 Universe and Navig8 Constellation, Ardmore Dauntless and Ardmore Defender. In addition the Company has four product tankers; STI Supreme, STI Sanctity, STI Symphony and STI Steadfast, four Suezmax tankers; Poliegos, Nordic Aquarius, Nordic Cygnus and Nordic Tellus and four VLCC newbuildings, with delivery in 2019.

- **Other Shipping**
  This segment includes the Group's investments in all other vessels. As of 31st December 2018 the Group has two gas carriers; GasChem Beluga and GasChem Orca and seven dry bulk vessels; La Loirais, La Fresnais, Interlink Levity, Interlink Sagacity, Interlink Dignity, Interlink Priority and Interlink Amenity.

- **Other**
  This segment includes all other investments, with the most significant being the bonds issued by American Shipping Company ASA. The bonds were however sold in 2018.

2018 - Operating segments

Income statement

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other and elimi-nations	Total
Operating revenue	103.8	70.0	41.5	-	-	21.0	0.0	236.3
Finance lease revenue	-	26.3	-	4.6	46.1	6.0	-	82.9
Income from investments in associates	-	-	-	24.2	-	-	-	24.2
Total revenues and other income	**103.8**	**96.3**	**41.5**	**28.9**	**46.1**	**26.9**	**0.0**	**343.4**
Operating expenses	-40.2	-10.4	-0.1	-0.1	-0.2	-0.1	-9.6	-60.7
EBITDA	**63.6**	**85.8**	**41.4**	**28.8**	**45.8**	**26.8**	**-9.6**	**282.7**
Depreciation and amortization	-49.2	-29.7	-13.6	-	-	-5.4	-0.7	-98.7
Impairment charges and other non-recurring items	-18.8	-13.4	-	-	-	-	0.0	-32.2
Operating profit (loss)	**-4.5**	**42.8**	**27.8**	**28.8**	**45.8**	**21.4**	**-10.4**	**151.8**
Interest income	0.4	0.1	-	0.0	0.0	0.0	2.7	3.2
Other financial income	0.0	0.0	2.4	-	-	1.0	-26.7	-23.3
Interest expense	-0.4	-22.0	-11.0	-1.2	-17.6	-8.6	-21.4	-82.3
Other financial expenses	-2.8	-0.9	-0.0	-0.0	-0.0	-0.0	16.0	12.2
Net profit (loss) before tax	**-7.3**	**20.0**	**19.2**	**27.6**	**28.3**	**13.8**	**-39.9**	**61.6**
Income tax expense (-)/benefit (+)	-2.8	-0.1	-	-0.1	-0.3	-0.1	0.2	-3.2
Net profit (loss) after tax	**-10.1**	**19.9**	**19.2**	**27.6**	**28.0**	**13.6**	**-39.7**	**58.4**

Balance Sheet

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other and elimi-nations	Total
ASSETS								
Vessels and other fixed assets	238.9	508.9	284.7	-	-	154.0	9.1	1 195.6
Deferred tax assets	-	0.0	-	-	-	-	-0.0	0.0
Investments in associates	-	-	-	191.9	-	-	-	191.9
Interest-bearing long term receivables and other non-current assets	0.0	182.5	-	115.9	769.4	107.2	16.5	1 191.5
Total non-current assets	**238.9**	**691.4**	**284.7**	**307.9**	**769.4**	**261.1**	**25.6**	**2 579.0**
Trade receivables and other interest-free receivables	31.6	5.3	-	-	0.0	-	0.6	37.6
Cash and cash equivalents	20.6	6.6	0.6	1.3	7.1	1.3	72.4	110.0
Total current assets	**52.2**	**11.9**	**0.6**	**1.3**	**7.1**	**1.3**	**73.1**	**147.6**
Total assets	**291.2**	**703.3**	**285.3**	**309.2**	**776.5**	**262.4**	**98.7**	**2 726.6**
EQUITY AND LIABILITIES								
Total equity	**250.5**	**247.5**	**88.0**	**215.4**	**210.6**	**49.9**	**-216.2**	**845.7**
Interest-bearing long term debt	-	331.7	167.6	84.4	519.5	194.9	273.9	1 572.0
Fair value of derivatives	-	0.7	1.7	-	-	1.2	23.1	26.7
Other interest-free long term liabilities	1.1	2.1	10.1	-	-	-	-1.1	12.2
Total non-current liabilities	**1.1**	**334.6**	**179.3**	**84.4**	**519.5**	**196.1**	**296.0**	**1 610.9**
Interest-bearing short term debt	-	107.4	17.0	7.2	44.6	14.8	0.0	190.9
Current provisions	25.7	-	-	-	-	-	-	25.7
Trade and other payables	13.8	13.9	1.1	2.2	1.7	1.7	18.9	53.3
Total current liabilities	**39.6**	**121.2**	**18.1**	**9.4**	**46.3**	**16.4**	**18.9**	**269.9**
Total liabilities	**40.7**	**455.8**	**197.4**	**93.8**	**565.8**	**212.5**	**314.8**	**1 880.8**
Total equity and liabilities	**291.2**	**703.3**	**285.3**	**309.2**	**776.5**	**262.4**	**98.7**	**2 726.6**

2017 - Operating segments

Income statement

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other and elimi-nations	Total
Operating revenue	140.7	51.7	39.9	-	-	16.2	0.0	248.4
Finance lease revenue	-	28.1	-	-	38.4	-	-	66.6
Income from investments in associates	-	-	-	24.1	-	-	-	24.1
Total revenues and other income	**140.7**	**79.9**	**39.9**	**24.1**	**38.4**	**16.2**	**0.0**	**339.1**
Operating expenses	-24.8	-0.8	-0.1	-0.1	-0.4	-0.1	-6.3	-32.6
EBITDA	**115.9**	**79.1**	**39.8**	**24.0**	**38.1**	**16.1**	**-6.3**	**306.5**
Depreciation and amortization	-57.3	-26.8	-13.6	-	-	-4.2	-0.7	-102.6
Impairment charges	-	-	-	-	-	-	-	-
Operating profit (loss)	**58.6**	**52.3**	**26.1**	**24.0**	**38.1**	**11.9**	**-7.0**	**203.8**
Interest income	0.3	0.1	0.0	-	0.0	0.0	7.3	7.7
Other financial income	0.0	2.5	2.3	-	-	1.1	41.5	47.5
Interest expense	-1.9	-19.5	-9.9	-	-14.2	-3.7	-18.4	-67.5
Other financial expenses	-2.2	-5.1	-0.0	-	-0.0	-0.8	-33.7	-41.8
Net profit (loss) before tax	**54.7**	**30.3**	**18.5**	**24.0**	**23.9**	**8.5**	**-10.3**	**149.7**
Income tax expense (-)/benefit (+)	-18.7	-0.1	-	-2.8	-	-0.0	1.6	-20.0
Net profit (loss) after tax	**36.0**	**30.2**	**18.5**	**21.1**	**23.9**	**8.5**	**-8.6**	**129.7**

Balance Sheet

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Other and elimi-nations	Total
ASSETS								
Vessels and other fixed assets	288.1	555.6	298.3	-	-	159.0	9.7	1 310.8
Goodwill	9.8	-	-	-	-	-	-	9.8
Deferred tax assets	-	0.0	-	-	-	-	2.8	2.8
Investments in associates	-	-	-	188.7	-	-	-	188.7
Interest-bearing long term receivables and other non-current assets	0.0	200.5	-	-	525.9	1.6	50.9	778.8
Total non-current assets	**297.9**	**756.1**	**298.3**	**188.7**	**525.9**	**160.6**	**63.4**	**2 290.8**
Trade receivables and other interest-free receivables	48.9	2.0	0.0	-	0.9	-	1.7	53.5
Cash and cash equivalents	57.3	12.0	3.1	0.0	5.2	1.8	19.3	98.7
Total current assets	**106.2**	**14.0**	**3.1**	**0.0**	**6.1**	**1.8**	**21.0**	**152.2**
Total assets	**404.1**	**770.1**	**301.4**	**188.7**	**532.0**	**162.4**	**84.3**	**2 443.1**
EQUITY AND LIABILITIES								
Total equity	**326.1**	**279.6**	**80.8**	**186.7**	**136.7**	**31.3**	**-209.6**	**831.5**
Interest-bearing long term debt	-	442.0	183.8	-	365.2	119.2	291.2	1 401.4
Non-current provisions	30.1	-	-	-	-	-	-	30.1
Fair value of derivatives	-	0.1	3.0	-	-	2.7	6.0	11.8
Other interest-free long term liabilities	10.8	9.4	14.4	-	-	-	-3.7	31.0
Total non-current liabilities	**40.9**	**451.5**	**201.3**	**-**	**365.2**	**121.8**	**293.5**	**1 474.2**
Interest-bearing short term debt	20.0	34.3	17.0	-	29.8	7.9	-0.0	109.0
Trade and other payables	17.1	4.7	2.4	2.0	0.3	1.3	0.4	28.3
Total current liabilities	**37.1**	**39.0**	**19.4**	**2.0**	**30.1**	**9.3**	**0.4**	**137.3**
Total liabilities	**78.0**	**490.5**	**220.6**	**2.0**	**395.3**	**131.1**	**294.0**	**1 611.5**
Total equity and liabilities	**404.1**	**770.1**	**301.4**	**188.7**	**532.0**	**162.4**	**84.3**	**2 443.1**

Geographical areas

Amounts in USD million	2018	2017
Total revenue based on location of customer (registered business address):		
Germany	21.0	16.2
India	101.6	140.7
Marshall Islands	42.9	36.7
Netherlands	25.6	-
Norway	101.9	90.7
Switzerland	39.8	39.7
Other	10.6	15.2
Total	**343.4**	**339.1**
Total vessels, equipment and intangibles by company location:		
Norway	530.0	1 320.6
Malta	665.6	0.0
Total	**1 195.5**	**1 320.6**

SIGNIFICANT CUSTOMERS

The Group has two customers that each accounted for more than 10% of the Group revenue in 2018. Recognized revenue related to these customers in 2018 was USD 103.8 million and USD 41.5 million respectively. In 2017 the Group also had two customers that accounted for more than 10% of the Group revenue. Recognized revenue related to these customers was USD 140.7 million and USD 39.9 million, respectively.

NOTE 7 OPERATING LEASE REVENUE

Leases in which a significant portion of the risks and rewards of ownership are retained by Ocean Yield are classified as operating leases.

Total operating lease revenue per segment:

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	2018	2017
Ordinary lease revenue	73.7	62.7	34.4	21.1	192.0	211.9
Contingent rent	3.7	-	2.8	-	6.5	4.9
Total operating lease revenue	**108.1**	**73.2**	**35.4**	**35.4**	**198.4**	**216.8**
Other operating revenue	19.6	0.0	-	-	19.7	23.5
Mobilization fee, advances and deferred revenue	6.7	7.3	4.4	-0.2	18.2	8.0
Total operating revenue	**140.7**	**67.9**	**39.8**	**39.8**	**236.3**	**248.4**

Future minimum lease payments under non-cancellable operating lease agreements per 31st December

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	2018	2017
Duration less than one year	-	28.2	35.7	21.1	85.0	175.7
Duration between one and five year	-	112.9	139.1	84.5	336.5	387.2
Duration over five years	-	119.8	105.1	68.4	293.3	427.0
Total future minimum lease payments	**-**	**260.8**	**279.9**	**174.1**	**714.8**	**990.0**
Other order backlog	-	-	-	-	-	16.7
Total	**-**	**260.8**	**279.9**	**174.1**	**714.8**	**1 006.7**

FPSO

The Ocean Yield Group had a charter contract and an operation and maintenance contract with Reliance Industries Ltd for the lease and operations of the FPSO Dhirubhai-1 for a 10 year period that started in September 2008. The contract expired in September 2018, and the Group is currently working to secure new employment for the vessel. In February 2019 the Group entered into an option agreement with Aker Energy AS where Aker Energy has an option to bareboat charter the FPSO for a period of 15-years for use of the FPSO Dhirubhai-1 in the Tano Basin offshore Ghana.

OTHER OIL SERVICE

The lease agreements for the vessels Connector, Far Senator, Far Statesman, SBM Installer, NS Orla and NS Frayja have all been classified as operating leases.

In December 2018 the offshore construction and cable lay vessel Connector completed its time-charter for cable-lay installation on Ørsted's Hornsea Project One. The vessel is currently being marketed for new projects. Although there is positive long-term outlook in the subsea installation and cable-lay market, low utilisation can be expected during the first quarter of 2019 due to the winter season.

The AHTS vessels Far Senator and Far Statesman, delivered in 2013, are chartered on 12-year bareboat charter contracts to a subsidiary of Solstad Offshore ASA ("Solstad"). In December 2018 Solstad entered into a 6-month standstill period with respect to payment of interest, instalments and charter hire with the secured lenders and other creditors. Following the standstill agreement there is a risk related to the obligations under the charter contracts. However, the charter hire from the bareboat agreements have been included in the non-cancellable lease rental income reported in the table. Solstad has options to acquire the vessels during the charter period, with the first options being exercisable after five years. The agreements do not contain any contingent rent components.

The diving support and offshore construction vessel SBM Installer, built 2010 and delivered to Ocean Yield in 2014, is chartered on a 12-year bareboat charter contract guaranteed by SBM Holding Inc. SA. SBM has options to acquire the vessel during the charter period, with the first option being exercisable after five years. The agreement does not contain any contingent rent components.

In June 2017 Ocean Yield acquired the two platform supply vessels NS Orla and NS Frayja, built in 2014. Both vessels are on long term charters to Aker BP ASA, with approximately 12 years remaining from delivery to Ocean Yield. The agreements do not contain any contingent rent components.

CAR CARRIERS

All of Ocean Yield's car carriers are on lease contracts classified as operating leases. The car carriers are all chartered to Höegh Autoliners. The vessels Höegh Jacksonville and Höegh Jeddah, with 6,500 car capacity were delivered in 2014, and are chartered on 12-year bareboat charter contracts. The vessels Höegh Xiamen and Höegh Beijing with 4,900 car capacity were built in 2010, and acquired by Ocean Yield in 2014. The vessels are chartered on 8-year bareboat charter contracts. The vessels Höegh Tracer and Höegh Trapper, with 8,500 car capacity were delivered in 2016, and are chartered on 12-year bareboat charter contracts. Höegh Autoliners has options to acquire the vessels during the charter periods, with the first options being exercisable after five years. The charter hire for the vessels is subject to a LIBOR related adjustment. The LIBOR adjustment has not been included in the non-cancellable lease rental income reported in the table.

OTHER SHIPPING

The lease agreements for the LEG carriers GasChem Beluga and GasChem Orca has been classified as operating leases. GasChem Beluga was delivered in November 2016 and GasChem Orca was delivered in June 2017. The vessels are, from delivery, chartered on 15-year bareboat charters to the Hartmann Group , where the first ten years have a fixed charter rate and the last five years a floating charter rate. The lease agreements do not contain any purchase options. However, a purchase option and profit share agreement has been entered into between the parties, where Hartmann has the option to buy a fixed number of shares in the entities owning the vessels after ten years. As the charter hire in the last five years is floating, only the first ten years have been included in the non-cancellable lease rental income reported in the table.

NOTE 8 FINANCE LEASE REVENUE

Leases in which substantially all of the risks and rewards of ownership are transferred to the charterer are classified as finance leases.

Total finance lease revenue per segment:

Amounts in USD million	Other Oil Service	Container vessels	Tankers	Other Shipping	2018	2017
Ordinary finance lease revenue	26.3	3.2	36.4	5.3	71.2	62.1
Contingent rent	-	1.5	9.6	0.7	11.8	4.5
Total finance lease revenue	**26.3**	**4.6**	**46.1**	**6.0**	**82.9**	**66.6**

OTHER OIL SERVICE

The vessel Aker Wayfarer is accounted for as a finance lease. The vessel is chartered to AKOFS Offshore AS (AKOFS), a company owned 50% by Akastor ASA, until 2027. AKOFS has options to purchase the vessel in 2021, 2026 and 2027.

CONTAINER VESSELS

Ocean Yield has four container vessels accounted for as finance leases.

In July 2018 Ocean Yield acquired four 2014 built 3,800 TEU container vessels; Barcelona Express, Genoa Express, Detroit Express and Livorno Express, with 12-year bareboat charters to companies owned and guaranteed by CMB NV ("CMB"). The aggregate purchase price was approximately USD 120 million net of pre-paid charter hire. CMB has certain options to acquire the vessels during the charter period, with the first purchase option exercisable after five years. The charter hire is subject to a LIBOR related adjustment. The LIBOR adjustment has not been included in the calculation of the finance lease receivables.

TANKERS

Ocean Yield has twelve chemical tankers, four product tankers, four suezmax tankers and four VLCC newbuildings accounted for as finance leases.

Ocean Yield owns ten chemical tankers and four product tankers that are on long-term charters to Navig8 Chemical Tankers Inc, Navig8 Ltd. and Scorpio Tankers Inc. The charterers have options to acquire the vessels during the charter periods, with the first options exercisable after five or seven years. The charter hires are subject to a LIBOR related adjustment. The LIBOR adjustment has not been included in the calculation of the finance lease receivables.

In June 2017 Ocean Yield acquired the 2017-built Suezmax tanker, Poliegos with 14-year bareboat charter to a company owned and guaranteed by Okeanis Marine Holdings SA. Okeanis has certain options to acquire the vessel during the charter period, with the first option exercisable after seven years. The charter hire is subject to a LIBOR related adjustment. The LIBOR adjustment has not been included in the calculation of the finance lease receivable.

In December 2017 Ocean Yield agreed to acquire three newbuilding suezmax tankers in combination with 10-year bareboat charters to Nordic American Tankers Limited ("NAT"). The vessels; Nordic Aquarius, Nordic Cygnus and Nordic Tellus were delivered in July, August and October 2018, respectively. The net purchase price was USD 43.2 million per vessel after seller's credit. NAT have options to acquire the vessels after year 5 and 7, in addition to an obligation to repurchase the vessels at the end of year 10. The charter hire is subject to a LIBOR related adjustment. The LIBOR adjustment has not been included in the calculation of the finance lease receivable.

In February 2018, Ocean Yield agreed to acquire four VLCC crude tankers, also with 15-year bareboat charters to Okeanis. The net purchase price is USD 74.25 million per vessel, after seller's credit. The vessels are scheduled for delivery by the yard, Hyundai Heavy Industries, South Korea, in Q2-Q3 2019. Okeanis will have certain options to acquire the vessels during the charter period, with the first purchase option exercisable after seven years. Pre-delivery advances related to these vessels are presented with the finance lease receivables. The pre-delivery advances are at this point not included in the net investment used for calculating the finance lease interest, but will be included from the time of vessel delivery.

In October 2018 Ocean Yield agreed to acquire and took delivery of two 2015 built 37,000 dwt IMO II chemical tankers; Ardmore Dauntless and Ardmore Defender, with 12-year bareboat charters to Ardmore Shipping Corporation ("Ardmore"). The aggregate purchase price was approximately USD 51 million net of pre-paid charter-hire. Ardmore has certain options to acquire the vessels during the charter period, with the first purchase option exercisable after four years. The charter hire is subject to a LIBOR related adjustment. The LIBOR adjustment has not been included in the calculation of the finance lease receivable.

OTHER SHIPPING

Ocean Yield has seven dry bulk vessels accounted for as finance leases.

In February 2018, Ocean Yield agreed to acquire two 2018 built handysize dry bulk vessels with 12-year bareboat charters to companies owned and guaranteed by Louis Dreyfus Armateurs Group ("LDA"). The vessels; La Loirais and La Fresnais, were delivered in March and April 2018, respectively. The net cash purchase price was USD 18 million per vessel after seller's credits. LDA has options to acquire the vessels during the charter period, with the first purchase option exercisable after five years in addition to an obligation to repurchase the vessels at the end of year 12. The charter hire is subject to a LIBOR related adjustment. The LIBOR adjustment has not been included in the calculation of the finance lease receivable.

Also in February 2018 Ocean Yield agreed to acquire five modern handysize dry bulk vessels with 10-year bareboat charters to companies owned and guaranteed by Interlink Maritime Corporation ("Interlink"). The total purchase price was approximately USD 75 million net of pre-paid charter hire. The vessels; Interlink Levity, Interlink Priority, Interlink Sagacity, Interlink Dignity and Interlink Amenity were built in 2014, 2015 and 2018 respectively. The first four vessels were delivered to Ocean Yield in March 2018 and the fifth in April 2018. Interlink will have certain options to acquire the vessels during the charter period, with the first purchase option exercisable after five years in addition to an obligation to repurchase the vessels at the end of year 10. The charter hire is subject to a LIBOR related adjustment. However, the LIBOR has been fixed for the next five years, and has hence been included in the calculation of the finance lease receivable.

OTHER CLAUSES

Certain of the lease agreements contain clauses where the counterparty has the right to sell the vessel to a third party. If such clause is exercised, the counterparty will repay the outstanding amount of the lease plus a premium.

The net finance lease receivables as of 31st December 2018 were as follows:

Amounts in USD million	Other Oil Service	Container vessels	Tankers	Other Shipping	Total
Gross finance lease receivable					
Less than one year	39.8	12.1	75.8	12.6	140.2
Between one and five years	125.3	48.4	295.1	48.0	516.7
More than five years	109.0	78.7	469.4	93.0	750.0
Unguaranteed residual values	57.7	22.2	138.1	-	218.0
Gross finance lease receivable	**331.8**	**161.3**	**978.3**	**153.5**	**1 624.9**
Less: Unearned finance income	(151.0)	(45.4)	(300.9)	(47.8)	(545.0)
Total finance lease receivables	**180.8**	**115.9**	**677.5**	**105.7**	**1 079.9**
Present value of minimum lease payments					
Less than one year	36.9	11.7	73.3	12.1	134.1
Between one and five years	84.5	41.2	246.2	39.5	411.4
More than five years	42.2	50.9	285.5	54.2	432.8
Unguaranteed residual values	17.1	12.1	72.5	-	101.6
Total finance lease receivables	**180.8**	**115.9**	**677.5**	**105.7**	**1 079.9**
Pre-delivery instalments	-	-	91.9	-	91.9
Total finance lease receivables and related assets	**180.8**	**115.9**	**769.4**	**105.7**	**1 171.8**

The net finance lease receivables as of 31st December 2017 were as follows:

Amounts in USD million	Other Oil Service	Container vessels	Tankers	Other shipping	Total
Gross finance lease receivable					
Less than one year	39.5	-	57.9	-	97.3
Between one and five years	136.0	-	225.0	-	361.0
More than five years	138.0	-	391.1	-	529.2
Unguaranteed residual values	57.7	-	148.7	-	206.4
Gross finance lease receivable	**371.2**	**-**	**822.7**	**-**	**1 193.9**
Less: Unearned finance income	(177.3)	-	(296.8)	-	(474.1)
Total finance lease receivables	**194.0**	**-**	**525.9**	**-**	**719.8**
Present value of minimum lease payments					
Less than one year	36.6	-	55.9	-	92.5
Between one and five years	92.3	-	185.2	-	277.5
More than five years	50.2	-	221.1	-	271.3
Unguaranteed residual values	14.9	-	63.7	-	78.6
Total finance lease receivables	**194.0**	**-**	**525.9**	**-**	**719.8**

NOTE 9 WAGES, PERSONNEL EXPENSES AND OTHER OPERATING EXPENSES

Wages and personnel expenses consist of the following:

Amounts in USD million	2018	2017
Wages	6.6	6.2
Social security contributions	1.0	0.9
Pension costs	0.6	0.3
Other expenses	0.3	0.0
Total	**8.5**	**7.4**
Average number of employees	23	21
Number of employees at year-end	**25**	**22**
Geographical split of number of employees per region		
Norway	22	22
Malta	3	-
Total	**25**	**22**

Pension costs

The Norwegian companies in the Group are subject to the Norwegian law of mandatory occupational pension and the Group meets the requirements of this legislation.

Other operating expenses consist of the following:

Amounts in USD million	2018	2017
Write down on trade receivables	19.5	-
External consultants and services other than audit	6.6	4.1
Office rent, related parties	0.4	0.4
Services from related parties	0.5	0.1
Other operating expenses	2.1	2.5
Total	**29.0**	**7.0**

Payments/fees to auditors of the Ocean Yield Group included in other operating expenses, are distributed as follows:

Amounts in USD thousand	Ordinary audit	Other assurance services	Tax advisory services	Other non-audit services	2018	2017
Ocean Yield ASA	100.3	5.8	8.8	13.1	127.9	141.2
Other consolidated companies	92.8	1.4	-	0.9	95.1	125.5
Total	**193.1**	**7.1**	**8.8**	**13.9**	**223.0**	**266.7**

The figures are exclusive of VAT.

NOTE 10 IMPAIRMENT CHARGES AND OTHER NON-RECURRING ITEMS

Amounts in USD million	2018	2017
Impairment charges	23.1	-
Other non-recurring items	9.1	-
Total	**32.2**	**-**

USD 9.8 million of impairment charges is impairment of goodwill related to the segment FPSO and the vessel Dhirubhai-1. USD 13.4 million of impairment charges relates to the segment Other Oil Service, and the two AHTS vessels Far Senator and Far Statesman. In addition, impairment charges and other non-recurring items include an increase in current provisions related to the decommissioning on the MA field in India, of USD 9.1 million, see note 23 Provisions for more information.

OTHER OIL SERVICE SEGMENT - FAR SENATOR/FAR STATESMAN

The AHTS vessels Far Senator and Far Statesman are chartered on 12-year bareboat charter contracts to a subsidiary of Solstad Offshore ASA ("Solstad"). In December 2018 Solstad entered into a 6-month standstill period with respect to payment of interest, instalments and charter hire with the secured lenders and other creditors. Following the standstill agreement there is a risk related to the obligations under the charter contracts. As a consequence the vessel values have been assessed without the charter contracts at year-end. The value in use has been estimated for the vessels and has been calculated based on the present value of estimated future cash flows. The estimated value in use is lower than the book value for the vessels and as a consequence an impairment of USD 13.4 million have been recognized. The remaining net book value of the vessels as of 31st December 2018 is USD 95.9 million.

The projected cash flows used in the calculation of value in use represents management's best estimate for future charter-hire for the vessels. The cash-flows cover a period of five years, with an estimated residual value at the end.

The cash-flows have been calculated using a discount rate of 8.24%, after tax. The discount rate is estimated as the weighted average of the required return on equity and expected borrowing costs, at an expected long-term equity ratio of 35 percent.

The calculation of value in use is highly sensitive to the estimated level of future charter-hire.

NOTE 11 FINANCIAL INCOME AND FINANCIAL EXPENSES

Net financial income/expense recognized in profit and loss:

Amounts in USD million	2018	2017
Interest income on bank deposits and receivables at amortized cost	1.4	3.8
Interest income on financial assets measured at fair value through other comprehensive income	1.8	4.0
Gain from sale of financial assets measured at amortized cost	-	5.7
Change in fair value of financial instruments	-	41.8
Net foreign exchange gain	16.0	-
Total financial income	**19.2**	**55.2**
Interest expense on financial obligations measured at amortized cost	-82.3	-67.7
Accretion of interest decommissioning liability	-0.8	-1.6
Change in fair value of financial instruments	-23.3	-
Loss from sale of financial assets measured at fair value through other comprehensive income	-0.4	
Net foreign exchange loss	-	-37.4
Net other financial expenses	-2.6	-2.7
Total financial expenses	**-109.4**	**-109.4**
Net financial items	**-90.2**	**-54.2**

NOTE 12
Income tax expense

Amounts in USD million	2018	2017
Current tax expense:		
Tax expense current year	-0.8	-2.0
Correction from previous years	0.3	
Total current tax expense	**-0.5**	**-2.0**
Deferred tax expense:		
Origination and reversal of temporary differences	-2.3	-17.9
Change in tax rate	-0.5	-0.1
Total deferred tax expense (-)/benefit (+)	**-2.8**	**-18.0**
Total income tax expense (-)/benefit (+)	**-3.2**	**-20.0**
Temporary differences consist of		
Vessels and other fixed assets	44.8	61.9
Provisions	-27.8	-30.1
Withholding tax	-100.3	-112.8
Other differences	-40.3	-15.8
Total	**-123.7**	**-96.7**
Tax losses	-77.3	-49.7
Deferred tax base assets	**-200.9**	**-146.5**
Deferred tax assets	44.2	33.7
Deferred tax assets and liabilities not recognized	-44.2	-30.9
Net deferred tax assets and liabilities	**0.0**	**2.8**
Net deferred tax assets and liabilities are recorded as follows:		
Deferred tax assets	-	2.8
Deferred tax liabilities	-	-
Net deferred tax assets and liabilities	**-**	**2.8**

Estimates of future taxable profits show that the Group is not likely to utilize the tax losses carried forwards, and a deferred tax asset has thus not been recognized.

The tax losses carried forward are mainly related to Norwegian entities, and has no expiration date. Withholding tax paid in India on revenue related to Dhirubhai-1 is reported in the temporary differences in the table above in the line "Withholding tax". This can be deducted from tax payables in Norway for the next five years. However, if any credit is allowed an equal amount should be paid to the charterer in accordance with the expired bareboat contract. As a consequence, no deferred tax asset has been recognized related to the potential tax benefit from withholding tax paid in India.

The tax rate in Norway changed from 23% to 22% from 1st January 2019.

The operations of the Group's bareboat fleet has from 2018 been handled from Malta. As a consequence most of the Group's income is subject to corporate taxation in Malta.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2018			2017		
Amounts in USD million	**Before tax**	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Remeasurements of defined benefit liability	-0.0	0.0	-0.0	-0.2	0.1	-0.2
Other comprehensive income from investment in associates	0.0	-	0.0	-2.3	-	-2.3
Change in fair value of financial assets	-3.7	-0.2	-4.0	-1.0	0.2	-0.8
Currency translation differences	-2.8	-	-2.8	2.2	-	2.2
Other comprehensive income	**-6.5**	**-0.2**	**-6.7**	**-1.3**	**0.3**	**-1.1**

The income tax (charged)/credited directly to equity during the year is as follows:

	2018			2017		
Amounts in USD million	**Before tax**	**Tax**	**After tax**	**Before tax**	**Tax**	**After tax**
Expenses related to raising new equity	-1.6	0.3	-1.2	-	-	-
Total	**-1.6**	**0.3**	**-1.2**	**-**	**-**	**-**

Reconciliation of effective tax rate

Amounts in USD million	2018	2017
Profit before tax	**61.6**	**149.7**
Nominal tax rate in Norway (23% in 2018, 24% in 2017)	-14.2	-35.9
Effect of change in tax rate	-0.5	-0.1
Effect of tax rates in foreign jurisdictions	-1.7	-
Revenue not subject to tax	7.1	5.8
Expenses not deductible for tax purposes	-2.3	-2.1
Utilization of previously unrecognized tax losses	-0.1	0.1
Tax losses for which no deferred income tax asset was recognized	-18.5	-2.8
Companies within tonnage tax legislation	31.2	28.7
Other differences	-4.3	-13.7
Total income tax expense (-)/benefit (+)	**-3.2**	**-20.0**

The tax figures are based on preliminary estimates of non-taxable income, non-tax deductible items and temporary differences between the financial accounts and the tax accounts. The final result will be calculated in relation to the tax return and may differ from the estimates above.

Movement in net deferred tax assets and liabilities is as follows:

2018

Amounts in USD million	Net balance 1st January	Recognized in profit and loss	Recognized in other comprehensive income	Recognized directly in equity	Net balance 31st December
Vessels and other fixed assets	-14.2	4.4	-	-	-9.8
Provisions	6.9	-0.8	-	-	6.1
Withholding tax	25.9	-3.9	-	-	22.1
Other differences	3.6	5.4	-0.2	-	8.9
Tax losses	11.4	5.3	-	0.3	17.1
Deferred tax assets and liabilities not recognized	-30.9	-13.3	-	-	-44.2
Net deferred tax assets (+) and liabilities (-)	**2.8**	**-2.8**	**-0.2**	**0.3**	**0.0**

2017

Amounts in USD million	Net balance 1st January	Recognized in profit and loss	Recognized in other comprehensive income	Recognized directly in equity	Net balance 31st December
Vessels and other fixed assets	-18.0	3.8	-	-	-14.2
Provisions	6.8	0.1	-	-	6.9
Withholding tax	23.3	2.7	-	-	25.9
Other differences	12.5	-9.2	0.3	-	3.6
Tax losses	21.6	-10.2	-	-	11.4
Deferred tax assets and liabilities not recognized	-25.8	-5.1	-	-	-30.9
Net deferred tax assets (+) and liabilities (-)	**20.5**	**-18.0**	**0.3**	**-**	**2.8**

NOTE 13 VESSELS AND OTHER FIXED ASSETS

	Vessels				Advances	Other fixed assets		
Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Other Shipping	Other Shipping	FPSO	Other	Total
Cost balance:								
1st January 2017	**877.2**	**607.0**	**339.7**	**81.8**	**25.0**	**3.7**	**10.4**	**1 944.9**
Capital expenditure	-	105.9	-	48.6	8.1	-	0.8	163.5
Disposals	-	-	-	-	-	-	-	-
Effect of movements in foreign exchange	-	7.2	-	-	-	-	-	7.2
Reclassification	-	-	-	33.1	-33.1	-	-	-
31st December 2017	**877.2**	**720.1**	**339.7**	**163.5**	**-**	**3.7**	**11.3**	**2 115.6**
Capital expenditure	0.0	2.0	-	0.4	-	-	0.1	2.6
Disposals	-	-0.3	-	-	-	-	-	-0.3
Effect of movements in foreign exchange	-	-8.3	-	-	-	-	-	-8.3
31st December 2018	**877.3**	**713.6**	**339.7**	**164.0**	**-**	**3.7**	**11.4**	**2 109.7**
Accumulated depreciation and impairment losses:								
1st January 2017	**-532.8**	**-136.5**	**-27.8**	**-0.4**	**-**	**-2.7**	**-0.9**	**-701.1**
Depreciation	-56.8	-26.8	-13.6	-4.2	-	-0.5	-0.7	-102.6
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Effect of movements in foreign exchange	-	-1.1	-	-	-	-	-	-1.1
31st December 2017	**-589.6**	**-164.5**	**-41.4**	**-4.6**	**-**	**-3.2**	**-1.6**	**-804.8**
Depreciation	-48.9	-29.7	-13.6	-5.4	-	-0.3	-0.7	-98.7
Impairment	-	-13.4	-	-	-	-	-	-13.4
Disposals	-	-	-	-	-	-	-	-
Effect of movements in foreign exchange	-	2.8	-	-	-	-	-	2.8
31st December 2018	**-638.5**	**-204.7**	**-55.1**	**-10.0**	**-**	**-3.6**	**-2.3**	**-914.1**
Carrying amount:								
31st December 2017	**287.6**	**555.6**	**298.3**	**159.0**	**-**	**0.5**	**9.7**	**1 310.8**
31st December 2018	**238.8**	**508.9**	**284.7**	**154.0**	**-**	**0.2**	**9.1**	**1 195.6**

IMPAIRMENT CHARGES

An impairment charge of USD 13.4 million have been recognized related to the vessels Far Senator and Far Statesman. For more information, see note 10.

The Group has also as of year-end assessed the values of the vessels Dhirubhai-1 and Connector. The value in use has been estimated for both vessels, and no impairment has been considered necessary.

In February 2019 the Group entered into an option agreement with Aker Energy AS where Aker Energy has an option to bareboat charter the FPSO for a period of 15-years for use of the FPSO Dhirubhai-1 in the Tano Basin offshore Ghana. Based on the cash-flows from this potential contract, the value in use, calculated as the present value of the estimated cash-flows, is higher than the book value of the FPSO of USD 238.8 million, and no impairment has been recognized. The value in use was calculated using a discount rate of 7.7% p.a. after tax, which implies a pre-tax discount rate of 8.0% p.a. Should the option not be exercised and the Group is not be able to secure alternative employment, there is a risk of impairment related to the book value of the FPSO.

DEPRECIATION

Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful lives of each major component of an item of property, plant and equipment.

Estimated useful lives for the current and comparative periods are as follows:

Vessels	10-30 years
Machinery, vehicles	3-15 years
Other fixed assets	3-10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting period.

Contractual obligations

Amounts in USD million	FPSO	Other Oil Service	Car Carriers	Container vessels	Tankers	Other Shipping	Total
Already paid	-	-	-	-	90.8	-	90.8
Due in 2019	-	-	-	-	206.3	-	206.3
Total contractual obligations	**-**	**-**	**-**	**-**	**297.0**	**-**	**297.0**

The obligations above related to the segment Tankers relates to four VLCC crude tankers under construction. The four VLCC crude tankers are scheduled for delivery in Q2-Q3 2019, and will from delivery be chartered to companies owned and guaranteed by Okeanis ECO Tankers Corp. for a period of 15 years. The net purchase price is USD 74.25 million per vessel.

NOTE 14 GOODWILL

Movements in goodwill are shown below:

Amounts in USD million	2018	2017
Cost balance at 1st January	125.8	125.8
Cost balance at 31st December	**125.8**	**125.8**
Accumulated amortization and impairment losses at 1st January	-116.1	-116.1
Accumulated amortization and impairment losses at 31st December	**-125.8**	**-116.1**
Carrying amount at 31st December	**-**	**9.8**

IMPAIRMENT TESTING FOR CASH GENERATING UNITS CONTAINING GOODWILL

Ocean Yield is reviewing goodwill for impairment on a yearly basis, or more frequently, if circumstances indicate any impairment. The test is performed at year-end. An impairment loss is recognized if the estimated recoverable amount is lower than the carrying amount of the cash generating unit.

The main objective for the Ocean Yield Group in making impairment calculations is to ensure consistency in the assumptions being used. Any changes in the assumptions from prior periods are explained.

FPSO SEGMENT

The goodwill originates from the acquisition of Aker Contracting FP ASA in 2006, which had developed the AKER S.M.A.R.T concept for constructing a generic, cost effective FPSO. As of year-end 2018 the Group has made an impairment of goodwill related to the FPSO Dhirubhai-1 of USD 9.8 million as the value of the goodwill cannot be defended. The book value of goodwill is as of year-end 2018 zero.


NAVIG8 SOLIDARITY
MAJURO

NOTE 15 INVESTMENTS IN ASSOCIATES

BOX HOLDINGS INC.

Ocean Yield owns as of year-end 2018 49.9% indirect equity interest in six container vessels through its investment in BOX Holdings Inc, where Quantum Pacific Shipping is the largest shareholder. The vessels, with capacity of about 19,500 TEU are chartered to a major European container line on 15-year bareboat charters. Four of the vessels were delivered in 2016, and the last two vessels were delivered in 2017.

The vessels have been financed from secured loans with international banks. This debt is guaranteed by Quantum Pacific Shipping, and is non-recourse to Ocean Yield. To manage some of the interest rate risk, BOX Holdings Inc has entered into interest rate swaps related to vessel financings, where floating rate payments have been swapped to fixed rate payments. The debt has been swapped into fixed interest rates for the full tenor of each loan (total USD 663 million). The facilities that run for 5-10 years have been hedged at an average rate of 2.28% % p.a. and the facility that runs for 12 years has been hedged at an average rate of 2.42% % p.a. BOX Holdings Inc has applied hedge accounting to these interest rate swaps.

Amounts in USD million		
Country	Marshall Islands	
Ownership and voting rights year-end	49.9 %	49.5 %
Carrying amount of investment in associates:	**31.12.2018**	**31.12.2017**
Non-currents assets	824.7	845.1
Current assets	45.2	57.9
Non-current liabilities	-545.3	-584.2
Current liabilities	-36.4	-44.3
Net assets (100%)	**288.1**	**274.5**
Share of net assets (49.9%/49.5%)	**143.8**	**135.9**
Adjustment to carrying value of investment:		
Finance lease receivables	53.3	56.9
Adjustment to interest-bearing long-term debt	-5.1	-4.1
Carrying amount of investments in associates	**191.9**	**188.7**

Income from investment in associates:	**2018**	**2017**
Operating revenues	81.0	79.3
Operating expenses	-0.9	-1.0
Financial items	-35.2	-35.7
Net profit (100%)	**44.9**	**42.7**
Share of net profit (49.4%-49.9%)	**22.2**	**21.1**
Adjustment to finance lease revenue	-4.0	-3.8
Interest adjustment to long-term debt	6.0	6.8
Income from investment in associates	**24.2**	**24.1**

Total comprehensive income from investment in associates:	**2018**	**2017**
Net profit (100%)	44.9	42.7
Other comprehensive income	10.2	6.7
Total comprehensive income	**55.1**	**49.4**
Share of comprehensive income (49.4%-49.9%)	**27.3**	**24.5**
Adjustment to finance lease revenue	-4.0	-3.8
Amortization of upfront fees	1.0	1.1
Total comprehensive income from investment in associates	**24.3**	**21.8**

NOTE 16 INTEREST-BEARING LONG TERM RECEIVABLES, OTHER SHARES AND OTHER NON-CURRENT ASSETS

Amounts in USD million	2018	2017
Restricted deposits	16.1	1.5
American Shipping Company ASA bonds	-	49.0
Finance lease receivables	1 171.8	719.8
Shares in Solstad Offshore ASA	1.7	6.5
Other interest-bearing long term receivables	0.4	0.4
Other non-current assets	1.4	1.6
Total interest-bearing long term receivables, other shares and other non-current assets	**1 191.5**	**778.8**

RESTRICTED DEPOSITS

The restricted funds as of year-end 2018 are related to several of the Group's cross currency interest rate swaps, where a security deposit is needed when the value of the swaps decreases below certain thresholds.

AMERICAN SHIPPING COMPANY ASA BONDS

Ocean Yield has in 2018 sold its remaining holdings of bonds issued by American Shipping Company ASA ("AMSC"), giving sales proceeds of USD 49.6 million.

FINANCE LEASE RECEIVABLES

Finance lease receivables and related assets of USD 1171.8 million at 31st December 2018 are related to the vessel Aker Wayfarer, four container vessels, twelve chemical tankers, four product tankers, four Suezmax tankers, seven dry bulk vessels and four VLCC crude tankers under construction. For more information regarding the lease agreements and calculations of the net finance lease receivables, see note 8.

SHARES IN SOLSTAD OFFSHORE ASA

The shares in Solstad Offshore ASA were in 2017 classified as "available-for-sale" financial assets, and measured at fair value. Impairment losses was recognized in profit and loss and any other variation in value was recorded through other comprehensive income. Under IFRS 9 the Group has designated the shares as measured at "fair value through other comprehensive income". Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses will be recognised in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

In 2018, a loss of USD 4.8 million has been recorded through other comprehensive income.

NOTE 17 EARNINGS PER SHARE, DIVIDEND PER SHARE AND PAID-IN EQUITY

Earnings per share

Calculation of profit to equity holders of the Group:

Amounts in USD million	2018	2017
Net profit after tax	58.4	129.7
Non-controlling interests	1.4	1.5
Profit attributable to equity holders of the Group	**57.0**	**128.2**
Ordinary shares issued at 31st December	159 351 432	148 351 432
Treasury shares at 31st December	-9 021	-31 133
Ordinary shares outstanding at 31st December	159 342 411	148 320 299
Weighted average number of shares (basic)	157 332 344	148 311 892
Basic earnings per share (USD)	0.36	0.86
Weighted average number of shares	157 332 344	148 311 892
Effect of shares from incentive scheme on issue	-	-
Weighted average number of shares (diluted)	157 332 344	148 311 892
Diluted earnings per share (USD)	0.36	0.86

Dividends

Amounts in USD million	2018	2017
Total dividend paid	119.1	110.2
Declared dividend for the 4th quarter subsequent to 31st December	30.4	28.1

Paid in capital

At 31st December 2018 Ocean Yield ASA's share capital consists of the following:

	in NOK	in NOK
Number of ordinary shares	159 351 432	148 351 432
Par value	10.0	10.0
Total par value (million)	**1 593.5**	**1 483.5**

All shares have equal voting rights and are entitled to dividends.

Change in number of shares

	2018	2017
Number of shares outstanding 1st January	**148 320 299**	**148 308 619**
Share capital increase	11 000 000	-
Treasury shares acquired	-150 000	-
Treasury shares sold	172 112	11 680
Number of shares outstanding 31st December	**159 342 411**	**148 320 299**

In March 2018 Ocean Yield successfully completed a private placement of 11 million new shares, raising gross proceeds of NOK 759 million. The share issue attracted strong interest and was heavily oversubscribed. As a result, Aker ASA's shareholding, held through the subsidiary Aker Capital AS, was reduced to 61.7%.

Current board authorizations

At the Annual General Meeting, held on 17th April 2018, Ocean Yield ASA's shareholders gave the board an authorization to increase the share capital with maximum NOK 159.4 million in connections with acquisitions, mergers, de-mergers or other transfers of business, in addition to a private placement of shares of up to 10% of the share capital and an authorization to increase the share capital with maximum NOK 8.0 million in connection with the employee share programme. The Board was also given the authorization to acquire treasury shares up to an aggregate nominal value of NOK 8.0 million in connection with the employee share programme. The authorizations are valid until the 2019 Annual General Meeting.

The largest shareholders as of 31st December 2018

Shareholders	Number of shares	Percent
Aker Capital AS 1)	98 242 575	61.7 %
JPMorgan Chase Bank, N.A., London	3 372 602	2.1 %
Norron Sicav - Target	2 908 283	1.8 %
Norron Sicav - Active	2 636 912	1.7 %
Citibank, N.A.	2 121 353	1.3 %
Other	50 069 707	31.4 %
Total	**159 351 432**	**100.0 %**

1) Kjell Inge Røkke controls 68.2% of the shares in Aker ASA, which owns 100% of the shares in Aker Capital AS, through his ownership of the TRG companies. In addition he holds 280,000 shares directly in Ocean Yield.

Ocean Yield ASA is a subsidiary of Aker Capital AS, a wholly-owned subsidiary of Aker ASA. Ocean Yield is thus part of Aker ASA's consolidated financial statements. Aker ASA has offices at Oksenøyveien 10 and the consolidated 2018 financial statement for Aker ASA can be found at www.akerasa.com.

NOTE 18 GROUP COMPANIES

Ocean Yield ASA is a holding company with financial investments and the parent company in the Ocean Yield Group. Single purpose companies have been established for the ownership of the Group's vessels. The operations of the Group's bareboat fleet have from 2018 been handled from Malta. A separate holding company has been established in Malta, with single purpose companies for the ownership of the Group's vessels that are on bareboat charters.

As of year-end 2018 the Group consists of the subsidiaries presented in the table below. Companies owned directly by Ocean Yield ASA are highlighted.

			Business address	
	Group's ownership in %	Group's share of votes in %	City location	Country
Aker Floating Production AS	**100.0**	**100.0**	**Lysaker**	**Norway**
AFP Operations AS	100.0	100.0	Lysaker	Norway
Aker Contracting FP ASA	100.0	100.0	Lysaker	Norway
Connector 1 AS	**100.0**	**100.0**	**Lysaker**	**Norway**
F-Shiplease Holding AS	**100.0**	**100.0**	**Lysaker**	**Norway**
F-Shiplease AS	100.0	100.0	Lysaker	Norway
Ocean Holding AS	**100.0**	**100.0**	**Lysaker**	**Norway**
Ocean Operations AS	**100.0**	**100.0**	**Lysaker**	**Norway**
Ocean Yield Malta Limited (see subsidiaries on the next page)	**100.0**	**100.0**	**Floariana**	**Malta**
OCY Containerinvest AS	**100.0**	**100.0**	**Lysaker**	**Norway**
OCY Invest AS (prev. OCY Nelson 14 AS)	**100.0**	**100.0**	**Lysaker**	**Norway**
OCY Severn AS	**100.0**	**100.0**	**Lysaker**	**Norway**
OCY Severn 2 AS	**100.0**	**100.0**	**Lysaker**	**Norway**
OCY Severn 3 AS	**100.0**	**100.0**	**Lysaker**	**Norway**
OS Installer AS	**75.0**	**75.0**	**Lysaker**	**Norway**

	Group's ownership in %	Group's share of votes in %	Business address City location	Country
Ocean Yield Malta Limited	**100.0**	**100.0**	**Floariana**	**Malta**
Ocean Yield Advisors AS	100.0	100.0	Lysaker	Norway
OCY Amessi Limited	100.0	100.0	Floriana	Malta
OCY Aquamarine Limited	100.0	100.0	Floriana	Malta
OCY Aquarius Limited	100.0	100.0	Floriana	Malta
OCY Aronaldo Limited	100.0	100.0	Floriana	Malta
OCY Azotic Limited	100.0	100.0	Floriana	Malta
OCY Barcelona Limited	100.0	100.0	Floriana	Malta
OCY Beijing Limited	100.0	100.0	Floriana	Malta
OCY Beluga Limited	100.0	100.0	Floriana	Malta
OCY Constellation Limited	100.0	100.0	Floriana	Malta
OCY Cygnus Limited	100.0	100.0	Floriana	Malta
OCY Dauntless Limited	100.0	100.0	Floriana	Malta
OCY Defender Limited	100.0	100.0	Floriana	Malta
OCY Detroit Limited	100.0	100.0	Floriana	Malta
OCY Frayja Limited	100.0	100.0	Floriana	Malta
OCY Genoa Limited	100.0	100.0	Floriana	Malta
OCY Innuksuac 1 Limited	100.0	100.0	Floriana	Malta
OCY Innuksuac 2 Limited	100.0	100.0	Floriana	Malta
OCY Innuksuac 3 Limited	100.0	100.0	Floriana	Malta
OCY Innuksuac 4 Limited	100.0	100.0	Floriana	Malta
OCY Innuksuac 5 Limited	100.0	100.0	Floriana	Malta
OCY Jacksonville Limited	100.0	100.0	Floriana	Malta
OCY Jeddah Limited	100.0	100.0	Floriana	Malta
OCY Knight 1 Limited	100.0	100.0	Floriana	Malta
OCY Knight 2 Limited	100.0	100.0	Floriana	Malta
OCY Knight 3 Limited	100.0	100.0	Floriana	Malta
OCY Knight 4 Limited	100.0	100.0	Floriana	Malta
OCY Livorno Limited	100.0	100.0	Floriana	Malta
OCY Lockhart 1 Limited	100.0	100.0	Floriana	Malta
OCY Lockhart 2 Limited	100.0	100.0	Floriana	Malta
OCY Orca Limited	100.0	100.0	Floriana	Malta
OCY Orla Limited	100.0	100.0	Floriana	Malta
OCY Poliegos Limited	100.0	100.0	Floriana	Malta
OCY Sanctity Limited	100.0	100.0	Floriana	Malta
OCY Senator Limited	100.0	100.0	Floriana	Malta
OCY Statesman Limited	100.0	100.0	Floriana	Malta
OCY Steadfast Limited	100.0	100.0	Floriana	Malta
OCY Supreme Limited	100.0	100.0	Floriana	Malta
OCY Symphony Limited	100.0	100.0	Floriana	Malta
OCY Tanzanite Limited	100.0	100.0	Floriana	Malta
OCY Tellus Limited	100.0	100.0	Floriana	Malta
OCY Topaz Limited	100.0	100.0	Floriana	Malta
OCY Tourmaline Limited	100.0	100.0	Floriana	Malta
OCY Tracer Limited	100.0	100.0	Floriana	Malta
OCY Trapper Limited	100.0	100.0	Floriana	Malta
OCY Turquoise Limited	100.0	100.0	Floriana	Malta
OCY Universe Limited	100.0	100.0	Floriana	Malta
OCY Wayfarer Limited	100.0	100.0	Floriana	Malta
OCY Xiamen Limited	100.0	100.0	Floriana	Malta
OS Installer Limited	75.0	75.0	Floriana	Malta

NOTE 19 FOREIGN CURRENCY EXCHANGE RATES

In the consolidated accounts of Ocean Yield, the following exchange rates have been applied in translating the accounts of subsidiaries with functional currency other than USD.

Country/Region	Currency	Average rate 2018	Rate at 31 Dec. 2018	Average rate 2017	Rate at 31 Dec. 2017
Norway	USD/NOK	8.13	8.69	8.27	8.21

NOTE 20 INTEREST-BEARING DEBT

Change in the Group's interest-bearing debt:

Amounts in USD Million	Secured debt	Unsecured bond debt	2018	2017
Interest-bearing debt 1st January	**1 219.3**	**291.2**	**1 510.4**	**1 553.8**
New debt	439.7	91.1	**530.8**	224.9
Instalments	-169.8	-	**-169.8**	-289.5
Repurchase	-	-92.6	**-92.6**	-1.3
Loss from repurchase	-	-1.0	**-1.0**	0.0
Amortization of fees	3.5	0.7	**4.2**	4.1
Effect of movement in foreign exchange	-3.7	-15.5	**-19.2**	18.4
Interest-bearing debt 31st December	**1 489.0**	**273.9**	**1 762.9**	**1 510.4**

NEW AND AMENDED AGREEMENTS IN 2018

CONTAINER VESSELS

The container vessels Barcelona Express, Genoa Express, Detroit Express and Livorno Express were financed by a combination of debt and equity, where a senior secured bank facility of USD 96.6 million was obtained. The facility has a repayment profile of 13 years and a tenor of 7 years. Interest is paid quarterly and the facility carries an interest rate of LIBOR plus 2.00% per annum.

TANKERS

The acquisition of the Suezmax tankers Nordic Aquarius, Nordic Cygnus and Nordic Tellus were financed by a combination of debt and equity, where a senior secured bank facility of USD 117 million was obtained. The facility has a 15-years repayment profile and a 7-year tenor. Interest is paid quarterly and the facility carries an interest rate of LIBOR plus 2.00% per annum.

The acquisition of the chemical tankers Ardmore Dauntless and Ardmore Defender was financed by a combination of debt and equity, where a senior secured bank facility of USD 40 million was obtained. The facility has a repayment profile of 13 years on average and a tenor of 7 years. Interest is paid quarterly and the facility carries an interest rate of LIBOR plus 1.95% per annum.

Financing has also been secured for the VLCC newbuildings, with delivery in Q2-Q3 2019. In July and December 2018, Ocean Yield entered into three separate loan agreements with banks and financial institutions for the long-term financing of the vessels, and a total of USD 242.9 million has been raised for the four VLCCs. The first two VLCCs have been financed on a bilateral basis with two separate banks, with loans having a repayment profile of 15-years and a tenor of 6 years post delivery. Interest will be paid quarterly and the facilities carry interest of LIBOR plus 1.90% per annum. The last two VLCCs have been financed through an export credit facility, combined with a commercial bank tranche provided by two banks. This facility has a repayment profile of 15-years and a tenor of 12 years. Interest will be paid quarterly and the facility carries an interest rate of LIBOR plus 1.50% per annum.

OTHER SHIPPING

The acquisition of the dry bulk vessels La Loirais and La Fresnais was financed by a combination of debt and equity, where a senior secured bank facility of USD 30 million was obtained. The facility has a 7-year tenor. Interest is paid quarterly and the facility carries an interest rate of LIBOR plus 2.00% per annum.

The acquisition of the dry bulk vessels Interlink Dignity, Interlink Sagacity, Interlink Priority, Interlink Amenity and Interlink Levity was financed by a combination of debt and equity, where a senior secured bank facility of USD 65 million was obtained. The facility has a repayment profile of 14 years on average and a tenor of 5 years. Interest is paid quarterly and the facility carries an interest rate of LIBOR plus 2.00% per annum.

OTHER

In May 2018, Ocean Yield completed a new unsecured bond issue of NOK 750 million with 5-year maturity. The bonds carry a coupon of NIBOR + 3.65% p.a. with quarterly interest payments. Following completion of the bond issue, Ocean Yield exercised its call option on OCY02 in accordance with the bond agreement, where NOK 668.5 million was net outstanding with maturity in March 2019.

The contractual terms of interest-bearing debt as of 31st December 2018 are as follows:

	Amounts in million	Currency	Maturity	Pledged assets*	Book value of asset used as collateral	Base interest	Interest margin	Undrawn facilities in million nominal currency	Nominal value in million nominal currency	Carrying amount USD million 2018	Carrying amount USD million 2017
FPSO	Secured debt	USD				3 month LIBOR	2.50 %	-	-	**-**	20.0
Other Oil Service	Secured debt	USD	2019 - 2024	Aker Wayfarer Connector NS Orla NS Frayja SBM Installer	593.8	3 month LIBOR	0.66%- 2.65%	37.0	376.7	**374.1**	398.2
Other Oil Service	Secured debt	NOK	2025	Far Senator Far Statesman	95.9	3 month NIBOR FIXED	3.50 % 3.69 %	-	565.0	**65.0**	78.2
Car carriers	Secured debt	USD	2021	Höegh Beijing Höegh Xiamen Höegh Jacksonville Höegh Jeddah Höegh Tracer Höegh Trapper	284.7	3 month LIBOR	2.25 %	-	186.2	**184.5**	200.8
Container vessels	Secured debt	USD	2025	Barcelona Express Genoa Express Detroit Express Livorno Express	115.9	3 month LIBOR	2.00 %	-	92.7	**91.6**	-
Tankers	Secured debt	USD	2021 - 2025	Navig8 Aronaldo Navig8 Aquamarine Navig8 Amessi Navig8 Azotic Navig8 Turquoise Navig8 Topaz Navig8 Tourmaline Navig8 Tanzanite STI Symphony STI Sanctity STI Steadfast STI Supreme Navig8 Universe Navig8 Constellation Poliegos Nordic Aquarius Nordic Cygnus Nordic Tellus Ardmore Defender Ardmore Dauntless	769.4	3 month LIBOR	1.95%- 2.0%	-	573.4	**564.1**	395.0
Other Shipping	Secured debt	USD	2023 - 2027	GasChem Beluga GasChem Orca La Loirais La Fresnais Interlink Sagacity Interlink Dignity Interlink Priority Interlink Amenity Interlink Levity	259.8	3 month LIBOR	2.00 %	-	212.6	**209.6**	127.1
Ocean Yield ASA	Unsecured bond debt	NOK	2019 - 2023			3 month NIBOR	3.65%- 4.5%	-	2 397.5	**273.9**	291.2
	Total interest-bearing debt									**1 762.9**	**1 510.5**
	Whereof the following is classified as current									**190.9**	109.0
	Total interest-bearing long-term debt									**1 572.0**	**1 401.4**

Covenants

Most of the Group's loans are subject to the following covenants

	Covenants	Year-end 2018	Year-end 2017
Group equity	25 %	31.0 %	34.0 %
Interest cover ratio	2.00:1	3.5:1	4.7:1
Minimum liquidity	USD 25 million	USD 110.0 million	USD 98.7 million

The Group was in compliance with these covenants at year-end 2018 and 2017

MINIMUM MARKET VALUE

Certain of the Group's loan facility agreements contain requirements for minimum market value of the secured vessels against the outstanding under the debt facility. The minimum value requirements are based on the average of broker estimates and vary between 115% - 130% compared to the outstanding debt. As of year-end 2018 the Group was in compliance with the minimum market value clauses for all loan agreements.

OTHER CLAUSES

Certain of the Group's debt facilities contain cross default to other loan agreements in the Group.

NOTE 21 OTHER INTEREST FREE LONG-TERM LIABILITIES

Other interest-free long-term liabilities comprise the following items:

Amounts in USD million	2018	2017
Other interest-free long-term liabilities	12.2	30.6
Other interest-free long-term liabilities	**12.2**	**30.6**

Other interest-free long-term liabilities mainly consists of prepaid charter hire related to four PCTC vessels and two AHTS vessels. At year-end 2018 USD 10.1 million was related to the PCTC vessels, and USD 2.1 million was related to the AHTS vessels.

NOTE 22 OPERATING LEASES (AS LESSEE)

At 31st December the future minimum lease payments under non-cancellable leases were payable as follows:

Amounts in USD million	2018	2017
Less than one year	0.4	0.4
Between one and five years	1.0	1.2
More than five years	-	-
Total	**1.4**	**1.5**

Amounts recognized in profit and loss

Amounts in USD million	2018	2017
Lease expenses	0.4	0.4
Contingent rent	-	-
Total	**0.4**	**0.4**

The figures reported above are mainly related to an office lease agreement that Ocean Yield entered into with Fornebuporten AS (an associated company of The Resource Group TRG AS) in 2014. The offices, located at Fornebu, near Oslo, were completed in the third quarter 2015. The lease period is seven years. Ocean Yield has the option to extend the lease period with 5 + 5 years.

NOTE 23 PROVISIONS

Amounts in USD million	2018	2017
Decommissioning obligation 1st January	**30.1**	**28.5**
Increase in provision	9.1	**-**
Accretion expense	0.8	1.6
Paid expenses	-14.2	-
Decommissioning obligation 31st December	**25.7**	**30.1**
Non-current portion 31st December	-	30.1
Current portion 31st December	25.7	-

The decommissioning obligation reported above is related to the FPSO Dhirubhai-1. The unit completed its 10-year contract with Reliance Industries Ltd. in September 2018. The FPSO has now seized production. It is expected that the decommissioning of the subsea infrastructure will be completed during 2019/2020. Due to delays in the export process in India the cost of the decommissioning process has increased, and an additional provision of USD 9.1 million has been recognized in 2018.

NOTE 24 FINANCIAL INSTRUMENTS

See also note 5 financial risk and exposure.

Fair value and carrying amounts

Fair value information for financial assets and financial liabilities not measured at fair value is not included if the carrying amount is a reasonable approximation of fair value.

The estimates of fair value together with the carrying amounts shown in the balance sheet are as follows:

31st December 2018	Carrying Amount				Fair Value		
Amounts in USD million	FVPL	FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3
Financial assets carried at fair value							
Other shares	-	1.8	-	1.8	1.8	-	-
Financial assets carried at fair value	**-**	**1.8**	**-**	**1.8**	**1.8**	**-**	**-**
Financial assets carried at amortized cost							
Finance lease receivables	-	-	1 171.8	1 171.8	-	-	1 296.1
Other interest-bearing long term receivables	-	-	0.4	0.4	-	-	-
Other non-current assets	-	-	1.4	1.4	-	-	-
Trade and other short term receivables	-	-	35.2	35.2	-	-	-
Cash and cash equivalents (including long term restricted deposits, see note 16)	-	-	126.1	126.1	-	-	-
Financial assets carried at amortized cost	**-**	**-**	**1 334.9**	**1 334.9**	**-**	**-**	**1 296.1**
Financial liabilities carried at fair value							
Interest rate swaps	4.0	-	-	4.0	-	4.0	-
Foreign exchange contracts	38.6	-	-	38.6	-	38.6	-
Financial liabilities carried at fair value	**42.6**	**-**	**-**	**42.6**	**-**	**42.6**	**-**
Financial liabilities carried at amortized cost							
Bond debt	-	-	273.9	273.9	-	-	277.3
Other interest-bearing debt	-	-	1 489.0	1 489.0	-	1 496.3	-
Interest-free short term financial liabilities	-	-	34.3	34.3	-	-	-
Financial liabilities carried at amortized cost	**-**	**-**	**1 797.2**	**1 797.2**	**-**	**1 496.3**	**277.3**

31st December 2017	Carrying Amount					Fair Value		
Amounts in USD million	Designated at fair value	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
Financial assets carried at amortized cost								
Finance lease receivables	-	-	719.8	-	719.8	-	-	848.9
Bonds	-	49.0	-	-	49.0	-	-	49.0
Other interest-bearing long term receivables	-	-	0.4	-	0.4	-		-
Other non-current assets	-	-	1.6		1.6	-	-	-
Other shares	-	6.5	-	-	6.5	6.5	-	-
Trade and other short term receivables	-	-	53.3	-	53.3	-	-	-
Cash and cash equivalents (including long term restricted deposits, see note 16)	-	-	100.2	-	100.2	-	-	-
Financial assets carried at amortized cost	**-**	**55.5**	**875.3**	**-**	**930.8**	**6.5**	**-**	**897.8**
Financial liabilities carried at fair value								
Interest rate swaps	8.3	-	-	-	8.3	-	8.3	-
Foreign exchange contracts	11.0	-	-	-	11.0	-	11.0	-
Financial liabilities carried at fair value	**19.3**	**-**	**-**	**-**	**19.3**	**-**	**19.3**	**-**
Financial liabilities carried at amortized cost								
Bond debt	-	-	-	291.2	291.2	-	-	296.1
Other interest-bearing debt	-	-	-	1 219.2	1 219.2	-	1 233.5	-
liabilities	-	-	-	15.2	15.2	-	-	-
Financial liabilities carried at amortized cost	**-**	**-**	**-**	**1 525.6**	**1 525.6**	**-**	**1 233.5**	**296.1**

There were no transfers between levels 1 and 2, or 2 and 3 during 2018 or 2017 for assets and liabilities that are measured at fair value.

The change in fair value of assets categorized within level 3 is as follows:

Amounts in USD million	Available for sale financial assets	Total
Total 31st December 2017	**49.0**	**49.0**
Change in fair value recognized in other comprehensive income	1.0	1.0
Proceeds received from sale	-49.6	-49.6
Loss from sale	-0.4	-0.4
Total 31st December 2018	**-**	**-**

The Ocean Yield Group had as of year-end 2018 one type of financial asset and one type of liability that were placed within level 3 of the fair value hierarchy where the fair value calculation is based on few observable inputs. The fair values are determined for disclosure purposes. The valuation methodology are as follows:

ASSET/LIABILITY	VALUATION METHODOLOGY
FINANCE LEASE RECEIVABLES – OTHER OIL SERVICE	**Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contract for the vessel Aker Wayfarer. The cash flow includes an unguaranteed residual value of USD 57.7 million. The estimated cash flows are discounted using an annual discount rate of 6.2% (6.1% in 2017). This gives a fair value of USD 237.8 million (USD 265.7 million year-end 2017).
FINANCE LEASE RECEIVABLES – CONTAINER VESSELS	**Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contracts for the four container vessels accounted for as finance leases. As the charter rates are subject to a LIBOR adjustment, the three months forward LIBOR curve has been applied in the calculations. The cash flows also include unguaranteed residual values of USD 22.2 million. The estimated cash flows are discounted using an annual discount rate of 6.2%. This gives a fair value of USD 132.8 million.
FINANCE LEASE RECEIVABLES – TANKERS	**Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contracts for the twelve chemical tankers, four product tankers and four suezmax tankers accounted for as finance leases. As the charter rates are subject to a LIBOR adjustment, the three months forward LIBOR curve has been applied in the calculations. The cash flows also include unguaranteed residual values of USD 138.1 million. The estimated cash flows are discounted using an annual discount rate of 6.2%(6.1% in 2017). This gives a fair value of USD 723.0 million (USD 583.2 million year-end 2017).
FINANCE LEASE RECEIVABLES – OTHER SHIPPING	**Discounted cash flows:** The estimated cash flows used in the calculations reflects the bareboat contracts for the seven dry bulk vessels accounted for as finance leases. As the charter rates are subject to a LIBOR adjustment, the three months forward LIBOR curve has been applied in the calculations. The estimated cash flows are discounted using an annual discount rate of 6.2%. This gives a fair value of USD 111.7 million.
BOND DEBT OCY03/OCY04/OCY05	**Quoted price close to year-end:** The fair value has been calculated by using the last quoted price in 2018. As there have been limited transactions related to the bond debt, there are limited observable inputs, and the fair value calculation have thus been placed within level 3 in the fair value hierarchy. As the quoted prices relates to transactions between market participants they are considered to reflect fair values. As of year-end 2018 the total fair value of the bond debt is considered to be USD 277.3 million (USD 296.1 million year-end 2017), which equals 100.5% of the amount outstanding as of 31st December 2018.

NOTE 25 TRANSACTIONS AND AGREEMENTS WITH RELATED PARTIES

Ocean Yield's largest shareholder, with 61.7% of the shares as of year-end 2018, is Aker Capital AS, a wholly owned subsidiary of Aker ASA. Aker ASA's main shareholder is TRG Holding AS, controlled by Kjell Inge Røkke through The Resource Group TRG AS (TRG AS). All companies controlled by Kjell Inge Røkke are considered as related parties for the Aker group, and thus related parties for Ocean Yield. In addition all subsidiaries and associated companies of Aker ASA are considered to be related parties for the Ocean Yield Group.

TRANSACTIONS WITH KJELL INGE RØKKE AND TRG AS

Ocean Yield does not have any material outstanding accounts, neither has there been any transactions during 2018 with Kjell Inge Røkke except remuneration as a board member in Ocean Yield ASA (see note 26).

TRANSACTION WITH AKER ASA

The Group has a service agreement with Aker ASA which provides certain financial and administration services to Ocean Yield ASA and its subsidiaries. In 2018 the Group has paid USD 71,000 to Aker ASA for such services. No guarantees have been given or received between the parties.

TRANSACTION WITH AKER ENERGY AS

After year-end, in February 2019, the Company has entered into an agreement with Aker Energy AS (a 50-50 joint venture between Aker Capital AS and TRG AS) where Aker Energy has an option to bareboat charter the FPSO Dhirubhai-1 for a period of 15-years for oil and gas production on the Deepwater Tano Cape Three Points block in Ghana. Aker Energy will pay USD 3 million for the option, which needs to be exercised before 1 May 2019. Aker Energy has an option to extend the initial option period by 30 days against additional compensation.

In 2018 Aker Energy has paid USD 2.2 million to the Group related to a Front End Engineering Design (FEED) study for the potential use of the FPSO on the oilfield in Ghana.

TRANSACTIONS WITH AKASTOR ASA

The subsea, construction vessel Aker Wayfarer is chartered to AKOFS Offshore AS (AKOFS), a company owned 50% by Akastor ASA, until 2027. AKOFS has options to purchase the vessel in 2021, 2026 and 2027. In 2018 the Group has received USD 39.5 million in charter hire on the vessel.

TRANSACTIONS WITH FORNEBUPORTEN AS

Ocean Yield entered in 2014 into an office lease agreement with Fornebuporten AS, (an associated company of TRG AS), for offices located at Fornebu, near Oslo. The offices were completed in the third quarter 2015. The lease period is seven years. Ocean Yield has the option to extend the lease period with 5 + 5 years. For more information regarding the lease agreement see note 22.

TRANSACTIONS WITH AKER BP ASA

In 2017 Ocean Yield acquired the two platform supply vessels NS Orla and NS Frayja, built in 2014. Both vessels are on long term charters to Aker BP ASA, with approximately 12 years remaining from delivery to Ocean Yield. In 2018 the Group has received USD 12.6 million in charter hire on these vessels.

TRANSACTIONS WITH EMPLOYEES OF OCEAN YIELD ASA

The Executive team of Ocean Yield ASA and certain other key employees have acquired shares in Ocean Yield ASA during 2018 as part of the Company's incentive scheme. For more information regarding the incentive scheme and shares owned by the executive team see note 26, 27 and 28.

At the Annual General Meeting held 28 April 2014 the General Meeting granted loans to the Executive team and certain other key employees for the purpose of acquiring shares in Ocean Yield ASA. For more information regarding the loans to the Executive team see note 26.

NOTE 26 SALARY AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND CFO

Remuneration to the Board of Directors

Amounts in USD	2018	2017
Frank O. Reite (Chairman)	61 479	56 219
Kjell Inge Røkke	43 035	37 479
Jens Ismar	43 035	37 479
Anne-Christin Døvigen	47 953	41 711
Annicken Gann Kildahl	51 642	45 338
Total	**247 144**	**218 227**

According to policy in Aker, fees to directors employed in Aker companies will be paid to the Aker company where the director is employed, and not to the director in person. Therefore, the remuneration for Frank O. Reite has been paid to Aker ASA for 2018 and 2017. The board fee for Kjell Inge Røkke was paid to The Resource Group TRG AS in 2018 and 2017.

DIRECTIVE OF REMUNERATION OF THE CEO AND CFO

The accumulated remuneration to the CEO and CFO consists of a fixed salary, standard pension- and insurance terms for employees and a variable salary (see section Incentive scheme). The main purpose of the system for management remuneration is to stimulate a strong and lasting profit oriented culture leading to an increasing value of the Company. The CEO and CFO are members of a collective pension and insurance scheme applicable to all employees. The collective pension and insurance scheme is for salaries up to 12G. The Company offers standard employment contracts and standard employment conditions with respect to notice period and severance pay for the CEO and CFO.

The remuneration to the CEO and CFO in 2018 was according to the guidelines of Ocean Yield.

INCENTIVE SCHEME

In 2013, Ocean Yield ASA implemented an incentive scheme pursuant to which the CEO and CFO and certain other key employees are entitled to bonuses calculated on the basis of the development of the market price of the shares and dividends paid on the shares.

Under the incentive scheme, a specified number of synthetic shares are allocated to the scheme participants. Each scheme participant annually receives a cash bonus equal to the difference of a base price and the average closing price of the shares on the Oslo Stock Exchange on the five last trading days during a relevant year and the five first trading days in the following year, multiplied by the number of synthetic shares allocated to that scheme participant (a “Share Price Increase Bonus”). Each scheme participant further receives an amount equal to the dividend paid per share multiplied by the number of synthetic shares allocated to that scheme participant, as of the date of payment of any such dividend on the shares (a “ Dividend Bonus”). The scheme participant can further request to acquire shares for an amount equal to the Share Price Increase Bonus or the Dividend Bonus. In such cases, the shares shall be subscribed or purchased by the scheme participant at a price equal to the closing price less 20%. The shares must be owned by the scheme participant for three years.

REMUNERATION TO THE CEO AND CFO

Lars Solbakken is the CEO of Ocean Yield ASA. His appointment can be terminated by both parties with 3 months’ notice. If the contract is terminated by the company, Lars Solbakken has the right to 3 months’ notice and 3 months’ salary from the date of termination. This salary will not be paid if he continues in another company within the Aker group.

The remuneration plan for Lars Solbakken includes a fixed salary, standard pension- and insurance plan for employees and he is part of the incentive scheme that was implemented in 2013. Lars Solbakken has been allocated 1,100,000 synthetic shares under the incentive scheme. In 2018 Lars Solbakken had a fixed salary of USD 509,466 (USD 474,891 in 2017), and earned a bonus of USD 951,403 (USD 1,073,108 in 2017). The value of additional remuneration was USD 5,185 in 2018 (USD 5,657 in 2017) and net pension expense in 2018 for Lars Solbakken was USD 36,616 (USD 35,195 in 2017). At the Annual General Meeting held 28 April 2014 a loan facility of up to USD 834,436 was granted to Lars Solbakken for the purpose of acquiring shares in Ocean Yield ASA. Interest is calculated at a rate equal to the prevailing “normrente” for loans to employees as published by the Norwegian Tax Authorities. The loan facility has a tenor of five years, and any amount outstanding shall be repaid at the latest six months after termination of Lars Solbakken’s employment contract. Any drawn amount shall be secured by a first priority share pledge, where a number of Ocean Yield ASA shares with a market value equal to twice the loan amount shall be used as security. As of year-end 2018 no amounts have been drawn under this loan facility.

Eirik Eide is the CFO of Ocean Yield ASA. His appointment can be terminated by both parties with 3 months’ notice. The remuneration plan for Eirik Eide includes a fixed salary, standard pension and insurance plan for employees and he is part of the incentive scheme that was implemented in 2013. Eirik Eide has been allocated 360,000 synthetic shares under the incentive scheme. In 2018 Eirik Eide had a fixed salary of USD 309,345 (USD 279,402 in 2017), and earned a bonus of USD 303,076 (USD 341,444 in 2017). The value of additional remuneration was USD 2,188 in 2018 (USD 1,994 in 2017) and the net pension expense for Eirik Eide was USD 21,139 in 2018 (USD 30,894 in 2017). At the Annual General Meeting held 28 April 2014 a loan of USD 460,379 was granted to Eirik Eide for the purpose of acquiring shares in Ocean Yield ASA. Interest is calculated at a rate equal to the prevailing “normrente” for loans to employees as published by the Norwegian Tax Authorities. The loan facility has a tenor of five years, and any amount outstanding shall be repaid at the latest six months after termination of Eirik Eide’s employment contract. Any drawn amount shall be secured by a first priority share pledge, where a number of Ocean Yield ASA shares with a market value equal to twice the loan amount are used as security. As of year-end 2018 Eirik Eide has borrowed USD 230,189 under this loan facility.

The CEO and CFO have no other remuneration than what is described above.

NOTE 27 SHARES OWNED BY THE BOARD OF DIRECTORS, CEO AND CFO

As of 31st December 2018 the Board of Directors, CEO and CFO owned the following number of shares in Ocean Yield ASA:

Lars Solbakken, CEO[1)]	1 430 880
Eirik Eide, CFO[2)]	335 051
Kjell Inge Røkke, board member[3)]	280 800
Frank O. Reite (Chairman)[4)]	11 111
Jens Ismar, board member	20 000
Anne-Christin Døvigen, board member[5)]	25 000

1) *Shares owned by the company Finmarine AS, which is 100% owned by Lars Solbakken*

2) *Shares owned by Eirik Eide and the company Kleiver Invest AS, which is 100% owned by Eirik Eide*

3) *Shares held directly by Kjell Inge Røkke. In addition Kjell Inge Røkke owns 100% of The Resource Group TRG AS (TRG AS) which in turn owns 99.71% of TRG Holding AS, which again owns 66.99% of Aker ASA. Aker ASA owns 100% of Aker Capital AS, which is the largest shareholder of Ocean Yield ASA, with 66.2% ownership. In addition The Resource Group TRG AS owns 1.19% in Aker ASA directly.*

4) *Shares owned by the company Fausken Invest AS, which is 100% owned by Frank O. Reite*

5) *Includes 15,000 shares owned by Ms Døvigen's spouse*

NOTE 28 SHARE-BASED PAYMENT ARRANGEMENTS

The Group had at year-end 2018 and 2017 the following share-based payment arrangements:

SHARE PRICE INCREASE BONUS (CASH SETTLED)

Amounts in USD million	2018	2017
Cash-settled share-based payment liability	-	0.3
Total expenses related to share-based payments	**-**	**0.3**

In 2013, Ocean Yield ASA implemented an incentive scheme pursuant to which the CEO and CFO and certain other key employees are entitled to bonuses calculated on the basis of the development of the market price of the shares and dividends paid on the shares. For more information about the incentive scheme see note 26.

As this bonus is based on the development of the market price of the shares in Ocean Yield, it is accounted for in accordance with IFRS 2. A part of the bonus may be settled in shares, and the scheme participant can require that the entire share price increase bonus is settled in shares rather than cash. However, as the Group has an obligation to settle most of the bonus in cash, the bonus is treated as a cash settled arrangement.

The fair value of the liability year-end is calculated as the difference between the share price as of 1st January (NOK 69.50 in 2018 and NOK 68.50 in 2017) and the closing price of the shares as of 31st December (NOK 59.20 in 2018 and NOK 69.50 in 2017), multiplied by the number of synthetic shares allocated to the scheme participant. Any bonus payment is subject to a high watermark on the shareprice. A total of 2.4 million synthetic shares has been allocated to the scheme participants.

NOTE 29 CONTINGENCIES AND LEGAL CLAIMS

No material contingencies or legal claims have been recorded at year-end 2018.

NOTE 30 EVENTS AFTER THE BALANCE SHEET DATE

After year-end, Ocean Yield has agreed to acquire a modern Suezmax tanker for a consideration of USD 56.0 million with 13-year bareboat charter to Okeanis Eco Tankers Corp.

Also after year-end, Ocean Yield has entered into an option agreement with Aker Energy AS where Aker Energy has an option to bareboat charter the FPSO for a period of 15-years for use of the FPSO Dhirubhai-1 in the Tano Basin offshore Ghana. Aker Energy will pay Ocean Yield USD 3 million for the option, which needs to be exercised before 1 May 2019. Aker Energy has an option to extend the initial option period by 30 days against additional compensation.

*From the left:
Eirik Eide, Andreas
Røde and Lars Solbakken.*

OCEAN YIELD ASA FINANCIAL STATEMENTS AND NOTES

Ocean Yield ASA Income statement

Amounts in USD million	Note	2018	2017
Total revenues		**3.4**	**0.6**
Salaries and other personnel related expenses	3	-5.2	-4.5
Other operating expenses	4	-3.1	-2.2
Depreciations		-0.1	-0.1
Operating profit (+)/loss (-)		**-4.9**	**-6.2**
Income from investment in subsidiaries	5,8	-11.7	120.9
Financial Income	5	106.1	83.9
Financial Expenses	5	-113.3	-111.9
Net profit before tax		**-23.8**	**86.7**
Income tax expense (-) / benefit (+)	6	-0.5	-7.3
Net profit after tax		**-24.4**	**79.4**
Allocation of profit/loss for the year:			
Profit (+) / loss (-)		-24.4	79.4
Dividend		-121.5	-111.3
Transferred from other paid-in capital		145.8	44.8
Transferred from (+) / allocated to (-) retained earnings		-	-0.1
Transferred to cover previous years losses		-	-12.8
Total		**-**	**-**

Ocean Yield ASA Balance Sheet at 31st December

Amounts in USD million	Note	2018	2017
ASSETS			
Fixed assets		0.2	0.3
Deferred tax asset	6	1.2	6.6
Shares in subsidiaries	7	1 652.5	1 051.8
Long-term interest bearing receivables from Group companies	8	1 003.9	848.3
Long-term interest bearing receivables and other shares	9	18.2	57.4
Total non-current assets		**2 676.1**	**1 964.3**
Short-term interest free receivables from Group companies	8	43.4	124.2
Short-term interest-bearing receivables	10	90.8	-
Other short-term receivables		1.2	1.7
Cash and cash equivalents	11	49.5	19.2
Total current assets		**184.9**	**145.2**
Total assets		**2 861.0**	**2 109.4**
EQUITY AND LIABILITIES			
Share capital		253.7	239.6
Treasury shares		-0.0	-0.0
Other paid-in capital		325.4	389.7
Total paid-in equity		**579.1**	**629.3**
Retained earnings		-	0.0
Total retained earnings		**-**	**0.0**
Total equity	12	**579.1**	**629.3**
Long-term interest-bearing liabilities to Group companies	8	18.5	15.3
Long-term interest-bearing debt	13	1 029.7	1 112.3
Bond debt	13	273.9	291.2
Pension liabilities		0.0	0.1
Other long-term liabilities	15	26.0	8.7
Total non-current liabilities		**1 348.2**	**1 427.6**
Short-term interest-bearing liabilities to Group companies		876.2	-
Short-term interest free liabilities to Group companies	8	2.4	11.5
Dividend		30.4	28.1
Other short-term liabilities	16	24.6	13.0
Total current liabilities		**933.7**	**52.5**
Total liabilities		**2 281.9**	**1 480.1**
Total equity and liabilities		**2 861.0**	**2 109.4**

BÆRUM, 20TH MARCH 2019
OCEAN YIELD ASA

FRANK O. REITE
CHAIRMAN

KJELL INGE RØKKE
DIRECTOR

JENS ISMAR
DIRECTOR

ANNE-CHRISTIN DØVIGEN
DIRECTOR

ANNICKEN GANN KILDAHL
DIRECTOR

LARS SOLBAKKEN
CEO

Ocean Yield ASA Cash Flow Statement

Amounts in USD million	2018	2017
Net profit before tax	-23.8	86.7
Dividends and group contributions from subsidiaries	-0.3	-92.0
Gain/loss/write-downs from investment in subsidiaries	76.9	2.0
Net interest income	29.3	24.0
Interest paid	-72.8	-57.6
Interest received	49.4	36.4
Foreign exchange gain/losses	-52.8	14.1
Unrealized loss on derivatives and impairment charges on financial assets	28.3	-40.6
Change in other short term items	56.8	-0.8
Cash flow from operating activities	**91.0**	**-27.9**
Acquisition of fixed assets	-0.0	-0.0
Acquisition of shares and capital increase in subsidiaries	-0.0	-0.1
Dividends and group contributions received from subsidiaries	0.4	8.5
Net change in long-term interest-bearing receivables from Group Companies	34.4	-99.5
Net change in long-term interest-bearing receivables	34.9	2.4
Net change in short-term interest-bearing receivables	-90.8	-
Cash flow from investing activities	**-21.1**	**-88.8**
Proceeds from issuance of interest-bearing long-term external debt	145.9	224.9
Repayment of interest bearing long-term external debt	-230.1	-203.3
Proceeds from issuance of interest-bearing long-term debt to Group companies	25.7	156.1
Proceeds from issuance of interest-bearing short-term debt to Group companies	71.2	-
Repayment of interest bearing long-term debt to Group companies	-3.6	-24.8
Repayment of interest bearing short-term debt to Group companies	-23.4	-
Dividends paid	-119.1	-110.2
New equity	95.5	-
Net change in treasury shares	-0.1	0.1
Cash flow from financing activities	**-38.1**	**42.8**
Cash flow for the year	31.8	-73.9
Cash and cash equivalents at January 1st	19.2	90.5
Exchange rate differences	-1.5	2.6
Cash and cash equivalents at December 31st	**49.5**	**19.2**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES

Ocean Yield ASA is a company domiciled in Norway. The financial statements are prepared in accordance with Norwegian legislations and Norwegian generally accepted accounting principles.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The functional currency and presentation currency of Ocean Yield ASA is USD, as this is the primary economic environment in which Ocean Yield ASA and its subsidiaries operate.

REVENUE RECOGNITION

Revenue is recognized when the service is provided. The company is providing certain management services and other services to its subsidiaries. These services comprise of advisory services in areas of business strategy, financing and accounting.

INVESTMENTS IN SUBSIDIARIES

Subsidiaries are entities over which Ocean Yield ASA has control. Investments in subsidiaries are accounted for using the cost method in the parent company accounts. The investments are valued at cost less impairment losses. Write-down to fair value are according to good accounting practice recognized when the impairment is not considered to be temporary and reversed if the basis for the write-down is no longer present.

DIVIDENDS FROM SUBSIDIARIES

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. Dividends, group contributions and other distributions are usually recognized in the profit and loss as financial income. Whenever dividends exceeds the share of retained profit after the acquisition, the excess represents a refund of invested capital, and the dividend is subtracted from the value of the investment in the balance sheet.

CLASSIFICATION AND VALUATION OF BALANCE SHEET ITEMS

Current assets and current liabilities comprise of items that are due within one year from the time of acquisition. Other items are classified as non-current asset / non-current liability. Short-term portion of long-term debt is however classified as non-current liability.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is recognized at its nominal value at the time of recognition.

Non-current assets are valued at acquisition cost but written-down to fair value if impairment is not expected to be temporary. Long-term debt is initially recognized at its nominal value. Subsequent to initial recognition, interest-bearing long-term debt is stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowing on an effective interest basis.

RECEIVABLES

Trade receivable and other receivables are carried at par value after subtraction of provision for expected loss. Provision for loss is made based on individual assessments of each receivable.

FOREIGN CURRENCY

Transactions in foreign currency are translated into USD using the exchange rate at the time of transaction. Monetary items in foreign currency are valued at the rate of foreign exchange on the balance sheet date. Non-monetary items that are measured at historic cost in foreign currency are translated into USD using the exchange rate at the time of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into USD using the exchange rate at the date of measurement. Valuation changes due to exchange rate fluctuations are recorded on a continuous basis under other financial items.

DERIVATIVES

Foreign exchange contracts that do not qualify for hedge accounting are recognized at fair value. Other derivatives that do not qualify for hedge accounting are recognized at the lowest of fair value and cost. Changes in fair value are reported as financial income/expense.

TAX

The tax cost in the profit and loss statement includes both tax payable for the period and changes in deferred tax.

Deferred tax is calculated based on the temporary differences that exist between accounting and tax values, and tax losses carried forward at the end of the accounting year. Tax increasing and tax decreasing temporary differences which reverse or can be reversed in the same period are offset. Net deferred tax assets are recognized to the extent that it is probable that they can be utilized.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents consist of cash, bank deposits and other current, liquid investments.

THE USE OF ESTIMATES

The preparation of the financial statements, under the generally accepted accounting principles, requires that management uses the best estimates and assumptions that affect the profit and loss statement, the valuation of assets and liabilities as well as information regarding disclosure of contingent assets and liabilities on balance sheet date.

Contingent losses that are probable and quantifiable are expensed on an ongoing basis.

NOTE 2 FINANCIAL MARKET RISK

The company is exposed to several types of financial risk, the most significant of which are credit, liquidity, foreign exchange and interest rate risk. The purpose of risk management is to measure and manage financial risks in a reliable manner, in order to increase predictability and simultaneously minimise any negative impacts on Ocean Yield's financial results.

CREDIT RISK

Credit risk relates to loans to subsidiaries, loan and deposits with external banks.

Cash and cash equivalents are held with banks and financial institutions with sound credit-ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

LIQUIDITY RISK

Liquidity risk is the risk that Ocean Yield ASA will be unable to fulfil its financial obligations as they fall due. The company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due. Management monitors monthly forecasts of the liquidity reserve on the basis of expected cash flows.

CURRENCY RISK

Ocean Yield ASA and its subsidiaries operate in the international market which leads to various types of currency exposure. Ocean Yield ASA's functional currency is USD. The currency exposure in Ocean Yield ASA is primarily related to NOK. Operating expenses and the bond debt are denominated in NOK. To reduce the currency effect Ocean Yield ASA has entered into interest and currency swaps for the NOK bond loans. As of year-end 2018 the Group has nine cross currency swaps, where NOK 3,100 million has been swapped from floating rate in NOK to floating rate in USD. Total outstanding bond debt as of year-end 2018 was NOK 2,398 million.

INTEREST RATE RISK

Ocean Yield's interest rate risk arises from external borrowings, internal borrowings and internal receivables. Borrowings and receivables issued at variable rates expose Ocean Yield ASA to cash flow interest rate risk. Ocean Yield ASA has prepared guidelines for management of interest rate risks. The interest rate policy of Ocean Yield defines levels for the hedging of expected future cash flows. As of year-end 2018 Ocean Yield has four interest rate swaps, where floating rate payments have been swapped to fixed.

Also see Note 5 in the consolidated financial statements for Ocean Yield ASA Group.

NOTE 3 SALARIES AND OTHER PERSONNEL EXPENSES

Salaries and other personnel expenses consist of the following:

Amounts in USD million	2018	2017
Salaries	4.1	3.8
Social security contribution	0.7	0.6
Pension cost	0.3	0.1
Other benefits	0.2	-0.0
Total salaries and other personnel expenses	**5.2**	**4.5**
Average number of employees	8	8
Full time employee equivalents	8	8

NOTE 4 OTHER OPERATING EXPENSES

Auditor's fee is included in other expenses and consists of the following:

Amounts in USD thousand	2018	2017
Ordinary audit	106.0	102.4
Tax advisory services	8.8	26.6
Other non-audit services	13.1	12.2
Total	**127.9**	**141.2**

NOTE 5 FINANCIAL ITEMS

Amounts in USD million	2018	2017
Dividends and group contributions from subsidiaries	61.4	122.9
Write down of shares in subsidiaries	-73.2	-2.0
Income from investment in subsidiaries	**-11.7**	**120.9**
Interest income from companies within the Group	46.4	34.1
Other interest income	4.8	4.5
Unrealized gain on interest and currency exchange swaps	-	45.4
Reversed impairment of interest-bearing receivables and other shares	1.0	-
Net foreign exchange gain	53.9	-
Financial income	**106.1**	**83.9**
Interest expenses to Group companies	-6.9	-1.7
Other interest expenses	-73.6	-60.9
Unrealized loss on interest and currency exchange swaps	-25.4	-
Impairment of interest-bearing receivables and other shares	-4.8	-7.4
Loss from sale of interest-bearing receivables	-0.4	-
Net foreign exchange loss	-	-39.7
Other financial expenses	-2.1	-2.3
Financial expenses	**-113.3**	**-111.9**

Write down of shares in subsidiaries of USD 73.2 million in 2018 is related to the investments in Aker Floating Production AS, F-shiplease Holding AS and Ocean Operations AS. Impairments of interest-bearing receivables and other shares of USD 4.8 million in 2018 is related to the shares in Solstad Offshore ASA.

Write down of shares in subsidiaries of USD 2.0 million in 2017 is related to the investment in Aker Floating Production AS. Impairments of interest-bearing receivables and other shares in 2017 includes USD 1.0 million related to American Shipping Company ASA bonds and USD 6.4 million related to shares in Solstad Farstad ASA. For more information see note 9.

NOTE 6 INCOME TAX

The table below shows the difference between accounting and tax values at the end of 2018 and 2017 respectively, as well as changes in the differences, deferred tax assets at the end of each year and the change in deferred tax assets.

Amounts in USD million	2018	2017
Differences in interest and currency swaps	-41.9	-13.6
Loan fees amortised	11.2	14.2
Other	0.2	-0.9
Total differences	**-30.5**	**-0.3**
Tax losses carried forward	-53.2	-28.5
Total deferred tax basis	**-83.7**	**-28.8**
Net deferred tax asset (22% in 2018, 23% in 2017)	-18.4	-6.6
Not recognized deferred tax asset	17.2	-
Recognized deferred tax asset	**-1.2**	**-6.6**

Deferred tax asset is incorporated in the balance sheet if budgets indicate that the asset will be used in the future. The tax loss carried forward has no expiration date. The tax rate in Norway changed from 23% to 22% from 1 January 2019.

Estimated taxable profit

Amounts in USD million	2018	2017
Net profit before tax	-23.8	86.7
Permanent differences in net non-taxable income (-) / expenses (+)	-53.3	-58.4
Change in temporary differences	30.2	-43.8
Expenses recorded against equity	-1.4	-0.1
Group contribution recognized directly against shares in subsidiaries	23.6	22.9
Utilization of accumulated tax losses	-	-7.3
Tax losses for which no deferred income tax asset was recognized	24.8	-
Estimated taxable income	**-**	**-0.0**
Tax payable (23%) in the profit and loss account	-	-

Income tax expense/income:

Amounts in USD million	2018	2017
Tax payable	-	-
Change in deferred tax	-0.5	-7.3
Total income tax expense (-) / benefit(+)	**-0.5**	**-7.3**

The figures above are based on estimates of different non-deductible taxable income, non-deductible items and differences between accounting and tax items. The final calculations will be made in the income-tax return and may differ from estimates above.

Explanation as to why income tax expense/benefit differs from 23% of net profit before tax:

Amounts in USD million	2018	2017
23 % tax on net profit before tax (24% in 2017)	5.5	-20.8
23% tax on permanent differences (24% in 2017)	12.3	14.0
Change in tax rate (22% from 1 January 2019)	-1.1	-0.5
Not recognized deferred tax asset	-17.2	-
Estimated income tax expense (-) / benefit(+)	**-0.5**	**-7.3**
Effective tax rate	2.2 %	-8.4 %

NOTE 7 SHARES IN SUBSIDIARIES

Shares in subsidiaries include the following companies at 31st December 2018

Amounts in USD million	Ownership in %	Voting share in%	Location, city	Equity as of Dec. 31st 2018	Profit before tax 2018	Book value
Aker Floating Production AS*	100	100	Lysaker, Norway	61.1	1.1	69.9
Connector 1 AS	100	100	Lysaker, Norway	90.2	-1.5	80.2
F-Shiplease Holding AS*	100	100	Lysaker, Norway	42.5	-6.3	42.5
Ocean Holding AS	100	100	Lysaker, Norway	0.1	0.1	-
Ocean Operations AS	100	100	Lysaker, Norway	-0.0	-0.0	-
Ocean Yield Malta Limited*	100	100	Floriana, Malta	867.1	13.8	857.5
OCY Containerinvest AS	100	100	Lysaker, Norway	181.3	22.9	146.0
OCY Invest AS	100	100	Lysaker, Norway	750.7	218.9	426.1
OCY Severn AS	100	100	Lysaker, Norway	39.1	21.9	15.0
OCY Severn 2 AS	100	100	Lysaker, Norway	42.1	21.3	15.0
OCY Severn 3 AS	100	100	Lysaker, Norway	0.1	0.0	0.1
OS Installer AS	75	75	Lysaker, Norway	0.1	14.6	0.1
Total						**1 652.5**

• *100% of the Group's equity as of December 31st, and the Group's profit before tax 2018.*

NOTE 8 RECEIVABLES, BORROWINGS AND TRANSACTIONS WITH GROUP COMPANIES

Long-term interest-bearing receivables from Group companies consist of the following items:

Amounts in USD million	2018	2017
Long-term interest-bearing receivables from Group companies	1 003.9	848.3
Long-term interest-bearing receivables from Group companies	**1 003.9**	**848.3**

The receivables have a maturity of more than one year. Interest terms on the receivables are according to market.

Short-term interest free receivables from Group companies consist of the following items:

Amounts in USD million	2018	2017
Group contribution receivables	23.9	117.2
Incurred interest, not received, from Group companies	15.7	6.3
Other short-term receivables from Group companies	3.8	0.7
Short-term interest free receivables from Group companies	**43.4**	**124.2**

Long-term interest-bearing liabilities to Group companies consist of the following items:

Amounts in USD million	2018	2017
Long-term interest bearing liabilities to Group companies	18.5	15.3
Long-term interest bearing liabilities to Group companies	**18.5**	**15.3**

Long-term liabilities to Group companies have a maturity of more than five years and interest is set at market terms.

Short-term interest-bearing liabilities to Group companies consist of the following items:

Amounts in USD million	2018	2017
Short-term interest bearing liabilities to Group companies	876.2	-
Short-term interest bearing liabilities to Group companies	**876.2**	**-**

Short-term liabilities to Group companies have a maturity of less than one year and interest is set at market terms.

Short-term interest free liabilities to Group companies consist of the following items:

Amounts in USD million	2018	2017
Group contribution payables	-	9.9
Incurred unpaid interest, to Group companies	2.3	1.5
Other short-term interest free liabilities to Group companies	0.1	-
Short-term interest free liabilities to Group companies	**2.4**	**11.5**

Dividends and Group contributions received from Group companies:

Amounts in USD million	2018	2017
Dividends from Group companies	61.2	47.9
Group contributions received from Group companies	0.3	75.0
Dividends and group contributions received from Group companies	**61.4**	**122.9**

NOTE 9 LONG-TERM INTEREST-BEARING RECEIVABLES AND OTHER SHARES

Long-term interest-bearing receivables and other shares consist of the following:

Amounts in USD million	2018	2017
Restricted deposits	16.1	1.5
American Shipping Company ASA bonds	-	49.0
Shares in Solstad Offshore ASA	1.7	6.5
Other long-term interest-bearing receivables	0.4	0.4
Long-term interest-bearing receivables and other shares	**18.2**	**57.4**

RESTRICTED DEPOSITS

The restricted funds as of year-end 2018 are related to several of the Company's cross currency interest rate swaps, where a security deposit is needed when the value of the swaps decreases below certain points.

AMERICAN SHIPPING COMPANY ASA BONDS

Ocean Yield has in 2018 sold its remaining holdings of bonds issued by American Shipping Company ASA ("AMSC"), giving sales proceeds of USD 49.6 million.

SHARES IN SOLSTAD OFFSHORE ASA

In 2018, a loss of USD 4.8 million has been recognized as impairment related to the shares in Solstad Offshore ASA.

NOTE 10 SHORT-TERM INTEREST-BEARING RECEIVABLES

Short-term interest-bearing receivables consist of the following:

Amounts in USD million	2018	2017
Pre-delivery instalments VLCC vessels	90.8	-
Short-term interest-bearing receivables	**90.8**	**-**

The short-term interest-bearing receivables is related to pre-delivery financing of four VLCC vessels under construction. The receivables carry an interest of 7% per annum. Interest is paid quarterly, and the receivables fall due at the delivery of the vessels, which is expected to be in Q2-Q3 2019.

NOTE 11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are distributed as follows:

Amounts in USD million	2018	2017
Cash restricted	0.3	0.3
Cash unrestricted	49.3	18.9
Cash and cash equivalents	**49.5**	**19.2**

In addition Ocean Yield ASA has USD 16.1 million in restricted cash classified as long-term assets (see note 9).

NOTE 12 SHAREHOLDERS EQUITY

Changes in shareholder's equity is as follows:

Amounts in USD million	Share capital	Treasury shares	Other paid in capital	Retained earnings	Total equity
Shareholders equity 31st December 2016	**239.6**	**-0.3**	**434.8**	**-12.8**	**661.2**
Dividend	-	-	-44.8	-66.4	-111.3
Profit for the year	-	-	-	79.4	79.4
Treasury shares sold	-	0.1	-	-0.0	0.1
Other changes	-	-	0.0	-0.1	-0.1
Shareholders equity 31st December 2017	**239.6**	**-0.2**	**389.9**	**-**	**629.3**
Dividend	-	-	-121.5	-	-121.5
Profit for the year	-	-	-24.4	-	-24.4
Issuance of ordinary shares	14.1	-	83.0	-	97.1
Expenses related to issuance of shares, net of tax	-	-	-1.3	-	-1.3
Treasury shares acquired	-	-1.3	-	-	-1.3
Treasury shares sold	-	1.4	-0.3	-	1.1
Other changes	-	-	-0.0	-	-0.0
Shareholders equity 31st December 2018	**253.7**	**-0.1**	**325.5**	**-**	**579.1**

See note 17 in the consolidated financial statements for Ocean Yield ASA Group for information about paid in capital, largest shareholders and current board authorizations.

NOTE 13 INTEREST-BEARING DEBT

Change in Interest-bearing debt:

Amounts in USD Million	Debt to Group companies	Secured debt	Unsecured bond debt	2018	2017
Interest-bearing debt 1st January	**15.3**	**1 112.3**	**291.2**	**1 418.8**	**1 375.4**
New debt	96.9	54.8	91.1	**242.7**	381.0
Instalments	-26.9	-136.6	-	**-163.5**	-226.7
Other non-cash changes (netted against receivables etc)	844.5	-	-	**844.5**	-131.3
Repurchase	-	-	-92.6	**-92.6**	-1.3
Loss from repurchase	-	-	-1.0	**-1.0**	0.0
Amortization of loan fees	-	2.9	0.7	**3.6**	3.3
Effect of movement in foreign exchange	-35.1	-3.7	-15.5	**-54.3**	18.4
Interest-bearing debt 31st December	**894.7**	**1 029.7**	**273.9**	**2 198.4**	**1 418.8**

BOND DEBT

In May 2018, Ocean Yield ASA completed a new unsecured bond issue of NOK 750 million with 5-year maturity. The bonds carry a coupon of NIBOR + 3.65% p.a. with quarterly interest payments. Following completion of the bond issue, Ocean Yield ASA exercised its call option on OCY02 in accordance with the bond agreement, where NOK 668.5 million was net outstanding with maturity in March 2019.

COVENANTS

Ocean Yield ASA has loans and guarantee commitments that contain certain financial covenants. The main covenants are a Group equity of 25%, an interest cover ratio of 2.00:1 and minimum liquidity of USD 25 million. Ocean Yield ASA was in compliance with all covenants at year-end 2018.

NOTE 14 MORTGAGES AND GUARANTEE OBLIGATIONS

Guarantee obligations are as follows:

Amounts in USD million	2018	2017
Loan guarantees Aker Contracting FP ASA	-	20.0
Loan guarantees Ocean Yield Malta Limited	385.9	-
Total guarantee obligations	**385.9**	**20.0**

NOTE 15 OTHER LONG- TERM LIABILITIES

Other long-term liabilities consist of the following:

Amounts in USD million	2018	2017
Unrealized loss on interest and currency exchange swaps	26.0	8.7
Other long-term liabilities	**26.0**	**8.7**

NOTE 16 OTHER SHORT-TERM LIABILITIES

Other short-term liabilities consist of the following:

Amounts in USD million	2018	2017
Accrued interest external	7.2	5.9
Unrealized loss on interest and currency exhange swaps	15.9	4.9
Accrued bonus to employees	0.4	0.7
Other	1.1	1.4
Other short-term liabilities	**24.6**	**13.0**

NOTE 17 FINANCIAL INSTRUMENTS

At year-end Ocean Yield ASA had the following financial instruments recognized at fair value:

31st December 2018			
Amounts in USD million	**Carrying amount**	**Fair value**	**Unrealized loss recognized in profit and loss**
Cross Currency Interest Rate Swaps	-37.5	-37.5	-26.2
Forward exchange contracts	-1.1	-1.1	-1.4
Interest rate swaps	-3.3	-3.3	2.2
Shares in Solstad Offshore ASA	1.7	1.7	-4.8
Total	**-40.2**	**-40.2**	**-30.2**

31st December 2017			
Amounts in USD million	**Carrying amount**	**Fair value**	**Unrealized gain recognized in profit and loss**
Cross Currency Interest Rate Swaps	-11.3	-11.3	43.4
Forward exchange contracts	0.3	0.3	0.3
Interest rate swaps	-2.6	-2.6	1.7
Shares in Solstad Farstad ASA	6.5	6.5	-6.4
Total	**-7.1**	**-7.1**	**39.0**

For more information regarding the cross currency interest rate swaps and the interest rate swaps see note 5 in the consolidated financial statements for Ocean Yield ASA Group.

NOTE 18 OPERATING LEASES

In 2014 Ocean Yield ASA entered into an office lease agreement with Fornebuporten AS (previously a subsidiary of Aker ASA). The offices, located at Fornebu, near Oslo, were completed in the third quarter 2015. The lease period is seven years. Ocean Yield ASA has the option to extend the lease period with 5 + 5 years.

Annual rent is approximately USD 0.4 million. Ocean Yield ASA sublets around 50% of the office space to its subsidiary Aker Floating Production AS.

NOTE 19 TRANSACTIONS AND AGREEMENTS WITH RELATED PARTIES

Ocean Yield ASA's largest shareholder is Aker Capital AS, with 61.7% of the shares. Aker Capital AS is a wholly-owned subsidiary of Aker ASA, and Aker ASA's main shareholder is TRG Holding AS, controlled by Kjell Inge Røkke through The Resource Group TRG AS (TRG AS). All companies controlled by Kjell Inge Røkke are considered as related parties for the Aker group, and thus related parties for Ocean Yield ASA. In addition all subsidiaries and associated companies of Aker ASA are considered to be related parties for Ocean Yield ASA.

See note 25 in the consolidated financial statements for Ocean Yield ASA Group for transactions with Kjell Inge Røkke, TRG AS, Aker ASA, Aker Energy AS, Fornebuporten AS and employees of Ocean Yield ASA.

TRANSACTIONS WITH SUBSIDIARIES OF OCEAN YIELD ASA

Ocean Yield ASA has loans to and from several of its subsidiaries. For more details regarding the amounts see note 8.

All transactions with related parties are done at market rates and in accordance with the arm's lengths principle.

NOTE 20 SALARY AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND CFO

See note 26 in the consolidated financial statements for Ocean Yield ASA Group.

NOTE 21 SHARES OWNED BY THE BOARD OF DIRECTORS, CEO AND CFO

See note 27 in the consolidated financial statements for Ocean Yield ASA Group.

NOTE 22 SHARE-BASED PAYMENTS

See note 28 in the consolidated financial statements for Ocean Yield ASA Group.

NOTE 23 CONTINGENCIES AND LEGAL CLAIMS

No material contingencies or legal claims have been identified at the end of the year.

NOTE 24 EVENTS AFTER THE BALANCE SHEET DATE

See note 30 in the consolidated financial statements for Ocean Yield ASA Group.

DIRECTOR'S RESPONSIBILITY STATEMENT

Today, the Board of Directors and the Company's Chief Executive Officer reviewed and approved the Board of Directors' report and the consolidated and separate annual financial statements of Ocean Yield ASA for the year ending and as of 31st December 2018.

Ocean Yield's consolidated financial statements have been prepared in accordance with IFRS and IFRIC adopted by the EU as well as additional disclosure requirements in the Norwegian Accounting Act and as such are to be applied as per 31st December 2018. The separate financial statements of the parent company Ocean Yield ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards as of 31st December 2018. The Board of Directors' report for the Group and the parent company meets with the requirements of the Norwegian Accounting Act and Norwegian accounting standard no. 16, as of 31st December 2018.

TO THE BEST OF OUR KNOWLEDGE:

- *The consolidated and separate annual financial statements for the Group and the parent company for 2018 have been prepared in accordance with applicable accounting standards.*
- *The consolidated and separate annual financial statements give a true and fair view of the assets, liabilities, financial position and profit/loss as a whole per 31st December 2018 for the Group and for the parent company.*
- *The board of directors' report includes a true and fair review of the*
  - *development and performance of the business and the position of the Group and the parent company,*
  - *the principal risks and uncertainties the Group and the parent company may face.*

BÆRUM 20TH MARCH 2019
OCEAN YIELD ASA

FRANK O. REITE CHAIRMAN	**KJELL INGE RØKKE** DIRECTOR	**ANNICKEN GANN KILDAHL** DIRECTOR
ANNE-CHRISTIN DØVIGEN DIRECTOR	**JENS ISMAR** DIRECTOR	**LARS SOLBAKKEN** CEO

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To the General Meeting of Ocean Yield ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ocean Yield ASA. The financial statements comprise:

- The financial statements of the parent company Ocean Yield ASA (the Company), which comprise the balance sheet as at 31 December 2018, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Ocean Yield ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with law and regulations.

- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The consolidated financial statement give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assesment

Reference is made to pages 12 (Board of Directors report) page 36 (accounting principles), page 55 (impairment charges), and page 59 (vessels and other fixed assets).

<table>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Vessels and other fixed assets include vessels on operating lease contracts with customers totaling USD 1 195.6 million as at 31 December 2018. Interest-bearing long-term receivables includes vessels on finance lease contracts with customers totaling USD 1 171.8 million as at 31 December 2018.

The Group is exposed to market risk where a downturn in the markets could lead to counterparty default, as well as a residual value risk related to vessels upon expiry of a charter contract. This is particularly relevant to the Group's customers within oil & gas business segments as this segment is still challenging.

As discussed in note 5 and note 10 to the consolidated financial statements, one of the Group's long-term charters expired in September 2018. In addition, another vessel does not have a charter as at 31 December 2018. Due to these conditions, there is an increased impairment risk for these vessels.

For one counterparty, a standstill agreement with its creditors, including the Company, is agreed. The counterparty is currently in process of restructuring. Due to these circumstances, there is a specific impairment risk related to the two vessels on contracts with this counterparty.

The identification of indicators of impairment and the preparation of the estimate of the recoverable amount of an asset involves significant subjective judgments and uncertainties, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the valuation of Vessels and other fixed assets and Interest-bearing long-term receivables.</td><td>Our response:
For each vessel, we applied professional skepticism and critically assessed Management's judgement for impairment indicators, including counterparty assessments.

Where impairment indicators were identified our work included the following procedures:
▪ Assessing the mathematical and methodological integrity of Management's impairment models;
▪ Assessment of Management's cash flow forecasts covered by, and subsequent to, lease contracts;
▪ Challenging Management's assessment related to residual values with reference to expected utilization after contract termination/completion, purchase and renewal options.
▪ Assessing management's estimates of future cash flows and challenged whether these were appropriate in light of;
   o Previous estimates and historical performance
   o External sources for future charter hires where available.
▪ Assessment of Management's methodology for estimating the recoverable amount, including assessing the discount rate applied to the impairment tests for each vessel, testing the mathematical accuracy of Management's WACC rates and challenging key assumptions in the calculations, such as market premium, beta value and debt ratio:
▪ Evaluation of the appropriateness of the disclosures related to impairment.

From the audit evidence obtained, we consider Management's assessment of the carrying value of Vessels and other fixed assets and Interest-bearing long-term receivables to be in accordance with the requirements under the relevant accounting standards.</td></tr>
</table>

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, with the exception of our report on Other Legal and Regulatory requirements below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the

However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 21 March 2019
KPMG

Vegard Tangerud
State Authorised Public Accountant

USE AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are defined as numerical measures that either exclude or include amounts that are not excluded or included in the comparable measures calculated and presented in accordance with GAAP (i.e. IFRS).

The following financial measure may be considered an alternative performance measure:

- EBITDA: Earnings before financial items, income taxes, depreciation, amortization and impairment charges
- EBITDA adjusted for finance lease effects: EBITDA adjusted for Repayment of finance lease receivables.
- EBIT: Earnings before financial items and income taxes
- Adjusted net profit: Net profit adjusted for impairment charges, foreign exchange gains/losses, fair value adjustments of derivatives, changes in deferred tax and non-recurring items.

- Charter Backlog: represents the estimated EBITDA backlog from signed contracts. Figures are based on management's estimates which may be subject to change. These include assumptions on certain purchase options in bareboat charter contracts not being exercised, adjustments made for finance lease effects, investments in joint ventures, currency effects and the forward interest rates for floating rate lease agreements. The charter hire from the potential contract with Aker Energy AS has not been included in the charter backlog as of year-end 2018, as this is an option to enter into a bareboat charter, and not a signed bareboat contract.

The Company believes presenting EBITDA, EBITDA adjusted for finance lease effects, EBIT, Adjusted net profit and Charter Backlog as useful to investors as they provide other useful measures of Ocean Yield's profitability from its operations. Regarding EBITDA adjusted for finance lease effects, the Company believes it is useful for investors to present information showing all vessels accounted for on a consistent basis, as it will more closely reflect the Group's cash flows from operations. Regarding, Adjusted net profit, the Company considers Adjusted net profit to be a relevant performance criteria. The net profit is adjusted for significant non-cash and non-recurring items, and the Adjusted net profit is thus a useful measure when it comes to the Company's dividend capacity.

EBITDA and EBIT are disclosed in the condensed consolidated income statement as separate line items. Reconciliation of other alternative performance measures to the financial statements are as follows:

Reconciliation of other alternative performance measures to the financial statements are as follows:

Amounts in USD million	2018	2017
EBITDA	282.7	306.5
Repayment on finance lease receivables	50.9	34.3
EBITDA adjusted for finance lease effects	**333.6**	**340.7**
Net profit after tax	58.4	129.7
Write down on trade receivables related to the FPSO DB-1	19.5	-
Impairment of goodwill related to the FPSO DB-1	9.8	-
Increase in field abandonment provision related to the FPSO DB-1	9.1	-
Impairment of Far Senator/Far Statesman	13.4	-
Gain AMSC	-	-5.7
Foreign exchange gains/losses	-16.0	37.4
Change in fair value of financial instruments	23.3	-41.8
Change in deferred tax	2.8	18.0
Other non-recurring items	1.5	0.1
Adjusted Net profit	**121.6**	**137.7**

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